

BES Engineering Corporation

**Financial Statements for the
Years Ended December 31, 2010 and 2009 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
BES Engineering Corporation

We have audited the accompanying balance sheets of BES Engineering Corporation (the "Corporation") as of December 31, 2010 and 2009, and the related statements of income, changes in shareholders' 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, 2010 and 2009 of BES Investment Corp., Chung Kung Safeguarding & Securities Corp., BES Construction Corporation (BES, U.S.A.), and Corporation De Inversion Y Desarrollo BES, S.A. (Costa Rica) (BES, S.A.). 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, 2010 and 2009, the carrying values of these investments were 2.69% (NT\$984,501 thousand) and 2.65% (NT\$913,447 thousand), respectively, of the Corporation's total assets. The equity in the investees' net gain was 6.74% (NT\$62,149 thousand) and 43.72% (NT\$125,097 thousand) of the Corporation's income before income tax in 2010 and 2009, respectively. 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, 2010 and 2009 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, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of BES Engineering Corporation as of and for the years ended December 31, 2010 and 2009 and have issued a modified unqualified opinion thereon in our report dated March 15, 2011.

Our audits also comprehended the translation of the 2010 and 2009 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 15, 2011

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.

BES ENGINEERING CORPORATION

BALANCE SHEETS

DECEMBER 31, 2010 AND 2009

(Dollars and Shares in Thousands, Except Par Value)

ASSETS	2010			2009			LIABILITIES AND SHAREHOLDERS' EQUITY	2010			2009		
	New Taiwan Dollars	U.S. Dollars (Note 2)	%	New Taiwan Dollars	U.S. Dollars (Note 2)	%		New Taiwan Dollars	U.S. Dollars (Note 2)	%	New Taiwan Dollars	U.S. Dollars (Note 2)	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash (Note 4)	\$ 3,366,596	\$ 115,572	9	\$ 4,092,471	\$ 127,930	12	Short-term debts (Notes 11, 14 and 27)	\$ 3,086,735	\$ 105,964	8	\$ 3,686,604	\$ 115,242	11
Available-for-sale financial assets - current (Notes 2 and 5)	142,451	4,890	-	411,172	12,853	1	Short-term bills payable (Notes 15 and 27)	989,368	33,964	3	1,029,427	32,180	3
Investments in bonds with no active market - current (Notes 2, 11 and 27)	-	-	-	13,320	417	-	Notes payable (Note 19)	139,208	4,779	-	271,106	8,475	1
Accounts receivable (Notes 2 and 19)	5,370,941	184,378	15	3,940,562	123,181	12	Accounts payable (Note 19)	3,199,003	109,818	9	2,710,634	84,734	8
Accounts receivable on the development of industrial districts (Notes 2, 6 and 19)	10,101,594	346,776	28	10,710,994	334,823	31	Accounts payable - related parties (Notes 19 and 26)	63,129	2,167	-	80,298	2,510	-
Other accounts receivable - related parties (Note 26)	402,211	13,808	1	307,449	-	1	Accrued income tax (Note 21)	90,990	3,124	-	34,548	1,080	-
Buildings and land held for sale (Notes 2, 3, 7, 19, 26 and 27)	403,945	13,867	1	397,221	12,417	1	Accrued expenses (Notes 20 and 26)	198,937	6,829	1	166,379	5,201	1
Land for construction (Notes 2, 3, 8, 19 and 27)	1,082,716	37,168	3	651,483	20,365	2	Accounts payable for the development of industrial districts (Notes 2, 16 and 19)	1,996,883	68,551	5	2,016,278	63,028	6
Construction in progress in excess of progressive billings (Notes 2, 19, 26 and Table 1)	1,125,061	38,622	3	1,511,667	47,254	4	Progressive billings in excess of construction in progress (Notes 2, 19 and Table 1)	2,574,236	88,371	7	1,366,777	42,725	4
Prepaid expenses	1,133,422	38,909	3	153,367	4,794	1	Current portion of long-term debts (Notes 17 and 27)	544,300	18,685	2	787,100	24,605	2
Deferred income taxes - current (Notes 2 and 21)	27,410	941	-	40,207	1,257	-	Construction warranty (Notes 19 and 27)	142,710	4,899	-	158,143	4,944	-
Restricted assets (Notes 11, 19 and 27)	1,233,834	42,356	3	1,145,345	35,803	3	Guarantee deposits on construction contracts (Notes 19 and 26)	474,317	16,283	1	430,532	13,458	1
Refundable deposits on construction contracts (Notes 19 and 26)	1,368,501	46,979	4	283,155	8,852	1	Other current liabilities (Note 2)	547,040	18,779	2	572,187	17,886	2
Other current assets	291,791	10,017	1	425,869	22,923	1	Total current liabilities	14,046,856	482,213	38	13,310,013	416,068	39
Total current assets	26,050,473	894,283	71	24,084,282	752,869	70	LONG-TERM DEBTS						
LONG-TERM INVESTMENTS (Notes 2, 9, 10, 11 and 27)							Bank loans, net of current portion (Notes 17 and 27)	1,803,699	61,919	5	1,119,947	35,009	3
Investments accounted for by the equity-method	4,508,413	154,769	12	4,364,192	136,424	13	RESERVE FOR LAND VALUE INCREMENT TAX (Note 12)	1,309,358	44,949	4	1,309,358	40,930	4
Financial assets carried at cost - noncurrent	409,705	14,064	1	411,773	12,872	1	OTHER LIABILITIES						
Investments in bonds with no active market - noncurrent	-	-	-	26,640	833	-	Guarantee deposits received (Notes 13 and 26)	25,436	873	-	23,156	724	-
Total long-term investments	4,918,118	168,833	13	4,802,605	150,129	14	Deferred income tax liabilities (Notes 2 and 21)	61,122	2,098	-	54,471	1,703	-
PROPERTIES (Notes 2, 12 and 27)							Total other liabilities	86,558	2,971	-	77,627	2,427	-
Cost							Total liabilities	17,246,471	592,052	47	15,816,945	494,434	46
Land	1,101,817	37,824	3	1,101,817	34,443	3	SHAREHOLDERS' EQUITY						
Land improvements	20,542	705	-	20,542	642	-	Capital stock at par value of NT\$10.00 each;						
Buildings	252,568	8,670	1	252,568	7,895	1	Authorized - 3,000,000 thousand shares and 1,800,000 thousand shares in 2010 and 2009						
Machinery and equipment	153,140	5,257	-	146,448	4,578	-	Issued and outstanding - 1,525,017 thousand shares in 2010 and 2009	15,250,175	523,521	42	15,250,175	476,717	44
Transportation equipment	23,207	797	-	22,025	688	-	Capital surplus						
Miscellaneous equipment	16,295	560	-	12,836	401	-	Additional paid-in capital - share issuance in excess of par value	18,861	648	-	18,861	590	-
Revaluation increment	1,567,569	53,813	4	1,556,236	48,647	4	Treasury stock transactions	1,757	60	-	1,757	55	-
Total cost and revaluation increment	2,354,652	80,833	7	2,354,652	73,606	7	From long-term equity investments	103,381	3,549	-	103,381	3,232	1
Accumulated depreciation	3,922,221	134,646	11	3,910,888	122,253	11	Total capital surplus	123,999	4,257	-	123,999	3,877	1
Accumulated impairment	276,898	9,506	1	260,510	8,143	1	Retained earnings						
Accumulated impairment	172,483	5,921	-	172,483	5,392	-	Legal reserve	371,957	12,769	1	350,975	10,971	1
Net properties	3,472,840	119,219	10	3,477,895	108,718	10	Special reserve	412,107	14,147	1	412,107	12,882	1
OTHER ASSETS							Unappropriated earnings	987,432	33,897	3	385,910	12,064	1
Leased assets, net (Notes 2, 12, 13 and 27)	2,024,553	69,501	6	2,027,833	63,390	6	Total retained earnings	1,771,496	60,813	5	1,148,992	35,917	3
Refundable deposits (Note 26)	26,953	925	-	29,914	935	-	Others						
Deferred charges, net (Note 2)	61,843	2,123	-	46,166	1,443	-	Cumulative translation adjustments	(156,229)	(5,363)	(1)	17,147	536	-
Certificates of deposits - restricted (Note 27)	39,700	1,363	-	39,700	1,241	-	Net loss not recognized as pension cost	(148)	(5)	-	(7)	-	-
Miscellaneous (Notes 2 and 18)	14,107	484	-	13,857	433	-	Unrealized gain on financial assets	308,974	10,607	1	101,152	3,162	-
Total other assets	2,167,156	74,396	6	2,157,470	67,442	6	Unrealized revaluation increment	2,063,849	70,849	6	2,063,849	64,515	6
							Total others	2,216,446	76,088	6	2,182,141	68,213	6
TOTAL	\$ 36,608,587	\$ 1,256,731	100	\$ 34,522,252	\$ 1,079,158	100	Total shareholders' equity	19,362,116	664,679	53	18,705,307	584,724	54
							TOTAL	\$ 36,608,587	\$ 1,256,731	100	\$ 34,522,252	\$ 1,079,158	100

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

(With Deloitte & Touche audit report dated March 15, 2011)

BES ENGINEERING CORPORATION

STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2010 AND 2009 (Dollars and Shares in Thousands, Except Earnings Per Share)

	2010			2009		
	New Taiwan Dollars	U.S. Dollars (Note 2)	%	New Taiwan Dollars	U.S. Dollars (Note 2)	%
OPERATING REVENUES						
Construction income (Note 2)	\$ 14,278,200	\$ 490,154	100	\$ 11,271,062	\$ 352,331	90
Other (Notes 2 and 26)	38,184	1,311	-	1,214,991	37,980	10
Total operating revenues	14,316,384	491,465	100	12,486,053	390,311	100
OPERATING COSTS						
Construction (Notes 2, 22 and 26)	13,821,755	474,485	96	11,110,507	347,312	89
Other (Note 2, 3, 7 and 26)	28,936	993	-	1,087,482	33,994	9
Total operating costs	13,850,691	475,478	96	12,197,989	381,306	98
GROSS INCOME	465,693	15,987	4	288,064	9,005	2
OPERATING EXPENSES (Notes 22 and 26)						
Marketing	36,303	1,246	-	44,384	1,388	-
Administrative	191,366	6,570	2	173,003	5,408	2
Research and development	22,508	773	-	15,977	499	-
Total operating expenses	250,177	8,589	2	233,364	7,295	2
OPERATING GAIN	215,516	7,398	2	54,700	1,710	-
NONOPERATING INCOME AND GAINS						
Interest (Note 26)	158,490	5,441	1	266,107	8,319	2
Investment income recognized under the equity method (Notes 2 and 9)	126,600	4,346	1	73,094	2,285	1
Gain on sale of investments	195,551	6,713	1	-	-	-
Compensation received (Note 24)	217,581	7,469	2	-	-	-
Rental (Notes 13, 22 and 26)	59,848	2,055	-	64,246	2,008	-
Other (Note 26)	77,294	2,653	1	71,310	2,229	1
Total nonoperating income and gains	835,364	28,677	6	474,757	14,841	4
NONOPERATING EXPENSES AND LOSSES						
Interest (Notes 8 and 13)	46,523	1,597	-	60,309	1,885	1
Loss on sale of investments, net	-	-	-	15,016	470	-
Impairment loss on financial assets (Notes 2 and 10)	10,820	371	-	-	-	-
Other	71,756	2,463	1	167,980	5,251	1
Total nonoperating expenses and losses	129,099	4,431	1	243,305	7,606	2
INCOME BEFORE INCOME TAX	921,781	31,644	7	286,152	8,945	2
INCOME TAX (Notes 2 and 21)	101,025	3,468	1	76,326	2,386	-
NET INCOME	\$ 820,756	\$ 28,176	6	\$ 209,826	\$ 6,559	2

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BES ENGINEERING CORPORATION

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2010 AND 2009
(Dollars and Shares in Thousands, Except Earnings Per Share)

	2010		2009	
	New Taiwan Dollars		New Taiwan Dollars	
	Before	After	Before	After
	Income Tax	Income Tax	Income Tax	Income Tax
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 0.60</u>	<u>\$ 0.54</u>	<u>\$ 0.19</u>	<u>\$ 0.14</u>
Diluted	<u>\$ 0.60</u>	<u>\$ 0.54</u>	<u>\$ 0.19</u>	<u>\$ 0.14</u>

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

(With Deloitte & Touche audit report dated March 15, 2011)

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BES ENGINEERING CORPORATION

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2010 AND 2009**

(New Taiwan Dollars and Shares in Thousands, Except Amounts Per Share)

	Capital Surplus (Notes 2 and 20)						Others (Notes 2, 12 and 20)									
	Capital Stock		Additional Paid-in Capital - Share Issuance in Excess of Par	Treasury Stock Transactions	From Long-term Equity Investments	Total	Retained Earnings (Note 20)				Cumulative and Foreign Currency Translation Adjustments	Change in Net Loss Not Recognized as Pension Cost	Unrealized Valuation Gain (Loss) on Financial Assets	Unrealized Revaluation Increment	Total	Total Shareholders' Equity
	Issued and Outstanding Shares	Amount					Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE, JANUARY 1, 2009	1,525,017	\$ 15,250,175	\$ 18,861	\$ 1,757	\$ 103,381	\$ 123,999	\$ 347,193	\$ 412,107	\$ 362,868	\$ 1,122,168	\$ 84,366	\$ -	\$ (343,697)	\$ 2,063,849	\$ 1,804,518	\$ 18,300,860
Appropriation of the 2008 earnings																
Legal reserve	-	-	-	-	-	-	3,782	-	(3,782)	-	-	-	-	-	-	-
Cash dividends - NT\$0.12 per share	-	-	-	-	-	-	-	-	(183,002)	(183,002)	-	-	-	-	-	(183,002)
Net income in 2009	-	-	-	-	-	-	-	-	209,826	209,826	-	-	-	-	-	209,826
Unrealized gain on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	175,210	-	175,210	175,210
Unrealized valuation gain on financial assets	-	-	-	-	-	-	-	-	-	-	-	-	269,639	-	269,639	269,639
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	(67,173)	-	-	-	(67,173)	(67,173)
Foreign-currency translation adjustments	-	-	-	-	-	-	-	-	-	-	(46)	-	-	-	(46)	(46)
Change in net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	-	(7)	-	-	(7)	(7)
BALANCE, DECEMBER 31, 2009	1,525,017	15,250,175	18,861	1,757	103,381	123,999	350,975	412,107	385,910	1,148,992	17,147	(7)	101,152	2,063,849	2,182,141	18,705,307
Appropriation of the 2009 earnings																
Legal reserve	-	-	-	-	-	-	20,982	-	(20,982)	-	-	-	-	-	-	-
Cash dividends - NT\$0.13 per share	-	-	-	-	-	-	-	-	(198,252)	(198,252)	-	-	-	-	-	(198,252)
Net income in 2010	-	-	-	-	-	-	-	-	820,756	820,756	-	-	-	-	-	820,756
Unrealized gain on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	228,159	-	228,159	228,159
Unrealized valuation loss on financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(20,337)	-	(20,337)	(20,337)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	(173,357)	-	-	-	(173,357)	(173,357)
Foreign-currency translation adjustments	-	-	-	-	-	-	-	-	-	-	(19)	-	-	-	(19)	(19)
Change in net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	-	(141)	-	-	(141)	(141)
BALANCE, DECEMBER 31, 2010	<u>1,525,017</u>	<u>\$ 15,250,175</u>	<u>\$ 18,861</u>	<u>\$ 1,757</u>	<u>\$ 103,381</u>	<u>\$ 123,999</u>	<u>\$ 371,957</u>	<u>\$ 412,107</u>	<u>\$ 987,432</u>	<u>\$ 1,771,496</u>	<u>\$ (156,229)</u>	<u>\$ (148)</u>	<u>\$ 308,974</u>	<u>\$ 2,063,849</u>	<u>\$ 2,216,446</u>	<u>\$ 19,362,116</u>

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

(With Deloitte & Touche audit report dated March 15, 2011)

BES ENGINEERING CORPORATION

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2010 AND 2009
(U.S. Dollars and Shares in Thousands, Except Amounts Per Share)**

	Capital Surplus (Notes 2 and 20)						Retained Earnings (Note 20)									Others (Notes 2, 12 and 20)			Total Shareholders' Equity
	Capital Stock		Additional Paid-in Capital - Share Issuance in Excess of Par	Treasury Stock Transactions	From Long-term Equity Investments	Total	Legal Reserve	Special Reserve	Unappropriated Earnings		Total	Cumulative and Foreign Currency Translation Adjustments	Change in Net Loss Not Recognized as Pension Cost	Unrealized Valuation Gain (Loss) on Financial Assets	Unrealized Revaluation Increment	Total			
	Issued and Outstanding Shares	Amount							Earnings	Total									
BALANCE, JANUARY 1, 2009 (BASED ON THE PREVAILING EXCHANGE RATE OF US\$1.00=NT\$32.80)	1,525,017	\$ 464,944	\$ 575	\$ 54	\$ 3,152	\$ 3,781	\$ 10,585	\$ 12,564	\$ 11,063	\$ 34,212	\$ 2,572	\$ -	\$ (10,478)	\$ 62,922	\$ 55,016	\$ 557,953			
TRANSLATION ADJUSTMENT (BASED ON THE EXCHANGE RATE OF US\$1.00=NT\$31.99 AS OF DECEMBER 31, 2009)	-	11,773	15	1	80	96	268	318	280	866	65	-	(266)	1,593	1,392	14,127			
BALANCE, JANUARY 1, 2009, AS ADJUSTED	1,525,017	476,717	590	55	3,232	3,877	10,853	12,882	11,343	35,078	2,637	-	(10,744)	64,515	56,408	572,080			
Appropriation of the 2008 earnings																			
Legal reserve	-	-	-	-	-	-	118	-	(118)	-	-	-	-	-	-	-			
Cash dividends - US\$0.0038 per share	-	-	-	-	-	-	-	-	(5,720)	(5,720)	-	-	-	-	-	(5,720)			
Net income in 2009	-	-	-	-	-	-	-	-	6,559	6,559	-	-	-	-	-	6,559			
Unrealized gain on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	5,477	-	5,477	5,477			
Unrealized valuation gain on financial assets	-	-	-	-	-	-	-	-	-	-	-	-	8,429	-	8,429	8,429			
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	(2,100)	-	-	-	(2,100)	(2,100)			
Foreign-currency translation adjustments	-	-	-	-	-	-	-	-	-	-	(1)	-	-	-	(1)	(1)			
Change in net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
BALANCE, DECEMBER 31, 2009 (BASED ON THE PREVAILING EXCHANGE RATE OF US\$1.00=NT\$31.99)	1,525,017	476,717	590	55	3,232	3,877	10,971	12,882	12,064	35,917	536	-	3,162	64,515	68,213	584,724			
TRANSLATION ADJUSTMENT (BASED ON THE EXCHANGE RATE OF US\$1.00=NT\$29.13 AS OF DECEMBER 31, 2010)	-	46,804	58	5	317	380	1,077	1,265	1,184	3,526	53	-	310	6,334	6,697	57,407			
BALANCE, DECEMBER 31, 2009, AS ADJUSTED	1,525,017	523,521	648	60	3,549	4,257	12,048	14,147	13,248	39,443	589	-	3,472	70,849	74,910	642,131			
Appropriation of the 2010 earnings																			
Legal reserve	-	-	-	-	-	-	721	-	(721)	-	-	-	-	-	-	-			
Cash dividends - US\$0.0045 per share	-	-	-	-	-	-	-	-	(6,806)	(6,806)	-	-	-	-	-	(6,806)			
Net income in 2010	-	-	-	-	-	-	-	-	28,176	28,176	-	-	-	-	-	28,176			
Unrealized gain on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	7,833	-	7,833	7,833			
Unrealized valuation loss on financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(698)	-	(698)	(698)			
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	(5,951)	-	-	-	(5,951)	(5,951)			
Foreign-currency translation adjustments	-	-	-	-	-	-	-	-	-	-	(1)	-	-	-	(1)	(1)			
Change in net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	-	(5)	-	-	(5)	(5)			
BALANCE, DECEMBER 31, 2010	<u>1,525,017</u>	<u>\$ 523,521</u>	<u>\$ 648</u>	<u>\$ 60</u>	<u>\$ 3,549</u>	<u>\$ 4,257</u>	<u>\$ 12,769</u>	<u>\$ 14,147</u>	<u>\$ 33,897</u>	<u>\$ 60,813</u>	<u>\$ (5,363)</u>	<u>\$ (5)</u>	<u>\$ 10,607</u>	<u>\$ 70,849</u>	<u>\$ 76,088</u>	<u>\$ 664,679</u>			

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

(With Deloitte & Touche audit report dated March 15, 2011)

BES ENGINEERING CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2010 AND 2009 (Dollars in Thousands)

	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 820,756	\$ 28,176	\$ 209,826	\$ 6,559
Adjustments to reconcile net income to net cash provided by operating activities:				
Reversal of allowance for doubtful accounts	-	-	(62,530)	(1,955)
Depreciation and amortization	73,393	2,519	54,213	1,695
Loss (gain) on sales of investments, net	(195,551)	(6,713)	15,016	469
Loss (gain) on sales of properties, net	(228)	(8)	1,525	48
Impairment loss on building and land held for sale	-	-	5,735	179
Cash dividends from equity-method investees	39,440	1,354	9,554	299
Equity in net gain of investees, net	(126,600)	(4,346)	(73,094)	(2,285)
Impairment loss on financial assets	10,820	371	-	-
Liquidation gain on financial assets carried at cost	-	-	(2,015)	(63)
Reversal of pension costs	(250)	(9)	(2,960)	(93)
Deferred income taxes	19,448	668	28,807	900
Net changes in operating assets and liabilities				
Accounts receivable	(1,430,379)	(49,103)	768,346	24,018
Accounts receivable on the development of industrial districts	609,400	20,920	657,108	20,541
Other accounts receivable - related parties	5,238	180	104,726	3,274
Buildings and lands held for sale	(15,712)	(539)	(116,867)	(3,653)
Land for construction	(431,233)	(14,804)	(651,483)	(20,365)
Construction in progress in excess of progressive billings	386,606	13,272	87,958	2,749
Prepaid expenses	(980,055)	(33,644)	540,443	16,894
Refundable deposits on construction contracts	(1,085,346)	(37,259)	194,680	6,086
Other current assets	124,721	4,282	24,651	771
Notes payable	(131,898)	(4,528)	(105,069)	(3,284)
Accounts payable	488,369	16,765	174,528	5,456
Accounts payable - related parties	(17,169)	(589)	(24,968)	(781)
Accrued income tax	56,442	1,937	17,347	542
Accrued expenses	32,558	1,118	15,097	472
Accounts payable for the development of industrial districts	(19,395)	(666)	(412,171)	(12,884)
Progressive billings in excess of construction in progress	1,207,459	41,450	255,894	7,999
Construction warranty	(15,433)	(530)	7,797	244
Guarantee deposits on construction contracts	43,785	1,503	(12,680)	(396)
Other current liabilities	(25,147)	(863)	153,293	4,792
Net cash provided by (used in) operating activities	(555,961)	(19,086)	1,862,707	58,228
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in available-for-sale financial assets	(1,044,304)	(35,850)	(432,044)	(13,506)
Proceeds of the sale of available-for-sale financial assets	1,488,239	51,090	537,288	16,795
Other accounts receivable - decrease in financing funds of related parties	300,000	10,299	-	-
Other accounts receivable - increase in financing funds of related parties	(400,000)	(13,732)	(300,000)	(9,378)
Decrease (increase) in restricted assets	(88,489)	(3,038)	90,141	2,818
Decrease in investments in bonds with no active market	39,960	1,372	13,320	416
Acquisition of long-term equity investments	(2,400)	(82)	(502,055)	(15,694)
Proceeds of the liquidation of long-term equity investments	-	-	6,771	212
Capital return on the liquidation of financial assets carried at cost	605	21	6,069	190

(Continued)

BES ENGINEERING CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2010 AND 2009 (Dollars in Thousands)

	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Proceeds of the disposal of financial assets carried at cost	\$ -	\$ -	\$ 74	\$ 2
Additions to properties	(19,075)	(655)	(17,537)	(548)
Proceeds of the sale of properties	851	29	184	6
Decrease (increase) in refundable deposits	2,961	102	(5,637)	(176)
Increase in deferred charges	(53,295)	(1,830)	(33,496)	(1,047)
Increase in restricted deposits	-	-	(2,500)	(78)
Decrease in long-term accounts receivable - related parties	-	-	209,785	6,558
Net cash used in investing activities	<u>225,053</u>	<u>7,726</u>	<u>(429,637)</u>	<u>(13,430)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in short-term debts	(599,869)	(20,593)	(53,649)	(1,677)
Decrease in notes and bills payable	(40,059)	(1,375)	(184,595)	(5,770)
Increase in long-term debts	440,952	15,137	432,232	13,511
Increase in guarantee deposits received	2,280	78	5,384	168
Cash dividends	(198,252)	(6,805)	(183,002)	(5,721)
Net cash provided by (used in) financing activities	<u>(394,948)</u>	<u>(13,558)</u>	<u>16,370</u>	<u>511</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(19)</u>	<u>-</u>	<u>(46)</u>	<u>(1)</u>
NET INCREASE (DECREASE) IN CASH	(725,875)	(24,918)	1,449,394	45,308
CASH, BEGINNING OF YEAR	<u>4,092,471</u>	<u>140,490</u>	<u>2,643,077</u>	<u>82,622</u>
CASH, END OF YEAR	<u>\$ 3,366,596</u>	<u>\$ 115,572</u>	<u>\$ 4,092,471</u>	<u>\$ 127,930</u>
SUPPLEMENTARY CASH FLOW INFORMATION				
Interest paid (excluding amounts capitalized)	<u>\$ 48,529</u>	<u>\$ 1,666</u>	<u>\$ 61,122</u>	<u>\$ 1,911</u>
Income tax paid	<u>\$ 25,135</u>	<u>\$ 863</u>	<u>\$ 30,242</u>	<u>\$ 945</u>
NONCASH INVESTING AND FINANCING ACTIVITIES				
Financial assets carried at cost - noncurrent transferred to investments accounted for by the equity method	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,492</u>	<u>\$ 15,145</u>
Current portion of long-term debts	<u>\$ 544,300</u>	<u>\$ 18,685</u>	<u>\$ 787,100</u>	<u>\$ 24,605</u>
Other receivables transferred to financial assets carried at cost - current	<u>\$ 9,357</u>	<u>\$ 321</u>	<u>\$ -</u>	<u>\$ -</u>
Properties transferred to leased assets	<u>\$ 8,988</u>	<u>\$ 309</u>	<u>\$ -</u>	<u>\$ -</u>
Investment accounted for by the equity method transferred to other receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>
Financial assets carried at cost - noncurrent transferred to other receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,239</u>	<u>\$ 539</u>

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

(With Deloitte & Touche audit report dated March 15, 2011)

(Concluded)

BES ENGINEERING CORPORATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2010 AND 2009 (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 1993.

The Corporation had 662 and 589 employees as of December 31, 2010 and 2009, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the Republic of China (ROC). Under these guidelines, law and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, impairment loss on building and land held for sale; impairment loss on land for construction; impairment loss on financial assets; accumulated impairment; depreciation of properties and leased assets; amortization of deferred expenses; pension cost; losses on unsolved litigation; losses on long-term construction contracts; provision for construction warranty; bonuses to employees, directors and supervisors; income tax; etc. Actual results could differ from these estimates.

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

Significant accounting policies are summarized as follows:

Current and Noncurrent Assets and Liabilities

Current assets include cash and those assets held primarily for trading purposes or to be realized, sold or consumed within one year from the balance sheet date. All other assets such as properties are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

The terms of the Corporation's project contracts, 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.

Available-for-sale Financial Assets

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

Fair values of financial assets at the balance sheet date are determined as follows: Publicly traded stocks and Taiwan depository receipts - at closing prices, and open-end mutual funds - at net asset values.

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

An impairment loss is recognized when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss for an equity instrument classified as available-for-sale is recognized directly in equity.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided on the basis of a review of the collectibility and aging of receivables as well as the evaluation of construction progress and economic circumstances.

Buildings and Land Held for Sale

Buildings and land held for sale are stated at the lower of cost or market value (net realizable value). Write-downs for buildings and land held for sale are made by item. Net realizable value is the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Real Estate Construction

Real estate sales are recognized by the completed method. However, projects covered by Interpretation No. 99 issued by the Accounting Research and Development Foundation in 1989 should be recognized by the percentage-of-completion method.

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. Marketing expenses arising from advance sales are recorded as deferred marketing expenses. Market expenses recognized in the current year are calculated from the cumulative deferred marketing expenses, determined using the percentage-of-completion method, in excess of the cumulative deferred market expenses recognized in prior years.

Under the completed contract method, advance payment by buyers of uncompleted real estate is recorded as receipts in advance.

Interest cost incurred during the construction period until the project is completed or until the property can be used is capitalized (i.e., included in land and building cost). Land for construction and land for development are stated at the lower of cost or net realizable value, and write-downs are made by item. Net realizable value is the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Costs of sold real estate construction are determined using the specific identification method.

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 of 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 progress.

At year-end, the balances of construction in progress and progressive billings 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 receivables and the sales proceeds are shown as payables. Upon the completion and sale of each development project and the repayment of project-related debts, the receivable and payable accounts are offset against each other and then 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.

Financial Assets Carried at Cost

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

Investments in Bonds with No Active Market

Bond investments with fixed or determinable payments and with no quoted prices in an active market are carried at amortized cost using the effective interest method. Investments in bonds with no active market are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. Profit or loss is recognized when the financial assets are derecognized, impaired, or amortized. All regular way purchases or sales of financial assets are accounted for using a trade date basis. However, there is no restriction on the timing of the disposal of these bonds.

An impairment loss is recognized when there is objective evidence that the investment is impaired. The impairment loss is reversed if an increase in the investment's recoverable amount is due to an event which occurred after the impairment loss was recognized; however, the adjusted carrying amount of the investment may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the investment in prior years.

Investments Accounted for by the Equity Method

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

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

When the Corporation subscribes for its investee's newly issued shares at a percentage different from its percentage of ownership in the investee, the Corporation records the change in its equity in the investee's net assets as an adjustment to investments, with a corresponding amount credited or charged to capital surplus. When the adjustment should be debited to capital surplus, but the capital surplus arising from long-term investments is insufficient, the shortage is debited to retained earnings.

Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share. Cash dividends received are deducted from the investments.

When the Corporation's share in losses of an investee over which the Corporation has significant influence equals its investment in that investee plus any advances made to the investee, the Corporation discontinues applying the equity method. The Corporation continues to recognize its share in losses of the investee if (a) the Corporation commits to provide further financial support to the investee or (b) the losses of the investee are considered temporary and sufficient evidence shows imminent return to profitability.

Unrealized profits from downstream transactions with an equity-method investee that is not majority-owned are eliminated in proportion to the Corporation's percentage of ownership in the investee but are entirely eliminated if the transactions are with subsidiaries. Unrealized profits from upstream transactions with all equity-method investees are eliminated in proportion to the Corporation's percentage of ownership in the investee. Unrealized profits from transactions between investees are accounted for in proportion to the Corporation's percentage of ownership in the investee. Unrealized profits are deferred and amortized to income over future periods depending on the nature of transactions. All of the deferred profits are realized when the products are sold to third parties.

Costs of investments sold are determined using the weighted-average method.

Properties and Leased Assets

Properties and leased assets are stated at cost, or cost plus revaluation increment, less accumulated depreciation and accumulated impairment losses. Major additions and improvements to properties and leased assets are capitalized, while costs of repairs and maintenance are expensed currently.

Depreciation is provided on a fixed-percentage-on-declining-balance-method over estimated useful lives 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 of revaluated assets is provided over their remaining estimated useful lives determined at the time of revaluation. Properties and leased assets still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives.

The related cost (including revaluation increment), accumulated depreciation, accumulated impairment losses and any unrealized revaluation increment of an item of properties and leased assets are derecognized from the balance sheet upon its disposal. Any gain or loss on disposal of the asset is included in nonoperating gains or losses in the year of disposal.

Deferred Charges

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

Impairment of Assets

If the recoverable amount of an asset (mainly properties, leased assets, deferred charges, and investments accounted for by the equity method) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is charged to earnings unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a deduction to the unrealized revaluation increment, and any remaining loss is charged to earnings.

If an impairment loss reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in earnings, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is first recognized as gain to the extent that an impairment loss on the same revalued asset was previously charged to earnings. Any excess amount is treated as an increase in the unrealized revaluation increment.

Pension Cost

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

Curtailment or settlement gains or losses on the defined benefit plan are recognized as part of the net pension cost for the year.

Income Tax

The Corporation applies the inter-year allocation method to its income tax, whereby deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused loss carryforward and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of the related asset or liability for financial reporting. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as current or noncurrent on the basis of the expected length of time before it is realized or settled.

Tax credits for purchases of machinery, equipment and technology, and personnel training expenditures are recognized using the flow-through method.

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

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

Foreign Currencies Transactions and Translation of Foreign-currency Financial Statements

The financial statements of foreign branches are translated into New Taiwan dollars at the following exchange rates:

- a. Assets and liabilities - at exchange rates prevailing on the balance sheet date;
- b. Shareholders' equity - at historical exchange rates;
- c. Dividends - at the exchange rate prevailing on the dividend declaration date; and

d. Income and expenses - at average exchange rates for the year.

Exchange differences arising from the translation of the financial statements of foreign branches are recognized as a separate component of shareholders' equity. Such exchange differences are recognized in profit or loss in the year in which the foreign branches are closed.

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

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

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

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

Translation into U.S. Dollars

The financial statements are stated in New Taiwan dollars. The translations of the 2010 and 2009 New Taiwan dollar amounts are included solely for the convenience of readers, using the exchange rates as of December 31, 2010 and 2009 of NT\$29.13=US\$1.00 and NT\$31.99=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. CHANGE IN ACCOUNTING PRINCIPLES

Accounting for Inventories

On January 1, 2009, the Corporation adopted the newly revised Statement of Financial Accounting Standard No. 10 - "Inventories." The main revisions are (1) buildings and land held for sale and real estate construction are stated at the lower of cost or net realizable value, and are written down to net realizable value by item except when the grouping of similar or related items is appropriate; and (2) write-downs of and any reversal of write-downs are recorded as operating cost for the period. This accounting change had no effect on net income and after income tax basic earnings per share for the year ended December 31, 2009.

4. CASH

	December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Cash on hand	\$ 88	\$ 3	\$ 107	\$ 3
Petty cash	5,566	191	5,836	183
Checking accounts and demand deposits	2,497,182	85,726	3,256,528	101,798
Time deposits	<u>863,760</u>	<u>29,652</u>	<u>830,000</u>	<u>25,946</u>
	<u>\$ 3,366,596</u>	<u>\$ 115,572</u>	<u>\$ 4,092,471</u>	<u>\$ 127,930</u>

The Corporation's overseas' deposits as of December 31, 2010 and 2009 were as follows:

	December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Malaysia - Sabah (MYR60 thousand in 2010 and MYR24 thousand in 2009)	<u>\$ 540</u>	<u>\$ 19</u>	<u>\$ 223</u>	<u>\$ 7</u>

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Domestic quoted stocks	\$ 135,458	\$ 4,650	\$ 390,228	\$ 12,199
Mutual funds	6,993	240	16,294	509
Taiwan depository receipts	<u>-</u>	<u>-</u>	<u>4,650</u>	<u>145</u>
	<u>\$ 142,451</u>	<u>\$ 4,890</u>	<u>\$ 411,172</u>	<u>\$ 12,853</u>

6. ACCOUNTS RECEIVABLE ON THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

The Ministry of Economic Affairs (MOEA) engaged the Corporation to develop and market industrial districts. Following were the accounts receivable on the development of industrial districts, which included the development cost and capital interest.

	December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Chung Hua Coastal Industrial Park	\$ 6,860,923	\$ 235,527	\$ 7,637,921	\$ 238,760
Yunlin Technology Industrial Park	791,945	27,187	620,103	19,384
Other Industrial District	<u>2,448,726</u>	<u>84,062</u>	<u>2,452,970</u>	<u>76,679</u>
	<u>\$ 10,101,594</u>	<u>\$ 346,776</u>	<u>\$ 10,710,994</u>	<u>\$ 334,823</u>

The increases in development costs (including capital interest) were NT\$1,910,324 thousand (US\$65,579 thousand) in 2010 and NT\$588,315 thousand (US\$18,391 thousand) in 2009. Amounts collected were NT\$2,519,724 thousand (US\$86,499 thousand) in 2010 and NT\$1,245,423 thousand (US\$38,932 thousand) in 2009.

7. BUILDINGS AND LAND HELD FOR SALE

	December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Litser Industrial District Building and land in Danshui Township	\$ 267,436	\$ 9,181	\$ 267,436	\$ 8,360
Niukeng Section and Niushan Section in Hualian County	72,519	2,489	97,102	3,035
Land in Beitun District in Taichung	40,622	1,395	-	-
Jing-Xin Graden	21,355	733	21,355	668
Central Bai-shi Building	2,013	69	2,013	63
	<u>-</u>	<u>-</u>	<u>9,315</u>	<u>291</u>
	<u>\$ 403,945</u>	<u>\$ 13,867</u>	<u>\$ 397,221</u>	<u>\$ 12,417</u>

Valuation allowance was NT\$5,735 thousand (US\$197 thousand) in 2010. Other operating cost associated with buildings and land for sale were NT\$24,583 thousand (US\$844 thousand) in 2010 and NT\$1,065,151 thousand (US\$33,296 thousand) in 2009, and these costs in 2010 included write-downs of NT\$5,735 thousand (US\$197 thousand) for buildings and land held for sale.

8. LAND FOR CONSTRUCTION

	Land for Construction					
	Constructional Land		Cost of Land		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>December 31, 2010</u>						
Land in Linyi Sec., Taipei City	\$ 1,039,811	\$ 35,696	\$ -	\$ -	\$ 1,039,811	\$ 35,696
Land in Zhengyi Sec., Taipei City	25,236	866	-	-	25,236	866
Land in Sinyi Sec., Taipei City	<u>-</u>	<u>-</u>	<u>17,669</u>	<u>607</u>	<u>17,669</u>	<u>607</u>
	<u>\$ 1,065,047</u>	<u>\$ 36,562</u>	<u>\$ 17,669</u>	<u>\$ 607</u>	<u>\$ 1,082,716</u>	<u>\$ 37,169</u>
<u>December 31, 2009</u>						
Land in Linyi Sec., Taipei City	\$ 626,247	\$ 21,498	\$ -	\$ -	\$ 626,247	\$ 21,498
Land in Zhengyi Sec., Taipei City	25,236	866	-	-	25,236	866
	<u>\$ 651,483</u>	<u>\$ 22,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 651,483</u>	<u>\$ 22,364</u>

The Corporation acquired land in the Linyi Section in Taipei City in August 2010 and November 2009, and in the Zhengyi Section in Taipei City in July 2009. Residential building are planned to be built on these lands.

Land in the Nanhai Section in Taipei City that was intended for constructing a residential building was sold on July 28, 2009 by the board of directors because of changes in external factors.

In 2010 and 2009, interest expenses before capitalization were NT\$62,069 thousand (US\$2,131 thousand) and \$64,487 thousand (US\$2,214 thousand), respectively, and capitalized interests were NT\$15,546 thousand (US\$534 thousand) and \$4,178 thousand (US\$143 thousand), respectively, with capitalization rates of 2.41% and 2.32%, respectively.

The Corporation signed a joint venture contract with Agora Garden Corporation to construct a residential building in the Sinyi Section in Taipei City. Please refer to Note 25.

9. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	December 31					
	2010			2009		
	Carrying Amount			Carrying Amount		
New Taiwan Dollars	U.S. Dollars (Note 2)	% of Ownership	New Taiwan Dollars	U.S. Dollars (Note 2)	% of Ownership	
<u>Unlisted common stocks</u>						
Core Pacific World	\$ 995,282	\$ 34,167	99.78	\$ 1,024,784	\$ 32,034	99.78
Core Pacific City	852,011	29,249	18.45	919,131	28,732	20.47
BES Machinery	1,001,061	34,365	96.58	856,720	26,781	96.58
BES Investment	804,810	27,628	100.00	719,855	22,503	100.00
BES Logistics International	511,260	17,551	100.00	500,825	15,656	100.00
Corporacion De Inversion Y Desarrollo, BES, S.A. (Costa Rica) (BES, S.A.)	101,463	3,483	100.00	114,802	3,589	100.00
Coreasia Human Resource Management	86,332	2,964	100.00	77,614	2,426	100.00
Chung Kung Safeguarding & Security	50,162	1,722	64.67	47,550	1,486	64.67
Cinemark-Core Pacific	40,816	1,401	15.38	34,314	1,073	15.38
BES Construction (BES, U.S.A.)	28,066	963	91.78	31,240	976	91.78
BES Global Investment	24,422	838	100.00	25,530	798	100.00
Huatung Power	11,064	380	30.00	11,827	370	30.00
BA & BES Contracting (L.L.C.)	-	-	40.00	-	-	40.00
Taipei Twins Developing Corporation	859	29	30.00	-	-	-
Taipei Twins Real Estate Corporation	805	28	30.00	-	-	-
	<u>\$ 4,508,413</u>	<u>\$154,768</u>		<u>\$ 4,364,192</u>	<u>\$ 136,424</u>	

The Corporation's investment in Core Pacific City has not reached 20% of shareholding, but the Corporation is the shareholder with the majority voting rights; thus, it has significant influence on the investee. Therefore, the Corporation accounts for this investment by the equity method.

The Corporation's investment in Cinemark-Core Pacific has not reached 20% of shareholding but its equity interest and that of its subsidiary (BES Machinery) exceed 50% of the investee's shares. Thus, the Corporation accounts for this investment by the equity method.

The financial statements used for calculating investment carrying values and equity in gain or loss had all been audited, except those of BA & BES Contracting (L.L.C.), Taipei Twins Developing Corporation (under liquidation procedure in 2010), Taipei Twins Real Estate Corporation (under liquidation procedure in 2010) and Huatung Power (under liquidation procedure in 2010). Had these investees' financial statements been audited, any adjustments would not have had any significant effect on the Corporation's financial statements.

The Corporation subscribed for 148,000 privately placed common shares of Core Pacific City, with a par value of NT\$3.37 (US\$0.1157) and a total amount of NT\$498,760 thousand (US\$17,122 thousand). The effective day of the capital increase was April 3, 2009. The Corporation's investment in Core Pacific City was previously classified as a financial asset carried at cost - noncurrent. When the Corporation increased its equity in Core Pacific City from 10.67% to 20.47% on April 3, 2009, it began to account for this investment by the equity method. However, when Core Pacific City increased its cash capital by issuing 148,000 thousand common shares for private placement in March 2010, the Corporation did not subscribe proportionally; thus, the Corporation's holding decreased from 20.47% to 18.45%.

The Corporation recognized loss on its investment in BA & BES Contracting (L.L.C.) to the extent that this investee's book value became equal to zero.

Consolidated financial statements should include the accounts of the Corporation and all its subsidiaries and other investees over which the Corporation has controlling interests. The consolidated financial statements as of and for the years ended December 31, 2010 and 2009 included the accounts of all direct and indirect subsidiaries.

10. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	December 31					
	2010			2009		
	Carrying Amount			Carrying Amount		
	New Taiwan Dollars	U.S. Dollars (Note 2)	% of Ownership	New Taiwan Dollars	U.S. Dollars (Note 2)	% of Ownership
<u>Listed private common stock</u>						
Taiwan Tea	\$ 317,000	\$ 10,882	3.88	\$ 317,000	\$ 9,909	4.38
<u>Unlisted common stocks</u>						
Century Development	50,000	1,716	3.03	50,000	1,563	3.03
Core Pacific Venture Capital	21,254	730	18.31	23,202	725	18.31
Overseas Investment & Development	12,444	427	2.89	12,444	389	2.89
iGlobe Partner Fund L.P.	7,210	248	0.69	7,210	226	0.69
Litek Opto-electronics Co., Ltd.	308	11	0.42	-	-	-
Zowie Technology Corporation	177	6	0.13	-	-	-
Neurologic	-	-	2.25	-	-	2.25
	<u>91,393</u>	<u>3,138</u>		<u>92,856</u>	<u>2,903</u>	
<u>Unlisted preferred stock</u>						
NanoAmp Solutions	1,312	45	1.08	1,917	60	1.08
Aetas Technology Inc.	-	-	0.45	-	-	-
	<u>1,312</u>	<u>45</u>		<u>1,917</u>	<u>60</u>	
	<u>\$ 409,705</u>	<u>\$ 14,065</u>		<u>\$ 411,773</u>	<u>\$ 12,872</u>	

In 2010, Taiwan Tea increased its cash capital by issuing 68,000 common shares. The Corporation did not subscribe proportionally for these newly issued shares so its holding decreased from 4.38% to 3.88%.

The above equity investments, which had no quoted prices in an active market and had fair values that could not be reliably measured, were carried at cost. Management assessed impairment losses of NT\$10,820 thousand (US\$371 thousand) in 2010 on some of the Corporation's investments since their estimated recoverable amounts were less than their carrying amounts.

11. INVESTMENTS IN BONDS WITH NO ACTIVE MARKET - NONCURRENT

	<u>December 31, 2009</u>	
	New Taiwan Dollars	U.S. Dollars (Note 2)
Bond - Chinfon Bank	\$ 39,960	\$ 1,249
Less: Current portion	<u>13,320</u>	<u>416</u>
	<u>\$ 26,640</u>	<u>\$ 833</u>

On June 3, 2005, the Corporation bought a seven-year corporate bond issued by Chinfon Bank at par value for NT\$66,600 thousand (US\$2,027 thousand), with an effective interest rate of 2.300% in 2009. This bond will mature on June 28, 2012.

Under the bond issuance contract, the Corporation should redeem 20% of the bond principal each year from 2008 to 2012. The Corporation also had a loan arrangement with Chinfon Bank in which the Corporation should buy Chinfon Bank's bonds in order to obtain loans, and the purchased bonds were treated as restricted, with the redemption amounts to be used only to settle loans from the bank.

In the first quarter of 2010, Chinfon Bank merged with another bank, in which the other bank was the survivor entity. Thus, the Corporation redeemed the restricted bonds and used the bond redemption proceeds as guarantee for the loans from Chinfon Bank taken over by the survivor bank.

12. PROPERTIES

	<u>December 31</u>			
	<u>2010</u>		<u>2009</u>	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Cost	<u>\$ 1,567,569</u>	<u>\$ 53,813</u>	<u>\$ 1,556,236</u>	<u>\$ 48,647</u>
Revaluation increment				
Land	2,351,584	80,727	2,351,584	73,510
Land improvements	755	26	755	24
Buildings	551	19	551	17
Machinery and equipment	<u>1,762</u>	<u>61</u>	<u>1,762</u>	<u>55</u>
	<u>2,354,652</u>	<u>80,833</u>	<u>2,354,652</u>	<u>73,606</u>
Total cost and revaluation increment	<u>3,922,221</u>	<u>134,646</u>	<u>3,910,888</u>	<u>122,253</u>
Less: Accumulated depreciation				
Land improvements	19,078	655	19,042	595
Buildings	98,071	3,367	90,902	2,842
Machinery and equipment	129,882	4,459	122,379	3,826
Transportation equipment	19,097	655	19,058	595
Miscellaneous equipment	<u>10,770</u>	<u>370</u>	<u>9,129</u>	<u>285</u>
	<u>276,898</u>	<u>9,506</u>	<u>260,510</u>	<u>8,143</u>
Less: Accumulated impairment losses	<u>172,483</u>	<u>5,921</u>	<u>172,483</u>	<u>5,392</u>
Net properties	<u>\$ 3,472,840</u>	<u>\$ 119,219</u>	<u>\$ 3,477,895</u>	<u>\$ 108,718</u>

The Corporation revalued its landholding 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.

13. LEASED ASSETS, NET

	December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Cost				
Land	\$ 514,558	\$ 17,664	\$ 514,558	\$ 16,085
Buildings	500,095	17,168	491,107	15,352
Machinery and equipment	-	-	1,500	47
	<u>1,014,653</u>	<u>34,832</u>	<u>1,007,165</u>	<u>31,484</u>
Revaluation increment				
Land	1,339,950	45,999	1,339,950	41,887
Buildings	18,795	645	18,795	587
	<u>1,358,745</u>	<u>46,644</u>	<u>1,358,745</u>	<u>42,474</u>
Total cost and revaluation increment	<u>2,373,398</u>	<u>81,476</u>	<u>2,365,910</u>	<u>73,958</u>
Less: Accumulated depreciation				
Buildings	244,853	8,405	232,735	7,275
Machinery and equipment	-	-	1,350	42
	<u>244,853</u>	<u>8,405</u>	<u>234,085</u>	<u>7,317</u>
Less: Accumulated impairment losses				
Land	71,258	2,446	71,258	2,228
Buildings	32,734	1,124	32,734	1,023
	<u>103,992</u>	<u>3,570</u>	<u>103,992</u>	<u>3,251</u>
	<u>\$ 2,024,553</u>	<u>\$ 69,501</u>	<u>\$ 2,027,833</u>	<u>\$ 63,390</u>

The rent receivables as of December 31, 2010 on the above leased assets under operating lease agreements were as follows:

Payment Term		Rent Receivable	
		New Taiwan Dollars	U.S. Dollars (Note 2)
Monthly payments by check or telegraphic transfer	2011	\$ 70,191	\$ 2,410
	2012	29,150	1,001
	2013	5,711	196
	2014	69	2
	2015	<u>71</u>	<u>2</u>
		<u>\$ 105,192</u>	<u>\$ 3,611</u>

For the leased assets mentioned above, the Corporation received guarantee deposits of NT\$12,100 thousand (US\$415 thousand) in 2010 and NT\$11,990 thousand (US\$375 thousand) in 2009. Based on these deposits, rent revenues of NT\$105 thousand (US\$4 thousand) in 2010 and NT\$109 thousand (US\$3 thousand) in 2009 were calculated at the prevailing annual interest rate for demand deposits; the same amounts were debited to interest expense.

14. SHORT-TERM DEBTS

	December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Unsecured loans: Interest - 2.755% in 2010 and 2.635%-2.760% in 2009	\$ 792,000	\$ 27,188	\$ 943,300	\$ 29,487
Secured loans: Interest - 2.240%-2.860% in 2010 and 2.120%-2.860% in 2009	2,221,354	76,257	2,643,792	82,645
Bank overdraft: Interest - 1.680%-2.755% in 2010 and 1.720%-2.760% in 2009	<u>73,381</u>	<u>2,519</u>	<u>99,512</u>	<u>3,110</u>
	<u>\$ 3,086,735</u>	<u>\$ 105,964</u>	<u>\$ 3,686,604</u>	<u>\$ 115,242</u>

15. SHORT-TERM BILLS PAYABLE

	December 31					
	2010			2009		
	Discount Rate (%)	New Taiwan Dollars	U.S. Dollars (Note 2)	Discount Rate (%)	New Taiwan Dollars	U.S. Dollars (Note 2)
Commercial paper payable						
International Bills						
Finance Co., Ltd.	2.755-2.785	\$ 317,200	\$ 10,889	2.665-2.760	\$ 335,200	\$ 10,479
Taiwan Cooperative Bank	2.657	250,000	8,582	2.712	250,000	7,815
Bank of Taiwan	2.717	200,000	6,866	2.722	200,000	6,252
Mega Bills Finance Co., Ltd.	2.755	91,500	3,141	2.760	94,700	2,960
Hua Nan Commercial Bank Co., Ltd.	2.657	90,000	3,090	2.800	90,000	2,813
China Bills Finance Co., Ltd.	2.785	<u>47,700</u>	<u>1,637</u>	2.665	<u>67,200</u>	<u>2,101</u>
		996,400	34,205		1,037,100	32,420
Less: Unamortized discount on bills payable		<u>7,032</u>	<u>241</u>		<u>7,673</u>	<u>240</u>
		<u>\$ 989,368</u>	<u>\$ 33,964</u>		<u>\$ 1,029,427</u>	<u>\$ 32,180</u>

16. ACCOUNTS PAYABLE FOR THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Litzer Industrial District	\$ 1,451,661	\$ 49,834	\$ 1,488,473	\$ 46,529
Kaohsiung Export Processing Zone	275,006	9,441	265,956	8,314
Tai-Chung Youth Industrial District	61,842	2,123	59,807	1,870
PingNan Industrial District	15,088	518	14,591	456
Other Industrial Districts	<u>193,286</u>	<u>6,635</u>	<u>187,451</u>	<u>5,859</u>
	<u>\$ 1,996,883</u>	<u>\$ 68,551</u>	<u>\$ 2,016,278</u>	<u>\$ 63,028</u>

Sales recognized were NT\$234,679 thousand (US\$8,056 thousand) in 2010 and NT\$138,068 thousand (US\$4,316 thousand) in 2009. Amounts remitted to the Ministry of Economic Affairs were NT\$254,074 thousand (US\$8,722 thousand) in 2010 and NT\$550,239 thousand (US\$17,200 thousand) in 2009.

17. 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)
<u>December 31, 2010</u>						
Unsecured loans - repayable in installments from June 2010 or through a one-time payment on maturity, 2.755%-3.005% interest	\$ 252,800	\$ 8,678	\$ 635,717	\$ 21,823	\$ 888,517	\$ 30,502
Secured loans - repayable in installments from November 2010 or through a one-time payment on maturity, 1.891%-2.755% interest	<u>291,500</u>	<u>10,007</u>	<u>1,167,982</u>	<u>40,096</u>	<u>1,459,482</u>	<u>50,102</u>
	<u>\$ 544,300</u>	<u>\$ 18,685</u>	<u>\$ 1,803,699</u>	<u>\$ 61,919</u>	<u>\$ 2,347,999</u>	<u>\$ 80,604</u>
<u>December 31, 2009</u>						
Unsecured loans - repayable in installments from February 2010 or through a one-time payment on maturity, 2.760-2.885% interest	\$ 373,800	\$ 11,685	\$ 534,547	\$ 16,710	\$ 908,347	\$ 28,395
Secured loans - repayable in installments from June 2008 or through a one-time payment on maturity, 1.750%-2.760% interest	<u>413,300</u>	<u>12,920</u>	<u>585,400</u>	<u>18,299</u>	<u>998,700</u>	<u>31,219</u>
	<u>\$ 787,100</u>	<u>\$ 24,605</u>	<u>\$ 1,119,947</u>	<u>\$ 35,009</u>	<u>\$ 1,907,047</u>	<u>\$ 59,614</u>

18. PENSION PLAN

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Based on the LPA, the rate of the Corporation's monthly contributions to employees' individual pension accounts is at 6% of monthly salaries and wages. Related pension costs were NT\$16,065 thousand (US\$551 thousand) and NT\$13,314 thousand (US\$416 thousand) for the years ended December 31, 2010 and 2009, respectively.

Based on the defined benefit plan under the Labor Standards Law, pension benefits are calculated on the basis of the length of service and average monthly salaries and wages of the six months before retirement. The Corporation contributes amounts equal to 7.8% of total monthly salaries and wages from January 2009 to March 2009; 3.7% from April 2009 to December 2009; and 3.7% from January 2010 to December 2010 to a pension fund administered by the Corporation's Pension Fund Monitoring Committee. The pension fund is deposited in the Bank of Taiwan in the committee's name. The Corporation recognized pension costs of NT\$9,140 thousand (US\$314 thousand) and NT\$10,643 thousand (US\$333 thousand) for the years ended December 31, 2010 and 2009, respectively.

Other information on the defined benefit plan is as follows:

a. Components of net pension cost

	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Service cost	\$ 11,250	\$ 386	\$ 13,049	\$ 408
Interest cost	7,656	263	7,913	247
Projected return on plan assets:	(7,612)	(261)	(8,165)	(255)
Amortization (deferred)	<u>(2,154)</u>	<u>(74)</u>	<u>(2,154)</u>	<u>(67)</u>
	<u>\$ 9,140</u>	<u>\$ 314</u>	<u>\$ 10,643</u>	<u>\$ 333</u>

b. Reconciliation of the funded status of the plan and prepaid pension cost as of December 31, 2010 and 2009 (including in other assets - miscellaneous)

	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Benefit obligation				
Vested benefit obligation	\$ (202,486)	\$ (6,951)	\$ (190,254)	\$ (5,947)
Non-vested benefit obligation	<u>(133,602)</u>	<u>(4,586)</u>	<u>(107,283)</u>	<u>(3,354)</u>
Accumulated benefit obligation	(336,088)	(11,537)	(297,537)	(9,301)
Additional benefits based on future salaries	<u>(37,476)</u>	<u>(1,287)</u>	<u>(46,308)</u>	<u>(1,448)</u>
Projected benefit obligation	(373,564)	(12,824)	(343,845)	(10,749)
Fair value of plan assets	<u>342,553</u>	<u>11,759</u>	<u>337,151</u>	<u>10,540</u>
Funded status	(31,011)	(1,065)	(6,694)	(209)
Unrecognized net transitional obligation	(993)	(34)	(2,980)	(93)
Unrecognized prior service cost	(1,739)	(60)	(1,906)	(60)
Unrecognized actuarial net loss	<u>47,850</u>	<u>1,643</u>	<u>25,437</u>	<u>795</u>
Prepaid pension cost	<u>\$ 14,107</u>	<u>\$ 484</u>	<u>\$ 13,857</u>	<u>\$ 433</u>
Vested benefit	<u>\$ 247,389</u>	<u>\$ 8,493</u>	<u>\$ 219,439</u>	<u>\$ 6,860</u>

c. Actuarial assumptions as of December 31, 2010 and 2009

	2010	2009
Discount rate used in determining present values of service and interest costs, benefit obligations, etc.	2.25%	2.25%
Future salary increase rate	1.50%	1.50%
Expected rate of return on plan assets	2.20%	2.25%

d. Changes in pension fund

	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Contributions to the fund	\$ 9,390	\$ 322	\$ 13,538	\$ 423
Payments from the fund	\$ 9,646	\$ 331	\$ 40,581	\$ 1,269

19. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Corporation classified its assets and liabilities of the construction operations and developing industrial districts as current and noncurrent according to the length of the operating cycle of the construction operations and development of industrial districts. Maturity analysis of the related assets and liabilities was as follows:

	December 31, 2010					
	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)
<u>Assets</u>						
Accounts receivable	\$ 3,474,887	\$ 119,289	\$ 1,896,054	\$ 65,089	\$ 5,370,941	\$ 184,378
Accounts receivable on the development of industrial districts	-	-	10,101,594	346,776	10,101,594	346,776
Buildings and land held for sale	-	-	403,945	13,867	403,945	13,867
Land for construction	-	-	1,082,716	37,168	1,082,716	37,168
Construction in progress in excess of progressive billings	339,841	11,666	785,220	26,956	1,125,061	38,622
Restricted assets	111,664	3,833	105,500	3,622	217,164	7,455
Refundable deposits on construction contracts	68,501	2,352	1,300,000	44,628	1,368,501	46,980
	<u>\$ 3,994,893</u>	<u>\$ 137,140</u>	<u>\$ 15,675,029</u>	<u>\$ 538,106</u>	<u>\$ 19,669,922</u>	<u>\$ 675,246</u>
<u>Liabilities</u>						
Notes payable	\$ 139,208	\$ 4,779	\$ -	\$ -	\$ 139,208	\$ 4,779
Accounts payable	2,144,053	73,603	1,054,950	36,215	3,199,003	109,818
Accounts payable - related parties	63,129	2,167	-	-	63,129	2,167
Accounts payable for the development of industrial districts	-	-	1,996,883	68,551	1,996,883	68,551
Progressive billings in excess of construction in progress	1,528,844	52,483	1,045,392	35,887	2,574,236	88,370
Construction warranty	29,787	1,023	112,923	3,877	142,710	4,899
Guarantee deposits on construction contracts	110,420	3,791	363,897	12,492	474,317	16,283
	<u>\$ 4,015,441</u>	<u>\$ 137,846</u>	<u>\$ 4,574,045</u>	<u>\$ 157,022</u>	<u>\$ 8,589,486</u>	<u>\$ 294,867</u>

	December 31, 2009					
	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)
<u>Assets</u>						
Accounts receivable	\$ 2,804,285	\$ 87,661	\$ 1,136,277	\$ 35,520	\$ 3,940,562	\$ 123,181
Accounts receivable on the development of industrial districts	-	-	10,710,994	334,823	10,710,994	334,823
Buildings and land held for sale	-	-	397,221	12,417	397,221	12,417
Land for construction	-	-	651,483	20,365	651,483	20,365
Construction in progress in excess of progressive billings	760,573	23,775	751,094	23,479	1,511,667	47,254
Restricted assets	206,220	6,446	14,377	450	220,597	6,896
Refundable deposits on construction contracts	<u>83,155</u>	<u>2,600</u>	<u>200,000</u>	<u>6,252</u>	<u>283,155</u>	<u>8,852</u>
	<u>\$ 3,854,233</u>	<u>\$ 120,482</u>	<u>\$ 13,861,446</u>	<u>\$ 433,306</u>	<u>\$ 17,715,679</u>	<u>\$ 553,788</u>
<u>Liabilities</u>						
Notes payable	\$ 271,106	\$ 8,475	\$ -	\$ -	\$ 271,106	\$ 8,475
Accounts payable	1,902,341	59,467	808,293	25,267	2,710,634	84,734
Accounts payable - related parties	80,298	2,510	-	-	80,298	2,510
Accounts payable for the development of industrial districts	-	-	2,016,278	63,028	2,016,278	63,028
Progressive billings in excess of construction in progress	375,434	11,736	991,343	30,989	1,366,777	42,725
Construction warranty	52,897	1,653	105,246	3,291	158,143	4,944
Guarantee deposits on construction contracts	<u>177,484</u>	<u>5,548</u>	<u>253,048</u>	<u>7,910</u>	<u>430,532</u>	<u>13,458</u>
	<u>\$ 2,859,560</u>	<u>\$ 89,389</u>	<u>\$ 4,174,208</u>	<u>\$ 130,485</u>	<u>\$ 7,033,768</u>	<u>\$ 219,874</u>

20. SHAREHOLDERS' EQUITY

Capital Surplus

Under the Company Law, capital surplus can only be used to offset a deficit. However, capital surplus (additional paid-in capital from issuance of common shares and treasury stock transactions) may be capitalized, which however is limited to a certain percentage of the Corporation's paid-in capital. Also, the capital surplus from long-term equity investments accounted for by the equity method may not be used for any purpose.

Appropriation of Earnings and Dividend Policy

The Corporation distributes stock dividends and cash dividends after taking into account its future business needs, capital demand and long-term financial plan. Under the Company's Articles of Incorporation, the Corporation should make appropriations from its net income (less any deficit) in the following order:

- a. 10% as legal reserve;
- b. Special reserve.
- c. Of the remainder, together with any unappropriated earnings of prior years, over 20% should be appropriated as follows:
 - 1) 2% as remuneration to directors and supervisors;

- 2) 3% as bonus to employees; and
- 3) 95% as dividends, of which more than 10% should be cash dividends. If cash dividend per share will be less than NT\$0.1, only stock dividends will be issued.

Based on a directive issued by the Securities and Futures Bureau, an amount equal to the net debit balance of certain shareholders' equity accounts (including unrealized gain or loss on financial instruments, cumulative transaction adjustments and net loss not recognized as pension cost) shall be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

The bonus to employees of NT\$6,260 thousand (US\$215 thousand) and NT\$6,260 thousand (US\$196 thousand), which were 3% of net income, less the legal reserve plus unappropriated earnings of the previous year, was estimated and recognized for 2010 and 2009, respectively. The remuneration to directors and supervisors of NT\$4,174 thousand (US\$143 thousand) and NT\$4,174 thousand (US\$130 thousand), which were 2%, of net income, less legal reserve plus unappropriated earnings of last year, was estimated and recognized for 2010 and 2009, respectively. The amounts were estimated on the basis of past experience. Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the year of proposal. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

The appropriation of the earnings for 2009 and 2008 was proposed in the board of directors' meeting on April 28, 2010 and March 31, 2009 and approved in the shareholders' meeting on June 7, 2010 and June 19, 2009, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings				Dividends Per Share (Dollar)			
	2009		2008		2009		2008	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Legal reserve	\$ 20,982	\$ 720	\$ 3,782	\$ 118				
Cash dividends	198,252	6,806	183,002	5,721	\$0.13	\$0.0045	\$0.12	\$0.0038

The Corporation distributed bonus to employees and the remuneration to directors and supervisors on June 7, 2010 and June 19, 2009. The distributions were as follow:

	2009				2008			
	Cash Dividend		Stock Dividend		Cash Dividend		Stock Dividend	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Bonus to employees - cash	\$ 6,260	\$ 215	\$ -	\$ -	\$ 5,779	\$ 181	\$ -	\$ -
Remuneration to directors and supervisors	4,174	143	-	-	3,853	120	-	-

	2009				2008			
	Bonus to Employees - Cash		Remuneration to Directors and Supervisors		Bonus to Employees - Cash		Remuneration to Directors and Supervisors	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Amount approved by shareholders' meeting	\$ 6,260	\$ 215	\$ 4,174	\$ 143	\$ 5,779	\$ 181	\$ 3,853	\$ 120
Amount reflected in the financial reports	6,260	215	4,174	143	5,779	181	3,853	120

There was no difference between the amounts approved in shareholders' meeting and the corresponding amounts reflected in the financial statements.

As of March 15, 2011, the date of the accompanying independent auditors' report, the Corporation's board of directors had not decided the appropriation of the 2010 earnings. Information on the appropriations of earnings is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Legal reserve shall be appropriated until it has reached the Corporation's paid-in capital. This reserve may be used to offset a deficit. When the legal reserve has reached 50% of the Corporation's paid-in capital, up to 50% thereof may be transferred to paid-in capital.

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

21. INCOME TAX

- a. A reconciliation of income tax expense based on income before income tax and income tax expense was as follows:

	Years Ended December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Income tax expense at the statutory rate	\$ 156,703	\$ 5,380	\$ 71,528	\$ 2,236
Tax effect of adjusting items:				
Permanent differences	(40,422)	(1,388)	4,163	130
Temporary differences	<u>(12,937)</u>	<u>(444)</u>	<u>(18,884)</u>	<u>(590)</u>
Current income tax expense	103,344	3,548	56,807	1,776
Taxed separately levied on				
interest from short-term bills	19	1	317	10
Deferred income tax expense	12,937	444	42,424	1,326
Effect of tax law changes on deferred income tax	40,889	1,403	46,705	1,460
Adjustment in valuation allowance due to change in tax laws	(34,378)	(1,180)	(60,322)	(1,886)
Adjustment of prior year's tax	<u>(21,786)</u>	<u>(748)</u>	<u>(9,605)</u>	<u>(300)</u>
	<u>\$ 101,025</u>	<u>\$ 3,468</u>	<u>\$ 76,326</u>	<u>\$ 2,386</u>

In 2010 and 2009, the Legislative Yuan passed the following amendments to tax laws:

- 1) March 2009 - the amendment of Article 24 of the Income Tax Law, which requires (a) the profit-seeking enterprise that invests in short-term notes for which the issuance dates are on and after January 1, 2010 to include the related interest income, which was taxed separately prior to January 1, 2010, in its taxable income; and (b) the profit-seeking enterprise that invests in beneficial securities or asset-based securities issued under the Financial Asset Securitization Act or Real Estate Securitization Act to include from January 1, 2010 the related interest income, which was taxed separately prior to January 1, 2010, in its taxable income.
- 2) May 2009 - the amendment of Article 5 of the Income Tax Law, which reduced a profit-seeking enterprise's income tax rate from 25% to 20%, effective January 1, 2010.
- 3) May 2010 - the amendment of Article 5 of the Income Tax Law, which reduced a profit-seeking enterprise's income tax rate from 20% to 17%, effective January 1, 2010.

b. The change in income tax payable (included in other current liabilities) was as follows:

	Years Ended December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Beginning balance	\$ 34,548	\$ 1,186	\$ 17,201	\$ 537
Current income tax expense	103,344	3,548	56,807	1,776
Income tax paid	(25,135)	(863)	(30,242)	(945)
Tax separately levied on				
interest from short-term bills	19	1	317	10
Adjustment of prior year's tax	<u>(21,786)</u>	<u>(748)</u>	<u>(9,535)</u>	<u>(298)</u>
Ending balance	<u>\$ 90,990</u>	<u>\$ 3,124</u>	<u>\$ 34,548</u>	<u>\$ 1,080</u>

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

	December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Current				
Deferred income tax assets				
Unrealized loss on				
litigation on				
construction contracts	\$ 49,197	\$ 1,689	\$ 57,907	\$ 1,810
Unrealized warranty costs	24,261	833	39,536	1,236
Others	<u>3,149</u>	<u>108</u>	<u>671</u>	<u>21</u>
	76,607	2,630	98,114	3,067
Less: Valuation allowance	<u>49,197</u>	<u>1,689</u>	<u>57,907</u>	<u>1,810</u>
	<u>\$ 27,410</u>	<u>\$ 941</u>	<u>\$ 40,207</u>	<u>\$ 1,257</u>

(Continued)

	December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Noncurrent				
Deferred income tax assets				
Unrealized impairment				
loss on financial assets	\$ 147,076	\$ 5,049	\$ 170,866	\$ 5,341
Loss on asset impairment	<u>10,638</u>	<u>365</u>	<u>12,515</u>	<u>391</u>
	157,714	5,414	183,381	5,732
Less: Valuation allowance	<u>157,714</u>	<u>5,414</u>	<u>183,381</u>	<u>5,732</u>
	-	-	-	-
Deferred income tax liabilities				
Investment income recognized under the equity method	<u>(61,122)</u>	<u>(2,098)</u>	<u>(54,471)</u>	<u>(1,703)</u>
	<u>\$ (61,122)</u>	<u>\$ (2,098)</u>	<u>\$ (54,471)</u>	<u>\$ (1,703)</u>
				(Concluded)

d. Information on integrated income tax is as follows:

	December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Balance of the imputation credit account (ICA)	<u>\$ 11,675</u>	<u>\$ 401</u>	<u>\$ 19,073</u>	<u>\$ 596</u>

The expected and actual creditable ratios for distribution of earnings of 2010 and 2009 were 7.25% and 24.85%, respectively.

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Corporation is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio may be adjusted, depending on the ICA balance on the date of dividend distribution.

As of December 31, 2010 and 2009, the unappropriated retained earnings generated before January 1, 1998 each aggregated NT\$138,041 thousand (US\$4,739 thousand).

The tax returns through 2007 had been assessed and cleared by the tax authorities.

22. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Year Ended December 31, 2010					
	Operating Costs		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)
Personnel						
Salary	\$ 422,642	\$ 14,509	\$ 96,339	\$ 3,307	\$ 518,981	\$ 17,816
Insurance	31,957	1,097	5,041	173	36,998	1,270
Pension	21,937	753	3,268	112	25,205	865
Others	19,231	660	832	29	20,063	689
Depreciation	12,414	426	11,243	386	23,657	812
Amortization	35,626	1,223	1,992	68	37,618	1,291
	<u>\$ 543,807</u>	<u>\$ 18,668</u>	<u>\$ 118,715</u>	<u>\$ 4,075</u>	<u>\$ 662,522</u>	<u>\$ 22,743</u>

	Year Ended December 31, 2009					
	Operating Costs		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)
Personnel						
Salary	\$ 412,833	\$ 12,905	\$ 96,463	\$ 3,015	\$ 509,296	\$ 15,920
Insurance	29,032	907	4,892	153	33,924	1,060
Pension	20,550	642	3,407	107	23,957	749
Others	15,713	491	1,405	44	17,118	535
Depreciation	8,434	264	12,121	379	20,555	643
Amortization	19,834	620	1,146	36	20,980	656
	<u>\$ 506,396</u>	<u>\$ 15,829</u>	<u>\$ 119,434</u>	<u>\$ 3,734</u>	<u>\$ 625,830</u>	<u>\$ 19,563</u>

Depreciation expenses for properties leased to others are not shown in the table above. These expenses (included in nonoperating income - rental) were about NT\$12,118 thousand (US\$416 thousand) and NT\$12,678 thousand (US\$396 thousand) for the years ended December 31, 2010 and 2009, respectively.

23. EARNINGS PER SHARE (EPS)

(Unit: New Taiwan Dollars)

	Years Ended December 31			
	2010		2009	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Basic EPS	<u>\$ 0.60</u>	<u>\$ 0.54</u>	<u>\$ 0.19</u>	<u>\$ 0.14</u>
Diluted EPS	<u>\$ 0.60</u>	<u>\$ 0.54</u>	<u>\$ 0.19</u>	<u>\$ 0.14</u>

The numerators and denominators used in calculating basic and diluted EPS were as follows:

	<u>Amount (Numerator)</u>		<u>Shares (Denominator) (In Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>		<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>Year ended December 31, 2010</u>					
Basic EPS					
Income for the year	\$ 921,781	\$ 820,756	1,525,017	<u>\$ 0.60</u>	<u>\$ 0.54</u>
Effect of dilutive potential common stock					
Bonus to employees	<u>-</u>	<u>-</u>	<u>1,006</u>		
Diluted EPS					
Income for the year attributable to common shareholders plus effect of potential dilutive common stock	<u>\$ 921,781</u>	<u>\$ 820,756</u>	<u>1,526,023</u>	<u>\$ 0.60</u>	<u>\$ 0.54</u>
<u>Year ended December 31, 2009</u>					
Basic EPS					
Income for the year	\$ 286,152	\$ 209,826	1,525,017	<u>\$ 0.19</u>	<u>\$ 0.14</u>
Effect of dilutive potential common stock					
Bonus to employees	<u>-</u>	<u>-</u>	<u>1,087</u>		
Diluted EPS					
Income for the year attributable to common shareholders plus effect of potential dilutive common stock	<u>\$ 286,152</u>	<u>\$ 209,826</u>	<u>1,526,104</u>	<u>\$ 0.19</u>	<u>\$ 0.14</u>

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

24. COMPENSATION INCOME

In 1990, the Corporation was designated by the Kuwait Government to build the RA/64 highway. When Persian Gulf War broke out, Iraq's military seized the Corporation's materials and equipment. Thus, the Corporation filed for compensation with the Kuwait Government. After a lawsuit filing and six appeals, the Corporation won the lawsuit and received the full compensation of NT\$210,606 thousand (US\$7,230 thousand) in 2010.

25. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments

	December 31, 2010			
	Carrying Amount		Fair Value	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
<u>Financial assets</u>				
Available-for-sale financial assets - current	\$ 142,451	\$ 4,890	\$ 142,451	\$ 4,890
Investments in bonds with no active market - current	-	-	-	-
Financial assets carried at cost - noncurrent	409,705	14,065	-	-
Investments in bonds with no active market - noncurrent	-	-	-	-
Refundable deposits	26,953	925	26,953	925
Certificates of deposits - restricted	39,700	1,363	39,700	1,363
<u>Financial liabilities</u>				
Bank loans, net of current portion	1,803,699	61,919	1,803,699	61,919
Guarantee deposits received	25,436	873	25,436	873
December 31, 2009				
	Carrying Amount		Fair Value	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
<u>Financial assets</u>				
Available-for-sale financial assets - current	\$ 411,172	\$ 12,853	\$ 411,172	\$ 12,853
Investments in bonds with no active market - current	13,320	417	-	-
Financial assets carried at cost - noncurrent	411,773	12,872	-	-
Investments in bonds with no active market - noncurrent	26,640	833	-	-
Refundable deposits	29,914	935	29,914	935
Certificates of deposits - restricted	39,700	1,241	39,700	1,241
<u>Financial liabilities</u>				
Bank loans, net of current portion	1,119,947	35,009	1,119,947	35,009
Guarantee deposits received	23,156	724	23,156	724

- b. Methods and assumptions used to estimate the fair values of financial instruments were as follows:
- 1) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: Cash, accounts receivable, net of allowance for doubtful accounts, restricted assets, refundable deposits on construction contracts, short-term debts, short-term bills payable, notes payable, accounts payable, accounts payable - related parties, current portion of long-term debts and guarantee deposits on construction contracts.
 - 2) Fair value of financial instruments designated as at available-for-sale financial assets is based on their quoted prices in an active market.
 - 3) Investments in bonds with no active market - current, financial assets carried at cost and Investments in bonds with no active market - noncurrent are investments in unquoted shares, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.
 - 4) Fair value of long-term bank loans is estimated using the present value of future cash flows discounted by the interest rates the Corporation may obtain for similar loans (e.g., similar maturities).
 - 5) Fair values of refundable deposits, certificates of deposits - restricted and guarantee deposits received are estimated using the carrying amount.
- c. As of December 31, 2010 and 2009, financial assets exposed to fair value interest rate risk amounted to NT\$2,137,294 thousand (US\$73,371 thousand) and NT\$2,015,044 thousand (US\$62,990 thousand), respectively; financial liabilities exposed to fair value interest rate risk amounted to NT\$989,368 thousand (US\$33,964 thousand) and NT\$1,029,427 thousand (US\$32,180 thousand), respectively; financial assets exposed to cash flow interest rate risk amounted to NT\$2,317,724 thousand (US\$79,565 thousand) and NT\$2,971,154 thousand (US\$92,878 thousand), respectively; and financial liabilities exposed to cash flow interest rate risk amounted to NT\$5,434,734 thousand (US\$186,568 thousand) and NT\$5,593,651 thousand (US\$174,856 thousand), respectively.
- d. The Corporation's calculation of the fair values of available-for-sale financial assets, which consisted of both direct financial assets (held by the Corporation) and indirect financial assets (held by the Corporation's equity-method investees), showed an unrealized gain of NT\$308,974 thousand (US\$10,607 thousand) and an unrealized gain of NT\$101,152 thousand (US\$3,162 thousand) as of December 31, 2010 and 2009, respectively.
- e. Financial risks
- 1) Market risk

Except for listed domestic quoted stocks, Taiwan depositary receipts and mutual funds that have fair values based on market values, the Corporation has no material financial assets exposed to risks from currency, interest rate and fair value changes. As a result, no significant exposure to market risk is anticipated.
 - 2) Credit risk

Credit risk represents the potential loss that would be incurred by the Corporation if the counter-parties breached contracts. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The counter-parties to the foregoing financial instruments are reputable financial institutions, business organizations and governments. Management does not expect the Corporation's exposure to default by those parties to be material.

3) Liquidity risk

The Corporation's operating funds are deemed sufficient to meet the cash flow demand; thus, liquidity risk is not considered significant.

The Corporation's investments in domestic quoted stocks, Taiwan depositary receipts and mutual funds are traded in active markets and can be disposed of quickly at close to their fair values. The Corporation's investments in equity instruments have no active markets; therefore, the liquidity risk is expected to be high.

4) Cash flow interest rate risk

The Corporation's short- and long- term debts are floating-rate loans. When the market interest rate increases by one percentage point, the Corporation's cash outflow will increase by NT\$54,347 thousand (US\$1,866 thousand) a year.

26. RELATED-PARTY TRANSACTIONS

- a. Related parties and their relationships with the Corporation were as follows:

<u>Names of Related Parties</u>	<u>Relationship with the Corporation</u>
Core Pacific World Corporation	Subsidiary
BES Machinery Corporation	Subsidiary
BES Investment Company Ltd.	Subsidiary
BES Global Investment Co.	Subsidiary
BES Logistics International Co., Ltd.	Subsidiary
Coreasia Human Resource Management Corporation	Subsidiary
Chung Kung Safeguarding & Security Corporation	Subsidiary
BES Construction Corporation (BES, U.S.A.)	Subsidiary
Core Pacific Consulting Corporation	Subsidiary (liquidated on November 12, 2009)
Corporacion De Inversion Y Desarrollo BES, S.A. (Costa Rica) (BES, S.A.)	Subsidiary
BA & BES Contracting (L.L.C.)	Equity-method investee
Huatung Power Corporation	Equity-method investee
Core Pacific City Co., Ltd.	Equity-method investee
Taipei Twins Real Estate Corporation	Equity-method investee
Taipei Twins Developing Corporation	Equity-method investee
Cinemark-Core Pacific Ltd.	Sub-subsidiary
BESM Holding Co., Ltd.	Sub-subsidiary
Zhong Hua Cheng Development Co., Ltd.	Sub-subsidiary
Chinese City International Investment Co., Ltd.	Sub-subsidiary
K9 International Entertainment Corporation	Sub-subsidiary
BES Consultant Corporation	Sub-subsidiary
Elite Human Resource Management Co., Ltd.	Sub-subsidiary
BES Global Consulting (Shanghai) Co., Ltd.	Sub-subsidiary
Core Pacific Consulting (Changshu) Co., Ltd.	Subsidiary of sub-subsidiary
BES Department Maintenance & Management	Subsidiary of sub-subsidiary
Hua Cheng Consulting (Changshu) Co., Ltd.	Subsidiary of sub-subsidiary
Core Pacific Overseas Holdings Ltd.	Subsidiary's equity-method investee
Wei-Jing Holdings Ltd.	Subsidiary's equity-method investee
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Subsidiary's equity-method investee

(Continued)

Names of Related Parties	Relationship with the Corporation
Agora Garden Corporation	Related party in substance
China Petrochemical Development Corporation	Corporate director
Glory Construction Co., Ltd.	Related party in substance

(Concluded)

- b. The significant transactions with the above related parties, in addition to those disclosed in Note 8, are summarized as follows:

	2010			2009		
	New Taiwan Dollars	U.S. Dollars (Note 2)	Percentage to Account (%)	New Taiwan Dollars	U.S. Dollars (Note 2)	Percentage to Account (%)
<u>For the year</u>						
1) Other revenue						
Agora Garden Corporation - consulting income	\$ 300	\$ -	-	\$ 500	\$ 16	-
2) Operating costs						
BES Machinery Corporation - machinery rental, concrete, testing, etc.	\$ 267,090	\$ 9,169	2	\$ 161,716	\$ 5,055	2
Coreasia Human Resource Management Corporation	77,953	2,676	1	8,106	253	-
Chung Kung Safeguarding & Security Corporation - safeguarding, security and cleaning	40,357	1,385	-	35,048	1,096	-
Elite Human Resource Management Co., Ltd.	3,403	117	-	2,481	78	-
Other - others	482	17	-	332	10	-
	<u>\$ 389,285</u>	<u>\$ 13,364</u>	<u>3</u>	<u>\$ 207,683</u>	<u>\$ 6,492</u>	<u>2</u>
3) Other operating cost - safeguarding, security and cleaning						
Chung Kung Safeguarding & Security Corporation	\$ 12,213	\$ 419	42	\$ 10,704	\$ 335	1
4) Operating expense						
BES Machinery Corporation - rental	\$ 5,570	\$ 191	2	\$ 6,622	\$ 207	3
Glory Construction Co., Ltd. - rental	3,603	124	1	840	26	-
Chung Kung Safeguarding & Security Corporation - safeguarding, security and cleaning	1,027	35	-	2,092	65	1
Others - other expense	3,204	110	1	1,939	61	1
	<u>\$ 13,404</u>	<u>\$ 460</u>	<u>4</u>	<u>\$ 11,493</u>	<u>\$ 359</u>	<u>5</u>
5) Nonoperating income or gain						
BES Machinery Corporation - rental and interest revenue	\$ 7,049	242	1	5,966	186	1
Glory Construction Co., Ltd. - rental	6,156	211	-	6,615	207	1
Agora Garden Corporation - interest revenue	4,598	\$ 158	-	\$ 39,709	\$ 1,241	8
BES Consultant Corporation - rental	3,126	107	-	2,040	64	1
Others - rental	160	6	-	167	5	-
	<u>\$ 21,089</u>	<u>\$ 724</u>	<u>1</u>	<u>\$ 54,497</u>	<u>\$ 1,703</u>	<u>11</u>

	2010			2009		
	New Taiwan Dollars	U.S. Dollars (Note 2)	Percentage to Account (%)	New Taiwan Dollars	U.S. Dollars (Note 2)	Percentage to Account (%)
<u>At year-end</u>						
1) Refundable deposits on construction contracts						
Agora Garden Corporation	\$ 1,300,000	\$ 44,628	95	\$ -	\$ -	-
Huatung Power Contracting	-	-	-	4,062	127	14
	<u>\$ 1,300,000</u>	<u>\$ 44,628</u>	<u>95</u>	<u>\$ 4,062</u>	<u>\$ 127</u>	<u>14</u>
2) Other receivable						
Agora Garden Corporation	\$ 400,936	\$ 13,764	100	\$ 302,747	\$ 9,464	98
BES Consultant Corporation	559	19	-	478	15	-
Glory Construction Co., Ltd.	509	17	-	1,736	54	1
Others	207	7	-	2,488	78	1
	<u>\$ 402,211</u>	<u>\$ 13,807</u>	<u>100</u>	<u>\$ 307,449</u>	<u>\$ 9,611</u>	<u>100</u>
3) Refundable deposits						
Agora Garden Corporation	\$ 900	\$ 31	3	\$ 900	\$ 28	3
Glory Construction Co., Ltd.	637	22	2	-	-	-
	<u>\$ 1,537</u>	<u>\$ 53</u>	<u>5</u>	<u>\$ 900</u>	<u>\$ 28</u>	<u>3</u>
4) Accounts payable						
BES Machinery Corporation	\$ 48,149	\$ 1,653	76	\$ 61,008	\$ 1,907	76
Chung Kung Safeguarding & Security Corporation	9,832	337	16	16,739	523	21
Coreasia Human Resource Management Corporation	4,361	150	7	2,414	75	3
Others	787	27	1	137	5	-
	<u>\$ 63,129</u>	<u>\$ 2,167</u>	<u>100</u>	<u>\$ 80,298</u>	<u>\$ 2,510</u>	<u>100</u>
5) Accrued expense						
Glory Construction Co., Ltd.	\$ 669	\$ 23	-	\$ -	\$ -	-
BES Machinery Corporation	556	19	-	599	19	1
Chung Kung Safeguarding & Security Corporation	323	11	-	377	12	-
Others	118	4	-	76	2	-
	<u>\$ 1,666</u>	<u>\$ 57</u>	<u>-</u>	<u>\$ 1,052</u>	<u>\$ 33</u>	<u>1</u>
6) Guarantee deposits on construction contracts						
BES Machinery Corporation	<u>\$ 3,539</u>	<u>\$ 121</u>	<u>1</u>	<u>\$ 4,897</u>	<u>\$ 153</u>	<u>1</u>
7) Guarantee deposits received						
BES Consultant Corporation	\$ 380	\$ 13	1	\$ -	\$ -	-
Chung Kung Safeguarding & Security Corporation	51	2	-	51	2	-
	<u>\$ 431</u>	<u>\$ 15</u>	<u>1</u>	<u>\$ 51</u>	<u>\$ 2</u>	<u>-</u>

Rental contracts with related parties were based on market conditions and made under normal terms. Purchase and sales terms for related parties were similar to those for unrelated parties, except for contract-based terms for the other receivables from Agora Garden Corporation and BES Machinery Corporation, which arose mainly from the financings provided and its interest gained and from the disposal of construction facilities and steel plates. The other accounts receivable with related parties were mainly on borrowing from the Corporation, construction facilities, steel plates and rents.

c. Financing to related parties was as follows:

1) Other receivable

	Year Ended December 31, 2010								
	Maximum Balance		Ending Balance		Interest Rate	Interest Income		Interest New Taiwan Dollars	Receivable U.S. Dollars (Note 2)
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)		New Taiwan Dollars	U.S. Dollars (Note 2)		
Agora Garden Corporation	\$ 300,000	\$ 10,299	\$ -	\$ -	2.635%	\$ 1,321	\$ 45	\$ -	\$ -

	Year Ended December 31, 2009								
	Maximum Balance		Ending Balance		Interest Rate	Interest Income		Interest New Taiwan Dollars	Receivable U.S. Dollars (Note 2)
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)		New Taiwan Dollars	U.S. Dollars (Note 2)		
Agora Garden Corporation	\$ 300,000	\$ 9,378	\$ 300,000	\$ 9,378	2.635%	\$ 2,642	\$ 83	\$ 2,642	\$ 83

The other receivable from Agora Garden Corporation (“Agora”) was the refundable deposit of NT\$300,000 thousand (US\$10,299 thousand) on a construction contract involving a bid on Agora Garden. Because the related negotiation period exceeded the deadline stated in the contract, this receivable, under Interpretation No. 167 issued by Accounting Research Development foundation in 2004, was reclassified to other receivable - related parties and was treated as financing provided with interest; related information is shown in Table 1 - “Financings Provided.” The Corporation collected this receivable plus interest in March 2010.

2) Other receivable

	Year Ended December 31, 2010								
	Maximum Balance		Ending Balance		Interest Rate	Interest Income		Interest New Taiwan Dollars	Receivable U.S. Dollars (Note 2)
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)		New Taiwan Dollars	U.S. Dollars (Note 2)		
Agora Garden Corporation	\$ 400,000	\$ 13,732	\$ 400,000	\$ 13,732	2.695-2.755%	\$ 3,277	\$ 112	\$ 936	\$ 32

The other receivable from Agora Garden Corporation (“Agora”) was the financing fund of NT\$400,000 thousand (US\$13,732 thousand) to Agora. The Corporation signed a written agreement with Agora on September 14, 2010; related information is shown in Note 25.

3) Long-term accounts receivable

	Year Ended December 31, 2010								
	Maximum Balance		Ending Balance		Interest Rate	Interest Income		Interest New Taiwan Dollars	Receivable U.S. Dollars (Note 2)
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)		New Taiwan Dollars	U.S. Dollars (Note 2)		
Agora Garden Corporation	\$ 209,785	\$ 6,558	\$ -	\$ -	2.975-3.200%	\$ 4,281	\$ 134	\$ -	\$ -

The long-term receivable - related parties from Agora was the warranty reserve for construction, for which the monthly payment of principal and interest was based on the construction agreement. The terms of repayment expired when the warranty ended in 2004. Since Agora still had a balance as of December 31, 2007, the receivable was reclassified to long-term account receivable - related party. The Corporation collected this receivable plus interest in September 2009.

d. Property transactions:

1) Purchase of properties

Year ended December 31, 2010

Counter-party	Property	Price	
		New Taiwan Dollars	U.S. Dollars (Note 2)
Huatung Power Corporation	Land	\$ 40,622	\$ 1,395

2) Sales of construction in progress - steel plates

Year ended December 31, 2009

Counter-party	Carrying Amount		Price		Gain (Loss) on Sales	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
BES Machinery Corporation	\$ 9,145	\$ 286	\$ 9,145	\$ 286	\$ -	\$ -

The Corporation diversified its business and participated in the internal land sale by Huatung Power Corporation under the board's resolution on July 28, 2009. The Corporation signed the related contract at the purchase price NT\$40,622 thousand (US\$1,395 thousand), which had been fully paid as of December 31, 2010.

The purchase price was based on both the market price and book value of the land.

e. Other significant transactions:

On March 7, 2010, the board of directors passed a resolution for the Corporation to have a joint venture with Agora Garden Corporation ("Agora"), in which both parties will pool their capital to buy lands and construct buildings, and signed the related contract on March 8, 2010. The cost and profit distribution ratios are 23% (referring to the Corporation) and 77%. Under the contract, the Corporation should pay NT\$2,000,000 thousand (US\$68,658 thousand) as performance warranty. As of December 31, 2010, the Corporation had paid NT\$1,300,000 thousand (US\$44,628 thousand) of the warranty reserve in two installments and had also paid ahead of time a third installment of NT\$400,000 thousand (US\$13,732 thousand); these payments were accounted for under other accounts receivable-related parties. In addition, the Corporation had a written agreement in which it granted financing to Agora Garden Corporation (related information is shown in Table 2).

As of December 31, 2010, the joint venture was still at the planning stage. The Corporation had applied for construction license from Taipei City Government (TCG). Construction will start on TCG's approval of application.

f. Compensation of directors, supervisors and management personnel:

	Year Ended December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Salaries	\$ 25,019	\$ 859	\$ 18,114	\$ 567
Incentives	7,843	269	5,529	172
Special compensation	2,538	87	2,250	70
Bonus	127	5	18	1
	<u>\$ 35,527</u>	<u>\$ 1,220</u>	<u>\$ 25,911</u>	<u>\$ 810</u>

27. MORTGAGED OR PLEDGED ASSETS

The following assets had been mortgaged or pledged as collaterals for short-term debts, long-term bank loans, short-term bills payable, construction warranty, and as probable means to settle an ongoing construction-related litigation, in which the Corporation is the plaintiff.

	December 31			
	2010		2009	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Current assets				
Investments in bonds with no active market - current	\$ -	\$ -	\$ 13,320	\$ 417
Land for construction	626,247	21,498	626,247	19,576
Restricted assets				
Demand deposits	19,683	676	5,710	178
Investments in commercial paper	38,200	1,311	25,462	796
Time deposits	1,175,951	40,369	1,114,173	34,828
Investments accounted for by the equity method	455,841	15,649	476,861	14,907
Investments in bonds with no active market - noncurrent	-	-	26,280	822
Properties, net	2,251,327	77,286	1,966,443	61,471
Leased assets, net	1,800,189	61,798	1,833,227	57,306
Other assets - certificates of deposits - restricted	<u>39,700</u>	<u>1,363</u>	<u>39,700</u>	<u>1,241</u>
	<u>\$ 6,407,138</u>	<u>\$ 219,950</u>	<u>\$ 6,127,423</u>	<u>\$ 191,542</u>

28. OTHERS

The Corporation's information of foreign currency assets and liabilities with significant effect were as follows:

	December 31					
	2010			2009		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
USD	\$ 7,946	29.130	\$ 230,127	\$ 697	32.176	\$ 22,427
MYR	60	9.069	540	24	9.397	223
Non-monetary items						
USD	46,981	29.130	1,368,557	39,933	31.990	1,277,450
CRC	1,802,171	0.056	101,462	1,973,219	0.058	114,802

29. ADDITIONAL DISCLOSURES

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

- 1) Financing provided: Table 2 (attached).
- 2) Endorsement/guarantees provided: Table 3 (attached).
- 3) Marketable securities held: Table 4 (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 5 (attached).
- 5) Acquisition of individual real estates at costs of at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached).
- 6) Disposal of individual real estates at prices of at least NT\$100 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 7 (attached).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 8 (attached).
- 9) Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 9 (attached).
- 10) Derivative transactions of investees over which the Corporation has a controlling interest: None.

b. Investment in Mainland China

- 1) Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China: Table 10 (attached).
- 2) Significant direct or indirect transactions with the investees: None.

30. SEGMENT INFORMATION

a. Industry

The Corporation develops and constructs 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, did not reach at least 10% of total operating revenues in 2010 and 2009.

c. Export sales

The Corporation had no foreign revenues in 2010 and 2009.

d. Major customers

	Years Ended December 31					
	2010			2009		
	Construction Revenue			Construction Revenue		
	New Taiwan Dollars	U.S. Dollars (Note 2)	% to Total	New Taiwan Dollars	U.S. Dollars (Note 2)	% to Total
Directorate General of Highways, MOTC	2,621,570	89,996	18.31	1,885,689	58,946	15.10
Department of Rapid Transit Systems, Taipei City Government	1,730,446	59,404	12.09	1,888,364	59,030	15.12
Armaments Bureau of the Ministry of National Defense	1,574,753	54,059	11.00	846,824	26,472	6.78
Taiwan Area National Freeway Bureau, Ministry of Transportation and Communications (MOTC)	\$ 1,550,359	\$ 53,222	10.83	\$ 1,539,243	\$ 48,116	12.33

TABLE 1

BES ENGINEERING CORPORATION AND INVESTEES

CONSTRUCTION IN PROGRESS IN EXCESS OF PROGRESSIVE BILLINGS AND PROGRESSIVE BILLINGS IN EXCESS OF CONSTRUCTION IN PROGRESS

YEAR ENDED DECEMBER 31, 2010

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

Construction in progress in excess of progressive billings

Engineering Station	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Year Ended December 31, 2010		Accumulated Construction Profit (Loss)	Progressive Billings	Net Amount of Construction in Progress
				Construction in Progress	% of Completion			
Chiehshin	2011	\$ 2,206,325	\$ 2,291,489	\$ 2,284,725	99.19	\$ (85,164)	\$ 2,191,204	\$ 93,521
Chungcheng	2013	1,922,359	1,845,788	628,905	32.10	24,579	622,559	6,346
Yuangyen	2011	1,639,434	1,677,164	1,675,356	98.21	(37,730)	1,612,968	62,388
Hualien	2011	3,962,015	4,036,253	3,834,266	77.24	(74,238)	3,775,077	59,189
Taipei Port	2011	1,734,437	1,938,981	1,775,372	100.00	(204,544)	1,734,437	40,935
Po-ai	2012	9,033,102	8,814,530	8,236,108	80.17	175,229	7,484,784	751,324
CE730B	2012	1,440,827	1,520,457	1,384,566	93.64	(79,630)	1,357,016	27,550
NTIT	2011	690,775	765,796	707,152	97.47	(75,021)	673,300	33,852
Hsipin	2011	1,951,594	2,021,517	1,972,810	100.00	(69,923)	1,951,594	21,216
Kaoping	2011	519,293	503,714	519,443	100.00	15,579	519,293	150
Nankang	2011	1,432,425	1,389,452	28,590	-	-	-	28,590
C602	2011	3,682,491	4,214,992	3,682,490	100.00	(532,501)	3,682,490	-
		<u>\$ 30,215,077</u>	<u>\$ 31,020,133</u>	<u>\$ 26,729,783</u>		<u>\$ (943,364)</u>	<u>\$ 25,604,722</u>	<u>\$ 1,125,061</u>
Year Ended December 31, 2009								
Engineering Station	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Construction in Progress	% of Completion	Accumulated Construction Profit (Loss)	Progressive Billings	Net Amount of Construction in Progress
Po-ai	2011	\$ 8,898,615	\$ 8,681,691	\$ 7,779,678	76.82	\$ 166,630	\$ 7,118,572	\$ 661,106
Chungcheng	2010	579,904	572,110	334,314	68.50	5,339	64,506	269,808
Chiehshin	2010	2,167,225	2,109,016	2,228,625	92.85	54,048	2,034,104	194,521
Yuangyen	2010	1,619,434	1,657,165	1,633,441	94.10	(37,731)	1,532,368	101,073
CE730B	2012	1,370,958	1,333,837	1,244,715	83.13	30,859	1,156,301	88,414
Taipei Port	2010	1,734,437	1,938,981	1,775,372	100.00	(204,544)	1,734,437	40,935
Hsipin	2010	1,951,594	2,002,226	1,990,756	100.00	(50,632)	1,951,594	39,162
CTUST	2010	690,775	756,469	707,152	97.47	(65,694)	673,300	33,852
C602	2010	3,671,255	4,204,015	3,697,799	100.00	(532,760)	3,671,255	26,544
571	2010	4,077,144	4,008,467	4,102,358	100.00	68,677	4,077,144	25,214
Freeway No. 1 North	2010	1,163,943	1,148,531	1,053,657	88.17	13,589	1,042,448	11,209
Taipei	2010	809,561	793,335	607,500	73.76	11,968	597,100	10,400
Nankang	2010	1,432,425	1,389,452	6,074	-	-	-	6,074
Kaihsuan	2010	476,171	461,885	421,695	88.19	12,599	419,914	1,781
Hualien	2011	831,554	848,645	384,766	38.16	(17,091)	383,462	1,304
Tzukuang	2013	475,048	460,796	270	-	-	-	270
		<u>\$ 31,950,043</u>	<u>\$ 32,366,621</u>	<u>\$ 27,968,172</u>		<u>\$ (544,743)</u>	<u>\$ 26,456,505</u>	<u>\$ 1,511,667</u>

(Continued)

Progressive billings in excess of construction in progress

Year Ended December 31, 2010								
Engineering Station	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Construction in Progress	% of Completion	Accumulated Construction Profit (Loss)	Progressive Billings	Net Amount of Progressive Billings
Engineering station								
CL311	2013	\$ 3,290,472	\$ 3,158,940	\$ 266,062	8.52	\$ 11,207	\$ 282,287	\$ 16,225
H42	2011	1,365,309	1,311,019	689,856	57.28	31,097	785,357	95,501
Tachung	2011-2012	2,353,152	2,106,109	1,719,349	55.55-96.59	220,012	2,012,315	292,966
Chungcheng	2011-2013	2,453,367	2,279,531	1,310,555	31.6-100	127,043	1,376,466	65,911
Chungho	2011	6,536,015	6,391,965	6,398,078	95.26-100	143,644	6,502,574	104,496
Taichung	2011	2,697,563	2,619,447	2,101,753	80.81	63,126	2,197,437	95,683
Taichung Engineering	2011	675,690	648,805	479,187	98.55	26,495	665,928	186,741
Taipei	2011	5,140,135	5,228,696	5,088,212	98.51-100	(88,812)	5,127,586	39,374
Taidong	2011	572,673	538,315	271,218	61.52	21,137	352,320	81,102
Tainan	2011	4,283,170	4,572,383	4,245,806	100	(289,213)	4,283,169	37,363
Yung-an	2011-1014	12,824,670	12,495,804	5,404,474	0.54-100	113,139	5,697,297	292,823
Yungho	2012	2,703,323	2,541,119	866,568	37.34	60,567	1,009,397	142,829
Chu-nan	2011	230,450	218,748	34,952	17.71	2,072	40,801	5,849
Nanping	2011	3,105,809	2,946,837	2,936,493	97.87-100	156,506	3,070,553	134,060
Shin-i	2011	3,947,655	3,769,840	3,234,649	81.25	144,475	3,317,141	82,492
Pingtong	2013	2,759,006	2,593,578	729,757	26.45	43,756	743,478	13,721
Miao-li	2012	1,372,549	1,290,245	685,897	57.93	47,678	794,554	108,657
Taoyuan	2011	1,324,597	1,271,620	184,488	14.93	7,909	197,948	13,460
Kaihuan	2011	487,401	472,760	433,134	96.56	14,138	471,261	38,128
Tzukuang	2011-2013	891,701	865,516	514,116	28.04-99.94	15,922	549,624	35,508
Hsinchu	2011	2,442,875	2,370,220	1,837,343	87.79	63,784	2,126,126	288,783
Hsinho	2011	2,744,642	2,603,199	2,206,001	69.88-100	120,007	2,361,167	155,166
Hsinchung	2011	4,322,380	3,965,488	4,213,507	98.45	351,360	4,263,602	50,095
Fuhsing	2013	1,966,667	1,907,667	131,234	7.02	4,142	328,537	197,303
Freeway No. 1 North	2011	<u>1,191,924</u>	<u>1,195,442</u>	<u>1,164,948</u>	97.41	<u>(3,518)</u>	<u>1,164,948</u>	<u>-</u>
		71,683,195	69,363,293	47,147,637		1,407,673	49,721,873	2,574,236
Developing station								
Northern developing station	-	<u>-</u>	<u>-</u>	<u>15,132,511</u>	-	<u>-</u>	<u>15,132,511</u>	<u>-</u>
		<u>\$ 71,683,195</u>	<u>\$ 69,363,293</u>	<u>\$ 62,280,148</u>		<u>\$ 1,407,673</u>	<u>\$ 64,854,384</u>	<u>\$ 2,574,236</u>

(Continued)

Year ended December 31, 2009

Engineering Station	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Construction in Progress	% of Completion	Accumulated Construction Profit (Loss)	Progressive Billings	Net Amount of Progressive Billings
Engineering station								
Hsinchu	2012	\$ 2,464,994	\$ 2,398,329	\$ 564,398	34.75	\$ 23,166	\$ 772,204	\$ 207,806
Tachung	2011-2012	2,195,634	1,946,117	1,186,079	15.39-84.45	168,820	1,367,473	181,394
Yung-an	2010-2012	6,233,291	6,092,880	4,015,866	10.10-94.09	89,791	4,154,993	139,127
Chungcheng	2010-2013	4,227,718	4,004,089	586,171	0.48-0.50	76,334	720,124	133,953
Pingtong	2013	2,757,143	2,591,738	18,305	1.85	3,060	127,198	108,893
Nanping	2010	4,719,238	4,492,693	3,916,390	56.52-100.00	192,359	4,002,507	86,117
Tainan	2010	4,195,601	4,501,998	3,927,550	88.40-100.00	(312,050)	4,011,224	83,674
Hsinchung	2010	4,263,889	3,988,671	3,910,293	92.35	254,153	3,975,265	64,972
Shin-i	2011	3,821,581	3,638,399	2,812,944	71.90	131,708	2,877,688	64,744
Taichung	2011	2,578,068	2,502,437	1,286,830	51.14	38,679	1,346,415	59,585
Yungho	2012	2,700,000	2,537,935	210,686	9.84	15,944	265,632	54,946
Hsinho	2010-2012	2,776,419	2,627,338	1,828,192	29.64-100.00	99,493	1,880,502	52,310
CL311	2013	3,252,381	3,122,276	30,041	1.90	2,472	61,795	31,754
M15A	2010	934,684	906,617	916,011	100.00	28,067	934,684	18,673
Taichung Engineering	2010	608,277	584,195	68,553	13.62	3,279	83,142	14,589
Kaoping	2010	519,293	503,495	507,032	100.00	15,798	519,293	12,261
Chu-nan	2010	233,750	221,879	15,169	11.60	1,377	27,115	11,946
Taipei	2010	9,410,408	9,440,742	9,395,165	99.70-100.00	(30,643)	9,406,874	11,709
Miao-li	2012	1,318,738	1,239,987	194,653	15.53	12,230	203,738	9,085
Taidong	2012	572,643	538,274	9,815	3.25	1,117	18,611	8,796
Chungho	2010-2011	2,030,792	1,989,907	1,681,961	50.90-100.00	36,083	1,689,892	7,931
571	2010	622,596	598,485	620,440	100.00	24,111	622,596	2,156
H42	2011	1,277,749	1,226,623	103,514	8.13	4,156	103,870	356
Hualien	2010	3,115,079	3,167,164	3,115,079	100.00	(52,085)	3,115,079	-
		<u>66,829,966</u>	<u>64,862,268</u>	<u>40,921,137</u>		<u>827,419</u>	<u>42,287,914</u>	<u>1,366,777</u>
Developing station								
Northern developing station	-	-	-	14,710,960	-	-	14,710,960	-
		<u>\$ 66,829,966</u>	<u>\$ 64,862,268</u>	<u>\$ 55,632,097</u>		<u>\$ 827,419</u>	<u>\$ 56,998,874</u>	<u>\$ 1,366,777</u>

(Concluded)

BES ENGINEERING CORPORATION AND INVESTEES

FINANCINGS PROVIDED

YEAR ENDED DECEMBER 31, 2010

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

No.	Financing Company	Counter-party	Financial Statement Account	Financing Limit for Each Borrowing Company	Maximum Balance for the Year	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 (the "Corporation")	Agora Garden Corporation ("Agora") Agora Garden Corporation ("Agora")	Other accounts receivable Other accounts receivable	\$ 774,485 774,485	\$ 300,000 400,000	\$ - 400,000	2.635% 2.695%-2.755%	(Note) Business	\$ - -	Promissory note Promissory note Stock	\$ 300,000 400,000 560,835	\$ - 2,000,000	The limit (\$7,744,847 thousand) on the total maximum financing is equal to 40% of net equity as shown in the Corporation's latest financial statements; and the maximum limit (\$774,485 thousand) for each counter-party is equal to 4% of the Corporation's net equity as shown in the Corporation's latest financial statements.
1	BES Machinery Corporation ("BES Machinery")	Coreasia Human Resource Management Corporation	Accounts receivable - related party	41,460	20,000	-	3.000%	Short-term support for borrower's operations	-	-	-	-	The limit (\$414,604 thousand) on the total maximum financing is equal to 40% of BES Machinery's net equity as shown in BES Machinery's latest financial statements; and the maximum limit (\$41,460 thousand) for each counter-party is equal to 4% of BES Machinery's net equity as shown in BES Machinery's latest financial statements.
2	Hua Cheng Consulting (Changshu) Co., Ltd. ("Hua Cheng")	Yangzhou Core Pacific City Development Co.	Other accounts receivable	73,762	9,372	-	6.000%	Short-term support for borrower's operations	-	-	-	14,057	The limit (\$147,525 thousand) on the total maximum financing is equal to 40% of Hua Cheng's net equity as shown in Hua Cheng's latest financial statements; and the maximum limit (\$73,762 thousand) for each counter-party is equal to 20% of Hua Cheng's net equity as shown in Hua Cheng's latest financial statements.
3	Core Pacific Consulting (Changshu) Co., Ltd. ("Core")	Yangzhou Core Pacific City Development Co.	Other accounts receivable	73,714	9,372	-	6.000%	Short-term support for borrower's operations	-	-	-	14,057	The limit (\$147,428 thousand) on the total maximum financing is equal to 40% of Core's net equity as shown in Core's latest financial statements; and the maximum limit (\$73,714 thousand) for each counter-party is equal to 20% of Core's net equity as shown in Core's latest financial statements.

Note: Under Interpretation No. 167 issued by the Accounting Research and Development Foundation in 2004, the refundable deposit of \$300,000 thousand was reclassified to other receivable and was disclosed in Financings Provided (table 2). The Corporation collected this receivable in March 2010.

BES ENGINEERING CORPORATION AND INVESTEES

ENDORSEMENTS/GUARANTEES PROVIDED

YEAR ENDED DECEMBER 31, 2010

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

No.	Endorsement/ Guarantee Provider	Counter-party		Limits on Endorsement/ Guarantee Amount Provided to Each Counter-Party	Maximum Balance for the Year	Ending Balance	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable
		Name	Nature of Relationship						
1	Coreasia Human Resource Management Corporation ("Coreasia")	Elite Human Resource Management Co., Ltd.	Subsidiary	\$ 8,633	\$ 4,930	\$ 3,934	\$ -	4.56%	The limit (\$43,166 thousand) on the total maximum endorsement is equal to 50% of Coreasia's net equity as shown in the Coreasia's latest financial statements; and the maximum limit (\$8,633 thousand) for each counter-party is equal to 10% of Coreasia's net equity as shown in Coreasia's latest financial statements.

BES ENGINEERING CORPORATION AND INVESTEEES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2010

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

Holding Company Name	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2010				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
BES Engineering Corporation	China Petrochemical Development Corporation	-	Available-for-sale financial assets - current	2,870,000	\$ 82,943	-	\$ 82,943	(Note 1)
	AU Optronics Corp.	-	Available-for-sale financial assets - current	751,000	22,755	-	22,755	(Note 1)
	Shin Kong Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	1,840,000	25,760	-	25,760	(Note 1)
	Fubon Financial	-	Available-for-sale financial assets - current	100,000	4,000	-	4,000	(Note 1)
	Fuh Hua Emerging Market Active Allocation Fund of funds	-	Available-for-sale financial assets - current	499,002	4,985	-	4,985	(Note 1)
	Fuh Hua Greater China Mid & Small Corp.	-	Available-for-sale financial assets - current	199,800	2,008	-	2,008	(Note 1)
	Chinese City International Investment Co., Ltd.	Subsidiary	Equity-method investments	115,741,900	995,282	99.78	995,282	(Notes 2 and 5)
	BES Machinery Corporation	Subsidiary	Equity-method investments	75,213,198	1,001,061	96.58	1,001,061	(Note 2)
	BES Investment Company Ltd.	Subsidiary	Equity-method investments	20,900,000	804,810	100.00	804,810	(Note 2)
	BES Logistics International Co., Ltd.	Subsidiary	Equity-method investments	10,900,000	511,260	100.00	511,260	(Note 2)
	Corporacion De Inversion Y Desarrollo BES, S.A. (Costa Rica) (BES, S.A.)	Subsidiary	Equity-method investments	800	101,463	100.00	101,463	(Note 2)
	Coreasia Human Resource Management Corp.	Subsidiary	Equity-method investments	6,000,000	86,332	100.00	86,332	(Note 2)
	Chung Kung Safeguarding & Security Corp.	Subsidiary	Equity-method investments	3,880,000	50,162	64.67	50,162	(Note 2)
	BES Construction Corporation (BES, U.S.A.)	Subsidiary	Equity-method investments	8,509	28,066	91.78	28,066	(Note 2)
	BES Global Investment Co.	Subsidiary	Equity-method investments	1,510,100	24,422	100.00	24,422	(Note 2)
	Core Pacific City Corporation	Equity-method investee	Equity-method investments	276,000,000	852,011	18.45	852,011	(Notes 2 and 4)
	Huatung Power Corporation	Equity-method investee	Equity-method investments	18,300,000	11,064	30.00	11,064	(Note 2)
	Taipei Twins Developing Corporation	Equity-method investee	Equity-method investments	90,000	859	30.00	859	(Note 3)
	Taipei Twins Real Estate Corporation	Equity-method investee	Equity-method investments	150,000	805	30.00	805	(Note 3)
	BA & BES Contracting (L.L.C.)	Equity-method investee	Equity-method investments	1,200,000	-	40.00	-	(Note 3)
	Cinemark-Core Pacific Ltd.	Sub-subsidiary	Equity-method investments	1,861,500	40,816	15.38	40,816	(Note 2)
	Taiwan Tea Corporation	-	Financial assets carried at cost - noncurrent	23,275,000	317,000	3.88	399,166	(Note 8)
	Century Development Corporation	-	Financial assets carried at cost - noncurrent	7,206,059	50,000	3.03	50,000	(Note 7)
	Core Pacific Venture Capital Corporation	-	Financial assets carried at cost - noncurrent	3,010,962	21,254	18.31	21,254	(Note 7)
	Overseas Investment & Development Corporation	-	Financial assets carried at cost - noncurrent	2,600,000	12,444	2.89	12,444	(Note 7)
	iGlobe Partner Fund L.P.	-	Financial assets carried at cost - noncurrent	-	7,210	0.69	7,210	(Note 7)

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2010				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
Core Pacific World Corporation	Litek Opto-electronics Co., Ltd.	-	Financial assets carried at cost - noncurrent	31,252	\$ 308	0.42	\$ 308	(Note 7)
	Zowie Technology Corporation	-	Financial assets carried at cost - noncurrent	34,305	177	0.13	177	(Note 7)
	Neurologic Inc.	-	Financial assets carried at cost - noncurrent	250,001	-	2.25	-	(Note 7)
	Aetas Technology Inc.	-	Financial assets carried at cost - noncurrent	215,971	-	0.45	-	(Notes 6 and 7)
	NanoAmp Solutions Inc.	-	Financial assets carried at cost - noncurrent	267,232	1,312	1.08	1,312	(Notes 6 and 7)
	China Petrochemical Development Corporation	-	Available-for-sale financial assets - current	810,000	23,409	-	23,409	(Note 1)
	Kindom Construction Corporation	-	Available-for-sale financial assets - current	40,000	1,332	-	1,332	(Note 1)
	Fuh Hua Greater China Mid & Small Corp.	-	Available-for-sale financial assets - current	199,800	2,008	-	2,008	(Note 1)
	Chinese City International Investment Co., Ltd.	Subsidiary	Equity-method investments	9,500,000	381,288	100.00	381,288	(Note 2)
	Zhong Hua Cheng Development Co., Ltd.	Subsidiary	Equity-method investments	9,500,000	381,017	100.00	381,017	(Note 2)
BES Machinery Corporation	K9 International Entertainment Corporation	Subsidiary	Equity-method investments	167,235	1,944	30.00	1,944	(Note 2)
	Core Pacific City Corporation	-	Financial assets carried at cost - noncurrent	30,000,000	158,880	100.00	158,880	(Notes 6 and 7)
	We & Win Development Co., Ltd.	-	Available-for-sale financial assets - current	8,300,000	149,400	8.32	149,400	(Note 1)
	China Petrochemical Development Corporation	Corporate director and supervisor	Available-for-sale financial assets - current	4,842,200	139,940	0.27	139,940	(Note 1)
BES Investment Company Ltd.	Feng Hsin Ipon & Steel Co., Ltd.	-	Available-for-sale financial assets - current	35,000	1,949	-	1,949	(Note 1)
	BESM Holding Co., Ltd.	Subsidiary	Equity-method investments	5,075,000	188,569	100.00	188,569	(Note 2)
	Cinemark-Core Pacific Ltd.	Subsidiary	Equity-method investments	7,593,680	163,160	62.76	163,160	(Note 2)
	K9 International Entertainment Corporation	Subsidiary	Equity-method investments	222,980	2,592	40.00	2,592	(Note 2)
	Wei-Jing Holdings Ltd.	Equity-method investee	Equity-method investments	14,400,000	800,457	44.67	800,457	(Note 2)
BES Logistics International Co., Ltd.	BES Construction Corporation (BES, U.S.A.)	Equity-method investee	Equity-method investments	761	2,501	8.22	2,501	(Note 2)
	Xiamen Bonded Area Logistics Park Construction Co., Ltd.	Equity-method investee	Equity-method investments	-	505,254	39.20	505,254	(Note 2)
Coreasia Human Resource Management Corporation	Formosa Laboratories, Inc.	-	Available-for-sale financial assets - current	100,000	1,620	-	1,620	(Note 1)
	Taiwan Pulp & Paper Corporation	-	Available-for-sale financial assets - current	50,000	883	-	883	(Note 1)
	Fubon Financial	-	Available-for-sale financial assets - current	10,000	400	-	400	(Note 1)
	Elite Human Resource Management Co., Ltd.	Subsidiary	Equity-method investments	500,000	6,666	100.00	6,666	(Note 2)

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2010				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
Chung Kung Safeguarding & Securities Corporation	Polaris MF Global Futures Co., Ltd.	-	Available-for-sale financial assets - current	5,000	\$ 189	-	\$ 189	(Note 1)
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	273	14	-	14	(Note 1)
	Chi-Mei Innolux Corporation	-	Available-for-sale financial assets - current	2,560	103	-	103	(Note 1)
	Chun Yuan Steel Industry Co., Ltd.	-	Available-for-sale financial assets - current	10,000	151	-	151	(Note 1)
	Taiwan Tea Corporation	-	Available-for-sale financial assets - current	10,000	213	-	213	(Note 1)
	ING Investment Grade USD Credit Fund	-	Available-for-sale financial assets - current	149,701	1,541	-	1,541	(Note 1)
	ING Taiwan Select Bond Fund	-	Available-for-sale financial assets - current	93,049	1,095	-	1,095	(Note 1)
	Fuh Hwa Strategic High Income Fund of Funds	-	Available-for-sale financial assets - current	100,000	1,122	-	1,122	(Note 1)
	Polaris/P-Shares MSCI Taiwan Financials ETF	-	Available-for-sale financial assets - current	30,000	430	-	430	(Note 1)
	Polaris Taiwan Mid-cap 100 Tracker Fund	-	Available-for-sale financial assets - current	10,000	321	-	321	(Note 1)
	ING EMD & High Yield Bond Portfolio	-	Available-for-sale financial assets - current	103,607	1,024	-	1,024	(Note 1)
	JF (Taiwan) Bond Fund	-	Financial assets carried at cost - noncurrent	57,129	904	-	904	
	BES Consultant Corporation	Subsidiary	Equity-method investments	1,000,000	17,261	100.00	17,261	(Note 2)
	BES Department Maintenance & Management	Sub-subsiary	Equity-method investments	370,000	4,153	37.00	4,153	(Note 2)
Cinemark-Core Pacific Ltd.	K9 International Entertainment Corporation	Subsidiary	Equity-method investments	167,235	1,954	30.00	1,954	(Note 2)
	Fuh-Hwa Money Market Fund	-	Available-for-sale financial assets - current	1,809,593	25,089	-	25,089	(Note 1)
	Fuh-Hwa Global Short-term Income Fund	-	Available-for-sale financial assets - current	300,000	3,171	-	3,171	(Note 1)
	Mega Diamond Money Market Fund	-	Available-for-sale financial assets - current	586,422	7,027	-	7,027	(Note 1)
BES Global Investment Co.	BES Global Consulting (Shanghai) Co., Ltd.	Subsidiary	Equity-method investments	-	21,962	100.00	21,962	(Note 2)
Zhong Hua Cheng Development Co., Ltd.	Core Pacific Consulting (Changshu) Co., Ltd.	Subsidiary	Equity-method investments	-	368,571	100.00	368,571	(Note 2)
Chinese City International Investment Co., Ltd.	Hua Cheng Consulting (Changshu) Co., Ltd.	Subsidiary	Equity-method investments	-	368,813	100.00	368,813	(Note 2)
BESM Holding Co., Ltd.	Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Equity-method investee	Equity-method investments	-	195,145	9.80	195,145	(Note 2)
BES Consultant Corporation	BES Department Maintenance & Management	Subsidiary	Equity-method investments	-	7,072	-	7,072	(Note 2)

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2010				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
K9 International Entertainment Corporation	Fuh-Hwa Money Market Fund	-	Available-for-sale financial assets - current	642,636	\$ 8,910	-	\$ 8,910	(Note 1)

Note 1: Market values of domestic quoted stocks and mutual funds were based on the closing prices and net asset values as of December 31, 2010, respectively.

Note 2: Net asset values were based on audited financial statements and calculated by holding proportion.

Note 3: Net asset values were based on unaudited financial statements and were calculated at the proportionate holding of the investor.

Note 4: Included 48,000 thousand shares pledged to Chinatrust Bank and 1,500 thousand shares to King's Town Bank, with a total carrying amount of NT\$152,807 thousand.

Note 5: Included 35,240 thousands shares pledged to Standard Chartered Bank, with a carrying amount of NT\$303,034 thousand.

Note 6: Preferred stocks.

Note 7: Investments with no quoted market prices in an active market and with fair values that could not be reliably measured were carried at cost.

Note 8: The calculation of investment fair value was based on the Black-Scholes valuation method, using December 31, 2010 as the base date.

(Concluded)

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, 2010

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

Holding Company	Marketable Securities Type and Issuer/Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units	Amount
BES Engineering Corporation	China Petrochemical Development Corporation	Available-for-sale financial assets - current	-	Corporate director	25,795,580	\$ 300,404	26,097,000	\$ 414,057	49,022,580	\$ 806,624	\$ 630,590	\$ 176,034	2,870,000	\$ 83,871
	Taiwan Tea Corporation	Available-for-sale financial assets - current	-	-	1,457,505	32,141	6,594,063	114,247	8,051,568	156,347	146,388	9,959	-	-

BES ENGINEERING CORPORATION AND INVESTEES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 2010

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

Company Name	Type of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction Made by Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
BES Engineering Corporation	Land in Linyi Sec., Taipei City	August 12, 2010	\$ 390,000	All paid	Natural person of non-related parties	-	-	-	-	\$ -	Pricing report	To build for sale	-

BES ENGINEERING CORPORATION AND INVESTEEES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2010**

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

Company Name	Related Party	Nature of Relationship	Transaction Detail				Non-arm's Length Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Term	Unit Price	Payment Terms	Ending Balance	% to Total	
BES Engineering Corporation	BES Machinery Corporation	Subsidiary	Purchase	\$ 267,090	1.93	-	\$ -	-	Accounts payable \$(48,149)	(1.44)	
BES Machinery Corporation	BES Engineering Corporation	Parent company	Sale	(267,090)	(56.73)	-	-	-	Accounts receivable, net \$48,149	31.33	

BES ENGINEERING CORPORATION AND INVESTEEES

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

DECEMBER 31, 2010

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
BES Engineering Corporation (the "Corporation")	Agora Garden Corporation ("Agora")	Related party in substance	\$ 400,936 (Note)	-	\$ -	-	\$ -	\$ -

Note: Included in other accounts receivable - related parties.

BES ENGINEERING CORPORATION AND INVESTEEES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE
 YEAR ENDED DECEMBER 31, 2010
 (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, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized (Note 1)	Note
				December 31, 2010	December 31, 2009	Shares	Percentage of Ownership	Carrying Amount			
BES Engineering Corporation	Core Pacific World Corporation BES Machinery Corporation	Taipei, Taiwan	Makes investments	\$ 1,528,214	\$ 1,528,214	115,741,900	99.78	\$ 995,282	\$ 15,768	\$ 15,733	Investee is a subsidiary
		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	1,001,061	66,631	64,353	
	Core Pacific City Co., Ltd.	Taipei, Taiwan	Department store	1,758,760	1,758,760	276,000,000	18.45	852,011	(363,809)	(67,120)	Investee is a subsidiary (Note 2)
	BES Investment Company Ltd. BES Logistics International Co., Ltd.	Hong Kong Republic of Mauritius	Overseas construction and equipment sale Makes investments	681,625 348,278	681,625 348,278	20,900,000 10,900,000	100.00 100.00	804,810 511,260	57,926 32,487	57,926 32,487	Investee is a subsidiary 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	101,463	(3,264)	(3,264)	Investee is a subsidiary
	Coreasia Human Resource Management Corporation	Taipei, Taiwan	Consultancy on business administration and investments	60,000	60,000	6,000,000	100.00	86,332	13,546	13,546	Investee is a subsidiary
	Chung Kung Safeguarding & Security Corporation	Taipei, Taiwan	Security and related services	38,127	38,127	3,880,000	64.67	50,162	12,170	7,899	The difference of NT\$ 29 thousand resulted from realized profit
	Cinemark-Core Pacific Ltd.	Taipei, Taiwan	Movie broadcasting and related businesses	23,450	23,450	1,861,500	15.38	40,816	42,279	6,502	Investee is a sub-sub-sidiary (Note 3)
	BES Construction Corporation (BES, U.S.A.) BES Global Investment Co.	Georgia, U.S.A. B.V.I.	Develops lands for investments Overseas construction and equipment sale	259,562 51,313	259,562 51,313	8,509 1,510,100	91.78 100.00	28,066 24,422	(449) 449	(412) 449	Investee is a subsidiary Investee is a subsidiary
	Huatung Power Corporation Taipei Twins Developing Corporation	Taipei, Taiwan Taipei, Taiwan	Operates power plants Develops real estate for investments	183,000 900	183,000 -	18,300,000 90,000	30.00 30.00	11,064 859	(2,545) (164)	(763) (41)	The difference of NT\$8 thousand resulted from the loss before the investment
	Taipei Twins Real Estate Corporation	Taipei, Taiwan	Develops real estate for investments	1,500	-	150,000	30.00	805	(2,779)	(695)	The difference of NT\$139 thousand resulted from the loss before the investment
	BA & BES Contracting (L.L.C.)	Dubai, UAE	Engineering and construction	10,696	10,696	1,200,000	40.00	-	-	-	
	Core Pacific World Corporation	Chinese City International Investment Co., Ltd.	Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	381,288	4,537	4,537
Zhong Hua Cheng Development Co., Ltd.		Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	381,017	5,173	5,173	Investee is a sub-sub-sidiary
K9 International Entertainment Corporation		Taipei, Taiwan	Entertaining	1,672	37,876	167,235	30.00	1,944	904	271	Investee is a sub-sub-sidiary
BES Machinery Corporation	BESM Holding Co., Ltd.	B.V.I.	Holds investments	162,163	162,163	5,075,000	100.00	188,569	8,937	8,937	Investee is a sub-sub-sidiary
	Cinemark-Core Pacific Ltd.	Taipei, Taiwan	Movie broadcasting and related businesses	91,930	91,930	7,593,680	62.76	163,160	42,279	27,672	The difference of NT\$1,138 thousand resulted from the discount amortized
	K9 International Entertainment Corporation	Taipei, Taiwan	Entertaining	2,230	50,501	222,980	40.00	2,592	904	362	Investee is a sub-sub-sidiary (Note 3)
BES Investment Company Ltd.	Wei-Jing Holdings Ltd.	B.V.I.	Holds investments	463,104	463,104	14,400,000	44.67	800,457	130,405	58,242	Investee is a subsidiary
	BES Construction Corporation (BES U.S.A.)	Georgia, U.S.A.	Develops lands for investments	25,724	25,724	761	8.22	2,501	(449)	(37)	
BES Logistics International Co., Ltd.	Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Xiamen, China	Engages in the logistics, storage and trading business	341,921	341,921	-	39.20	505,254	83,368	32,680	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized (Note 1)	Note
				December 31, 2010	December 31, 2009	Shares	Percentage of Ownership	Carrying Amount			
Coreasia Human Resource Management Corporation	Elite Human Resource Management Co., Ltd.	Taipei, Taiwan	Human resource consulting	\$ 5,000	\$ 5,000	500,000	100.00	\$ 6,666	\$ 1,129	\$ 1,129	Investee is a sub-subsiidiary
Chung Kung Safeguarding & Security Corporation	BES Consultant Corporation	Taipei, Taiwan	Business management consulting and running parking lots	10,000	10,000	1,000,000	100.00	17,261	3,782	3,782	Investee is a sub-subsiidiary
	Core Pacific Department Maintenance and Management	Taipei, Taiwan	Manages department maintenance and renders related services	3,803	3,803	370,000	37.00	4,153	265	98	Investee is a subsidiary of sub-subsiidiary
Cinemark-Core Pacific Ltd.	K9 International Entertainment Corporation	Taipei, Taiwan	Entertaining	1,672	37,876	167,235	30.00	1,954	904	271	Investee is a sub-subsiidiary
BES Global Investment Co.	BES Global Consulting (Shanghai) Co., Ltd.	Shanghai, China	Provides engineering consulting services.	47,597	47,597	-	100.00	21,962	570	570	Investee is a sub-subsiidiary
Chinese City International Investment Co., Ltd.	Hua Cheng Consulting (Changshu) Co., Ltd.	Changshu, China	Provides engineering consulting services	305,982	305,982	-	100.00	368,813	4,790	4,790	Investee is a subsidiary of sub-subsiidiary
Zhong Hua Cheng Development Co., Ltd.	Core Pacific Consulting (Changshu) Co., Ltd.	Changshu, China	Provides engineering consulting services	305,982	305,982	-	100.00	368,571	5,427	5,427	Investee is a subsidiary of sub-subsiidiary
BESM Holding Co., Ltd.	Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Xiamen, China	Engages in the logistics, storage and trading business	167,565	167,565	-	9.80	195,145	83,368	8,170	
BES Consultant Corporation	Core Pacific Department Maintenance and Management	Taipei, Taiwan	Manages department maintenance and renders related services	6,300	6,300	-	63.00	7,072	265	167	Investee is a subsidiary of sub-subsiidiary

Note 1: The investees' financial statements as of and for the year ended December 31, 2010 had all been audited, except those of Taipei Twins Real Estate Corporation, Taipei Twins Developing Corporation, BA & BES Contracting (L.L.C.) and Huatung Power Corporation.

Note 2: The investment in Core Pacific City Co., Ltd. did not exceed 20% of shareholding, but the Corporation had significant voting rights; therefore, this investment was accounted for by the equity method.

Note 3: The investments of BES Engineering Corporation and BES Machinery Corporation in Cinemark-Core Pacific Ltd. equaled 78.14%; this investment was accounted for by the equity method.

(Concluded)

BES ENGINEERING CORPORATION AND INVESTEEES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2010
(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 (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2010	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2010	% Ownership of Indirect Investment	Investment Gain (Loss) Recognized (Note)	Carrying Amount as of December 31, 2010	Accumulated Inward Remittance of Earnings as of December 31, 2010
						Outflow	Inflow					
BES Engineering Corporation	BES Global Consulting (Shanghai) Co., Ltd.	Provides engineering consulting services	\$ 47,597 (US\$ 1,400 thousand)	Indirect	\$ 47,597 (US\$ 1,400 thousand)	\$ -	\$ -	\$ 47,597 (US\$ 1,400 thousand)	100.00%	\$ 570 (US\$ 18 thousand)	\$ 21,962 (US\$ 754 thousand)	\$ -
BES Engineering Corporation	Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, storage and trading business	864,229 (RMB 200,000 thousand)	Indirect	341,921 (RMB 10,703 thousand)	-	-	341,921 (RMB 10,703 thousand)	39.20%	32,680 (US\$ 1,034 thousand)	505,254 (US\$ 17,345 thousand)	-
Core Pacific World Corporation	Core Pacific Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 (US\$ 9,000 thousand)	Indirect	305,982 (US\$ 9,000 thousand)	-	-	305,982 (US\$ 9,000 thousand)	100.00%	4,790 (US\$ 152 thousand)	368,813 (US\$ 12,661 thousand)	-
Core Pacific World Corporation	Hua Cheng Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 (US\$ 9,000 thousand)	Indirect	305,982 (US\$ 9,000 thousand)	-	-	305,982 (US\$ 9,000 thousand)	100.00%	5,427 (US\$ 172 thousand)	368,571 (US\$ 12,653 thousand)	-
BES Machinery Corporation	Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, storage and trading business	864,229 (RMB 200,000 thousand)	Indirect	167,565 (RMB 40,900 thousand)	-	-	167,565 (RMB 40,900 thousand)	9.80%	8,170 (US\$ 305 thousand)	195,145 (US\$ 6,699 thousand)	-

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2010	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
BES Engineering Corporation	US\$ 12,103 thousand	US\$ 12,345 thousand	\$ 11,617,270
Core Pacific World Corporation	US\$ 180,000 thousand	US\$ 19,000 thousand	598,501
BES Machinery Corporation	RMB 40,900 thousand	RMB 40,900 thousand (US\$ 5,067 thousand)	621,906

Note: The calculation of investment gain (loss) was based on the investee's audited financial statements.