

Yang Ming Marine Transport Corporation

**Financial Statements for the
Six Months Ended June 30, 2010 and 2009 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Yang Ming Marine Transport Corporation

We have audited the accompanying balance sheets of Yang Ming Marine Transport Corporation as of June 30, 2010 and 2009 and the related statements of income, changes in stockholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

We were unable to obtain audited financial statements supporting the Corporation's investments in some equity-method investees with carrying value of NT\$7,599,440 thousand and NT\$6,433,951 thousand as of June 30, 2010 and 2009, respectively. We were unable to satisfy ourselves on the carrying value of the investments in the investees or the equity in their net (loss) income by other auditing procedures. The Corporation's equity of NT\$311,335 thousand and NT\$(217,988) thousand in the net (loss) income of these investees was included in the net (loss) income for the six months ended June 30, 2010 and 2009, respectively, as stated in Note 8. Related other information on the Corporation's investments shown in Note 27 to the financial statements was not audited either.

In our opinion, except for the effects of such adjustment, if any, as might have been made had we applied audit procedures on the financial statements of investees referred to in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Yang Ming Marine Transport Corporation as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the six months then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also reviewed the consolidated financial statements of Yang Ming Marine Transport Corporation and subsidiaries as of and for the six months ended June 30, 2010 and 2009 and have issued a qualified review report dated August 9, 2010.

August 9, 2010

Notice to Readers

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

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

YANG MING MARINE TRANSPORT CORPORATION

BALANCE SHEETS

JUNE 30, 2010 AND 2009

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2010		2009		LIABILITIES AND STOCKHOLDERS' EQUITY	2010		2009	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 4,976,757	6	\$ 993,405	1	Short-term loans (Note 13)	\$ -	-	\$ 2,964,100	3
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	589,469	1	162,202	-	Short-term bills payable (Note 14)	-	-	700,000	1
Available-for-sale financial assets - current (Notes 2 and 6)	3,835,463	4	3,259,016	4	Financial liabilities at fair value through profit or loss - current (Notes 2 and 5)	63,029	-	-	-
Financial assets carried at cost - current (Notes 2 and 7)	427,789	-	-	-	Hedging derivative liabilities - current (Notes 2 and 23)	77,449	-	-	-
Accounts receivable, net of allowance for doubtful accounts of \$27,114 thousand and \$11,764 thousand at June 30, 2010 and 2009 (Note 2)	944,408	1	564,651	1	Income tax payable (Notes 2 and 20)	26,963	-	-	-
Accounts receivable - related parties (Notes 2 and 24)	2,196,147	3	1,022,066	1	Accrued expenses (Note 16)	5,266,930	6	4,112,600	4
Other receivables - related parties (Note 24)	963,486	1	431,569	-	Payable to related parties (Note 24)	72,471	-	76,112	-
Shipping fuel, net (Notes 2 and 3)	4,212,561	5	3,237,345	4	Dividends payable (Note 19)	18,424	-	402,664	1
Prepaid expenses (Note 24)	328,379	-	358,679	-	Advances from customers	2,595,790	3	930,153	1
Advances to shipping agents (Note 24)	1,755,098	2	1,596,364	2	Current portion of long-term interest-bearing debts (Notes 2, 15 and 25)	6,624,029	8	3,789,456	4
Other current assets (Notes 2 and 20)	221,438	-	146,449	-	Payable to shipping agents (Note 24)	1,146,524	1	1,155,555	1
Total current assets	20,450,995	23	11,771,746	13	Payable to shipping agents - related parties (Note 24)	802,898	1	780,898	1
					Other current liabilities (Notes 2, 5 and 20)	32,073	-	61,144	-
LONG-TERM INVESTMENTS (Notes 2, 6, 7, 8, 24 and 27)					Total current liabilities	16,726,580	19	14,972,682	16
Hedging derivative financial assets - noncurrent	-	-	8,551	-	LONG-TERM DEBTS, NET OF CURRENT PORTION				
Available-for-sale financial assets - noncurrent	2,727,730	3	4,195,964	4	Bonds (Notes 2, 15 and 25)	18,407,461	21	16,510,000	18
Financial assets carried at cost - noncurrent	416,305	1	774,210	1	Long-term interest-bearing debts (Notes 15 and 25)	16,558,790	19	18,109,228	19
Investments accounted for using equity method	20,302,195	23	21,585,861	23	Obligations under capital leases - long-term portion (Notes 2, 9, 15 and 26)	749,814	1	123,065	-
Total long-term investments	23,446,230	27	26,564,586	28	Total long-term debts	35,716,065	41	34,742,293	37
PROPERTIES (Notes 2, 9, 24 and 25)					RESERVE FOR LAND VALUE INCREMENT TAX (Note 17)	479,639	1	479,639	1
Cost					OTHER LIABILITIES				
Land	330,069	1	330,069	1	Accrued pension cost (Notes 2 and 18)	1,104,109	1	1,011,137	1
Buildings	728,683	1	728,683	1	Deferred income tax liabilities - noncurrent (Notes 2 and 20)	-	-	469,186	1
Containers and chassis	22,611,626	26	23,572,561	25	Others (Note 2)	50,360	-	131,046	-
Ships	6,261,492	7	3,027,103	3	Total other liabilities	1,154,469	1	1,611,369	2
Leased containers and chassis	2,868,206	3	2,178,416	2	Total liabilities	54,076,753	62	51,805,983	56
Leasehold improvements	146,272	-	146,272	-	STOCKHOLDERS' EQUITY				
Miscellaneous equipment	2,658,735	3	2,518,156	3	Capital stock - \$10 par value				
Total cost	35,605,083	41	32,501,260	35	Authorized - 3,000,000 thousand shares				
Less: Accumulated depreciation	19,736,327	23	17,728,243	19	Issued - 2,562,466 thousand shares	25,624,665	29	25,624,665	27
Construction in progress	15,868,756	18	14,773,017	16	Capital surplus				
Net properties	15,868,756	18	14,981,871	16	Additional paid-in capital in excess of par value	4,710,566	5	7,499,701	8
OTHER ASSETS					Treasury stock transactions	-	-	1,480,009	2
Assets leased to others, net (Notes 2, 10 and 25)	3,999,168	5	4,026,915	5	From long-term equity-method investment	8,927	-	8,872	-
Nonoperating assets, net (Notes 2, 11 and 25)	324,170	-	218,058	-	Total capital surplus	4,719,493	5	8,988,582	10
Advances on long-term rent agreements (Note 12)	880,968	1	922,074	1	Retained earnings				
Deferred charges, net (Note 2)	207,661	-	98,027	-	Legal reserve	-	-	3,869,543	4
Deferred income tax assets - noncurrent (Notes 2 and 20)	427,908	1	-	-	Special reserve	-	-	2,067,513	2
Long-term other receivables - related parties (Notes 8 and 24)	21,648,358	25	32,923,901	35	Unappropriated earnings (accumulated deficit)	2,712,920	3	(1,300,977)	(1)
Refundable deposits	324,106	-	6,966	-	Total retained earnings	2,712,920	3	4,636,079	5
Restricted assets - noncurrent (Note 25)	-	-	1,600,000	2	Other items of stockholders' equity				
Miscellaneous	186,771	-	195,186	-	Cumulative translation adjustments	266,048	-	453,481	-
Total other assets	27,999,110	32	39,991,127	43	Net loss not recognized as pension cost	(25,379)	-	(36,590)	-
TOTAL	\$ 87,765,091	100	\$ 93,309,330	100	Unrealized loss on financial instruments	390,591	1	1,837,130	2
					Total other items of stockholders' equity	631,260	1	2,254,021	2
					Total stockholders' equity	33,688,338	38	41,503,347	44
					TOTAL	\$ 87,765,091	100	\$ 93,309,330	100

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

(With Deloitte & Touche audit report dated August 9, 2010)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

	2010		2009	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 24)	\$ 48,387,333	100	\$ 34,983,763	100
OPERATING COSTS (Notes 2, 21 and 24)	<u>44,640,212</u>	<u>92</u>	<u>42,464,424</u>	<u>122</u>
GROSS INCOME (LOSS)	<u>3,747,121</u>	<u>8</u>	<u>(7,480,661)</u>	<u>(22)</u>
OPERATING EXPENSES (Notes 21 and 24)				
Selling	726,439	2	665,460	2
General and administrative	<u>206,268</u>	<u>-</u>	<u>151,791</u>	<u>-</u>
Total operating expenses	<u>932,707</u>	<u>2</u>	<u>817,251</u>	<u>2</u>
OPERATING INCOME (LOSS)	<u>2,814,414</u>	<u>6</u>	<u>(8,297,912)</u>	<u>(24)</u>
NONOPERATING INCOME AND GAINS				
Interest income (Note 24)	234,763	1	358,083	1
Gain on disposal of properties	150,367	1	98,432	-
Gain on disposal of financial instruments, net	80,700	-	-	-
Investment income recognized under equity method (Notes 2 and 8)	70,072	-	89,936	-
Valuation gain on financial assets, net (Notes 2 and 5)	51,073	-	7,823	-
Rent income (Note 24)	42,263	-	56,054	-
Valuation gain on financial liabilities, net (Notes 2 and 5)	-	-	126,076	1
Others (Note 24)	<u>95,795</u>	<u>-</u>	<u>58,892</u>	<u>-</u>
Total nonoperating income and gains	<u>725,033</u>	<u>2</u>	<u>795,296</u>	<u>2</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense (Notes 9 and 15)	465,846	1	423,683	1
Exchange loss	208,245	1	1,091	-
Valuation loss on financial assets, net (Notes 2 and 5)	69,137	-	-	-
Impairment loss on financial assets (Note 2)	-	-	208,986	1
Loss on sale of investments, net	-	-	15,793	-
Others (Note 21)	<u>77,774</u>	<u>-</u>	<u>106,578</u>	<u>-</u>
Total nonoperating expenses and losses	<u>821,002</u>	<u>2</u>	<u>756,131</u>	<u>2</u>

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YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

	2010		2009	
	Amount	%	Amount	%
INCOME (LOSS) BEFORE INCOME TAX	\$ 2,718,445	6	\$ (8,258,747)	(24)
INCOME TAX EXPENSE (BENEFIT) (Notes 2 and 20)	<u>5,525</u>	-	<u>(1,322,841)</u>	(4)
NET INCOME (LOSS)	<u>\$ 2,712,920</u>	<u>6</u>	<u>\$ (6,935,906)</u>	<u>(20)</u>
	2010		2009	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 1.06</u>	<u>\$ 1.06</u>	<u>\$ (3.22)</u>	<u>\$ (2.71)</u>
Diluted	<u>\$ 1.06</u>	<u>\$ 1.06</u>	<u>\$ (3.22)</u>	<u>\$ (2.71)</u>

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

(With Deloitte & Touche audit report dated August 9, 2010)

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YANG MING MARINE TRANSPORT CORPORATION

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Dividend Per Share)**

	Capital Stock (Note 19)			Capital Surplus (Notes 2 and 19)			Retained Earnings (Note 19)			Other Items of Stockholders' Equity (Notes 2 and 19)			Total Stockholders' Equity
	Shares (Thousands)	Amount	Stock Dividend for Distribution	Additional Paid-in Capital in Excess of Par Value	Treasury Stock Transactions	From Long-term Equity-method Investment	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain	
												or Loss on Financial Instruments	
BALANCE, JANUARY 1, 2010	2,562,466	\$ 25,624,665	\$ -	\$ 7,499,701	\$ 1,480,009	\$ 8,927	\$ 3,869,543	\$ 2,067,513	\$(10,206,200)	\$ 240,626	\$ (25,379)	\$ 1,200,905	\$ 31,760,310
Compensation of 2009 deficits													
Capital surplus - paid-in capital in excess of par value	-	-	-	(2,789,135)	-	-	-	-	2,789,135	-	-	-	-
Capital surplus - treasury stock transactions	-	-	-	-	(1,480,009)	-	-	-	1,480,009	-	-	-	-
Legal reserve	-	-	-	-	-	-	(3,869,543)	-	3,869,543	-	-	-	-
Reversal of special capital reserve	-	-	-	-	-	-	-	(2,067,513)	2,067,513	-	-	-	-
Net income for the six months ended June 30, 2010	-	-	-	-	-	-	-	-	2,712,920	-	-	-	2,712,920
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	(95,122)	(95,122)
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	-	25,683	-	-	25,683
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	(663,423)	(663,423)
Changes in unrealized loss on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	-	(51,767)	(51,767)
Adjustments due to disposal of investments accounted for using equity method	-	-	-	-	-	-	-	-	-	(261)	-	(2)	(263)
BALANCE, JUNE 30, 2010	<u>2,562,466</u>	<u>\$ 25,624,665</u>	<u>\$ -</u>	<u>\$ 4,710,566</u>	<u>\$ -</u>	<u>\$ 8,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,712,920</u>	<u>\$ 266,048</u>	<u>\$ (25,379)</u>	<u>\$ 390,591</u>	<u>\$ 33,688,338</u>
BALANCE, JANUARY 1, 2009	2,562,466	\$ 25,624,665	\$ -	\$ 7,499,701	\$ 1,480,009	\$ 8,872	\$ 3,814,813	\$ 2,067,513	\$ 6,074,029	\$ 447,853	\$ (36,590)	\$ 25,832	\$ 47,006,697
Appropriation of 2008 earnings													
Legal reserve	-	-	-	-	-	-	54,730	-	(54,730)	-	-	-	-
Cash dividends - \$0.15 per share	-	-	-	-	-	-	-	-	(384,370)	-	-	-	(384,370)
Net loss for the six months ended June 30, 2009	-	-	-	-	-	-	-	-	(6,935,906)	-	-	-	(6,935,906)
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	157,337	157,337
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	-	5,628	-	-	5,628
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	1,664,825	1,664,825
Changes in unrealized loss on cash flow hedging derivative	-	-	-	-	-	-	-	-	-	-	-	(10,864)	(10,864)
BALANCE, JUNE 30, 2009	<u>2,562,466</u>	<u>\$ 25,624,665</u>	<u>\$ -</u>	<u>\$ 7,499,701</u>	<u>\$ 1,480,009</u>	<u>\$ 8,872</u>	<u>\$ 3,869,543</u>	<u>\$ 2,067,513</u>	<u>\$ (1,300,977)</u>	<u>\$ 453,481</u>	<u>\$ (36,590)</u>	<u>\$ 1,837,130</u>	<u>\$ 41,503,347</u>

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

(With Deloitte & Touche audit report dated August 9, 2010)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 2,712,920	\$ (6,935,906)
Depreciation	1,530,707	1,346,701
Amortization	74,549	16,815
(Reversal of) provision for doubtful accounts	9,149	(4,209)
(Gain) loss on disposal of financial instruments	(80,700)	15,793
Gain on disposal of properties, net	(150,367)	(98,432)
Provision for pension cost	36,876	26,664
Provision for allowance for loss on shipping fuel	32,379	-
Impairment loss on available-for-sale financial assets	-	174,789
Impairment loss on financial assets carried at cost	-	34,197
Investment income recognized under equity method	(70,072)	(89,936)
Cash dividends received on equity-method investee	1,117,223	1,533,850
Valuation gain on financial assets	(51,073)	(7,823)
Valuation loss (gain) on financial liabilities	69,137	(126,076)
Deferred income tax	(301,676)	(1,431,438)
Others	(573)	(575)
Net changes in operating assets and liabilities		
Financial instruments held for trading	(250,138)	(9,989)
Accounts receivable	(317,376)	158,340
Accounts receivable - related parties	(750,660)	1,170,852
Other receivables - related parties	6,956	(971,201)
Shipping fuel	(858,953)	(1,336,962)
Prepaid expenses	124,583	(9,580)
Advances to shipping agents	(439,146)	(1,186,961)
Other current assets	(31,094)	2,081
Financial liabilities held for trading	-	(19,058)
Payable to shipping agents - related parties	114,247	(1,838,148)
Income tax payable	26,963	-
Accrued expenses	550,660	713,858
Accrued expenses - related parties	6,952	(68,212)
Advances from customers	831,825	(237,111)
Payables to shipping agents	66,565	(669,102)
Other current liabilities	(23,289)	(70,629)
Advances on long-term rent agreements	<u>20,553</u>	<u>20,553</u>
Net cash provided by (used in) operating activities	<u>4,007,127</u>	<u>(9,896,855)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(11,207,591)	(4,011,543)
Proceeds from disposal of available-for-sale financial assets	8,095,719	1,483,856
Acquisition of investments accounted for using equity method	(1,041,460)	-
Proceeds from disposal of investments accounted for using equity method	262,170	-
Acquisition of financial assets carried at cost	-	(5,000)
Acquisition of properties	(3,179)	(206,810)

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

	2010	2009
Acquisition of nonoperating assets	\$ (5,074)	\$ -
Proceeds from disposal of properties	155,784	102,702
Increase in long-term receivables - related parties	(1,205,164)	(4,820,908)
Increase in deferred charges	(65,270)	(42,990)
Decrease in other assets	49,719	39,388
Increase in refundable deposits	(179)	-
Increase in restricted assets	<u>-</u>	<u>(1,600,000)</u>
Net cash used in investing activities	<u>(4,964,525)</u>	<u>(9,061,305)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	2,464,100
Increase in short-term bills payable	-	700,000
Proceeds from long-term bank loans	660,000	12,966,000
Repayment of long-term bank loans	(2,820,887)	(200,000)
Issuance of principal of bonds	4,967,461	-
Repayments of principal of bonds	(612,000)	(594,000)
Increase (decrease) in payments of obligations under capital leases	23,686	(65,520)
Decrease in other liabilities	<u>(76,746)</u>	<u>(11,330)</u>
Net cash provided by financing activities	<u>2,141,514</u>	<u>15,259,250</u>
NET INCREASE (DECREASE) IN CASH	1,184,116	(3,698,910)
CASH, BEGINNING OF PERIOD	<u>3,792,641</u>	<u>4,692,315</u>
CASH, END OF PERIOD	<u>\$ 4,976,757</u>	<u>\$ 993,405</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ 251,819</u>	<u>\$ 236,460</u>
Income tax paid	<u>\$ 281,303</u>	<u>\$ 62,474</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Reclassification of investment into deduction to long-term other receivables - related parties	<u>\$ 74,778</u>	<u>\$ -</u>
Current portion of interest - bearing long-term debts	<u>\$ 6,624,029</u>	<u>\$ 3,789,456</u>
Cash dividends payable	<u>\$ -</u>	<u>\$ 384,370</u>
CASH PAID FOR ACQUISITION OF PROPERTIES		
Increase in properties	\$ 692,969	\$ 814,962
Decrease in payable for equipment	-	40,119
Decrease in other receivables - related parties	-	(648,271)
Increase in obligations under capital leases	<u>(689,790)</u>	<u>-</u>
	<u>\$ 3,179</u>	<u>\$ 206,810</u>

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

(With Deloitte & Touche audit report dated August 9, 2010)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

1. ORGANIZATION AND OPERATIONS

Yang Ming Marine Transport Corporation (the "Corporation"), established in December 1972, was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Corporation simultaneous to the Corporation's listing of its shares of stock on the ROC Taiwan Stock Exchange. The MOTC owned 35.51% of the Corporation's outstanding capital stock as of June 30, 2010 and 2009.

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

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

As of June 30, 2010 and 2009, the Corporation had 1,513 and 1,418 employees, respectively.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the Republic of China ("ROC"). Under these laws, guidelines and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, evaluation of financial assets and liabilities, provision for losses on shipping fuel, depreciation of properties, impairment of assets, income tax, pension cost, loss on pending litigations, payables to shipping agents, bonus to employees, directors and supervisors, etc. Actual results may 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 Republic of China. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretation of the two versions, the Chinese version of the financial statements shall prevail.

Significant accounting policies are summarized as follows:

Current/Noncurrent Assets and Liabilities

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

Financial Assets and Liabilities at Fair Value through Profit or Loss

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

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

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

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

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

Available-for-sale Financial Assets

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

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

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

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

Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts

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

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

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

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable. The Corporation assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables and assessing the value of the collateral provided by customers.

Shipping Fuel

As stated in Note 3, effective January 1, 2009, shipping fuel is stated at the lower of cost or net realizable value. Any write-down is made item by item. Shipping fuel is recorded at weighted-average cost.

Financial Assets Carried at Cost

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

Investments Accounted for Using Equity Method

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

Prior to January 1, 2006, the difference between acquisition cost and the Corporation's proportionate share in the investee's equity was amortized by the straight-line method over 5 years. Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standard ("SFAS") No. 5, "Long-term Investments Accounted for by Equity Method", the acquisition cost is allocated to the assets acquired and liabilities assumed based on their fair values at the date of acquisition, and the excess of the acquisition cost over the fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not being amortized. The excess of the fair value of the net identifiable assets acquired over 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. Effective January 1, 2006, the accounting treatment for the unamortized investment premium arising on acquisitions before January 1, 2006 is the same as that for goodwill and the premium is no longer being amortized. For any investment discount arising on acquisitions before January 1, 2006, the unamortized amount continues to be amortized over the remaining year.

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

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.

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

Properties and Assets Leased to Others

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

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

Depreciation is provided on a straight-line method over estimated useful lives as follows (plus one year to represent the estimated salvage value): buildings, 52 to 55 years; containers and chassis, 6 to 8 years; ships, 13 to 20 years; leased containers and chassis, 5 to 9 years; leasehold improvements, 5 to 10 years; and miscellaneous equipment, 3 to 18 years. Properties still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives.

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

Nonoperating Assets

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

Impairment of Assets

If the recoverable amount of an asset (mainly property, plant and equipment, nonoperating assets, deferred charges, leased assets 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.

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

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

Deferred Charges

Deferred charges refer to ship-overhaul costs and bond issuance expenses of the corporate bonds issued on or before December 31, 2005. These are capitalized and amortized using the straight-line method over periods ranging from 2.5 years to 12 years.

Pension Cost

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

Unrealized Gain (Loss) on Sale and Leaseback

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

Provision for Onerous Contract

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

Income Tax

The inter-period allocation methods are used for income taxes. Deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused tax credits and unused loss carryforward. Valuation allowance is recognized on deferred income tax assets that are not expected to be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Tax credits for purchases of machinery, equipment and technology, research and development expenditures, 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.

The Corporation and its subsidiary, Kuang Ming Shipping Corp., elected to file consolidated tax returns. This election resulted in adjustments of the differences in income tax expense and deferred income taxes between the Corporation and its subsidiary will be adjusted and any related distribution or due payments arising from the adjustments in the consolidated tax returns adjustments will be recorded as receivables from or payables to related parties on the financial statements.

Foreign Currencies

Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur.

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

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

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

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

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

Hedging Derivative Financial Instruments

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

Hedge Accounting

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

a. Fair value hedge

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

b. Cash flow hedge

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

Reclassifications

Certain accounts in the financial statements as of and for the six months ended June 30, 2009 have been reclassified to be conform to the presentation of financial statements as of and for the six months ended June 30, 2010.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

On January 1, 2009, the Corporation adopted the newly revised SFAS No. 10, "Accounting for Inventories". The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; and (2) write-downs of inventories and any reversal of write-downs are recorded as operating cost for the period. The adoption resulted in an increase of \$19,476 thousand in net loss and an increase of \$0.01 in after income tax basic loss per share for the six months ended June 30, 2009.

4. CASH

	June 30	
	2010	2009
Petty cash and cash on hand	\$ 2,720	\$ 4,991
Checking accounts and demand deposits	1,719,695	633,736
Time deposits: Interest - 0.43% to 1.15% and 0.23% to 2.33% at June 30, 2010 and 2009	<u>3,254,342</u>	<u>354,678</u>
	<u>\$ 4,976,757</u>	<u>\$ 993,405</u>

As of June 30, 2010 and 2009, there are no time deposits with maturity of over one year.

The overseas deposits as of June 30, 2010 and 2009 are summarized in the accompanying Schedules A and B.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

a. Financial instruments at FVTPL

	June 30	
	2010	2009
<u>Financial assets held for trading</u>		
Mutual funds	\$ 507,665	\$ 91,080
Forward exchange contracts	50,078	-
Principal guaranteed note	30,196	10,017
Quoted stocks	1,530	1,753
Oil swap option	-	59,352
	<u>\$ 589,469</u>	<u>\$ 162,202</u>
<u>Financial liabilities held for trading</u>		
Forward exchange contracts	\$ 33,051	\$ -
Oil swap	29,978	-
	<u>\$ 63,029</u>	<u>\$ -</u>

Foreign exchange forward contracts are held mainly to hedge the exchange rate risks arising from net assets or liabilities denominated in foreign currency or to earn gains from exchange rates. The hedging strategy was developed with the objective to reduce the risk of market price or cash flow fluctuations. The derivative transactions entered into by the Corporation is based on forecasted cash flows, and the risk of the transaction the Corporation can bear.

Outstanding forward contracts as of June 30, 2010 were as follows: (As of June 30, 2009: None).

	Currency	Duration	Contract Amount (In Thousands)	Fair Value (In Thousands)
<u>June 30, 2010</u>				
Buy	US\$/NT\$	July 2010	USD38,000/TWD1,209,160	\$ (33,051)
Sell	US\$/NT\$	July 2010	USD58,000/TWD1,847,660	50,078

The purpose of holding the short crude oil swap is for spread trading. By shorting the swap the Corporation can hedge some energy fund investment risk, and make possible profit when the convergence of the two price series appears. The Corporation's purpose for trading oil swap is to reduce the cost burden from oil price increase.

Due to the fact that the terms of the derivatives mentioned above don't qualify as effective hedging instruments, hedge accounting does not apply.

Outstanding oil swap contracts as of June 30, 2010 were as:

	Due Date	Notional Amount	Fair Value
<u>June 30, 2010</u>			
Oil swap	2010.12.31	US\$31,062 thousand	\$ (29,978)

Outstanding oil swap option contracts as of June 30, 2009 were as:

	Due Date	Notional Amount	Fair Value
<u>June 30, 2009</u>			
Oil swap option	2009.12.31	US\$23,490 thousand	\$ 59,352

As of June 30, 2010 and 2009, the oil swap and oil swap option settled amounted to \$3,180 thousand and \$23,132 thousand, respectively, and were recognized as other current liabilities.

Net gains arising from financial assets held for trading were \$51,740 thousand (including realized settlement gains of \$142 thousand, interest income \$525 thousand and valuation gain of \$51,073 thousand) for the six months ended June 30, 2010; net loss were \$10,210 thousand (including realized settlement loss of \$18,235 thousand, interest income \$202 thousand and valuation gain of \$7,823 thousand) for the six months ended June 30, 2009.

Net losses arising from financial liabilities held for trading were \$34,166 thousand (including realized settlement gains of \$34,971 thousand and valuation losses of \$69,137 thousand) and net gain were \$126,076 thousand (valuation gain) for the six months ended June 30, 2010 and 2009, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSET

	<u>June 30</u>	
	2010	2009
Domestic quoted stocks	\$ 2,949,555	\$ 4,551,710
Mutual funds	3,549,078	2,837,630
Corporate bonds	<u>64,560</u>	<u>65,640</u>
	6,563,193	7,454,980
Less: Current portion	<u>(3,835,463)</u>	<u>(3,259,016)</u>
	<u>\$ 2,727,730</u>	<u>\$ 4,195,964</u>

7. FINANCIAL ASSETS CARRIED AT COST

	<u>June 30</u>			
	2010		2009	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
Domestic unquoted common stocks				
New Century Infocomm Co., Ltd.	\$ 427,789	1.68	\$ 427,789	1.68
Taipei Port Container Terminal Co., Ltd.	406,640	9.76	316,640	10.00
United Stevedoring Corporation	5,000	10.00	5,000	10.00
Overseas unquoted common stocks				
Antwerp International Terminal	<u>4,665</u>	16.33	<u>24,781</u>	16.33
	844,094		774,210	
Less: Current portion	<u>(427,789)</u>		-	
	<u>\$ 416,305</u>		<u>\$ 774,210</u>	

The Corporation had invested in preferred stock of New Century Infocomm Co., Ltd (NCIC). According to the Articles of Incorporation and the resolution of NCIC's board of directors on February 27, 2009, NCIC's preferred stock had been transferred to common stock on March 10, 2009. In June 2009, the shareholders of NCIC resolved to reduce capital in order to offset NCIC's accumulated losses. The capital reduction ratio was 35.0138%, each original 1,000 shares had been transferred to 649.86225 new shares. NCIC's board of directors resolved August 1, 2009 as the record date of the capital reductions and the Corporation obtained 43,780,180 new shares as a result of the capital reduction.

On July 23, 2010, the Corporation's board of directors resolved to dispose of all its 43,780,180 shares in NCIC to Yuan Cing Infocomm Tech Co., Ltd. through tender offer. The purchase price is NT\$10.93 per share in cash. As of August 8, 2010, the number of shares tender offer had exceeded the predetermined minimum purchase number, and thus met all requirements of tender offer. The Corporation reclassified the investment carrying amount as current assets as of June 30, 2010.

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

8. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30			
	2010		2009	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
Kuang Ming Shipping Corp.	\$ 4,900,833	94.73	\$ 5,285,233	100.00
All Oceans Transportation, Inc.	4,712,928	100.00	5,790,837	100.00
Yang Ming Line (B.V.I.) Holding Co., Ltd.	3,246,414	100.00	4,098,899	100.00
Kao Ming Container Terminal Corp.	2,791,692	100.00	765,319	100.00
Yang Ming Line (Singapore) Pte. Ltd.	1,683,331	100.00	1,605,949	100.00
Ching Ming Investment Co., Ltd.	1,496,355	100.00	1,463,707	100.00
Yes Logistics Corp.	550,021	50.00	507,690	46.04
Honming Terminal & Stevedoring Co., Ltd.	345,263	79.17	335,674	79.17
Yunn Wang Investment Co., Ltd.	206,138	49.75	214,001	49.75
Yang Ming Line Holding Co.	170,713	100.00	20,591	100.00
Jing Ming Transportation Co., Ltd.	114,162	50.98	112,396	50.98
Transyang Shipping Pte. Ltd.	84,345	49.00	191,405	49.00
Chunghwa Investment Co., Ltd.	-	-	749,092	40.00
Ming Giant (Shanghai) International Logistics Co., Ltd.	-	-	233,769	100.00
Yang Ming (Liberia) Corp.	<u>(341,309)</u>	100.00	<u>211,299</u>	100.00
	19,960,886		21,585,861	
Add: Investment deducted from long-term receivables - related parties	<u>341,309</u>		<u>-</u>	
	<u>\$ 20,302,195</u>		<u>\$ 21,585,861</u>	

Movements of the difference between the cost of investments and the Corporation's share in investees' net assets for the six months ended June 30, 2010 as follows:

	Undepreciable Assets
Balance, beginning of period	\$ -
Additions	<u>1,880</u>
Balance, end of period	<u>\$ 1,880</u>

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

	Six Months Ended June 30	
	2010	2009
Kuang Ming Shipping Corp.	\$ 600,580	\$ 827,546
Yang Ming Line Holding Co.	145,458	(295,148)
Yang Ming Line (Singapore) Pte. Ltd.	39,744	(13,943)
Yes Logistics Corp.	23,767	(13,077)
Transyang Shipping Pte. Ltd.	18,617	125,913
Ching Ming Investment Co., Ltd.	14,935	41,487
Yunn Wang Investment Co., Ltd.	10,886	(272)
Jing Ming Transportation Co., Ltd.	5,480	2,736
Honming Terminal & Stevedoring Co., Ltd.	2,489	(9,881)
Chunghwa Investment Co., Ltd.	-	5,419
Ming Giant (Shanghai) International Logistics Co., Ltd.	-	(1,378)
Kao Ming Container Terminal Corp.	(26,609)	(21,270)
Yang Ming (Liberia) Corp.	(71,819)	40,353
All Oceans Transportation, Inc.	(181,682)	251,498
Yang Ming Line (B.V.I.) Holding Co., Ltd.	<u>(511,774)</u>	<u>(850,047)</u>
	<u>\$ 70,072</u>	<u>\$ 89,936</u>

The carrying values of the equity-method investments (except those of All Oceans Transportation, Inc., Kuang Ming Shipping Corp., Yang Ming Line (B.V.I.) Holding Co., Ltd. and Yang Ming (Liberia) Corp.) for the six months ended June 30, 2010 and 2009 were based on unaudited financial statements for the six months ended June 30, 2010 and 2009. The equities in net assets of equity-method investees Yang Ming Line (B.V.I.) Holding Co., Ltd. for the six months ended June 30, 2010, Yang Ming Line (B.V.I.) Holding Co., Ltd. and Kuang Ming Shipping Corp. for the six months ended June 30, 2009, were partly determined on the basis of the investee's unaudited financial reports, and therefore the auditors issued a qualified opinion. The Corporation's investments in certain equity-method investees which were based on unaudited financial statements had carrying amount of \$7,599,440 thousand and \$6,433,951 thousand as of June 30, 2010 and 2009, respectively. The Corporation's equity of \$311,335 thousand and \$(217,988) thousand in the net (loss) income of these investees was included in the net (loss) income for the six months ended June 30, 2010 and 2009, respectively.

The Corporation committed to support the operation of Yang Ming (Liberia) Corp. The credit balance of \$341,309 thousand on this investment was reclassified as deduction from long-term receivables from related parties as of June 30, 2010.

In order to engage in the building and operation of Kaohsiung harbor intercontinental container center, the Corporation founded a chartered subsidiary, Kao Ming Container Terminal Corp., which had a contract namely 'First stage of Kaohsiung harbor intercontinental container center construction and operation project' with MOTC Harbor Bureau. The contract commenced on September 28, 2007 and will last for 50 years including the building and operation periods. The board of directors of the Corporation resolved to increase investment in Kao Ming Container Terminal Corp. within the capital disbursement, \$3,700,000 thousand, and the Corporation remitted the investment fund amounting to \$1,000,000 thousand on October 9, 2009 and April 19, 2010, respectively. Kao Ming Container Terminal Corp. secured a \$16,200,000 thousand syndicated loan from banks on December 18, 2008, so as to fund the construction of Kaohsiung Intercontinental Container Terminal, and as of June 30, 2010, the banks had allotted \$3,060,000 thousand.

For financing the investment project on Euromax terminal in Rotterdam, the board of directors of the Corporation resolved to increase the capital investment by €12,620,000 in Yang Ming Line (Singapore) Pte. Ltd. on January 11, 2008. Due to August 9, 2010, the investment fund is still not remitted by Corporations.

The Corporation disposed all interests of Chunghwa Investment Co., Ltd., to Chunghwa Telecom Co., Ltd., a related party due to these two companies are both under control of MOTC during September 2009. The selling price was \$758,709 thousand, within a net cash flow in \$756,433 thousand after paying related expenses, and the Corporation recognized a gain on disposal amounting to \$5,164 thousand. The proceeds have been received.

The Corporation disposed of and sold all equity investment of Ming Giant (Shanghai) International Logistics Co., Ltd., to China Nanshan Development (Group) Incorporation. The selling price after tax was US\$7,268 thousand, and then accrued related liabilities 9,383 thousand, the Corporation recognized a disposal gain 26,489 thousand. The proceeds have been received.

In order to improve the Group's entire operating efficiency, enhance the Group's financial structure and to facilitate initial public offering of Kuang Ming Shipping Corp., a subsidiary of the Corporation, the Corporation's board of directors resolved on June 18, 2010 to disposed partial interests of Kuang Ming Shipping Corp. held by the Corporation. The maximum disposal amount of stock will not exceed 61,500 thousand shares (approximately equal to 30% of Kuang Ming Shipping Corp's share capital), and disposal price will depend on Kuang Ming Shipping Corp's operating performance and the market price at the time. As of June 30, 2010, the Corporation has disposed 10,826 thousand shares to employees (approximately equal to 5% of Kuang Ming Shipping Corp's current share capital) at \$24.29 per share, and recognized a disposal gain of \$1,065 thousand.

As required by the revised ROC SFAS No. 7 - "Consolidated Financial Statements", control is presumed to exist when the parent company owns, directly or indirectly through subsidiaries, more than half of the voting rights of an entity unless it can be clearly shown that such ownership does not constitute as a control interest. Thus, the consolidated financial statements as of and for the six months ended June 30, 2010 and 2009 include the accounts of the Corporation and its direct and indirect subsidiaries. The Corporation does not have control over Transyang Shipping Pte. Ltd. and Yunn Wang Investment Co. for the six months ended June 30, 2010, and Transyang Shipping Pte. Ltd., Chunghwa Investment Co., Ltd. and Yunn Wang Investment Co., Ltd. for the six months ended June 30, 2009, therefore the accounts of these companies were not included in the consolidated financial statements. All significant intercompany accounts and transactions have been eliminated.

9. PROPERTIES

Six Months Ended June 30, 2010									
	Land	Buildings	Containers and Chassis	Ships	Leased Containers and Chassis	Leasehold Improvements	Miscellaneous Equipment	Construction in Process	Total
Cost									
Beginning balance	\$ 330,069	\$ 728,683	\$ 22,906,639	\$ 6,261,492	\$ 2,178,416	\$ 146,272	\$ 2,659,739	\$ -	\$ 35,211,310
Addition	-	-	-	-	689,790	-	3,179	-	692,969
Disposal	-	-	(295,013)	-	-	-	(4,183)	-	(299,196)
Ending balance	<u>\$ 330,069</u>	<u>728,683</u>	<u>22,611,626</u>	<u>6,261,492</u>	<u>2,868,206</u>	<u>146,272</u>	<u>2,658,735</u>	<u>\$ -</u>	<u>35,605,083</u>
Accumulated depreciation									
Beginning balance		140,356	14,022,346	677,628	2,049,611	129,657	1,490,528		18,510,126
Addition		6,847	970,579	407,878	44,088	1,798	88,790		1,519,980
Disposal		-	(289,698)	-	-	-	(4,081)		(293,779)
Ending balance		<u>147,203</u>	<u>14,703,227</u>	<u>1,085,506</u>	<u>2,093,699</u>	<u>131,455</u>	<u>1,575,237</u>		<u>19,736,327</u>
		<u>\$ 581,480</u>	<u>\$ 7,908,399</u>	<u>\$ 5,175,986</u>	<u>\$ 774,507</u>	<u>\$ 14,817</u>	<u>\$ 1,083,498</u>		<u>\$ 15,868,756</u>
Six Months Ended June 30, 2009									
	Land	Buildings	Containers and Chassis	Ships	Leased Containers and Chassis	Leasehold Improvements	Miscellaneous Equipment	Construction in Process	Total
Cost									
Beginning balance	\$ 330,069	\$ 728,683	\$ 23,566,163	\$ 2,378,832	\$ 2,178,416	\$ 146,272	\$ 2,527,228	\$ 88,666	\$ 31,944,329
Addition	-	-	15,957	648,271	-	-	30,546	120,188	814,962
Disposal	-	-	(9,559)	-	-	-	(39,618)	-	(49,177)
Ending balance	<u>\$ 330,069</u>	<u>728,683</u>	<u>23,572,561</u>	<u>3,027,103</u>	<u>2,178,416</u>	<u>146,272</u>	<u>2,518,156</u>	<u>\$ 208,854</u>	<u>32,710,114</u>
Accumulated depreciation									
Beginning balance		126,549	12,502,218	247,915	2,017,397	126,029	1,416,245		16,436,353
Addition		6,847	1,143,015	72,850	17,094	1,799	95,192		1,336,797
Disposal		-	(5,264)	-	-	-	(39,643)		(44,907)
Ending balance		<u>133,396</u>	<u>13,639,969</u>	<u>320,765</u>	<u>2,034,491</u>	<u>127,828</u>	<u>1,471,794</u>		<u>17,728,243</u>
		<u>\$ 595,287</u>	<u>\$ 9,932,592</u>	<u>\$ 2,706,338</u>	<u>\$ 143,925</u>	<u>\$ 18,444</u>	<u>\$ 1,046,362</u>		<u>\$ 14,981,871</u>

The Corporation leases containers and chassis under capital lease agreements. The related information for future rentals is shown in Note 26. The terms of the leases were from nine years to ten years for containers. The annual rent payable on leased containers under the agreements is US\$4,337 thousand. The Corporation has the option to buy, at the end of the lease terms, all leased containers at a bargain purchase price of US\$1 per unit. The details of these leases as of June 30, 2010 and 2009 were as follows:

	June 30			
	2010		2009	
	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)
Total capital lease obligations (undiscounted)	\$ 30,311	\$ 978,443	\$ 5,048	\$ 165,675
Less: Unamortized interest expense	<u>(4,028)</u>	<u>(130,038)</u>	<u>(363)</u>	<u>(11,926)</u>
	<u>\$ 26,283</u>	<u>\$ 848,405</u>	<u>\$ 4,685</u>	<u>\$ 153,749</u>

10. ASSETS LEASED TO OTHERS, NET

	June 30	
	2010	2009
Cost		
Land	\$ 2,928,721	\$ 2,928,721
Buildings	<u>1,244,328</u>	<u>1,244,328</u>
	4,173,049	4,173,049
Accumulated depreciation - buildings	<u>173,881</u>	<u>146,134</u>
	<u>\$ 3,999,168</u>	<u>\$ 4,026,915</u>

Future rental payments receivable are summarized as follows:

Fiscal Year	Amount
2010 (July 1, 2010 to December 31, 2010)	\$ 31,325
2011	66,801
2012	35,135
2013	27,838
2014	23,936

11. NONOPERATING ASSETS, NET

	June 30	
	2010	2009
Cost		
Land	\$ 323,589	\$ 217,715
Buildings	<u>3,737</u>	<u>3,737</u>
	327,326	221,452
Accumulated depreciation - buildings	<u>3,156</u>	<u>3,394</u>
	<u>\$ 324,170</u>	<u>\$ 218,058</u>

12. ADVANCES ON LONG-TERM RENT AGREEMENT

For the purpose of managing storage, processing, transfer and distribution of goods, the Corporation collaborated with MOTC Harbor Bureau in building and operating the First and Second Logistics Centers of the Kaohsiung Third Container Center. The transferring procedures of First Logistics Center had been completed. According to the contract, the Corporation is entitled to the use of the center for 30 years based on the initial investment made by the Corporation. The project of the Second Logistics Center of the Kaohsiung Third Container Center had been completed in October, 2007 and the use of the center commenced in 2008. Owing to the remaining issues regarding the time frame for free tenancy, the Corporation reclassified the original investment of \$691,554 thousand (construction in process) into advances on long-term rent agreement which are amortized over 23 years and 10 months.

13. SHORT-TERM LOANS

	June 30, 2009
Unsecured bank loans - interest of 0.6%-1.0814% in 2009	<u>\$ 2,964,100</u>

14. SHORT-TERM BILLS PAYABLE

	<u>June 30, 2009</u>	
	Interest Rate	Amount
Commercial paper	0.538%-0.61%	<u>\$ 700,000</u>

15. INTEREST-BEARING LONG-TERM DEBTS

	Current	Long-term	Total
<u>June 30, 2010</u>			
Long-term unsecured bank loans	\$ -	\$ 900,000	\$ 900,000
Long-term secured bank loans	3,455,438	13,818,790	17,274,228
Domestic unsecured bonds	3,070,000	13,440,000	16,510,000
Domestic secured bonds	-	4,967,461	4,967,461
Commercial paper	-	1,840,000	1,840,000
Obligation under capital leases	<u>98,591</u>	<u>749,814</u>	<u>848,405</u>
	<u>\$ 6,624,029</u>	<u>\$ 35,716,065</u>	<u>\$ 42,340,094</u>
<u>June 30, 2009</u>			
Long-term unsecured bank loans	\$ -	\$ 900,000	\$ 900,000
Long-term secured bank loans	2,156,772	15,759,228	17,916,000
Domestic unsecured bonds	1,602,000	16,510,000	18,112,000
Commercial paper	-	1,450,000	1,450,000
Obligation under capital leases	<u>30,684</u>	<u>123,065</u>	<u>153,749</u>
	<u>\$ 3,789,456</u>	<u>\$ 34,742,293</u>	<u>\$ 38,531,749</u>

Long-term Unsecured Bank Loans

The unsecured bank loan is repayable in New Taiwan dollars in one-lump sum payment at maturity in June 2012. Interest rate was 1.00% on June 30, 2010 and 2009.

Long-term Secured Bank Loans

Secured bank loans are repayable in installments at varying amounts in New Taiwan dollars with the latest maturity in June 2016. Interest rates were 0.8573% to 2.1% and 0.8605% to 2.1% on June 30, 2010 and 2009, respectively. The Corporation mortgaged ships, assets leased to others, containers and the ships of a subsidiary, All Oceans Transportation, Inc., as collaterals for the secured loans.

Domestic Unsecured Bonds

On various dates, the Corporation issued domestic unsecured bonds; the dates and the aggregate face values were as follows: \$1,800,000 thousand on June 1, 2000 (the "June 2000 Bonds"); \$2,400,000 thousand on November 20, 2000 (the "November 2000 Bonds"); \$1,600,000 thousand on June 18, 2004 (the "June 2004 Bonds"), \$5,000,000 thousand from October 8 to October 20 in 2004 (the "October 2004 Bonds"); \$2,500,000 thousand from December 8 to December 14 in 2004 (the "December 2004 Bonds"), and \$6,000,000 thousand on October 23, 2006 (the "October 2006 Bonds").

Other bond features and terms are as follows:

- June 2000 bonds: Repayments: 33% - June 1, 2008, 33% - June 1, 2009, and 34% June 1, 2010; 6.09% annual interest. The Corporation had paid \$1,800,000 thousand as of June 30, 2010.
- November 2000 bonds: Repayments: 20% - November 20, 2010, 40% - November 20, 2011, and 40% - November 20, 2012; 6.02% annual interest.
- June 2004 bonds: Type A - aggregate face value of \$600,000 thousand and maturity on June 18, 2011; 2.46% annual interest.
- Type B - aggregate face value of \$500,000 thousand and maturity on June 18, 2011 at USD 6-month LIBOR rate (the target rate) when the target rate is smaller than 1.15%; at 4.4% when the target rate is between 1.15% and 3.5%; at 6% less the target rate when the target rate is greater than 3.5%. The interest rate should not be smaller than 0% and will be reset quarterly.
- Type C - aggregate face value of \$500,000 thousand and maturity on June 18, 2011 at 4.5% interest multiplied by a ratio (interest-bearing days per month divided by interest-bearing days per year) when USD 6-month LIBOR rate (the target rate) is between a certain interest range; at 0% when the target rate is out of the interest range.
- October 2004 bonds: Type A, B, D, E, G, H, I - aggregate face value of \$500,000 thousand and maturity from October 8 to October 20 in 2011; 3.30% annual interest.
- Type C - aggregate face value of \$800,000 thousand and maturity on October 12, 2011; 3.30% annual interest.
- Type F - aggregate face value of \$700,000 thousand and maturity on October 15, 2011; 3.30% annual interest.
- December 2004 bonds: Aggregate face value of \$2,500,000 thousand and maturity from December 8 to 14 in 2011; 2.99% annual interest.
- October 2006 bonds: Type A - aggregate face value: \$3,000,000 thousand; repayments: 33% - October 23, 2009, 33% - October 23, 2010, and 34% - October 23, 2011; 2.09% annual interest. The Corporation had paid off \$990,000 thousand as of June 30, 2010.
- Type B - aggregate face value of \$3,000,000 thousand and maturity on October 23, 2013; 2.32% annual interest.

Domestic Secured Bonds

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

The bond features and terms are as follows:

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

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

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

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

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

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

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

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

Guarantees:

Type A: Guaranteed by Taiwan Bank.

Type B: Guaranteed by Cathay United Commercial Bank.

Type C: Guaranteed by Taiwan Cooperative Commercial Bank.

Type D: Guaranteed by China Trust Commercial Bank.

Type E: Guaranteed by First Commercial Bank.

Type F: Guaranteed by Yuanta Commercial Bank.

Type G: Guaranteed by Hua Nan Commercial Bank.

Type H: Guaranteed by Shanghai Commercial & Savings Bank.

According to performance guarantee agreements, the Corporation has to pay annual advanced guarantee on the date of issuance and every year thereafter. The guarantee payments are recognized as the costs of the corporate bond issuance and are amortized over the issuance period. As of June 30, 2010, unamortized cost of issuance amounted to \$32,539 thousand.

Commercial Paper

The Corporation signed a three-year joint underwriting contract for purchase of commercial paper on March 27, 2009 and the first supplementary contract on August 14, 2009, respectively, with International Bills Finance Corporation. International Bills Finance Corporation, as the lead underwriter, issued long-term commercial papers with a credit limit of \$2,300,000 thousand. The underwriting credit limit was based on the ships of All Oceans Transportation, Inc., a subsidiary of the Corporation, as collaterals. The ownership of the ships mentioned above had been transferred to the Corporation on May and July 2009, and the re-mortgage process was completed on September 2009. The Corporation had repaid \$460,000 as of June 30, 2010. The bills payable will be fully repaid by March 31, 2012. The Corporation can issue the commercial papers in a revolving scheme during the period of the financing contract, and issuance period of each commercial paper cannot be over 90 days. The Corporation should repay all debts under the contract at maturity date. Because the contract period is over one year, and the Corporation intended to keep refinancing for long term, the bills payable are included in long-term debts. The interest rate is the Fixing Rate of 90-day referred to in Reuters (Page 6165) plus spread. The interest rate was 0.4130% and 1.080% on June 30, 2010 and 2009, respectively.

Obligations Under Capital Leases

Obligations under capital leases are summarized in Note 9.

16. ACCRUED EXPENSES

	<u>June 30</u>	
	<u>2010</u>	<u>2009</u>
Fuel	\$ 2,741,787	\$ 2,200,314
Space hire	781,576	579,910
Container lease	399,460	431,115
Interest	345,989	354,686
Salary	231,778	183,133
Others	<u>766,340</u>	<u>363,442</u>
	<u>\$ 5,266,930</u>	<u>\$ 4,112,600</u>

17. RESERVE FOR LAND VALUE INCREMENT TAX

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

18. PENSION PLAN

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

- a. The pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The pension fund, to which the Corporation contributed 13% of total salary per month to the pension funds, starting 2009, the Corporation contributes 3% of total salary to the pension funds, is administered by the pension fund monitoring committee and deposited in the committee's name in the Bank of Taiwan.

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

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

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

Under SFAS No. 18, "Accounting for Pensions," defined benefit pension cost (including the Corporation, All Oceans Transportation, Inc., Yang Ming (Liberia) Corp. and Yangming (UK) Ltd.) should be recognized using the actuarial method. Pension expense is recognized based on agreed upon ratio of their consolidated defined benefit pension cost. According to the actuarial result, the Corporation recognized pension costs of \$64,367 thousand and \$59,957 thousand and contribute \$9,233 thousand and \$14,561 thousand to pension funds for the six months ended June 30, 2010 and 2009, respectively. The distribution of income was \$5,433 in 2010.

- b. Pension plan is a defined contribution scheme under the Labor Pension Act for onshore employees and shipping crew. Starting on July 1, 2005, the Corporation makes monthly contributions to the employees' individual pension accounts in the Bureau of Labor Insurance at 6% of employees' salaries every month. The pension cost under the defined contribution plan was \$21,541 thousand and \$17,504 thousand for the six months ended June 30, 2010 and 2009, respectively.
- c. In an effort to encourage employee retirement, hence improve the human resource structure and enhance vitality within organization, the Corporation calculates favorable retirement benefits according to the retirement policies. The Corporation recognized a pension cost of \$20,634 thousand for the six months ended June 30, 2010.

19. STOCKHOLDERS' EQUITY

- a. Global depositary receipts

On November 14, 1996, the Corporation issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 dollars per unit. The holders of the GDRs may not exchange them for the Corporation's stocks. However, starting February 14, 1997, the holders of the GDR may request the depositary bank to sell the shares represented by the GDRs. As of June 30, 2010, there were 4,812,196 units outstanding, representing 48,122,037 shares, 1.88% of total issued shares.

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

- b. Capital surplus

Under the Company Law, capital surplus can only be used to offset a deficit. However, the capital surplus from share issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds 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 investments may not be used for any purpose.

- c. Appropriation of earnings and dividend policy

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

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

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

The Corporation did not accrue bonus to employees and remuneration to directors and supervisors because of the losses for the six months ended June 30, 2009. For the six months ended June 30, 2010, the bonus to employees was \$21,701 thousand. The bonus to employees represented 1% of net income (net of the bonus). Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the current year. 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 a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

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

Under the Company Law, legal reserve should be appropriated until the accumulated reserve reaches the Corporation's paid-in capital. This reserve may be used to offset a deficit. When the reserve reaches 50% of the Corporation's paid-in capital, up to 50% thereof may be transferred to paid in capital.

Under the Integrated Income Tax System, which took effect on July 1, 1998, noncorporate ROC resident stockholders are entitled to tax credit on income tax paid by the Corporation on earnings generated from July 1, 1998. An imputation credit account (ICA) is maintained by the Corporation to monitor the balance of such income tax and the tax credits allocated to each stockholder.

On June 18, 2010, the Corporation's stockholders resolved to pass the proposal put forward on May 5, 2010 by the board of directors for reversing special reserve of \$2,067,513 thousand from prior year to offset against the deficit from 2009. In addition a deficit of \$8,138,687 thousand had been offset by the following:

	2009
Capital surplus - treasury stock transactions	\$ 1,480,009
Capital surplus - issuance of common shares	2,789,135
Legal reserve	<u>3,869,543</u>
	<u>\$ 8,138,687</u>

The stockholders resolved to appropriate the 2008 earnings on June 19, 2009, as follows:

	Appropriation of Earnings	Dividends Per Share (Dollars)
Legal reserve	\$ 54,730	
Cash dividends	384,370	\$0.15

The bonus to employees of \$60,193 thousand for 2008 was approved in the stockholders' meeting on June 19, 2009. The approved amount of the bonus to employees was different from the accrual amount of \$59,261 thousand reflected in the financial statements for the year ended December 31, 2008. The difference of \$932 thousand, which resulted from a change in estimate had been adjusted in profit and loss for the six months ended June 30, 2009.

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

d. Unrealized gain or loss on financial instruments

For the six months ended June 30, 2010 and 2009, movements of unrealized gain or loss on financial instruments were as follows:

	Available- for-sale Financial Assets	Equity- method Investments	Gain (Loss) on Cash Flow Hedges	Total
<u>Six months ended June 30, 2010</u>				
Balance, beginning of period	\$ 1,148,363	\$ 65,018	\$ (12,476)	\$ 1,200,905
Recognized in shareholders' equity	(663,423)	(95,122)	(51,767)	(810,312)
Transferred to profit or loss	-	(2)	-	(2)
Balance, end of period	<u>\$ 484,940</u>	<u>\$ (30,106)</u>	<u>\$ (64,243)</u>	<u>\$ 390,591</u>
<u>Six months ended June 30, 2009</u>				
Balance, beginning of period	\$ 183,122	\$ (174,995)	\$ 17,705	\$ 25,832
Recognized in shareholders' equity	1,664,825	157,337	(10,864)	1,811,298
Transferred to profit or loss	-	-	-	-
Balance, end of period	<u>\$ 1,847,947</u>	<u>\$ (17,658)</u>	<u>\$ 6,841</u>	<u>\$ 1,837,130</u>

20. INCOME TAX

According to regulations stipulated by Ruling Letter No. 910458039 dated February 22, 2003, "Principles and regulations of profit seeking businesses filing joint tax returns in accordance with Article 49 of the Financial Holding Company Law and Article 40 of Enterprise Merger Law", the Corporation holds more than 90% of the shares of Kuang Ming Shipping Corp. for more than 12 months during a taxable year, the corporation and Kuang Ming Shipping Corp. can file a joint tax return. The Company and Kuang Ming Shipping Corp. jointly filed income tax returns for 2009.

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

	Six Months Ended June 30	
	2010	2009
Income tax expense (benefit) at statutory rate (17% and 25% at June 30, 2010 and 2009)	\$ 462,136	\$ (2,064,687)
Tax effect on adjusting items:		
Permanent differences	(112,434)	(222,366)
Temporary differences	3,070	372,916
Loss carryforwards	<u>(352,772)</u>	<u>1,914,137</u>
Income tax payable - current	-	-
Overseas income tax	110,632	76,909
Deferred income tax expenses		
Temporary differences	(28,350)	(269,283)
Loss carryforwards	352,772	(1,531,310)
Effect of tax law changes on deferred income tax	17,397	(401,667)
Adjustment in valuation allowance	(643,495)	765,655
Adjustment of prior years' taxes	<u>196,569</u>	<u>36,855</u>
Income tax expense (benefit) - current	<u>\$ 5,525</u>	<u>\$ (1,322,841)</u>

During the six months ended June 30, 2010 and 2009, the Legislative Yuan passed the following amendments to tax laws:

- 1) In January 2009, the Legislative Yuan passed the amendment of Article 39 of the Income Tax Law, which extends the operating loss carryforward period from 5 years to 10 years.
- 2) In March 2009, the Legislative Yuan passed 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 interest income arising, which was taxed separately prior to January 1, 2010, in its taxable income; and (b) the profit-seeking enterprise that invests in beneficiary securities or asset-based securities issued under the Financial Asset Securitization Act or Real Estate Securitization Act to include from January 1, 2010 the interest income arising, which was taxed separately prior to January 1, 2010, in its taxable income.
- 3) In May 2009, the Legislative Yuan passed 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.
- 4) Under Article 10 of the Statute for Industrial Innovation (SII) passed by the Legislative Yuan in April 2010, a profit-seeking enterprise may deduct up to 15% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred, but this deduction should not exceed 30% of the income tax payable for that fiscal year. This incentive took effect from January 1, 2010 and is effective till December 31, 2019.
- 5) In May 2010, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 20% to 17%, effective January 1, 2010.

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

	June 30	
	2010	2009
Current (included in other current assets (liabilities))		
Deferred income tax assets		
Unrealized shipping fuel valuation losses	\$ 7,548	\$ 4,869
Others	<u>2,980</u>	<u>2,021</u>
	10,528	6,890
Deferred income tax liabilities		
Unrealized foreign exchange gain	<u>(7,612)</u>	<u>(12,145)</u>
	<u>\$ 2,916</u>	<u>\$ (5,255)</u>
Noncurrent		
Deferred income tax assets		
Loss carryforwards	\$ 2,120,481	\$ 1,531,310
Deferred pension cost	112,744	122,288
Unrealized impairment loss on long-term leases for chartered-in vessels	53,963	-
Investment loss recognized on overseas equity-method investments	61,617	30,092
Unrealized gain on financial instruments	13,166	-
Unrealized impairment loss on financial assets	9,234	28,823
Others	<u>-</u>	<u>64,012</u>
	2,371,205	1,776,525
Less: Valuation allowance	<u>(1,050,000)</u>	<u>(765,655)</u>
	<u>1,321,205</u>	<u>1,010,870</u>
Deferred income tax liabilities		
Investment income recognized on overseas equity-method investments	(893,297)	(1,420,902)
Differences in estimated service lives of containers	-	(57,444)
Unrealized gain on financial instruments	<u>-</u>	<u>(1,710)</u>
	<u>(893,297)</u>	<u>(1,480,056)</u>
	<u>\$ 427,908</u>	<u>\$ (469,186)</u>

Loss carryforwards as of June 30, 2010 comprised of:

Unused Amount	Expiry Year
\$ 12,473,416	2019

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

c. Information about integrated income tax was as follows:

	June 30	
	2010	2009
Balance of the imputation credit account (ICA)	\$ 1,237,500	\$ 1,015,927
Undistributed earnings generated before June 30, 1998	-	-

The actual creditable ratio for distribution of 2008 earnings was 20.30%. Due to the fact that deficit was resulted from operating losses in 2009, the ICA will be distributed and the creditable ratio will be calculated in the future when there are unappropriated earnings generated.

21. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Six Months Ended June 30, 2010			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 420,463	\$ 537,672	\$ -	\$ 958,135
Insurance	13,893	35,125	-	49,018
Pension	38,552	67,990	-	106,542
Others	<u>34,141</u>	<u>39,072</u>	<u>-</u>	<u>73,213</u>
	507,049	679,859	-	1,186,908
Depreciation	1,488,090	28,745	13,872	1,530,707
Amortization	<u>63,025</u>	<u>10,239</u>	<u>1,285</u>	<u>74,549</u>
	<u>\$ 2,058,164</u>	<u>\$ 718,843</u>	<u>\$ 15,157</u>	<u>\$ 2,792,164</u>
	Six Months Ended June 30, 2009			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 286,555	\$ 416,364	\$ -	\$ 702,919
Insurance	15,534	32,865	-	48,399
Pension	29,402	48,059	-	77,461
Others	<u>23,227</u>	<u>42,667</u>	<u>-</u>	<u>65,894</u>
	354,718	539,955	-	894,673
Depreciation	1,294,689	38,181	13,831	1,346,701
Amortization	<u>6,379</u>	<u>9,151</u>	<u>1,285</u>	<u>16,815</u>
	<u>\$ 1,655,786</u>	<u>\$ 587,287</u>	<u>\$ 15,116</u>	<u>\$ 2,258,189</u>

22. EARNINGS PER SHARE ("EPS")

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

Losses Per Share	Amount (Numerator)		Shares (Denominator) (In Thousand Shares)	EPS(NT\$)	
	Before Income Tax	Net Income (Loss)		Income Before Income Tax	Net Income (Loss)
<u>Six months ended June 30, 2010</u>					
Basic EPS	\$ 2,718,445	\$ 2,712,920	2,562,466	<u>\$ 1.06</u>	<u>\$ 1.06</u>
Impact of dilutive potential common shares					
Bonus to employees	<u> </u>	<u> </u>	<u>1,545</u>		
Diluted EPS	<u>\$ 2,718,445</u>	<u>\$ 2,712,920</u>	<u>2,564,011</u>	<u>\$ 1.06</u>	<u>\$ 1.06</u>
<u>Six months ended June 30, 2009</u>					
Basic EPS	\$ (8,258,747)	\$ (6,935,906)	2,562,466	<u>\$ (3.22)</u>	<u>\$ (2.71)</u>
Impact of dilutive potential common shares					
Bonus to employees	<u>-</u>	<u>-</u>	<u>-</u>		
Diluted EPS	<u>\$ (8,258,747)</u>	<u>\$ (6,935,906)</u>	<u>2,562,466</u>	<u>\$ (3.22)</u>	<u>\$ (2.71)</u>

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

23. DISCLOSURE FOR FINANCIAL INSTRUMENTS

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

	June 30			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 589,469	\$ 589,469	\$ 162,202	\$ 162,202
Available-for-sale financial assets - current	3,835,463	3,835,463	3,259,016	3,259,016
Financial asset carried at cost - current	427,789	-	-	-
Hedging derivative financial assets - noncurrent	-	-	8,551	8,551
Available-for-sale financial assets - noncurrent	2,727,730	2,727,730	4,195,964	4,195,964
Financial asset carried at cost - noncurrent	416,305	-	774,210	-
Investments accounted for by the equity method	20,302,195	-	21,585,861	-
Long-term other receivables - related parties	21,648,358	21,648,358	32,923,901	32,923,901
Restricted assets - noncurrent	-	-	1,600,000	1,600,000
Refundable deposits	324,106	324,106	6,966	6,966
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	63,029	63,029	-	-
Hedging derivative financial liabilities - current	77,449	77,449	-	-
Long-term interest - bearing debts	20,014,228	20,014,228	20,266,000	20,266,000
Bonds	21,477,461	21,767,579	18,112,000	18,466,381
Obligation under capital lease	848,405	848,405	153,749	153,749

Place of transaction:

	June 30			
	2010		2009	
Place of Transaction	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Financial asset</u>				
Overseas (including foreign institutions in Taiwan)	\$ 50,078	\$ 50,078	\$ 67,903	\$ 67,903
<u>Financial liability</u>				
Overseas (including foreign institutions in Taiwan)	140,478	140,478	-	-

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

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

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

- 3) Financial assets carried at cost and investments accounted for by the equity method are investments in unlisted stocks which had no market value and will require an amount in excess of reasonable cost to determine fair value, thus, no reliable fair value was determined.
- 4) Fair value of long-term receivables - related parties, long-term bills payable, long-term bank loans and obligations under capital leases are measured at the present values of expected cash flows which are discounted at the interest rate for bank loans with similar maturities.
- 5) Refundable deposits uses carrying amounts to estimate their fair market values since the amounts refundable approximate the carrying amounts.
- 6) The fair value of bonds is market value.

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

	Quoted Price		Estimated Price	
	June 30		June 30	
	2010	2009	2010	2009
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 539,391	\$ 102,850	\$ 50,078	\$ 59,352
Available-for-sale financial assets - current	3,835,463	3,259,016	-	-
Available-for-sale financial assets - noncurrent	2,727,730	4,195,964	-	-
Hedging derivative financial assets - noncurrent	-	-	-	8,551
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	63,029	-
Bonds	21,767,579	18,466,381	-	-
Hedging derivative financial liabilities - current	-	-	77,449	-

d. Valuation gains arising from changes in fair value of financial instruments determined using valuation technique were \$19,998 thousand and \$133,991 thousand for the six months ended June 30, 2010 and 2009, respectively.

e. Financial asset and liabilities affected by interest rate were as follows:

	June 30			
	2010		2009	
	Financial Asset	Financial Liabilities	Financial Asset	Financial Liabilities
<u>Risk of interest rate change</u>				
Fair value risk	\$ 2,242,042	\$ 21,325,865	\$ 1,940,678	\$ 19,579,849
Cash flow risk	2,661,984	21,014,229	574,031	22,616,000

f. Information about financial risks

1) Market risk

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

For the six months ended June 30, 2010 and 2009, the interest rate swap contracts held by the Corporation were for nontrading purposes, i.e., to hedge overall fluctuations on interest rates. The Corporation use interest rate swap contracts with gains or losses that offset the gains or losses on floating interest-bearing liabilities. Through these contracts, the Corporation hedges most of the risks in the market. In addition, the Corporation evaluates the hedging effectiveness of the contracts periodically.

The contract will be settled at net or nominal amounts. Thus the change of fair value of this contract due to change of market interest rate should not cause additional risk for the Corporation.

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

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

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

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

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

2) Credit risk

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

3) Liquidity risk

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

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

4) Cash flow risk on interest rate

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

g. Cash flow hedge

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

Hedged Items	Financial Instruments Designated	Designated Hedging Instruments				Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
		June 30					
		2010		2009			
		Notional Amount	Fair Value	Notional Amount	Fair Value		
Bonds with floating interest rate	Interest rate swap	\$(1,000,000)	\$ (13,185)	\$(1,000,000)	\$ 8,551	June 18, 2004 - June 18, 2011	June 18, 2004 - June 18, 2011
Transaction of oil forecast	Oil swap	2,613,792	(64,264)	-	-	July 1, 2010 - December 31, 2010	July 1, 2010 - December 31, 2010

h. Reclassifications

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

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

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

The carrying amounts and fair values of the reclassified financial assets (excluding those that had been derecognized) as of June 30, 2010 and 2009 were as follows:

	June 30			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Available-for-sale financial assets-current	\$ 233,872	\$ 233,872	\$ 535,309	\$ 535,309

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized) for the six months ended June 30, 2010 and 2009 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	Six Months Ended June 30, 2010			
	2010		2009	
	Gains Recorded	Pro Forma Losses	Losses Recorded	Pro Forma Gains
Available-for-sale financial assets	\$ -	\$ (33,459)	\$ (62,770)	\$ 133,684

24. RELATED-PARTY TRANSACTIONS

The significant transactions with related parties for the six months ended June 30, 2010 and 2009 and the related balances, in addition to those mentioned in Notes 15 and 26 and Schedules E and F, are summarized in the accompanying Schedules C and D.

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

The transactions with related parties were conducted under contract terms.

25. ASSETS PLEDGED OR MORTGAGED

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

	June 30	
	2010	2009
Properties, net	\$ 7,440,033	\$ 2,060,527
Restricted assets - noncurrent (time deposit)	-	1,600,000
Assets leased to others, net	1,422,021	1,431,055
Nonoperating assets, net	<u>89,230</u>	<u>89,230</u>
	<u>\$ 8,951,284</u>	<u>\$ 5,180,812</u>

26. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Note 24 and Schedule F, commitments and contingent liability as of June 30, 2010 were as follows:

- a. Obligations to provide crews to two bulk carrier of Taiwan Power Company under contracts expiring on various dates by September 2012. The daily compensation under the contracts is \$144 thousand for all the crew.
- b. Leases of office premises, ships and container yard under operating lease agreements that will expire on various dates until May 2030. The total rental for the six months ended June 30, 2010 was \$2,098,973 thousand, and future minimum rentals are as follows:

Fiscal Year	Amount
2010 (July 1, 2010 to December 31, 2010)	\$ 2,450,145
2011	2,694,330
2012	1,382,497
2013	1,243,067
2014	1,060,620

Rentals after 2015 amount to \$4,411,689 thousand. The present value of those rentals, computed at an annual interest rate of 1.025%, is \$4,098,828 thousand.

- c. Leases of containers and chassis under capital lease agreements expiring on various dates until February 2018. Rental for the six months ended June 30, 2010 was about \$20,308 thousand (deducted from leases payable). Future minimum rentals are as follows:

Fiscal Year	Amount
2010 (July 1, 2010 to December 31, 2010)	\$ 77,310
2011	139,995
2012	133,745
2013	133,389
2014	133,389

Rentals after 2015 amount to \$439,275 thousand. The present value of those rentals, computed at an annual interest rate of 1.025%, is \$412,842 thousand.

- d. Guarantees of build ship agreement, loans obtained and operating need by subsidiaries and investee companies accounted for using equity method were as follows:

Company Name	Nature of Relationship	Guarantee Amount (Thousands)
Yang Ming (America) Corp.	Subsidiary	US\$ 10,000
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	US\$ 5,000
All Oceans Transportation, Inc.	Subsidiary	US\$ 20,000
Yang Ming (Liberia) Corp.	Subsidiary	US\$ 644,170
Kuang Ming (Liberia) Corp.	Subsidiary	US\$193,866 and JPY12,767,000
Kao Ming Container Terminal Corp.	Subsidiary	NT\$ 3,000,000
United Terminal Leasing LLC	Indirect equity-method investee	US\$ 15,258
West Basin Container Terminal LLC	Indirect equity-method investee	US\$ 30,136
Olympic Container Terminal LLC	Subsidiary	US\$ 4,700

27. ADDITIONAL DISCLOSURES

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

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

YANG MING MARINE TRANSPORT CORPORATION**OVERSEAS DEPOSITS
JUNE 30, 2010**

Country	Currency	Foreign-currency Amount (Thousands)	New Taiwan Dollar Exchange Rate	New Taiwan Dollar Amount (Thousands)
Japan	USD	\$ 9	32.2800	\$ 291
	JPY	150,755	0.3643	54,922
Hong Kong	USD	9,232	32.2800	298,005
	HKD	2,179	4.1466	9,034
United States	USD	9,649	32.2800	311,468
Belgium	EUR	3	39.4817	101
Indonesia	USD	377	32.2800	12,168
Malaysia	USD	44	32.2800	1,409
	MYR	429	9.9553	4,274
Britain	USD	9	32.2800	276
	GBP	6	48.5782	310
Germany	USD	211	32.2800	6,821
	EUR	1,431	39.4817	56,518
Philippines	USD	0.5	32.2800	14
	PHP	33,818	0.6951	23,506
Singapore	USD	125	32.2800	4,033
	SGD	278	23.0901	6,408
India	INR	54,475	0.6926	37,731
Thailand	THB	63,741	0.9958	63,476
Korea	USD	10	32.2800	311
	KRW	1,255,003	0.0264	33,129
Canada	USD	820	32.2800	26,463
	CAD	70	30.7692	2,151
Australia	USD	104	32.2800	3,368
	AUD	2,107	27.5639	58,080

YANG MING MARINE TRANSPORT CORPORATION**OVERSEAS DEPOSITS
JUNE 30, 2009**

Country	Currency	Foreign-currency Amount (Thousands)	New Taiwan Dollar Exchange Rate	New Taiwan Dollar Amount (Thousands)
Japan	USD	\$ 5	32.8200	\$ 170
	JPY	129,887	0.3434	44,607
Hong Kong	USD	1,007	32.8200	33,034
	HKD	2,239	4.2348	9,483
United States	USD	3,651	32.8200	119,824
Belgium	EUR	13	46.3008	618
Indonesia	USD	110	32.8200	3,605
Malaysia	USD	78	32.8200	2,557
	MYR	2,573	9.3385	24,025
Britain	USD	119	32.8200	3,892
	GBP	34	54.7372	1,857
Germany	USD	7	32.8200	216
	EUR	439	46.3008	20,348
Philippines	USD	37	32.8200	1,214
	PHP	9,899	0.6820	6,751
Singapore	USD	56	32.8200	1,850
	SGD	112	22.6861	2,538
India	INR	17,011	0.6846	11,646
Thailand	THB	21,343	0.9650	20,597
Korea	USD	9	32.8200	296
	KRW	628,709	0.0256	16,092

YANG MING MARINE TRANSPORT CORPORATION

RELATED-PARTY ACCOUNT BALANCES
JUNE 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (See Notes Below)	Receivables from Related Parties						Advances to Shipping Agents	Prepaid Expense	Long-term Receivable from Related Parties	Payables to Related Parties									
		Accounts Receivables		Other Receivables		Total					Amount	%	Amount	%	Accrued Expense		Payables to Shipping Agents		Total	
		Amount	%	Amount	%	Amount	%								Amount	%	Amount	%	Amount	%
<u>2010</u>																				
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 152,387	D 5	\$ 152,387	5	\$ -	-	\$ -	-	\$ -	-	\$ 40	-	\$ -	-	\$ 40	-	
All Oceans Transportation, Inc.	A	-	-	-	-	-	-	-	-	-	-	20,154,074	E 93	-	-	-	-	-	-	
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	63,597	7	-	-	63,597	7	
Yangming (Japan) Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63,696	7	63,696	7	
Young-Carrier Company Ltd.	A	1,050,789	33	-	-	1,050,789	33	551,618	31	-	-	-	-	-	-	-	-	-	-	
Yang Ming (UK) Ltd.	A	44,077	1	776,485	G 25	820,562	26	92,079	5	-	-	-	-	-	-	-	-	-	-	
Yang Ming Shipping Europe GmbH	A	60,820	2	-	-	60,820	2	-	-	-	-	-	-	-	-	-	-	75,291	9	
Yang Ming Line (Hong Kong) Ltd.	A	160,769	5	-	-	160,769	5	-	-	-	-	-	-	-	-	-	-	198,000	23	
Yangming Shipping (Singapore) Pte. Ltd.	A	1,319	-	-	-	1,319	-	1,048	-	-	-	-	-	-	-	-	-	35,067	4	
Yang Ming Line (M) Sdn. Bhd.	A	10,251	-	-	-	10,251	-	-	-	-	-	-	-	-	-	-	-	3,736	4	
Yang Ming (America) Corp.	A	117,310	4	-	-	117,310	4	454,665	27	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Netherlands) B.V.	A	31,598	1	-	-	31,598	1	-	-	-	-	-	-	-	-	-	-	29,221	3	
Yes Logistics Corp.	A	-	-	7,438	-	7,438	-	-	-	-	-	-	-	2,429	-	-	-	2,429	-	
Yang Ming (Italy) S.p.A	A	284,248	9	-	-	284,248	9	-	-	-	-	-	-	-	-	-	-	31,748	4	
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	191,446	H 1	-	-	-	-	-	-	
Yang Ming (Vietnam) Company Limited	B	61,769	2	-	-	61,769	2	-	-	-	-	-	-	-	-	-	-	59,820	7	
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	1,302,838	I 6	-	-	-	-	-	-	
Yang Ming (Korea) Co., Ltd.	A	45,784	2	-	-	45,784	2	-	-	-	-	-	-	-	-	-	-	56,201	6	
Yang Ming (Belgium) N.V.	A	29,750	1	-	-	29,750	1	-	-	-	-	-	-	-	-	-	-	6,897	1	
Yang Ming Anatolia Shipping Agency S.A.	A	72,765	2	-	-	72,765	2	-	-	-	-	-	-	-	-	-	-	21,179	2	
Kuang Ming (Liberia) Corp.	A	-	-	3,900	-	3,900	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sunbright Insurance Pte. Ltd.	C	-	-	-	-	-	-	1,959	1	-	-	-	-	-	-	-	-	-	-	
Taiwan Navigation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	5,399	1	-	-	5,399	1	
Yang Ming Line (India) Pvt. Ltd.	A	13,537	-	-	-	13,537	-	-	-	-	-	-	-	-	-	-	-	16,192	2	
Kao Ming Container Terminal Corp.	A	-	-	4,180	-	4,180	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Shipping (Canada) Ltd.	A	2,663	-	-	-	2,663	-	4,853	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Line B.V.	A	-	-	19,096	1	19,096	1	-	-	-	-	-	-	1,006	-	-	-	1,006	-	
Yang Ming (U.A.E.) LLC	B	184,604	6	-	-	184,604	6	-	-	-	-	-	-	-	-	-	-	200,856	23	
Yang Ming Shipping (Egypt) S.A.E.	B	24,094	1	-	-	24,094	1	190,211	11	-	-	-	-	-	-	-	-	4,994	1	
		<u>\$ 2,196,147</u>	<u>69</u>	<u>\$ 963,486</u>	<u>31</u>	<u>\$ 3,159,633</u>	<u>100</u>	<u>\$ 1,294,474</u>	<u>74</u>	<u>\$ 1,959</u>	<u>1</u>	<u>\$ 21,648,358</u>	<u>100</u>	<u>\$ 72,471</u>	<u>8</u>	<u>\$ 802,898</u>	<u>92</u>	<u>\$ 875,369</u>	<u>100</u>	
<u>2009</u>																				
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 1,742	1	\$ 1,742	-	\$ -	-	\$ -	-	\$ -	-	\$ 4,031	1	\$ -	-	\$ 4,031	-	
All Oceans Transportation, Inc.	A	-	-	127,089	F 9	127,089	9	-	-	-	-	30,397,934	E 92	-	-	-	-	-	-	
Jing Ming Transportation Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	-	-	47,790	5	-	-	47,790	6	
Yang Ming (America) Corp.	A	94,310	6	-	-	94,310	6	1,018,828	64	-	-	-	-	-	-	-	-	-	-	
Yangming (Japan) Co., Ltd.	A	38,305	3	-	-	38,305	3	-	-	-	-	-	-	-	-	-	-	77,162	9	
Yang Ming Line Holding Co.	A	-	-	-	-	-	-	-	-	-	-	30,874	-	-	-	-	-	-	-	
Young-Carrier Company Ltd.	A	526,291	36	-	-	526,291	36	-	-	-	-	-	-	-	-	-	-	397,935	46	
Yang Ming (UK) Ltd.	A	46,928	3	297,801	G 20	344,729	24	91,766	6	-	-	-	-	-	-	-	-	-	-	
Yang Ming Shipping Europe GmbH	A	45,374	3	18	-	45,392	3	-	-	-	-	-	-	-	-	-	-	43,805	5	
Yang Ming Line (Hong Kong) Ltd.	A	47,779	3	-	-	47,779	3	-	-	-	-	-	-	-	-	-	-	33,751	4	
Yangming Shipping (Singapore) Pte. Ltd.	A	1,054	-	-	-	1,054	-	1,311	-	-	-	-	-	-	-	-	-	17,151	2	
Yang Ming Line (M) Sdn. Bhd.	A	18,404	1	63	-	18,467	1	-	-	-	-	-	-	-	-	-	-	7,569	1	
Yes Logistics Corp.	A	968	-	4,856	-	5,824	-	-	-	-	-	-	-	1,488	-	-	-	1,488	-	
Yang Ming (Italy) S.p.A	A	29,472	2	-	-	29,472	2	-	-	-	-	-	-	-	-	-	-	11,312	1	
Yang Ming (Korea) Co., Ltd.	A	46,680	3	-	-	46,680	3	-	-	-	-	-	-	-	-	-	-	71,883	8	
Yang Ming (Netherlands) B.V.	A	17,672	1	-	-	17,672	1	-	-	-	-	-	-	-	-	-	-	32,638	4	
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	203,768	H 1	-	-	-	-	-	-	
Yang Ming (Vietnam) Company Limited	B	43,239	3	-	-	43,239	3	-	-	-	-	-	-	-	-	-	-	76,848	9	
Yang Ming Line (India) Pvt. Ltd.	A	10,648	1	-	-	10,648	1	-	-	-	-	-	-	-	-	-	-	9,516	1	
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	2,291,325	I and J 7	-	-	-	-	-	-	
Yang Ming (Belgium) N.V.	A	37,559	3	-	-	37,559	3	-	-	-	-	-	-	-	-	-	-	1,328	-	
Taiwan Navigation Co., Ltd.	C	-	-	-	-	-	-	-	-	-	-	-	-	22,803	3	-	-	22,803	3	
Sunbright Insurance Pte. Ltd.	A	-	-	-	-	-	-	2,637	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Anatolia Shipping Agency S.A.	A	17,383	1	-	-	17,383	1	67,066	4	-	-	-	-	-	-	-	-	-	-	
		<u>\$ 1,022,066</u>	<u>70</u>	<u>\$ 431,569</u>	<u>30</u>	<u>\$ 1,453,635</u>	<u>100</u>	<u>\$ 1,178,971</u>	<u>74</u>	<u>\$ 2,637</u>	<u>-</u>	<u>\$ 32,923,901</u>	<u>100</u>	<u>\$ 76,112</u>	<u>9</u>	<u>\$ 780,898</u>	<u>91</u>	<u>\$ 857,010</u>	<u>100</u>	

- Notes:
- Subsidiary of the Corporation
 - An equity-method investee of subsidiary of the Corporation.
 - More than half of the directors are identical.
 - Mainly the tax receivables resulted from the election of consolidated tax returns.
 - Including dividends receivable, the amount of proceeds from disposal of ships, financing provided and the payment made for All Oceans Transportation, Inc. (Schedule E)
 - Including the payment made for All Oceans Transportation, Inc.
 - Represents freight expense paid and held on behalf of Yang Ming (UK) Ltd.
 - Dividends receivable.
 - Including the amount of proceeds from disposal of ships and financing provided (Schedule E).
 - Has deducted the credit balance of the corporations long-term in Yang Ming(Liberia) Corp.
 - Receivables from disposal of ships from All Oceans Transportation, Inc. and from Yang Ming (Liberia) Corp. will be offset by rentals payable and the payment made for All Oceans Transportation, Inc. periodically.
 - Other related parties, with which the Corporation had no transactions for the six months ended June 30, 2010, are listed in Schedule J.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

FINANCING PROVIDED

JUNE 30, 2010

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

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Year (Note J)	Ending Balance (Note J)	Interest Rate	Nature of Financing (Note A)	In the Last Two Years Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can Be Provided by the Financier
											Item	Value		
0	Yang Ming Marine Transport Corporation	Yang Ming (Liberia) Corp.	Other receivables	\$ 838,743 (US\$ 25,983,000)	\$ 783,767 (US\$ 24,280,000)	2.1845%	1	\$ 3,712,399 (US\$116,413,000)	Repayment of loans	\$ -	-	\$ -	\$ 3,368,834 (Note C)	\$ 10,106,501 (Note B)
		Antwerp International Terminal	Other receivables	12,895 (EUR 327,000)	-	-	1	513,714 (EUR 13,012,000)	Improve financial structure	-	-	-	513,714 (Note C)	10,106,501 (Note B)
		All Oceans Transportation, Inc.	Other receivables	429,892	429,793	2.1845%	1	5,228,443	Acquisition of ships	-	-	-	3,368,834 (Note C)	10,106,501 (Note B)
1	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	442,236 (US\$ 13,700,000)	442,236 (US\$ 13,700,000)	2.00%	2	-	Obtain working capital	-	-	-	522,936 (Note E)	581,040 (Note D)
2	Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Temporary debits	332 (HK\$ 80,000)	-	-	2	-	Acquisition of office building	-	-	-	404,728 (Note G)	505,910 (Note F)
3	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming (U.A.E.) LLC.	Other receivables	2,156 (US\$ 67,000)	2,156 (US\$ 67,000)	1.54%	2	-	Obtain working capital	-	-	-	841,666 (Note H)	1,683,332 (Note F)
		Antwerp International Terminal NV	Other receivables	12,895 (EUR 327,000)	12,895 (EUR 327,000)	1.6950%	2	-					841,666 (Note H)	1,683,332 (Note F)

Notes:

A. Nature of Financing:

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

B. The maximum financing amount is 40% of net assets of the Corporation. For borrowers with transactions with the Corporation, maximum financing is 30% of net assets of the Corporation. For borrowers with short-term financing need, the maximum is 10% of net assets of the Corporation.

C. For borrowers with transactions with the Corporation, maximum financing is 10% of the net assets of the Corporation or of the total amount of transactions between the Corporation and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 5% of the net assets of the Corporation.

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

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

F. Represents the lender's net asset value.

G. Represents 80% of the lender's net asset value.

H. Represent 50% of the lender's net asset value.

I. United States dollars, euro and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.28, EUR\$1=NT\$39.4817 and HKD\$1=NT\$4.1466 as of June 30, 2010.

J. Financial statements used as basis of investment amounts were unaudited.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

ENDORSEMENT/GUARANTEE PROVIDED

JUNE 30, 2010

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

No.	Guarantor	Guaranteed Party		Maximum Amount of Guarantee to Individual Guaranteed Parties	Maximum Balance for the Year (Note O)	Ending Balance (Note O)	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Amount of Guarantee that Can be Provided by the Guarantor
		Name	Nature of Relationship						
0	Yang Ming Marine Transport Corporation	Yang Ming (America) Corp.	Subsidiary	\$ 53,901,341 (Note B)	\$ 322,800 (US\$ 10,000,000)	\$ 322,800 (US\$ 10,000,000)	\$ -	0.96%	\$ 67,376,676 (Note A)
		All Oceans Transportation, Inc.	Subsidiary	53,901,341 (Note B)	645,600 (US\$ 20,000,000)	645,600 (US\$ 20,000,000)	-	1.92%	\$ 67,376,676 (Note A)
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	53,901,341 (Note B)	161,400 (US\$ 5,000,000)	161,400 (US\$ 5,000,000)	-	0.48%	\$ 67,376,676 (Note A)
		Yang Ming (Liberia) Corp.	Subsidiary	53,901,341 (Note B)	20,793,808 (US\$ 644,170,000)	20,793,808 (US\$ 644,170,000)	-	61.72%	\$ 67,376,676 (Note A)
		Kuang Ming (Liberia) Corp.	Subsidiary	53,901,341 (Note B)	12,132,996 (US\$196,358,000 and JPY15,906,000,000)	10,909,016 (US\$193,866,000 and JPY12,767,000,000)	-	32.38%	\$ 67,376,676 (Note A)
		Kao Ming Container Terminal Corp.	Subsidiary	53,901,341 (Note B)	3,000,000	3,000,000	-	8.91%	\$ 67,376,676 (Note A)
		United Terminal Leasing LLC	Equity-method investee of subsidiary	53,901,341 (Note B)	492,535 (US\$ 15,258,000)	492,535 (US\$ 15,258,000)	-	1.46%	\$ 67,376,676 (Note A)
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	53,901,341 (Note B)	1,041,482 (US\$ 32,264,000)	972,790 (US\$ 30,136,000)	-	2.89%	\$ 67,376,676 (Note A)
		Olympic Container Terminal LLC	Subsidiary	53,901,341 (Note B)	151,716 (US\$ 4,700,000)	151,716 (US\$ 4,700,000)	-	0.45%	\$ 67,376,676 (Note A)
1	Yang Mine Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	464,832 (Note D)	18,561 (US\$ 575,000)	16,527 (US\$ 512,000)	-	0.05%	581,040 (Note C)
2	Yang Ming Line (Hong Kong) Ltd.	Karlman Properties Limited	Subsidiary	66,346 (Note F)	66,346 (HK\$ 16,000,000)	66,346 (HK\$ 16,000,000)	-	0.20%	82,932 (Note E)
3	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming (UK) Ltd.	Subsidiary	2,672,914 (Note H)	34,733 (GBP 715,000)	13,314 (GBP 274,000)	-	0.04%	3,341,142 (Note G)
4	All Oceans Transportation, Inc.	Yang Ming Marine Transport Corporation	Parent	21,115,133 (Note J)	12,466,000	12,466,000	12,466,000 (Note P)	37.00%	26,393,917 (Note I)
5	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	8,277,365 (Note L)	1,343,219 (US\$15,000,000 and JPY2,358,000,000)	1,343,219 (US\$15,000,000 and JPY2,358,000,000)	-	3.99%	10,346,706 (Note K)

(Continued)

No.	Guarantor	Guaranteed Party		Maximum Amount of Guarantee to Individual Guaranteed Parties	Maximum Balance for the Year (Note O)	Ending Balance (Note O)	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Amount of Guarantee that Can be Provided by the Guarantor
		Name	Nature of Relationship						
6	Kuang Ming (Liberia) Corp.	Kuang Ming Shipping Corp.	Parent	\$ 4,144,354 (Note N)	\$ 1,624,467 (US\$6,000,000 and NT\$300,000,000 and JPY3,104,000,000)	\$ 1,624,467 (US\$6,000,000 and NT\$300,000,000 and JPY3,104,000,000)	\$ -	4.82%	\$ 5,180,442 (Note M)

Notes:

- A. Represents 200% of the paid-in capital of Yang Ming Marine Transport Corporation (the "Corporation").
- B. Represents 80% of the amount mentioned in Note A.
- C. Represents US\$18,000,000.
- D. Represents 80% of the amount mentioned in Note C.
- E. Represents HK\$20,000,000.
- F. Represents 80% of the amount mentioned in Note E.
- G. Represents 100% of the paid-in capital of Yang Ming Line (B.V.I.) Holding Co., Ltd.
- H. Represents 80% of the amount mentioned in Note G.
- I. Represents 100% of asset of All Oceans Transportation, Inc.
- J. Represents 80% of the amount mentioned in Note I.
- K. Represents 200% of its latest audited or reviewed net asset value.
- L. Represents 80% of the amount mentioned in Note K.
- M. Represents 200% of its latest audited or reviewed net asset value.
- N. Represents 80% of the amount mentioned in Note M.
- O. United States dollars, Great British Pounds, Japanese yen and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.28, GBP\$1=NT\$48.5782, JPY1=0.3643 and HK\$1=NT\$4.1466 on June 30, 2010.
- P. Represents 14 ships used as guarantees, with carrying value of \$13,318,809 thousand as of June 30, 2010.
- Q. Financial statements used as basis of investment amounts were unaudited, except Yang Ming Line (B.V.I.) Holding Co., Ltd., All Oceans Transportation, Inc. and Yang Ming (Liberia) Corp.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

MARKETABLE SECURITIES HELD

JUNE 30, 2010

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Yang Ming Marine Transport Corporation	Common stock							
	Kuang Ming Shipping Corp.	Subsidiary	Investments accounted for by the equity method	194,688,000	\$ 4,900,833	94.73	\$ 4,900,833	
	All Oceans Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	1,000	4,712,928	100.00	4,712,928	
	Yang Ming Line (B.V.I) Holding Co., Ltd.	Subsidiary	Investments accounted for by the equity method	10,351	3,246,414	100.00	3,246,414	
	Kao Ming Container Terminal Corp.	Subsidiary	Investments accounted for by the equity method	280,000,000	2,791,692	100.00	2,791,692	
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	60,130,000	1,683,331	100.00	1,683,331	
	Ching Ming Investment Corp.	Subsidiary	Investments accounted for by the equity method	160,650,000	1,496,355	100.00	1,496,355	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	60,000,000	550,021	50.00	551,901	
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	31,667,630	345,263	79.17	355,593	
	Yunn Wang Investment Co., Ltd.	Equity-method investee	Investments accounted for by the equity method	5,211,474	206,138	49.75	206,138	
	Yang Ming Line Holding Co.	Subsidiary	Investments accounted for by the equity method	13,500	170,713	100.00	170,713	
	Jing Ming Transportation Co., Ltd.	Subsidiary	Investments accounted for by the equity method	8,615,923	114,162	50.98	114,162	
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments accounted for by the equity method	1,345	84,345	49.00	84,345	
	Yang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	(341,309)	100.00	(341,309)	Note D
	New Century Infocomm Co., Ltd.	-	Financial asset carried at cost - noncurrent	43,780,180	427,789	1.68	-	
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset carried at cost - noncurrent	41,000,000	406,640	9.76	-	
	United Stevedoring Corporation	-	Financial asset carried at cost - noncurrent	500,000	5,000	10.00	-	
	Antwerp International Terminal N.V.	-	Financial asset carried at cost - noncurrent	1,486,030	4,665	16.33	-	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	70,758,243	2,727,730	16.96	2,727,730	Note T
	Formosa Plastics Corporation	-	Available-for-sale financial assets - current	879,290	59,792	0.01	59,792	
	China Steel Corporation	-	Available-for-sale financial assets - current	823,980	24,555	0.01	24,554	
	Greatek Electronics Inc.	-	Available-for-sale financial assets - current	473,236	14,647	0.09	14,647	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	1,795,500	86,274	0.02	86,274	
	Tripod Technology Corporation	-	Available-for-sale financial assets - current	90,043	10,805	0.02	10,805	
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets - current	196,959	19,262	0.13	19,262	
	Aten International Co., Ltd.	-	Available-for-sale financial assets - current	123,614	6,490	0.10	6,490	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
	Taiwan Fertilizer Co., Ltd.	-	Financial assets at fair value through profit or loss - current	18,000	\$ 1,530	-	\$ 1,530	
	<u>Mutual fund</u> Polaris New Taiwan Fund	-	Available-for-sale financial assets - current	100,000	2,348	-	2,348	
	Polaris/P-ShTSEC Taiwan Non-Tech50ETF	-	Available-for-sale financial assets - current	400,000	9,700	-	9,700	
	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds	-	Financial assets at fair value through profit or loss - current	31,613,260	401,982	-	401,982	
	BGI Liquidity First Fund (EUR)	-	Financial assets at fair value through profit or loss - current	1,239,264	48,928	-	48,928	
	Fuh Hwa Global Short-Term Income Fund	-	Financial assets at fair value through profit or loss - current	2,998,711	31,423	-	31,423	
	BGI Liquidity First Fund (GBP)	-	Financial assets at fair value through profit or loss - current	516,560	25,094	-	25,094	
	BGI Liquidity First Fund (USD)	-	Financial assets at fair value through profit or loss - current	7,367	238	-	238	
	Fuh Hwa Global Short-Term Income Fund	-	Available-for-sale financial assets - current	181,662,860	1,903,627	-	1,903,627	
	Mega Diamond Bond Fund	-	Available-for-sale financial assets - current	53,557,712	640,111	-	640,111	
	Union Bond	-	Available-for-sale financial assets - current	25,361,287	320,227	-	320,227	
	Fuh-Hwa Yuli Bond Fund	-	Available-for-sale financial assets - current	20,842,183	269,016	-	269,016	
	Taishin Lucky Fund	-	Available-for-sale financial assets - current	9,398,514	100,038	-	100,038	
	TIIM Bond Fund	-	Available-for-sale financial assets - current	10,382,778	150,059	-	150,059	
	Energy select spdr	-	Available-for-sale financial assets - current	96,000	153,952	-	153,952	
	<u>Corporate bonds</u> Deutsche Bank AG	-	Available-for-sale financial assets - current	200	64,560	-	65,560	
	<u>Principle guaranteed notes</u> Chunghwa Telecom digital principle guaranteed notes	-	Financial assets at fair value through profit or loss - current	30,191	30,196	-	30,196	
Kao Ming Container Terminal Corp.	<u>Mutual bonds</u> Mego Diamond Bond Fund	-	Available-for-sale financial assets - current	8,385,744	100,225	0.18	100,225	
	PCA Well Pool Fund	-	Available-for-sale financial assets - current	10,438,680	135,658	0.31	135,658	
	SinoPac Bond Fund	-	Available-for-sale financial assets - current	4,035,844	53,891	0.48	53,891	
	ING Taiwan Bond Fund	-	Available-for-sale financial assets - current	1,175,643	18,358	0.12	18,358	
Ching Ming Investment Corp.	<u>Common stock</u> Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	55,630,977	507,045	46.36	511,723	
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	8,332,370	92,925	20.83	93,558	
	SF Technology Venture Capital Investment Corp.	-	Financial asset carried at cost - noncurrent	2,400,000	4,968	7.24	-	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	United Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	3,840,000	\$ 16,751	9.04	\$ -	
	Ascentek Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	784,000	7,896	2.14	-	
	China Technology Venture Capital Corporation	-	Financial asset carried at cost - noncurrent	2,550,000	25,500	8.96	-	
	Kingmax Technology Corp.	-	Financial asset carried at cost - noncurrent	822,115	10,918	1.38	-	
	China Steel Corporation	-	Available-for-sale financial assets - current	419,158	12,491	-	12,491	
	Delta Electronics, Inc.	-	Available-for-sale financial assets - current	15,821	1,637	-	1,637	
	Hon Hai Precision Ind Co, Ltd.	-	Available-for-sale financial assets - current	26,150	2,981	-	2,981	
	AU Optronics Corp.	-	Available-for-sale financial assets - current	470,778	13,558	0.01	13,558	
	Novatek Microelectronics Corp.	-	Available-for-sale financial assets - current	5,010	2,267	-	2,267	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	3,392,750	163,022	0.04	163,022	
	Coretronic Corporation	-	Available-for-sale financial assets - current	15,000	714	-	714	
	Radiant Opto-Electronics Corp.	-	Available-for-sale financial assets - current	32,493	1,422	0.01	1,422	
	Taiwan Surface Mounting Technology Corp.	-	Available-for-sale financial assets - current	30,632	1,856	0.01	1,856	
	Formosa Petrochemical Corp.	-	Available-for-sale financial assets - current	11,200	873	-	873	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	505,000	19,468	0.12	19,468	
	Polaris CSI 300 Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	20,000	328	-	328	
	High Tech Computer Corp.	-	Financial assets at fair value through profit or loss - current	140,275	60,318	0.02	60,318	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	250,000	5,113	0.01	5,113	
	U-Ming Marine Transport Corp.	-	Financial assets at fair value through profit or loss - current	40,000	2,464	-	2,464	
	China Airlines Ltd.	-	Financial assets at fair value through profit or loss - current	496,000	8,184	0.01	8,184	
	EVA Airways Corporation	-	Financial assets at fair value through profit or loss - current	300,000	5,700	0.01	5,700	
	Chang Hwa Commercial Bank Ltd.	-	Financial assets at fair value through profit or loss - current	200,000	2,950	-	2,950	
	King's Town Bank Co., Ltd.	-	Financial assets at fair value through profit or loss - current	100,000	1,065	0.01	1,065	
	Polaris Securities Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,500,000	21,225	0.07	21,225	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	720,000	12,492	0.01	12,492	
	Largan Precision Co., Ltd.	-	Financial assets at fair value through profit or loss - current	10,000	5,160	0.01	5,160	
	Soft-World International Corp.	-	Financial assets at fair value through profit or loss - current	57,000	8,949	0.04	8,949	
	Powertech Technology Inc.	-	Financial assets at fair value through profit or loss - current	130,000	11,713	0.02	11,713	
	Flexium Interconnect, Inc.	-	Financial assets at fair value through profit or loss - current	60,000	2,154	0.04	2,154	
	Global Mixed-mode Technology Inc.	-	Financial assets at fair value through profit or loss - current	19,000	2,698	0.02	2,698	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Phison Electronics Corp.	-	Financial assets at fair value through profit or loss - current	45,000	\$ 8,370	0.03	\$ 8,370	
	Apple Inc.	-	Financial assets at fair value through profit or loss - current	100	812	-	812	
	<u>Mutual fund</u>							
	KBC Concord Taiwan Home Run Equity Fund	-	Available-for-sale financial assets - current	500,000	5,650	-	5,650	
	JF (Taiwan) Japan Brilliance	-	Available-for-sale financial assets - current	1,000,000	7,110	-	7,110	
	PineBridge Global Medallion Fund of Funds	-	Available-for-sale financial assets - current	1,779,107	19,588	-	19,588	
	IBT North American Income Trust Fund	-	Available-for-sale financial assets - current	500,000	5,330	-	5,330	
	Franklin Templeton Developing Markets Fund	-	Available-for-sale financial assets - current	2,254	1,458	-	1,458	
	Fidelity Emerging Markets Fund	-	Available-for-sale financial assets - current	2,477	1,374	-	1,374	
	Fidelity European Growth Fund	-	Available-for-sale financial assets - current	7,155	5,932	-	5,932	
	Fidelity European Aggressive Fund	-	Available-for-sale financial assets - current	2,236	931	-	931	
	Hua Nan Global Infrastructure Fund	-	Available-for-sale financial assets - current	200,000	1,396	-	1,396	
	Capital Strategic Growth Fund	-	Available-for-sale financial assets - current	1,000,000	11,380	-	11,380	
	Allianz GIS RCM Little Dragon Fund	-	Available-for-sale financial assets - current	15,817	42,884	-	42,884	
	PCA Global Green Solutions	-	Financial assets at fair value through profit or loss - current	984,252	8,996	-	8,996	
	Fuh-Hwa Global Bond Fund	-	Financial assets at fair value through profit or loss - current	1,446,236	20,010	-	20,010	
	PCA Well Pool Fund	-	Financial assets at fair value through profit or loss - current	1,131,882	14,712	-	14,712	
	SinoPac Bond Fund	-	Financial assets at fair value through profit or loss - current	3,177,154	42,425	-	42,425	
	IBT 1699 Bond Fund	-	Financial assets at fair value through profit or loss - current	2,326,742	30,050	-	30,050	
	Fuh Hwa Global Short-term Income Fu	-	Financial assets at fair value through profit or loss - current	3,096,522	32,448	-	32,448	
	SinoPac Global Resources	-	Financial assets at fair value through profit or loss - current	288,978	2,780	-	2,780	
	SinoPac Asia Livelipool Consumption	-	Financial assets at fair value through profit or loss - current	151,172	1,879	-	1,879	
	Prudential Financial Return Fund	-	Financial assets at fair value through profit or loss - current	1,024,833	15,198	-	15,198	
	PCA Umbrella Fund - Global Bond Fund of Fund	-	Financial assets at fair value through profit or loss - current	1,172,840	13,009	-	13,009	
	Fuh Hwa Strategic High Income Fund of Funds	-	Financial assets at fair value through profit or loss - current	4,494,568	46,923	-	46,923	
	Yuanta India Fund	-	Financial assets at fair value through profit or loss - current	200,000	2,018	-	2,018	
	FSITC China Century Fund	-	Financial assets at fair value through profit or loss - current	500,000	4,380	-	4,380	
	SinoPac Strategic Allocation Balanced Fund	-	Financial assets at fair value through profit or loss - current	1,488,770	14,307	-	14,307	
	Capital Chinese Golden Age Equity Fund	-	Financial assets at fair value through profit or loss - current	200,000	1,822	-	1,822	
	PCA Brazil Fund	-	Financial assets at fair value through profit or loss - current	1,605,708	13,552	-	13,552	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	PineBridge Global Multi-Strat Hi Yld	-	Financial assets at fair value through profit or loss - current	1,984,380	\$ 19,783	-	\$ 19,783	
	Prudential Financial Global Bio-Health Fund	-	Financial assets at fair value through profit or loss - current	429,866	7,170	-	7,170	
	Fuh Hwa Global Commodity	-	Financial assets at fair value through profit or loss - current	600,000	5,454	-	5,454	
	Capital Strategin Alpha	-	Financial assets at fair value through profit or loss - current	66,181	975	-	975	
	Prudential Financial Global Resources Fund	-	Financial assets at fair value through profit or loss - current	164,407	1,194	-	1,194	
	Prudential Financial Latin America Fund	-	Financial assets at fair value through profit or loss - current	410,747	3,951	-	3,951	
	Capital India & Brazil Equity Fund	-	Financial assets at fair value through profit or loss - current	200,000	2,032	-	2,032	
	Cathay High Income Fund of Funds	-	Financial assets at fair value through profit or loss - current	1,000,000	10,033	-	10,033	
	PineBridge Global Emerging Market High Yield Bond Fund A	-	Financial assets at fair value through profit or loss - current	1,000,000	10,425	-	10,425	
	Allianz Global Investors Rising Asia Fund	-	Financial assets at fair value through profit or loss - current	200,000	2,070	-	2,070	
	Fubon Aggressive Growth Fund	-	Financial assets at fair value through profit or loss - current	73,584	988	-	988	
Jing Ming Transportation Co., Ltd.	<u>Mutual fund</u> Hua Nan Kirin Bond Fund	-	Available-for-sale financial assets - current	261,543	3,004	-	3,004	
Yang Ming Line (Singapore) Pte. Ltd.	<u>Common stock</u> Yang Ming Shipping (B.V.I) Inc.	Subsidiary	Investments accounted for by the equity method	510	249,673	51.00	249,673	
	Yang Ming Line (Hong Kong) Ltd.	Subsidiary	Investments accounted for by the equity method	510,000	(89,276)	51.00	(89,276)	Note D
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	Investments accounted for by the equity method	300,000	7,342	60.00	7,342	
	Yang Ming (Korea) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	60,000	23,373	60.00	23,373	
	Young-Carrier Company Ltd.	Subsidiary	Investments accounted for by the equity method	910,000	381,116	91.00	381,116	
	Yangming (Japan) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	3,000	40,230	100.00	40,230	
	Yangming Shipping (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	77,049	100.00	77,049	
	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	Investments accounted for by the equity method	1,000,000	27,487	100.00	27,487	
	Sunbright Insurance Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	76,568	100.00	76,568	
	Yang Ming (Vietnam) Company Limited	Equity-method investee	Investments accounted for by the equity method	(Note H)	10,331	49.00	10,331	
	Formosa International Development Corporation	Equity-method investee	Investments accounted for by the equity method	(Note G)	203,667	30.00	78,065	
	Yang Ming Anatolia Shipping Agency	Subsidiary	Investments accounted for by the equity method	50,000	24,115	50.00	24,115	
	Yang Ming (U.A.E) Ltd.	Equity-method investee	Investments accounted for by the equity method	(Note S)	14,736	49.00	14,736	
Yang Ming Shipping (B.V.I) Inc.	<u>Common stock</u> Karlman Properties Limited	Subsidiary	Investments accounted for by the equity method	24,000,000	89,656	100.00	89,656	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Yangming (Japan) Co., Ltd.	<u>Common stock</u> Manwa & Co., Ltd.	Subsidiary	Investments accounted for by the equity method	200	\$ 3,227	100.00	\$ 3,227	
	<u>Other</u> Cash Surrender Value in Insurance	-	Financial assets carried at cost - noncurrent	-	19,101	-	19,101	
Yang Ming Line Holding Co.	<u>Common stock</u> Yang Ming (America) Corp.	Subsidiary	Investments accounted for by the equity method	5,000	(173,895)	100.00	(173,895)	Note D
	Olympic Container Terminal LLC	Subsidiary	Investments accounted for by the equity method	(Note L)	(420,650)	100.00	(420,650)	Note D
	Triumph Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	(6,659)	100.00	(6,659)	Note D
	Topline Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	100	1,920	100.00	1,920	
	Coastal Tarheel Express, Inc.	Subsidiary	Investments accounted for by the equity method	100	8,294	100.00	8,294	
	Transcont Intermodal Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	8,120	100.00	8,120	
	West Basin Container Terminal LLC	Equity-method investee	Investments accounted for by the equity method	(Note E)	680,423	40.00	680,423	
	United Terminal Leasing LLC	Equity-method investee	Investments accounted for by the equity method	(Note F)	111,240	40.00	111,240	
	Yang Ming Shipping (Canada) Ltd.	Subsidiary	Investments accounted for by the equity method	1,000	9,487	100.00	9,487	
Yang Ming Line (B.V.I) Holding Co., Ltd.	<u>Common stock</u> Yang Ming Line N.V.	Subsidiary	Investments accounted for by the equity method	1,500,000	(2,613,086)	100.00	(2,613,086)	Note D
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Subsidiary	Investments accounted for by the equity method	2,500	(2,615,445)	100.00	(2,615,445)	Note D
Yang Ming Line B.V.	<u>Common stock</u> Yang Ming (Belgium) N.V.	Subsidiary	Investments accounted for by the equity method	369	4,886	60.00	4,886	
	Yang Ming (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note I)	13,829	60.00	13,829	
	Yang Ming (Italy) S.p.A.	Subsidiary	Investments accounted for by the equity method	125,000	24,232	50.00	24,232	
	Yang Ming (UK) Ltd.	Subsidiary	Investments accounted for by the equity method	900,000	(2,811,132)	100.00	(2,811,132)	Note D
	Yang Ming Shipping Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note B)	108,410	100.00	108,410	
	Yang Ming Shpping (Egypt) S.A.E.	Equity-method investee	Investments accounted for by the equity method	24,500	22,661	49.00	22,661	
Yang Ming (Italy) S.p.A.	<u>Common stock</u> Yang Ming (Naples) S.r.l	Subsidiary	Investments accounted for by the equity method	(Note K)	2,431	60.00	2,431	
Yang Ming (UK) Ltd.	<u>Common stock</u> Corstor Ltd.	Subsidiary	Investments accounted for by the equity method	(Note C)	6,518	50.00	6,518	
	Yes Logistics (UK) Limited	Subsidiary	Investments accounted for by the equity method	200	(3,794)	100.00	(3,794)	Note D

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Yang Ming Shipping Europe GmbH	<u>Common stock</u> Zoll Pool Hafen Hamburg	-	Financial asset carried at cost - noncurrent	(Note N)	\$ 395	6.00	\$ 395	
Kuang Ming Shipping Corp.	<u>Common stock</u> Kuang Ming Shipping Corp. (Panama)	Subsidiary	Investments accounted for by the equity method	49,500	97,441	100.00	97,441	
	Kuang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	2,590,221	100.00	2,590,221	
	<u>Mutual fund</u> Fuh Hwa Bond Fund	-	Available-for-sale financial assets - current	103,933,932	1,438	-	1,438	
Yes Logistics Corp.	<u>Common stock</u> Yes Yangming Logistics (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	703,285	(82,013)	100.00	(82,013)	Note D
	Yes Logistics Corp. (U.S.A.)	Subsidiary	Investments accounted for by the equity method	5,460,000	108,623	100.00	108,623	
	Chang Ming Logistics Company Limited	Equity-method investee	Investments accounted for by the equity method	(Note O)	344,302	49.00	344,302	
	B2B Com Holdings Ltd.	-	Financial asset carried at cost - noncurrent	800,000	5,042	9.88	-	
	United Raw Material Solutions Inc.	-	Financial asset carried at cost - noncurrent	295,325	2,953	2.76	-	
	<u>Mutual fund</u> TIIM Bond Fund	-	Financial assets at fair value through profit or loss - current	2,283,938	33,009	-	33,009	
	Prudential Financial Bond Fund	-	Financial assets at fair value through profit or loss - current	1,056,096	16,003	-	16,003	
	Fuh Hwa Bond Fund	-	Financial assets at fair value through profit or loss - current	1,445,813	20,005	-	20,005	
	The Forever Fund	-	Financial assets at fair value through profit or loss - current	138	2	-	2	
	The Rsit Enhanced Bond Fund	-	Financial assets at fair value through profit or loss - current	1,746,893	20,004	-	20,004	
	ING Taiwan Select Bond Fund	-	Financial assets at fair value through profit or loss - current	255,903	3,005	-	3,005	
	Jih Sun Bond Fund	-	Financial assets at fair value through profit or loss - current	1,273,551	18,005	-	18,005	
	Mega Diamond Bond Fund	-	Financial assets at fair value through profit or loss - current	1,674,060	20,008	-	20,008	
	Schroder New Era Bond Fund	-	Financial assets at fair value through profit or loss - current	445,097	5,002	-	5,002	
	NAM Short Term Fixed Income Fund	-	Financial assets at fair value through profit or loss - current	32,343	16,140	-	16,140	
Yes Yangming Logistics (Singapore) Pte. Ltd.	<u>Common stock</u> Burger YES B.V.	Subsidiary	Investments accounted for by the equity method	9,000	4,128	50.00	4,128	
	Yes Logistics (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note P)	(300)	100.00	(300)	Note D
	Yes Logistics Company Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	(84,539)	100.00	(84,539)	Note D

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Yes Logistics Corp. (U.S.A.)	<u>Common stock</u> YES Logistics Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note J)	\$ 7,019	100.00	\$ 7,019	Note D
	Golden Logistics USA Corporation	Subsidiary	Investments accounted for by the equity method	100	(330)	100.00	(330)	
	Golden Logistics Corp.	Subsidiary	Investments accounted for by the equity method	(Note M)	72,999	100.00	72,999	
Golden Logistics Corp.	<u>Common stock</u> Golden Logistics (Qingdao) Corp.	Subsidiary	Investments accounted for by the equity method	(Note R)	12,123	60.00	12,123	
	Star Logistics (Qingdao) Corp.	Subsidiary	Investments accounted for by the equity method	(Note Q)	9,774	60.00	9,774	

Notes:

- A. Market values were based on closing prices at June 30, 2010 or the net asset value of the fund on June 30, 2010, or, if market prices were unavailable, on the investees' net assets.
- B. This is equivalent to EUR818,000, and no shares were issued.
- C. This is equivalent to GBP500, and no shares were issued.
- D. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as a deduction in long-term other receivables - related parties liability.
- E. This is equivalent to US\$3,800,000, and no shares were issued.
- F. This is equivalent to US\$1,000,000, and no shares were issued.
- G. This is equivalent to US\$7,800,000, and no shares were issued.
- H. This is equivalent to US\$94,000, and no shares were issued.
- I. This is equivalent to EUR11,000, and no shares were issued.
- J. This is equivalent to EUR25,000, and no shares were issued.
- K. This is equivalent to EUR6,000, and no shares were issued.
- L. This is equivalent to US\$1,000,000, and no shares were issued.
- M. This is equivalent to US\$5,000,000, and no shares were issued.
- N. This is equivalent to EUR10,000, and no shares were issued.
- O. This is equivalent to US\$9,301,000, and no shares were issued.
- P. This is equivalent to EUR30,000, and no shares were issued.
- Q. This is equivalent to RMB2,960,000 and no shares were issued.
- R. This is equivalent to RMB3,000,000, and no shares were issued.
- S. This is equivalent to Dirhams245,000, and no shares were issued.
- T. More than half of the directors are identical.
- U. Financial statements used as basis of investment amounts were unaudited, except Yang Ming Line (B.V.I) Holding Co., Ltd., All Oceans Transportation, Inc., Yang Ming (Liberia) Corp., Kuang Ming Shipping Corp., Kuang Ming (Liberia) Corp., Kuang Ming Shipping Corp. (Panama) and Yang Ming (UK) Ltd.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 SIX MONTHS ENDED JUNE 30 2010
 (In Thousands of New Taiwan Dollars, Except Shares/Units)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Yang Ming Marine Transport Corporation	<u>Common stock</u> Kao Ming Container Terminal Corp.	Investments accounted for by the equity method	-	-	180,000,000	\$ 1,818,097	100,000,000	\$ 973,595 (Note A)	-	\$ -	\$ -	\$ -	280,000,000	\$ 2,791,692
	<u>Mutual fund</u> Franklin Templeton Global Bond Fund of Funds	Available-for-sale financial asset - current	-	-	-	-	31,613,260	400,000	-	-	-	-	31,613,260	400,000 (Note B)
	Capital Sale Income Fund	Available-for-sale financial asset - current	-	-	-	-	84,922,276	1,310,000	84,922,276	1,310,116	1,310,000	116	-	-
	TIIM Bond Fund	Available-for-sale financial asset - current	-	-	-	-	13,843,704	200,000	3,460,926	50,010	50,000	10	10,382,778	150,000 (Note B)
	Taishin Lucky Fund	Available-for-sale financial asset - current	-	-	-	-	20,676,815	220,000	11,278,301	120,013	120,000	13	9,398,514	100,000 (Note B)
	Fu-Hwa Bond Fund	Available-for-sale financial asset - current	-	-	-	-	190,266,497	2,630,000	190,266,497	2,630,312	2,630,000	312	-	-
	Fu-Hwa Global Short-term Income Fund	Available-for-sale financial asset - current	-	-	-	-	181,662,860	1,900,000	-	-	-	-	181,662,860	1,900,000 (Note B)
	Mega Diamond Bond Fund	Available-for-sale financial asset - current	-	-	-	-	107,409,238	1,283,000	53,851,526	643,081	643,000	81	53,557,712	640,000 (Note B)
	Union Bond	Available-for-sale financial asset - current	-	-	-	-	78,033,215	985,000	52,671,928	665,000	664,779	221	25,361,287	320,221 (Note B)
	Fu-Hwa Yuli Bond Fund	Available-for-sale financial asset - current	-	-	-	-	20,842,183	269,000	-	-	-	-	20,842,183	269,000 (Note B)
	Jih Sun Bond Fund	Available-for-sale financial asset - current	-	-	-	-	50,945,740	720,000	50,945,740	720,149	720,000	149	-	-
	Polaris De-Bao Fund	Available-for-sale financial asset - current	-	-	-	-	25,241,535	290,000	25,241,535	290,020	290,000	20	-	-
	Polaris De Li	Available-for-sale financial asset - current	-	-	-	-	18,580,453	290,000	18,580,453	290,017	290,000	17	-	-
	IBT Ta-Chong Equity Fund	Available-for-sale financial asset - current	-	-	-	-	68,590,244	930,000	68,590,244	930,217	930,000	217	-	-
Kao Ming Container Terminal Corp.	<u>Mutual fund</u> PCA Well Pool Fund	Available-for-sale financial assets - current	-	-	1,975,740	25,614	20,779,940	270,000	12,317,000	160,072	160,038	34	10,438,680	135,576 (Note B)
	ING Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	4,401,143	68,624	7,685,460	120,000	10,910,960	170,321	170,293	28	1,175,643	18,331 (Note B)
	SinoPac Bond Fund	Available-for-sale financial assets - current	-	-	22,501,744	300,000	-	-	18,465,900	246,383	246,193	190	4,035,844	53,807 (Note B)

Notes:

A. Represents the acquisition amount \$1,000,000 thousand, investment loss recognized under equity method \$26,609 thousand and unrealized gain on financial instruments \$204 thousand.

B. Carrying value is original acquisition amount.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

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

JUNE 30, 2010

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	A	\$ 20,154,074 (Note E)	-	\$ -	-	\$ -	\$ -
	Yang Ming (Liberia) Corp.	A	1,302,838 (Note F)	-	-	-	-	-
	Yang Ming (UK) Ltd.	A	820,562 (Note G)	-	-	-	61,345	-
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	191,446 (Note H)	-	-	-	-	-
	Kuang Ming Shipping Corp.	A	152,387 (Note I)	-	-	-	-	-
	Young-Carrier Company Ltd.	A	1,050,789	-	-	-	1,002,528	-
	Yang Ming (America) Corp.	A	117,310	-	-	-	117,310	-
	Yang Ming Line (Hong Kong) Ltd.	A	160,769	-	-	-	145,886	-
	Yang Ming (Italy) S.p.A.	A	284,248	-	-	-	247,139	-
	Yang Ming (U.A.E.) LLC.	D	184,604	-	-	-	42,457	-
All Oceans Transportation, Inc.	Yang Ming (Liberia) Corp.	B	7,081,486 (Note J)	-	-	-	-	-
Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	B	159,534	-	-	-	-	-
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	C	1,919,710 (Note K)	-	-	-	-	-
Yang Ming Line (Hong Kong) Ltd.	Yang Marine Transport Corporation	C	198,000	-	-	-	174,449	-
Yang Ming (U.A.E.) LLC.	Yang Marine Transport Corporation	C	200,856	-	-	-	104,491	-
Yang Ming (America) Corp.	Olympic Container Terminal LLC	B	442,236 (Note L)	-	-	-	-	-

Notes:

- A. Subsidiary of the Corporation.
- B. The same parent company.
- C. Parent company.
- D. Equity-method investee.
- E. Financing providing, dividends receivable and proceeds from sale of ships.
- F. Financing providing and proceeds from sale of ship. Has deducted the credit balance of the corporations long-term in Yang Ming(Liberia) Corp.
- G. Freight and shipping line expense receivable.

(Continued)

- H. Dividends receivable.
- I. Receivables from filing the consolidated tax return.
- J. Temporary payments, interest receivable and proceeds from sale of ship.
- K. Proceeds from sale of ships.
- L. Financing providing.
- M. Collections between related parties have been made according to "Agency Accounting Procedure" by the Corporation and local business conventions.
- N. Financial statements used as basis of investment amounts were unaudited, except All Ocean Transportation, Inc., Kuang Ming Shipping Corp., Yang Ming (Liberia) Corp. and Yang Ming Shipping (B.V.I.) Inc.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 2010
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of June 30, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2010	December 31, 2009	Shares	Percentage of Ownership	Carrying Amount			
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	\$ 3,272,005	\$ 3,272,005	10,351	100.00	\$ 3,246,414	\$ (511,774)	\$ (511,774)	Subsidiary
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	1,113,356	1,113,356	60,130,000	100.00	1,683,331	39,744	39,744	Subsidiary
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,500,013	160,650,000	100.00	1,496,355	14,935	14,935	Subsidiary
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	4,712,928	(181,682)	(181,682)	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	593,404	551,944	60,000,000	50.00	550,021	50,894	23,767	Subsidiary
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	3,925,599	4,143,884	194,688,000	94.73	4,900,833	611,314	600,580	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	316,780	316,780	31,667,630	79.17	345,263	16,192	2,489	Subsidiary
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	114,162	10,750	5,480	Subsidiary
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	170,713	145,458	145,458	Subsidiary
	Transyang Shipping Pte. Ltd.	Singapore	Shipping services; chartering, sale and purchase of ships; forwarding agency and shipping agency	57,802	57,802	1,345	49.00	84,345	37,994	18,617	Equity-method investee
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,378	3,378	1	100.00	(341,309) (Note E)	(71,819)	(71,819)	Subsidiary
	Yuan Wang Investment Co., Ltd.	Taipei, Taiwan	Investment	179,810	179,810	5,211,474	49.75	206,138	21,881	10,886	Equity-method investee
	Kao Ming Container Terminal Corp.	Kaohsiung, Taiwan	Terminal operation and stevedoring	2,800,000	1,800,000	280,000,000	100.00	2,791,692	(26,609)	(26,609)	Subsidiary
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	87,481	39,500	8,332,370	20.83	92,925	16,192	-	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	548,286	493,111	55,630,977	46.36	507,045	50,894	-	Subsidiary
Yang Ming Line (Singapore) Pte Ltd.	Yang Ming Shipping (B.V.I) Inc.	British Virgin Islands	Forwarding agency and shipping agency	16	16	510	51.00	249,673	(11,441)	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	510,000	51.00	(89,276) (Note O)	(4,058)	-	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	7,342	(9,311)	-	Subsidiary
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	23,373	7,676	-	Subsidiary
	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	3,229	3,229	910,000	91.00	381,116	4,442	-	Subsidiary
	Yangming (Japan) Co., Ltd.	Tokyo, Japan	Shipping services; chartering, sale and purchase of ships; and forwarding agency	36,235	36,235	3,000	100.00	40,230	(3,538)	-	Subsidiary
	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	77,049	8,696	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	27,487	4,151	-	Subsidiary
	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	32,440	32,440	1,000,000	100.00	76,568	10,969	-	Subsidiary
	Yang Ming (Vietnam) Company Limited	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note J)	49.00	10,331	3,440	-	Equity-method investee
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	254,358	254,358	(Note N)	30.00	203,667	(41,086)	-	Equity-method investee
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	24,115	33,206	-	Subsidiary
	Yang Ming (U.A.E.) LLC.	U.A.E.	Shipping agency, forwarding agency and shipping managers	2,140	-	(Note P)	49.00	14,736	25,504	-	Equity-method investee
Yang Ming Shipping (B.V.I) Inc.	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	89,656	392	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of June 30, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2010	December 31, 2009	Shares	Percentage of Ownership	Carrying Amount			
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	\$ 2,666	\$ 2,666	200	100.00	\$ 3,227	\$ 7	\$ -	Subsidiary
Yang Ming Line Holding Co.	Yang Ming (America) Corp.	New Jersey, U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	(173,895)	93,866	-	Subsidiary
	Olympic Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	31,530	31,530	(Note R)	100.00	(420,650)	16,565	-	Subsidiary
	Triumph Logistics, Inc.	U.S.A.	Container transportation	1,699	1,699	200	100.00	(6,659)	(2,849)	-	Subsidiary
	Topline Transportation Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	1,920	238	-	Subsidiary
	Coastal Tarheel Express Inc.	U.S.A.	Container transportation	2,430	2,430	100	100.00	8,294	255	-	Subsidiary
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	2,444	2,444	200	100.00	8,120	1,003	-	Subsidiary
	West Basin Container Terminal LLC	Los Angeles, USA	Terminal operation and stevedoring	132,050	132,050	(Note F)	40.00	680,423	209,920	-	Equity-method investee
	United Terminal Leasing LLC	Los Angeles, USA	Terminal operation and machine lease	34,750	34,750	(Note G)	40.00	111,240	41,322	-	Equity-method investee
	Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100.00	9,487	248	-	Subsidiary
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	1,500,000	100.00	(2,613,086)	(586,792)	-	Subsidiary
Yang Ming Line N.V.	Yang Ming Line B.V.	Amsterdam, The Netherlands	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	2,500	100.00	(2,615,445)	(586,203)	-	Subsidiary
Yang Ming Line B.V.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,651	\$ 1,651	369	60.00	4,886	\$ 10,551	-	Subsidiary
	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	540	540	(Note I)	60.00	13,829	23,932	-	Subsidiary
	Yang Ming (Italy) S.p.A.	Genova, Italy	Shipping agency	4,319	4,319	125,000	50.00	24,232	7,418	-	Subsidiary
	Yang Ming (UK) Ltd.	London, U.K.	Shipping agency, forwarding agency and shipping managers	42,408	42,408	900,000	100.00	(2,811,132)	(650,760)	-	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100.00	108,410	16,525	-	Subsidiary
	Yang Ming Shipping (Egypt) S.A.E.	Egypt	Shipping agency, forwarding agency and shipping managers	14,149	-	24,500	49.00	22,661	18,193	-	Equity-method investee
Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	Naples, Italy	Forwarding agency	238	238	(Note K)	60.00	2,431	3,679	-	Subsidiary
Yang Ming (UK) Ltd.	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	25	25	(Note C)	50.00	6,518	5,946	-	Subsidiary
	Yes Logistic UK Limited	U.K.	Forwarding agency	-	-	200	100.00	(3,794)	-	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming Shipping Corp. (Panama)	Panama	Forwarding agency	30,987	30,987	49,500	100.00	97,441	594	-	Subsidiary
	Kuang Ming (Liberia) Corp.	Monrovia, Republic of Liberia	Forwarding agency	1,060,904	1,060,904	1	100.00	2,590,221	680,485	-	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp. (USA)	Auckland, USA	Shipping agency, forwarding agency and shipping managers	179,750	179,750	5,460,000	100.00	108,623	24,590	-	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	14,428	14,428	703,285	100.00	(82,013)	(1,945)	-	Subsidiary
	Chang Ming Logistics Company Limited	Chongqing, China	Terminal operation and stevedoring	304,326	304,326	(Note D)	49.00	344,302	5,552	-	Equity-method investee
Yes Yangming Logistics (Singapore) Pte. Ltd.	Burger Yes B.V.	Netherlands	Forwarding agency	7,587	7,587	9,000	50.00	4,128	(85)	-	Subsidiary
	Yes Logistics (Netherlands) B. V.	Netherlands	Forwarding agency	1,224	1,224	(Note M)	100.00	(300)	(63)	-	Subsidiary
	Yes Logistics Company Ltd..	Hong Kong	Forwarding agency	4,304	4,304	1,000,000	100.00	(84,539)	5,552	-	Subsidiary
Yes Logistics Corp. (USA)	Golden Logistics USA Corporation	USA	Container transportation	328	328	100	100.00	(330)	456	-	Subsidiary
	Golden Logistics Corp.	Shanghai, China	Forwarding agency	164,329	164,329	(Note L)	100.00	72,999	13,191	-	Subsidiary
	YES Logistics Europe GmbH	Hamburg, Germany	Forwarding agency	1,158	1,158	(Note H)	100.00	7,019	5,031	-	Subsidiary
Golden Logistics Corp.	Golden Logistics (Qingdao) Corp.	Qingdao, China	Forwarding agency	12,498	12,498	(Note Q)	60.00	12,123	190	-	Subsidiary
	Star Logistics (Qingdao) Corp.	Qingdao, China	Forwarding agency	10,850	10,850	(Note S)	60.00	9,774	(379)	-	Subsidiary

(Continued)

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is equivalent to EUR818,000, and no shares were issued.
- C. This is equivalent to GBP500, and no shares were issued.
- D. This is equivalent to US\$9,301,000, and no shares were issued.
- E. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- F. This is equivalent to US\$3,800,000, and no shares were issued.
- G. This is equivalent to US\$1,000,000, and no shares were issued.
- H. Paid-in capital was equivalent to EUR25,000, and no shares were issued.
- I. Paid-in capital was equivalent to EUR11,000, and no shares were issued.
- J. This is equivalent to US\$94,000, and no shares were issued.
- K. This is equivalent to EUR6,000, and no shares were issued.
- L. This is equivalent to US\$5,000,000, and no shares were issued.
- M. This is equivalent to EUR30,000, and no shares were issued.
- N. This is equivalent to US\$7,800,000, and no shares were issued.
- O. The loss of subsidiary was recognized in proportion to the Corporation's equity. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss in excess of the related investments is not charged against the Corporation.
- P. This is equivalent to AED\$245,000, and no shares were issued.
- Q. This is equivalent to RMB3,000,000, and no shares were issued.
- R. This is equivalent to US\$1,000,000, and no shares were issued.
- S. This is equivalent to RMB2,960,000, and no shares were issued.
- T. Financial statements used as basis of investment amounts were unaudited, except All Oceans Transportation, Inc., Kuang Ming Shipping Corp., Yang Ming (Liberia) Corp., Yang Ming line (B.V.I.) Holding Co., Kuang Ming (Liberia) Corp., Ltd. and Yang Ming (UK) Ltd.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

INVESTMENTS IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2010
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2010	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2010	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note D)	Carrying Value as of June 30, 2010 (Note D)	Accumulated Inward Remittance of Earnings as of June 30, 2010
						Outflow	Inflow					
Yang Ming Marine Transportation Corporation	Yangtze River Express Airlines Company Limited (Note A)	Shipping agency	RMB 500,000,000	Indirect investment through Singapore-based subsidiary's direct investment in Mainland China.	\$ 601,118 (US\$ 18,622,000)	\$ -	\$ -	\$ 601,118 (US\$ 18,622,000)	12%	\$ -	(Note F)	\$ -
Yes Logistics Corp.	Golden Logistics Corp. (Note B)	Shipping agency	US\$ 5,000,000	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	161,400 (US\$ 5,000,000)	-	-	161,400 (US\$ 5,000,000)	96.36%	12,817	70,335	-
	Chang Ming Logistics Company Limited (Note C)	Terminal operation and stevedoring	RMB 144,800,000	Investee's direct investment in Mainland China.	300,236 (US\$ 9,301,000)	-	-	300,236 (US\$ 9,301,000)	47.22%	2,622	331,735	-

Company Name	Accumulated Investment in Mainland China as of June 30, 2010	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Yang Ming Marine Transportation Corporation	\$ 601,118 (US\$ 18,622,000)	\$ 601,118 (US\$ 18,622,000)	\$ 20,213,003
Yes Logistics Corp.	\$ 461,636 (US\$ 14,301,000)	\$ 461,636 (US\$ 14,301,000)	\$ 662,281 (Note E)

Notes:

- A. The Corporation was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on November 29, 2005 and June 5, 2007.
- B. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on June 3, 2004, July 4, 2006 and December 26, 2006.
- C. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on April 11, 2005, August 22, 2006, November 29, 2006 and December 2, 2008.
- D. Calculated by the % ownership of direct or indirect investment.
- E. It represents 60% (\$1,103,802 thousand) of the net assets of Yes Logistics Corp. as of June 30, 2010.
- F. Impairment loss was recognized in 2007.
- G. U.S. dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.28.
- H. Based on unaudited financial statements.