

Far Eastern Textile Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2007 and 2006 and
Independent Accountants' Review Report**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Shareholders
Far Eastern Textile Ltd.

We have reviewed the accompanying consolidated balance sheets of Far Eastern Textile Ltd. and subsidiaries as of June 30, 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the six months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report based on our reviews.

Except as described in the next paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 - "Standards for the Review of Financial Statements" of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As stated in Note 2 to the consolidated financial statements, the financial statements as of June 30, 2007 and 2006 of some immaterial subsidiaries, with combined total assets that were 36.68% (NT\$95,549,509 thousand) and 32.94% (NT\$81,449,974 thousand), respectively, of the consolidated total assets and with combined total liabilities that were 29.66% (NT\$40,016,119 thousand) and 26.88% (NT\$34,524,441 thousand), respectively, of the consolidated total liabilities, had not been reviewed. In the six months ended, these subsidiaries' combined total net operating revenues were 23.3% (NT\$18,422,223 thousand) and 21.70% (NT\$15,066,757 thousand), respectively, of the consolidated net operating revenues, and their total net incomes were 5.07% (NT\$502,117 thousand) and 11.34% (NT\$911,627 thousand), respectively, of consolidated net income. In addition, as stated in Note 11 to the consolidated financial statements, the financial statements supporting the Company's and subsidiaries' investments in certain equity-method investees, with carrying values of NT\$21,290,556 thousand and NT\$19,403,303 thousand as of June 30, 2007 and 2006, respectively, had not been reviewed. The Company's equity of NT\$741,147 thousand and NT\$642,245 thousand in the gains of these investees was included in the consolidated net incomes for the six months ended June 30, 2007 and 2006. Other information on the Company's and subsidiaries' investments in Note 32 to the consolidated financial statements was also based on these equity-method investees' unreviewed financial statements.

Based on our reviews, except for such adjustments, if any, that might have been determined to be necessary had the above investment amounts and related additional disclosures been based on reviewed financial statements, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be 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.

As stated in Note 3 to the consolidated financial statements, starting on January 1, 2007, the Company and subsidiaries adopted the newly released ROC Statements of Financial Accounting Standards (“Statement” or SFAS) No. 37 - “Accounting for Intangible Assets” and starting on January 1, 2006, the Company and subsidiaries adopted the newly released ROC SFAS No. 34 - “Accounting for Financial Instruments” and No. 36 - “Disclosure and Presentation of Financial Instruments” and related revisions of previously released Statements. In addition, based on the revised ROC SFAS No. 25 - “Business Combinations - Accounting Treatment under the Purchase Method,” goodwill should be tested for impairment annually instead of being amortized.

August 6, 2007

Notice to Readers

The accompanying consolidated 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 review such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the accountants’ report and the accompanying consolidated 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 accountants’ report and financial statements shall prevail.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2007 AND 2006

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

(Reviewed, Not Audited)

ASSETS	2007		2006		LIABILITIES AND SHAREHOLDERS' EQUITY	2007		2006	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 23,905,285	9	\$ 15,925,596	7	Short-term bank loans (Notes 15 and 28)	\$ 13,549,679	5	\$ 11,457,358	5
Financial assets at fair value through profit or loss - current (Notes 2, 3, 5 and 28)	743,433	-	914,287	-	Commercial paper (Notes 16 and 28)	3,377,958	1	3,821,194	2
Available-for-sale financial assets - current (Notes 2, 6 and 28)	1,143,067	1	282,617	-	Derivative financial liabilities for hedging - current	18,204	-	-	-
Held-to-maturity financial assets - current (Notes 2 and 28)	3,502	-	-	-	Notes and accounts payable, net (Note 19)	10,658,588	4	6,961,255	3
Bonds measured at amortized cost - current (Note 2)	3,000	-	3,000	-	Accounts and notes payable to related parties (Notes 19 and 27)	2,960,474	1	1,221,339	1
Notes and accounts receivable, net (Notes 2, 19, 23, 27 and 28)	14,056,689	5	15,875,806	6	Income tax payable (Notes 2 and 22)	1,839,847	1	2,144,761	1
Dividends receivable	2,500,918	1	2,486,569	1	Accrued expenses (Note 27)	7,212,046	3	7,209,346	3
Receivables from related parties, net (Notes 2, 19 and 27)	1,858,619	1	409,136	-	Guarantee deposits - current	956,861	-	1,149,650	-
Inventories, net (Notes 2 and 7)	14,913,025	6	12,457,442	5	Payables to suppliers of machinery and equipment	1,165,390	1	1,145,050	-
Available for sale - building and land, net (Notes 2 and 19)	-	-	68,085	-	Dividends payable	12,530,472	5	10,725,531	4
Available for construction - land (Notes 2, 8, 19 and 28)	612,154	-	75,555	-	Sales revenue received in advance	794,958	-	531,086	-
Construction-in-progress (net of billings on construction-in-progress) (Notes 2, 9, 19 and 28)	4,666,742	2	3,510,569	1	Advances on land and building (Notes 2, 9 and 19)	388,353	-	314,675	-
Prepayments	4,060,516	2	1,698,665	1	Revenue received in advance (Notes 2 and 27)	997,763	1	1,056,097	-
Deferred income taxes - current (Notes 2 and 22)	1,034,313	-	1,195,650	1	Billings on construction-in-progress (net of construction-in-progress) (Notes 2, 17, 19 and 27)	40,907	-	99,663	-
Other current assets (Notes 2, 9 and 28)	2,745,418	1	1,937,284	1	Current portion of long-term liabilities (Notes 18 and 28)	7,558,074	3	10,776,575	4
					Other current liabilities (Notes 2 and 12)	2,731,544	1	1,746,519	1
Total current assets	72,246,681	28	56,840,261	23					
					Total current liabilities	66,781,118	26	60,360,099	24
FUNDS AND INVESTMENTS (Notes 2, 3, 6, 10, 11 and 28)					LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
Available-for-sale financial assets - noncurrent	233,631	-	161,579	-	Long-term debt payable (Notes 18, 27 and 28)	44,140,339	17	38,439,835	15
Held-to-maturity financial assets - noncurrent	-	-	3,509	-	Bonds payable (Notes 18, 27 and 28)	13,700,000	5	18,695,000	8
Financial assets carried at cost - noncurrent	7,909,456	3	8,262,013	3	Long-term lease obligations - noncurrent (Notes 2, 12 and 27)	18,658	-	90,243	-
Equity-method investments	41,605,632	16	39,699,884	16	Derivative financial liabilities for hedging - noncurrent (Note 2)	161,943	-	238,843	-
Total funds and investments	49,748,719	19	48,126,985	19					
					Total long-term liabilities	58,020,940	22	57,463,921	23
PROPERTIES (Notes 2, 12, 24 and 28)					RESERVE FOR LAND VALUE INCREMENT TAX (Note 12)	6,660,699	3	6,660,699	3
Cost					OTHER LIABILITIES				
Land	3,680,047	1	3,484,649	1	Accrued pension cost (Notes 2 and 26)	1,969,212	1	2,507,010	1
Buildings and equipment	15,059,073	6	14,496,660	6	Deferred income (Notes 2 and 27)	924,774	-	971,976	1
Machinery and equipment	61,847,549	24	52,723,844	21	Miscellaneous (Note 30)	565,803	-	465,665	-
Telecommunication equipment	100,317,224	38	95,497,812	39					
Computer equipment	14,488,844	6	13,905,564	6	Total other liabilities	3,459,789	1	3,944,651	2
Office equipment	949,387	-	963,726	-					
Leasehold improvements	1,754,134	1	1,758,874	1	Total liabilities	134,922,546	52	128,429,370	52
Miscellaneous equipment	3,669,230	1	3,056,037	1	SHAREHOLDERS' EQUITY OF PARENT COMPANY				
Total cost	201,765,488	77	185,887,166	75	Capital stock - NTS10.00 par value				
Appreciation	22,688,503	9	22,659,880	9	Authorized - 4,950,000 thousand shares in 2007; 4,250,000 thousand shares in 2006	-	-	-	-
Total cost and appreciation	224,453,991	86	208,547,046	84	Issued and outstanding - 4,349,851 thousand shares in 2007; 4,103,633 thousand shares in 2006	43,498,513	17	41,036,333	17
Less: Accumulated depreciation	121,014,684	46	107,841,945	43	Stock dividends for distribution	1,304,956	-	2,462,180	1
	103,439,307	40	100,705,101	41	Capital surplus:				
Construction in progress and prepayments for business facilities	11,067,942	4	15,588,991	6	Paid-in capital in excess of par value	932,814	-	932,814	-
					Equity in capital surplus reported by investees	6,894,040	3	7,040,557	3
Net properties	114,507,249	44	116,294,092	47	Others	8,719	-	8,719	-
					Total capital surplus	7,835,573	3	7,982,090	3
INTANGIBLE ASSETS					Retained earnings:				
Patents (Note 2)	4,217	-	378,907	-	Legal reserve	7,061,162	3	6,231,874	3
Deferred pension costs (Notes 2 and 26)	402,657	-	766,890	-	Special reserve	3,034,766	1	3,378,849	1
Goodwill (Notes 1, 2 and 13)	10,532,310	4	10,542,515	4	Unappropriated earnings	8,453,168	3	6,207,447	2
3G license fee (Notes 1 and 2)	8,403,126	3	9,133,832	4	Total retained earnings	18,549,096	7	15,818,170	6
Land leasehold rights, net (Notes 2, 24 and 28)	1,070,009	1	839,388	1	Other shareholders' equity				
Other intangible assets	157,318	-	72,195	-	Cumulative translation adjustments	1,063,686	1	512,510	-
Total intangible assets	20,569,637	8	21,733,727	9	Net loss not recognized as pension cost	(56,966)	-	(420,072)	-
					Unrealized gains on financial instruments	2,415,832	1	508,840	-
OTHER ASSETS					Unrealized revaluation increment on properties	8,848,431	3	8,848,431	4
Nonoperating properties, net (Notes 2 and 28)	1,244,467	1	1,125,853	1	Total other shareholders' equity	12,270,983	5	9,449,709	4
Deferred income taxes - noncurrent (Notes 2 and 22)	336,490	-	732,605	-					
Refundable deposits (Notes 27 and 31)	484,579	-	475,956	-	Total shareholders' equity of parent company	83,459,121	32	76,748,482	31
Consolidation debits	599,810	-	812,680	1	MINORITY INTEREST	42,081,151	16	42,071,394	17
Farmland (Note 14)	238,322	-	292,644	-	Total shareholders' equity	125,540,272	48	118,819,876	48
Deferred charges, net (Notes 2 and 24)	451,354	-	609,064	-	TOTAL	\$ 260,462,818	100	\$ 247,249,246	100
Miscellaneous (Note 28)	35,510	-	205,379	-					
Total other assets	3,390,532	1	4,254,181	2					
TOTAL	\$ 260,462,818	100	\$ 247,249,246	100					

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

(With Deloitte & Touche review report dated August 6, 2007)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

(Reviewed, Not Audited)

	2007		2006	
	Amount	%	Amount	%
REVENUES (Notes 2, 20 and 27)				
Net sales	\$46,610,218	59	\$35,798,662	51
Telecommunications service income	28,933,617	37	30,426,610	44
Income from sale of investments (Note 20)	1,605,617	2	1,402,703	2
Net construction income	1,529,324	2	1,192,927	2
Other operating income	<u>388,302</u>	<u>-</u>	<u>617,765</u>	<u>1</u>
Total revenues	<u>79,067,078</u>	<u>100</u>	<u>69,438,667</u>	<u>100</u>
COSTS OF REVENUES (Notes 2, 24 and 27)				
Cost of sales	42,765,278	54	33,387,560	48
Cost of telecommunications services	13,433,567	17	13,683,648	20
Construction cost	1,311,225	2	999,999	1
Other operating cost	<u>351,760</u>	<u>-</u>	<u>516,315</u>	<u>1</u>
Total costs of revenues	<u>57,861,830</u>	<u>73</u>	<u>48,587,522</u>	<u>70</u>
GROSS PROFIT EXCLUDING REALIZED CONSTRUCTION INCOME	21,205,248	27	20,851,145	30
REALIZED CONSTRUCTION INCOME (Notes 2 and 27)	<u>278</u>	<u>-</u>	<u>278</u>	<u>-</u>
GROSS PROFIT	<u>21,205,526</u>	<u>27</u>	<u>20,851,423</u>	<u>30</u>
OPERATING EXPENSES (Notes 2, 24 and 27)				
Marketing	6,861,423	9	6,956,358	10
General and administrative	4,010,512	5	4,391,426	6
Research and development	<u>375,021</u>	<u>-</u>	<u>355,558</u>	<u>1</u>
Total operating expenses	<u>11,246,956</u>	<u>14</u>	<u>11,703,342</u>	<u>17</u>
OPERATING INCOME	<u>9,958,570</u>	<u>13</u>	<u>9,148,081</u>	<u>13</u>
NONOPERATING INCOME AND GAINS				
Investment income recognized under the equity method (Notes 2 and 11)	2,467,415	3	1,964,705	3
Interest (Note 27)	246,664	-	145,675	-
Foreign exchange gains, net	233,437	-	11,938	-
Cash dividends (Note 2)	56,536	-	25,617	-
Reversal of loss on decline in inventory market price	56,263	-	-	-

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

(Reviewed, Not Audited)

	2007		2006	
	Amount	%	Amount	%
Gain on valuation of financial assets (Notes 2, 3 and 5)	\$ 38,861	-	\$ -	-
Rental (Note 27)	22,861	-	7,608	-
Other	<u>306,553</u>	<u>1</u>	<u>255,718</u>	<u>1</u>
Total nonoperating income and gains	<u>3,428,590</u>	<u>4</u>	<u>2,411,261</u>	<u>4</u>
NONOPERATING EXPENSES AND LOSSES				
Interest (Notes 12 and 27)	1,160,083	2	1,072,711	2
Loss on disposal of properties, net	162,381	-	41,372	-
Impairment loss on assets (Notes 2 and 13)	75,656	-	113,769	-
Impairment loss on financial assets	65,007	-	68,016	-
Loss on decline in inventory market price (Note 2)	-	-	3,046	-
Loss on valuation of financial assets (Notes 2, 3 and 5)	-	-	5,040	-
Other	<u>359,906</u>	<u>-</u>	<u>505,154</u>	<u>1</u>
Total nonoperating expenses and losses	<u>1,823,033</u>	<u>2</u>	<u>1,809,108</u>	<u>3</u>
INCOME BEFORE TAX	11,564,127	15	9,750,234	14
INCOME TAX (Notes 2 and 22)	<u>1,665,195</u>	<u>2</u>	<u>1,738,919</u>	<u>2</u>
NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLE	9,898,932	13	8,011,315	12
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLE (Notes 2 and 3)	<u>-</u>	<u>-</u>	<u>30,509</u>	<u>-</u>
NET INCOME	<u>\$ 9,898,932</u>	<u>13</u>	<u>\$ 8,041,824</u>	<u>12</u>
BELONG TO:				
Shareholders of parent company	\$ 6,561,619	9	\$ 4,635,441	7
Minority interests	<u>3,337,313</u>	<u>4</u>	<u>3,406,383</u>	<u>5</u>
	<u>\$ 9,898,932</u>	<u>13</u>	<u>\$ 8,041,824</u>	<u>12</u>

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

(Reviewed, Not Audited)

	<u>2007</u>		<u>2006</u>	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
EARNINGS PER SHARE (NT\$; Note 25)				
Basic	<u>\$ 1.50</u>	<u>\$ 1.51</u>	<u>\$ 1.06</u>	<u>\$ 1.07</u>

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

(With Deloitte & Touche review report dated August 6, 2007)

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2007 AND 2006
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)
(Reviewed, Not Audited)

	Capital Stock Issued and Outstanding		Stock Dividends for Distribution (Note 21)	Capital Surplus (Notes 2 and 21)	Retained Earnings (Notes 2, 21 and 22)				Unrealized Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Note 12)	Net Loss not Recognized as Pension Cost	Minority Interests	Total Shareholders' Equity
	Shares in Thousand	Amount			Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE, JANUARY 1, 2007	4,349,851	\$43,498,513	\$ -	\$ 7,820,117	\$ 6,231,874	\$ 3,378,850	\$ 9,864,900	\$ 19,475,624	\$ 1,823,497	\$ 845,490	\$ 8,848,431	\$ (60,797)	\$46,083,257	\$ 128,334,132
Provision of special reserve	-	-	-	-	-	(344,084)	344,084	-	-	-	-	-	-	-
Appropriation of the 2006 earnings														
Legal reserve	-	-	-	-	829,288	-	(829,288)	-	-	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	-	-	(5,654,807)	(5,654,807)	-	-	-	-	-	(5,654,807)
Stock dividends - NT\$0.3 per share	-	-	1,304,956	-	-	-	(1,304,956)	(1,304,956)	-	-	-	-	-	-
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	-	(523,853)	(523,853)	-	-	-	-	-	(523,853)
Balance after appropriations	4,349,851	43,498,513	1,304,956	7,820,117	7,061,162	3,034,766	1,896,080	11,992,008	1,823,497	845,490	8,848,431	(60,797)	46,083,257	122,155,472
Consolidated net income in the six months ended June 30, 2007	-	-	-	-	-	-	6,561,619	6,561,619	-	-	-	-	3,337,313	9,898,932
Adjustments due to changes in investee's equity in equity-method investment	-	-	-	15,456	-	-	(4,531)	(4,531)	602,582	183,663	-	3,831	-	801,001
Changes in unrealized loss on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	(10,247)	-	-	-	-	(10,247)
Change in translation adjustments	-	-	-	-	-	-	-	-	-	34,533	-	-	-	34,533
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	(7,339,419)	(7,339,419)
BALANCE, JUNE 30, 2007	<u>4,349,851</u>	<u>\$43,498,513</u>	<u>\$ 1,304,956</u>	<u>\$ 7,835,573</u>	<u>\$ 7,061,162</u>	<u>\$ 3,034,766</u>	<u>\$ 8,453,168</u>	<u>\$ 18,549,096</u>	<u>\$ 2,415,832</u>	<u>\$ 1,063,686</u>	<u>\$ 8,848,431</u>	<u>\$ (56,966)</u>	<u>\$42,081,151</u>	<u>\$ 125,540,272</u>
BALANCE, JANUARY 1, 2006	4,103,633	\$41,036,333	\$ -	\$ 8,045,449	\$ 5,410,930	\$ 3,535,789	\$ 9,296,039	\$ 18,242,758	\$ (632,230)	\$ 707,385	\$ 8,848,431	\$ (419,240)	\$45,846,157	\$ 121,675,043
Reversal of special reserve to unappropriated earnings	-	-	-	-	-	(156,940)	156,940	-	-	-	-	-	-	-
Appropriation of the 2005 earnings:														
Legal reserve	-	-	-	-	820,944	-	(820,944)	-	-	-	-	-	-	-
Cash dividends - NT\$1.0 per share	-	-	-	-	-	-	(4,103,633)	(4,103,633)	-	-	-	-	-	(4,103,633)
Stock dividends - NT\$0.6 per share	-	-	2,462,180	-	-	-	(2,462,180)	(2,462,180)	-	-	-	-	-	-
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	-	(494,201)	(494,201)	-	-	-	-	-	(494,201)
Balance after appropriations	4,103,633	41,036,333	2,462,180	8,045,449	6,231,874	3,378,849	1,572,021	11,182,744	(632,230)	707,385	8,848,431	(419,240)	45,846,157	117,077,209
Consolidated net income in the six months ended June 30, 2006	-	-	-	-	-	-	4,635,441	4,635,441	-	-	-	-	3,406,383	8,041,824
Adjustments due to changes in investee's equity in equity-method investment	-	-	-	(63,359)	-	-	(15)	(15)	1,247,455	(170,120)	-	(832)	-	1,013,129
Changes in unrealized loss on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	(106,385)	-	-	-	-	(106,385)
Change in translation adjustments	-	-	-	-	-	-	-	-	-	(24,755)	-	-	-	(24,755)
Impact of changes in consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(7,181,146)	(7,181,146)
BALANCE, JUNE 30, 2006	<u>4,103,633</u>	<u>\$41,036,333</u>	<u>\$ 2,462,180</u>	<u>\$ 7,982,090</u>	<u>\$ 6,231,874</u>	<u>\$ 3,378,849</u>	<u>\$ 6,207,447</u>	<u>\$ 15,818,170</u>	<u>\$ 508,840</u>	<u>\$ 512,510</u>	<u>\$ 8,848,431</u>	<u>\$ (420,072)</u>	<u>\$42,071,394</u>	<u>\$ 118,819,876</u>

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

(With Deloitte & Touche review report dated August 6, 2007)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 9,898,932	\$ 8,041,824
Cumulative effect of changes in accounting principles	-	(30,509)
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	7,815,527	7,841,102
Provision for (reversal of) loss on inventories	(56,263)	3,046
Loss on obsolescence of inventory and inventory count	121	3,600
Gain on sale of investments in shares of stocks	(1,605,617)	(1,402,703)
Provision for doubtful accounts	455,604	423,760
Cash dividends received on equity-method investments	-	23,166
Provision for impairment loss on assets	75,656	113,769
Equity in net income of investees, net	(2,467,415)	(1,964,705)
Impairment loss on financial assets	65,007	68,016
Loss on disposal of properties, net	162,381	41,372
Deferred constructive income	(278)	(278)
Realized deferred rental income	(23,323)	(23,323)
Provision for pension costs	54,898	61,003
Deferred income taxes	359,397	205,401
Proceeds of the disposal of financial assets held for trading	-	143,896
Others	-	58,364
Net changes in operating assets and liabilities		
Financial assets held for trading	(100,497)	94,448
Accounts and notes receivable	2,882,981	(2,426,125)
Accounts and notes receivable - related parties	526,545	(84,514)
Inventories	(2,611,640)	(474,933)
Available for construction - land	(536,599)	-
Construction-in-progress, net	(418,446)	(630,390)
Dividends receivable	(56,536)	(25,617)
Prepayments and other current assets	(2,664,400)	(844,583)
Accounts and notes payable	3,811,680	2,013,378
Accounts and notes payable - related parties	(835,376)	(92,084)
Income taxes payable	(376,308)	612
Accrued expenses	241,346	(500,989)
Billings on construction-in-progress, net	36,763	(35,711)
Advances on land and building	9,297	59,414
Revenue received in advance	85,917	(337,976)
Other current liabilities	<u>317,920</u>	<u>(20,235)</u>
Net cash provided by operating activities	<u>15,047,274</u>	<u>10,301,496</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in available-for-sale financial assets - current	(590,768)	1,079,627
Proceeds of the sale of available-for-sale financial assets - current	358,073	-

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2007	2006
Proceeds of the sale of financial assets carried at cost	\$ 17,378	\$ -
Acquisition of financial assets carried at cost	(208,570)	(100,000)
Proceeds of the disposal of properties	29,946	74,939
Acquisition of properties	(7,092,216)	(5,744,856)
Proceeds of the sale of equity-method investments	3,050,960	1,627,073
Acquisition of equity-method investments	(317,621)	(922,443)
Return of capital from the dissolved investees	-	78,133
(Increase) decrease in refundable deposits	(61,311)	7,741
(Increase) decrease in deferred charges	(48,067)	1,222
Decrease (increase) in receivables from affiliates	(85,801)	4,000
Increase in patents	-	(5,000)
Increase (decrease) in other assets	<u>5,992</u>	<u>(97,719)</u>
Net cash used in investing activities	<u>(4,942,005)</u>	<u>(3,997,283)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of remuneration to directors and supervisors and bonus to employees	(621,946)	(668,452)
Repayment of short-term bank loans	(3,824,947)	(4,394,998)
Repayment of commercial paper issued	(887,341)	(1,623,861)
Proceeds of long-term bank loans and bonds issued	804,402	1,091,582
Decrease in guarantee deposits	(75,292)	(83,893)
Increase in payable to affiliates	981,680	14,090
(Decrease) increase in other liabilities	<u>(185,794)</u>	<u>13,301</u>
Net cash used in financing activities	<u>(3,809,238)</u>	<u>(5,652,231)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>24,537</u>	<u>(58,041)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,320,568	593,941
EFFECT OF CHANGE IN CONSOLIDATED ENTITIES	14,514	660
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>17,570,203</u>	<u>15,330,995</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$23,905,285</u>	<u>\$15,925,596</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 1,322,553	\$ 1,182,916
Less: Capitalized interest	<u>123,950</u>	<u>395,916</u>
Interest paid (excluding capitalized interest)	<u>\$ 1,198,603</u>	<u>\$ 787,000</u>
Income tax paid	<u>\$ 1,451,900</u>	<u>\$ 1,594,630</u>

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2007	2006
NONCASH FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 7,558,074</u>	<u>\$10,776,575</u>
PARTIAL CASH PAYMENTS FOR PROPERTIES		
Increase in properties	\$ 6,024,194	\$ 5,161,264
Add:		
Increase in payables for acquisition of properties	782,575	868,408
Decrease in lease payable	40,123	36,555
Increase (decrease) in unfinished construction and prepayments for business facilities	<u>245,324</u>	<u>(321,371)</u>
	<u>\$ 7,092,216</u>	<u>\$ 5,744,856</u>

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

(With Deloitte & Touche review report dated August 6, 2007)

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Far Eastern Textile Ltd. (FETL or the “Company”) which was incorporated in 1954, manufactures and sells polyester materials, semifinished products and finished goods such as cotton, synthetic or blended fabrics, towels and bedsheets, and woven and knitted garments; PET (polyethylene terephthalate) bottles and PET sheets; and natural, synthetic or blended yarns and polyester textured yarns. It also does yarn, silk and cloth printing and dyeing as well as manufactures wide-view film, antiglare film, antireflection film and other optical films.

The Company’s stock is listed on the Taiwan Stock Exchange. On October 19, 1999, the Company issued global depositary receipts (GDRs), which became listed on the Luxembourg Stock Exchange.

Following are FETL’s consolidated subsidiaries:

Far EasTone Telecommunications Co., Ltd. (“Far EasTone”) was incorporated in the Republic of China on April 11, 1997 and began commercial operations on January 20, 1998. Far EasTone’s shares began to be traded on the ROC Over-the-Counter Securities Exchange (known as Gre Tai Securities Market) on December 10, 2001. Later, Far EasTone’s shares ceased to be traded on the OTC exchange and became listed on the ROC Taiwan Stock Exchange on August 24, 2005. Far EasTone provides wireless communications, leased circuit, Internet and international simple resale (ISR) services and also sells cellular phone equipment and accessories.

KG Telecom, formerly Yuan Ho Telecommunications Co., Ltd., was incorporated in the ROC on September 25, 2003. It is a wholly owned subsidiary of Far EasTone. After its incorporation, KG Telecom merged with the former KG Telecommunications Co., Ltd. (the “former KGT”) through a two-step merger agreement. The merger was completed on May 20, 2004 after the registration of the shares with the Ministry of Economic Affairs.

The former KGT provides wireless communications services under a type I license - GSM1800 for the northern region of Taiwan issued by the Directorate General of Telecommunications (DGT). The license allows the former KGT to provide services for 15 years from 1997, with an annual license fee at 2% of total wireless communications service revenues. Moreover, the merger of former KGT with TUNTEX (with a license of 2G to provide wireless communications service under a type I license - GSM1800 for the central and southern regions of Taiwan issued by the DGT) took effect on January 1, 2000. Thus, the former KGT provided island-wide 2G wireless communications services under a type I license - GSM1800. The DGT also issued the former KGT a type I license, allowing it to provide local/domestic long distance land cable leased-circuit services for 15 years from September 2000, with an annual license fee of 1% of leased-circuit service revenues.

Far EasTone merged with Yuan-Ze Telecommunications Co., Ltd. (“Yuan-Ze Telecom”) on May 2, 2005. In 2002, Yuan-Ze Telecom received from the DGT the 3G (third-generation wireless communications system) concession, with a bidding price of \$10,169,000 thousand, included in intangible assets - 3G concession. On January 24, 2005, the DGT issued to Yuan-Ze Telecom a 3G license, which is valid through December 31, 2018. Through the completion of the merger with Yuan-Ze Telecom, Far EasTone became licensed to provide 3G wireless communications service and began commercial operations on July 13, 2005.

ARCOA was incorporated in the ROC on May 4, 1981. ARCOA's shares have been listed as emerging market stock on the OTC exchange since December 27, 2002. ARCOA sells cellular phone units and other telecommunications equipment or accessories and provides related maintenance services. The DGT issued to ARCOA a Type II license, allowing it to provide mobile virtual network operator services for three years from July 2006 for a fixed annual fee based on ARCOA's paid-in-capital.

On December 22, 2004, the Board of Directors of ARCOA decided to withdraw its stock from the OTC exchange and became a private company. Far EasTone became ARCOA's parent company since February 2005. As of June 30, 2007, Far EasTone owns 59.10% of ARCOA's common stock.

In order to enhance the shareholders' equity and increase the efficiency of capital structure, Far EasTone's board of directors proposed on April 30, 2007 to reduce capital by returning \$7,745,326 thousand in cash to shareholders. The capital reduction was further approved at the shareholders' meeting on June 12, 2007. The capital reduction plan involved the cancellation of 20% of paid-in-capital, or 774,533 thousand shares at around NT\$2.00 per share. Paid-in-capital after the capital reduction would be \$30,981,304 thousand. The actual amount of paid-in-capital after capital reduction, reduction percentage, and the cash returned per share will be calculated by the number of outstanding shares on the record date of capital reduction if the outstanding shares are affected by Far EasTone's subsequent capital increase or other matters before the record date of capital reduction. As of August 6, 2007, the date of the accompanying auditors' report, this capital reduction had not been approved by the Financial Supervisory Commission under the Executive Yuan.

On February 26, 2004, Far Eastern Electronic Toll Collection Co. (FETC) was selected by the Taiwan Area National Freeway Bureau (TANFB) as the best qualified candidate for its "Private Participation in the Electronic Toll Collection BOT Project" ("ETC project"). On April 27, 2004, FETC and the TANFB completed negotiations and signed the project contract. This 20-year contract covers both the construction and operation of the ETC system. Upon completion of the ETC system construction on February 10, 2006, the TANFB cleared FETC for testing system operations. Later, the Ministry of Transportation and Communications (MOTC) gave its official clearance for FETC to do the operational testing.

On February 24, 2006, however, the Taipei High Administrative Court announced its decision to revoke the status of FETC as the candidate best qualified for the ETC project. Then, on August 3, 2006, the Supreme Administrative Court ruled that the original screening process conducted by TANFB was flawed and in violation of the principles of equality and public interest and stripped FETC of its "best qualified candidate" status. Thus, FETC must now compete for the project with two other bidders on an equal footing. As of August 11, 2006, the date of the accompanying accountants' report, the bidding had not yet started.

The original intention behind Far EasTone and Yuan Tong Investment Corp. (YTIC)'s investment in FETC was to create the first intelligent transportation system in Taiwan and to boost national economic efficiency. However, since the foundation of the FECT, it has been under certain political and media pressure, which resulted in increased operating risks and negative corporate image. Thus, on August 11, 2006, Far Eastern Textile Co., Ltd. (FETC, Far EasTone's ultimate parent company) announced a proposal for Far EasTone and the members of the Far Eastern Textile Group to withdraw from FETC by unconditionally donating their holdings of FETC shares to the Government so that the Government will be able to have a fresh start in planning the ETC operations for enhanced domestic transportation efficiency and more national competitiveness. This proposal will take effect upon approval by the boards of directors of FETT and YTIC.

The Company issued new shares to acquire 100% equity in Far Eastern Resources Development Co., Ltd. (FERD), a spin-off of the Company's real estate development business, including some fixed assets, nonoperating assets and farmland for investment purposes. FERD aims to carry out the following projects:

- a. Taipei Far Eastern Telecom Park Project: FERD has an approximately 73.7 thousand ping land located in Banciao County. To use this property productively, FERD signed a public construction BOO (build-own-operate) contract with the Ministry of Economic Affairs of the ROC. It is the first private-development BOO project in the telecom field in northern Taiwan. The Taipei Far Eastern Telecom Park plans to recruit tenants of new generation CPE (customer premises equipment), broadband service and equipment providers, digital content service providers, and broadband equipment providers. This project has been approved by the Urban Planning Commission of the Ministry of the Interior of the ROC and is now under review.
- b. The Wugu shopping mall project: This project, which involves land rezoning so that industrial/commercial areas can be established, had been approved by the Taipei County Government and proposed to the Ministry of Interior of the ROC.
- c. The Yilan Jiaosi Resort hotel project: This project involves land rezoning so that industrial/commercial areas can be established. The project now is under a land rezoning process.

Taiwan Recycling Corp. held its general shareholders' meeting on June 30 2006 and reelected its board of directors. Half of the entire newly elected directors of TRC are representatives of Yuan Ding Investment Corp. (YDI), the Company's subsidiary; thus, YDI has a controlling interest in TRC. TRC began to be included in YDI's consolidated financial statements in the half year of 2006.

As of June 30, 2006, TRC's accumulated deficit had reached \$119,531 thousand, which is over half of its capital. In their general shareholders' meeting on June 30, 2006, TRC's shareholders resolved to reduce TRC's capital by \$105,780 thousand to cover its losses and increase capital in cash by \$50,000 thousand to replenish its working capital and thus improve its financial structure. After TRC's capital reduction, YDI bought all other shareholders' outstanding shares and participated in the raising capital in cash to buy all shares. The registration was finished on August 17, 2006.

In December 2006, the Company sold all its holding of 44 thousand shares of Malaysia Garment Manufacturer Pte. Ltd, amounting NT\$209,992 thousand (US\$6,442 thousand) to Da Ju Fiber Corp. The Company recorded NT\$139,964 thousand (US\$4,294 thousand) as realized income from this sale.

On March 21, 2007, the Company's board of directors decided to participate in FEIH's cash capital increase and thus bought 600 thousand shares of FEIH for \$1,592,160 thousand at US\$80.00 per share.

In 2006, the Company bought 38 thousand common shares of Far Eastern Polytex (Holding) Ltd. for NT\$2,502,777 thousand (US\$76,784 thousand) at US\$2,000 per share.

On June 28, 2007, Yuan Tone Investment Corp.'s board of directors decided to invest US\$18,000 thousand in Zhong-Bi Beer (Suzhou) Company in Mainland China indirectly through Sino Belgium (Holding) Limited, which is based in Bermuda.

The Company and the consolidated subsidiaries (collectively, the "Group") had 17,596 and 17,809 employees as of June 30, 2007 and 2006, respectively.

The intercompany relationships, percentages of ownership and major operations of subsidiaries as of June 30, 2007 are shown in Schedules A and B.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated 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. In preparing consolidated financial statements in conformity with these guidelines and principles, the Group is required to make certain estimates and assumptions that could affect the allowance for doubtful accounts, provision for loss on decline in value of inventories, depreciation and amortization, impairment losses on tangible and intangible assets, product warranty reserve, income tax and pension cost. Actual results could differ from these estimates.

For the convenience of readers, the accompanying consolidated 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 consolidated financial statements shall prevail.

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

Consolidation

FETL's direct and indirect subsidiaries (i.e., investees with more than 50% of their voting shares owned by FETL) are included in the consolidated financial statements. For subsidiaries acquired during the reporting period, their revenues and expenses generated before the acquisition date need not be consolidated. If FETL loses control over its subsidiaries during the reporting period, their revenues and expenses generated after the control lose date need not be consolidated.

The Company held less than 50% of voting rights of these investees: Da Ju Fiber Co., Ltd., Ding Ding Management Consulting Ltd. and Malaysia Garment Manufactures PTE Ltd. in the second half of 2006. Thus, these companies were not consolidated in the first half of 2007.

In the consolidation, the financial statements of the foreign subsidiaries are translated from their respective functional currencies into New Taiwan dollars as follows:

- a. All assets and liabilities at the exchange rates prevailing on the balance sheet date;
- b. Share capital, retained earnings and/or accumulated deficit at their historical exchange rates; and
- c. All items in the statement of income at the average exchange rates for the periods.

The cumulative effects of the above translation are included in the cumulative translation adjustments in shareholders' equity.

All significant intercompany transactions and balances were excluded from the consolidation.

The financial statements of some consolidated entities (Yuan Ding Investment, Far EasTone, KG Telecom, ARCOA, Far Eastern Construction and Far Eastern General Contractor as of and for the six months ended June 30, 2007 and Yuan Ding Investment, Far EasTone, KG Telecom, ARCOA, Far Eastern Construction, Far Eastern General Contractor and Taiwan Recycling Corp. as of and for the six months ended June 30, 2006) were audited. The financial statements of immaterial consolidated entities as of and for the six months ended June 30, 2007 and 2006 were unreviewed. Some information on the Group's investees shown in Note 32 were also unreviewed.

Current and Noncurrent Assets and Liabilities

Current assets are cash or cash equivalents, assets held mainly for trading and other assets to be converted into cash or consumed within 12 months after the balance sheet date. Current liabilities are obligations to be settled within 12 months after the balance sheet date. All other assets and liabilities are classified as noncurrent.

Far Eastern Construction Co., Ltd. (FECC) authorizes constructors to build houses for sale or rent. Far Eastern General Contractor Inc. engages in civil engineering construction. The terms of the two corporations' contracts are typically over one year. Thus, the contract-related assets and liabilities are classified as current or noncurrent depending on the terms of the contracts.

Cash Equivalents

Commercial paper and bonds purchased under resell agreements with original maturities of no more than three months are classified as cash equivalents.

Financial Instruments at Fair Value through Profit or Loss

Financial instruments at fair value through profit or loss include financial assets or liabilities held for trading and those designated on initial recognition as measured at fair value with fair value changes in profit or loss. On initial recognition, the financial instruments are measured at fair value, with transaction costs capitalized currently. Subsequent changes in fair value are recognized as current gain or loss. The regular purchase or sale of financial instruments is recognized or de-recognized using trade date accounting.

If derivative financial instruments do not meet the criteria for hedge accounting, they were classified as financial assets or liabilities held for trading purposes. They were classified as financial assets when the fair value was positive; otherwise, they were classified as financial liabilities.

The fair values of listed securities and mutual funds are determined at their closing prices and net asset values, respectively, as of the balance sheet date.

Available-for-sale Financial Assets

On initial recognition, available-for-sale financial assets are recorded at fair values plus transaction costs directly attributable to the acquisition of the assets. Gain or loss due to changes in fair value is recognized as adjustments to shareholders' equity, and the related cumulative gain or loss should be recognized in the current period when the financial asset is de-recognized. The regular purchase or sale of financial assets is recognized or de-recognized using trade date accounting.

The fair values of listed securities and mutual funds are is determined at their closing prices and net asset values, respectively, as of the balance sheet date.

Any cash dividends received are recognized as income on the date of the shareholders' meeting or on the ex-dividend date, but dividends declared from earnings before investment acquisition are recognized as a reduction of the carrying value of the investments. Stock dividends received are accounted for only as an increase in the number of shares held but are not recognized as investment income. The carrying amount of shares held is recalculated on the basis of the total number of shares held after stock dividends are received.

An impairment loss should be recognized if there is objective evidence that a financial asset is impaired. This impairment loss can be reversed to the extent of the original carrying value and recognized as an adjustment to shareholders' equity.

Held-to-maturity Financial Assets

Held-to-maturity financial assets or instruments are measured at cost amortized by the straight-line method. They are recorded at fair value plus the instrument acquisition or issue cost, and gain or loss is recognized when they are devalued or amortized. The regular purchase or sale of financial assets is recognized or de-recognized using trade date accounting.

An impairment loss should be recognized if there is objective evidence that a financial asset is impaired. If the impairment is later determined as no longer existing or diminished, the impairment loss can be reversed to the extent that the reversal would not exceed the asset carrying amount had no impairment loss been recognized for the asset in prior years.

Bonds Measured at Amortized Cost

Bonds with fixed or determinable payments and with no quoted prices in an active market are measured at amortized cost. Bonds should be measured at original cost plus transaction cost on initial recognition. Gains or losses are recognized when de-recognition, impairment loss or amortization occurs. The regular purchase or sale of bonds is recognized and de-recognized using trade date accounting. An impairment loss should be recognized if there is objective evidence that a financial asset is impaired. If the impairment is determined as no longer existing or diminished, the impairment loss can be reversed to the extent that the reversal will not exceed bond carrying value had no impairment loss been recognized for the asset in prior years.

Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts

Revenue is recognized when the earnings process is completed or virtually completed and the revenue is realizable and measurable. The costs of providing services are recognized as incurred. Usage revenues (equal to the excess of minutes of traffic included in the fixed monthly service fees) from wireless services, international simple resale services, Internet and data services and interconnection calls, net of any applicable discount, are billed according to customers' usage and are recognized on the basis of minutes of traffic processed. Other revenues are recognized as follows: (a) fixed monthly service fees and leased-circuit service revenues are accrued each month; (b) prepaid call and Internet card services are recognized as income based upon customer usage; (c) one-time commission and subsidy revenue of a bundled contract (which covers both the purchase price of a cellular phone unit and a mobile phone number) or merely sales of mobile phone number as an agent for the telecommunications providers are accrued as activated; and (d) commission revenues are accrued monthly on the basis of related airtime revenue.

Operating revenues are measured at fair values based on the prices negotiated between the Group and the customers. Since the future values of operating revenues resulting from receivables within one year approximate the fair values of these receivables, the fair values are not recalculated using the pro forma interest rate method.

The revenues from and costs for the sale of cellular phone equipment and accessories are recognized when the products are delivered to and accepted by the customers. This sale is considered a separate earnings process from the sale of wireless services.

Rent revenue is recognized when the earnings process is completed or virtually completed and the revenue is realizable and measurable.

The Company and Far Eastern Apparel Co. do not recognize as sales those transactions involving the delivery of materials to subcontractors for further processing since these transactions do not involve a transfer of ownership of materials.

An allowance for doubtful accounts is provided on the basis of the aging of the receivables and estimated collectibility of receivables.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined using the weighted-average method. Losses on disposal of inventory are evaluated on the basis of the changes in marketing strategy. Losses on decline in value of inventory are evaluated on the basis of market demand and should be recognized when the net realizable value is lower than the cost. When loss on scrap and slow-moving items is anticipated, these items are written down to their net realizable value, with loss on decline in value recognized under current income.

Financial Assets Carried at Cost

Investments in equity instruments without quoted market prices in an active market, including investments in unlisted stocks and emerging stocks, are measured at cost upon initial recognition. Any cash dividends received are recognized as income on the date of the meeting of shareholders or on the ex-dividend date, but dividends declared from earnings before investment acquisition are recognized as a reduction of the carrying value of the investments. Stock dividends received are accounted for only as an increase in the number of shares held but are not recognized as investment income. The carrying amount of shares held is recalculated on the basis of the total number of shares held after stock dividends are received. An impairment loss should be recognized as a charge to current income if there is objective evidence that a financial asset is impaired. This loss cannot be reversed.

Real Estate

FETL's subsidiary, FECC, uses the completed-contract method for its construction projects. Pre-sold real estate is recognized as advances on land and building. After completion of the construction, the ownership is transferred to a proprietor or owner, and the proceeds of this transfer are recognized as current revenues. The calculation of the construction cost is based on the size of the land used, the actual size of the house and the construction cost incurred. House ownership fully or partly transferred to customers is recognized as current construction cost; any remaining construction costs are recognized as available for sale - building and land.

Pre-sold property under the percentage-of-completion method is recognized in the balance sheet and is calculated on an accrual basis. If the accumulated construction gain exceeds total construction gain, the excess will be recognized as current revenues; otherwise, current loss is recognized. If the construction is estimated to result in a loss, the full loss has to be recognized immediately. But, if the estimated loss decreases, the cumulative loss recognized in excess of the estimated loss will be recognized as revenues.

If construction is recognized by the percentage-of-completion method, the construction account is calculated depending on the construction cost actually incurred (such as construction land, costs and capitalized interests) plus or minus the estimated construction revenues or losses. After each construction completion, the sold parts of construction and related advances on land and building are netted out; the net amount is recognized as operating revenue. The parts unsold under the current construction program will be recognized as real estate ready for sale.

Property classified as available for sale - building and land or available for construction - land is calculated at the lower of cost or market.

Marketing expenses for pre-sold real estate are treated as deferred marketing expenses first and recognized as current expenses when the construction is completed if the real estate ownership has not yet been transferred to customers.

Long-term Construction Contracts

Revenues and costs of long-term construction contracts are recognized by the percentage-of-completion method. Under this method, the stage of completion of each contract is measured as a ratio of cumulative construction costs to total estimated contract costs. If contract price or construction contract costs cannot be reasonably estimated, the completed method is required.

Construction revenues and costs for the current year are the cumulative construction revenue and costs, determined using the percentage-of-completion method, in excess of the cumulative construction revenue and costs recognized in prior years. An estimated loss on a construction contract is recognized currently; any adjustment of this loss is recognized as either income or loss in the year of adjustment. The adjustment of the construction contract price of the prior year's completed construction is added to or deducted from the construction profit or loss of the current year. Under the completed-contract method, when construction is completed, the balance of billings on construction-in-progress and construction-in-progress will be charged to construction revenue and costs.

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

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

Equity-method Investments

Long-term investments in which the Group owns at least 20% of investees' common stock or exercises significant influence over their operating and financial policy decisions are accounted for by the equity method. On the acquisition date or the adoption of the equity method for the first time, the difference between investment cost and underlying equity in net assets is amortized using the straight-line method over 3 to 20 years.

As required, however, by the revised ROC Statement of Financial Accounting Standards No. 5 - "Long Term Investments in Equity Securities," starting on January 1, 2006, the cost of acquisition is subjected to an initial analysis. The investment cost in excess of the fair value of identifiable net assets is recognized as goodwill. Goodwill is no longer amortized and is instead tested annually for impairment. An impairment test is also required when there is evidence indicating that goodwill might be impaired because of an event or a change in the economic environment. If the fair value of identifiable net assets acquired exceeds the cost of investments, the excess should be assigned to noncurrent assets in proportion to their respective fair values (except for financial assets not under the equity method, assets for disposal, deferred income tax assets and prepaid pension costs or other retirement benefit costs). If these assets are all reduced to zero, the remaining excess should be recognized as extraordinary gain. Starting on January 1, 2006, the unamortized balance of the investment cost in excess of the equity in investee's net assets is no longer amortized and is instead subject to the same accounting treatment as that for goodwill; the negative goodwill previously acquired should be amortized over the remaining estimated economic lives.

An increase in the Group's proportionate share in the net assets of its investee resulting from its subscription for additional shares of stock issued by the investee at a rate different from its existing equity ownership in the investee is credited to capital surplus. If the subscription results in a decrease in the Group's equity in an investee's net assets, capital surplus is debited. If capital surplus is not enough for debiting purposes, the difference is debited to unappropriated earnings.

The Group's equity in equity-method investees' net income or net loss is recognized using the treasury stock method if there are reciprocal holdings between investors and investees.

For both equity-method investments and financial assets carried at cost, stock dividends received are accounted for as increases in the number of shares held, which result in lower carrying value per share.

The costs of investments sold are determined as follows: (i) by the Company - weighted average method and (ii) by subsidiaries - moving-average method.

Properties and Rental Assets

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

Interest on borrowings used to finance the acquisition of properties and the construction of production facilities up to the time those properties are ready for their intended use is capitalized and included in the cost of the related assets.

Depreciation expenses for properties and rental assets are calculated by the Company and its subsidiaries using the fixed-percentage-of-declining-balance method and straight-line method, respectively.

Depreciation expenses are computed over service lives originally estimated as follows: buildings and equipment, 3 to 55 years; machinery and equipment, 5 to 15 years; telecommunication equipment, 2 to 15 years; computer equipment, 3 to 10 years; office equipment, 3 to 10 years; leasehold improvements and miscellaneous equipment, 3 to 15 years. Depreciation on appreciation is computed over the remaining service lives of the assets on the revaluation date. When properties and rental assets reach their residual value and are still being used, they are further depreciated over their newly estimated service lives.

When properties are retired or disposed of, their costs or costs plus appreciation and related accumulated depreciation are removed from the accounts, and the resulting gains or losses are credited or charged to nonoperating income.

Equipment covered by capital lease agreements are stated at the lower of (1) the fair value of the equipment at the beginning of the lease or (2) the total present value of future lease payments and the bargain purchase price. Implicit interest included in the periodic lease payments is treated as current interest expenses.

Deferred Charges

Deferred charges mainly include costs of retail store renovation, are amortized using the straight-line method over 5 to 7 years.

Idle Assets

Properties not currently used in operations are transferred to other assets at the lower of net book value or net realizable value, with the difference charged to nonoperating expenses. However, starting on January 1, 2006, based on related regulations, depreciation is calculated using the straight-line method over the estimated useful lives of the properties.

Intangible Assets

Goodwill is the difference (the source of which cannot be identified) between investment costs and the equity in investees' net assets, which is amortized using the straight-line method over 3 to 15 years. However, under the revised ROC Statement of Financial Accounting Standards No. 5 - "Long-term Investments in Equity Securities," goodwill is no longer amortized starting on January 1, 2006.

The 3G concession, which was stated at cost, is amortized on a straight-line basis from January 24, 2005, the issuance date of the concession license, until the license expiry on December 31, 2018.

Land leasehold rights are amortized over 50 years.

Technical know-how is amortized over 10 years.

Patent rights and computer software are measured at acquisition cost and amortized using straight-line method over 3 to 5 years.

Impairment Loss

An impairment loss should be recognized if the carrying value of assets (including properties, rental assets, idle assets, 3G license fee, goodwill, deferred charges and equity-method investments) exceeds their recoverable amount, and this impairment loss should be charged to current income. An impairment loss recognized in prior years can be reversed if there is a subsequent recovery in the estimates used to determine recoverable amount since the last impairment loss was recognized. However, an impairment loss is reversed only to the extent that the reversal does not exceed the carrying amount of an asset (net of depreciation) had no impairment loss been recognized in prior years. If an asset has been revalued in accordance with the laws, its impairment loss should first be used to reduce the unrealized appreciation of revaluation under shareholders' equity. The excess loss, if any, may then be recognized as loss in the income statement. However, to the extent that an impairment loss on the same revalued asset was previously recognized as a loss in the income statement because of insufficient revaluation surplus, a reversal of that impairment loss is recognized as a gain in the income statement. The excess part, if any, may then be reversed to the unrealized appreciation of revaluation under shareholders' equity. However, an impairment loss recognized on goodwill cannot be reversed.

Deferral of Unrealized Intercompany Profit

The entire gains or losses from FETL's sales of products to its subsidiaries are deferred and included in deferred income. In addition, FETL classifies deferred income as current or noncurrent on the basis of the length of the gain realization period.

FETL defers gains or loss on its product sales in proportion to ownership percentages for sales to equity-method investees that are not majority owned.

FETL defers its gains or losses on the subsidiaries' sales of products to FETL or on the sale among subsidiaries in proportion to its equity in the subsidiaries.

The unrealized profit due from selling stocks in the open market by the Company, then the stocks was bought by equity-method investees or the Company sells the stocks to intercompanies or equity-method investees directly, is recognized as revenue when it is realized. The profit of selling shares of interest to the Company due to organization reassemble is recognized as additional paid-in-capital, and loss is deducted from additional paid-in-capital or retained earnings if additional paid-in-capital is not enough.

Deferred gain on disposal of land is recognized as revenue when the buyer has resold it. Deferred gain on disposal of building is recognized as revenue using the straight-line method over the estimated useful lives of the building or is recognized the rest as revenue when the building is resold.

All of the deferred gains and losses are realized on the subsequent sale of related items to third parties.

Pension Costs

Under the defined benefit plan, pension costs are recognized on the basis of actuarial calculations. Under the defined contribution pension plan, required monthly contributions by the Group to the employees' individual pension accounts are recognized as pension costs over the employees' service years.

For the defined benefit plan, prior service costs should be amortized on a straight-line basis over the average period from the plan effective or amendment date until the benefits become vested. When the benefits become vested immediately following the introduction of, or changes to, a defined benefit plan, an enterprise should recognize the prior service cost as expense immediately.

Under government regulations, subsidiaries established in China have defined contribution pension plans. They make monthly contributions to a pension fund at a fixed percentage of salaries and recognize these contributions as pension costs. However, holding companies do not have pension plans because they do not have any employees.

Income Tax

The inter-period and intra-period allocation methods are used for income taxes. Deferred income tax assets are recognized for the tax effects of deductible temporary differences, unused operating loss carryforwards and unused investment tax credits, and deferred tax liabilities are recognized for the tax effects of taxable temporary differences. A valuation allowance is recognized for deferred income tax assets that are not certain to be realized. Deferred income tax assets and liabilities are classified as current or noncurrent on the basis of the classification of the related assets and liabilities for financial reporting. A deferred asset or liability that cannot be related to an asset or a liability in the financial statements is classified as current or noncurrent according to the expected realization date of the temporary difference.

Deferred tax liabilities cannot be recognized if they are the temporary difference arising from the financial accounting and tax accounting for the undistributed earnings of foreign subsidiaries.

Tax credits for certain purchases of telecommunications and other equipment, research and development expenses, personnel training expenses and investments in shares of stock are accounted for as a reduction of the current period's income tax expense.

Adjustments of prior years' tax liabilities are added to or deducted from the current period's income tax expenses.

Income taxes (10%) on undistributed earnings generated since January 1, 1998 are recorded as expense in the year when the shareholders resolve to retain the earnings.

The Company and Far Eastern Resources Development adopted the linked-tax system for tax filings. Differences between current and deferred income tax expenses on consolidated entity basis and those on nonconsolidated entity basis are adjusted in the Company's income tax expenses. Related reimbursement and appropriation are recognized as receivables or payables.

The Income Basic Tax Act (the "IBT Act"), which took effect on January 1, 2006, requires that the income basic tax should be 10% of the sum of the taxable income calculated in accordance with the Income Tax Act plus tax benefit regulated by the Income Tax Act or other laws. The tax payable of the current year would be the higher of the income basic tax and income tax payable calculated in accordance with the Income Tax Act. The effect of the IBT Act on the Group's income tax is already included in the current tax expense.

Foreign-currency Transactions and Translation of Foreign-currency Financial Statements

Foreign-currency transactions (except derivative transactions) are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of prevailing foreign exchange rates when cash in foreign currency is converted into New Taiwan dollars or when nonmonetary foreign-currency-denominated assets and liabilities are settled, are credited or charged to income in the period of settlement.

On the balance sheet date, the balances of nonmonetary foreign currency-denominated assets and liabilities evaluated at fair value, such as equity instruments, are restated at the prevailing exchange rates, and the resulting differences are recorded as adjustment to shareholders' equity or as profit or loss in the current period. Financial assets and liabilities carried at cost are stated at historical exchange rates; while equity-method investments are recorded as cumulative translation adjustments under shareholders' equity.

Hedging Derivative Financial Instruments

Hedging derivative financial instruments are measured at fair value. The changes in fair values of these instruments are debited or charged to either shareholders' equity or current income depending on the type of the hedged items.

Hedge Accounting

Hedge accounting involves the recognition of the offsetting effects on profit or loss of changes in fair values of the hedging instrument and the hedged item.

- a. Some derivative instruments held by the Group are for fair value hedge purposes. Thus, the gains or losses from the changes in fair values of the derivative hedging instruments or from the changes in carrying values on the nonderivative financial instruments are recognized as current income. If values of the hedged items change, the gains or losses will be recognized as current income and adjustments to the carrying values of the hedged item.
- b. Some derivative instruments held by the Group are for cash flow hedge purposes. Thus, the gains or losses from the changes in fair values of the hedging instruments are recognized under shareholders' equity and are recognized as current income if the hedged forecast transaction affects net gains or losses. If hedging would give rise to a nonfinancial asset or liability, the gain or loss will be recognized as an adjustment to the original cost or carrying amount of the hedged asset or liability. If recognized adjustments to shareholders' equity result in irreversible losses, these losses should be immediately charged to current income.

The Group uses interest rate swaps and forward exchange contracts to hedge cash flow risks from interest rate and exchange rate fluctuations of liabilities and firm commitments.

Reclassifications

Certain accounts in the consolidated financial statements as of and for the six months ended June 30, 2005 have been reclassified to be consistent with the presentation of the consolidated financial statements as of and for the six months ended June 30, 2006.

3. CHANGES IN ACCOUNTING PRINCIPLES

On January 1, 2006, the Group adopted the new ROC Statements of Financial Standards ("Statements" or SFAS) No. 34 - "Accounting for Financial Instruments" and ROC SFAS No. 36 - "Disclosure and Presentation of Financial Instruments" and related revisions of previously released Statements.

Effects of accounting changes:

On the basis of the accounting changes, the Group reclassified financial assets and financial liabilities (including derivative instruments). The cumulative effect of the accounting changes should be recognized in the current period for adjustments to the carrying values of the financial assets at fair value through profit or loss. Available-for-sale financial instruments measured at fair value or the assets or derivatives under the cash flow hedge are recognized as adjustments to shareholders' equity. In addition, an adjustment from assets or liabilities deferred from profit or loss under the cash flow hedge to shareholders' equity should be made for derivative instruments.

The amounts pertaining to the effects of the accounting changes were as follows:

	As Cumulative Effect of Changes in Accounting Principle (After Tax)	As Adjustments to Shareholders' Equity (After Tax)
Available-for-sale financial assets - current		
- FETL	\$ -	\$ 41,090
- Yuan Ding Investment	-	692,884
- Far Eastern Construction	-	39,324
- Yuan Tong Investment	-	12,348
- Far Eastern General Contractor	-	12,082
- Ding Ding Management Consulting	-	8,367
- Kai Yuan International Investment	-	60
Hedging derivative financial liabilities - noncurrent		
- FETL	-	(85,465)
- Far EasTone	-	(68,446)
- Yuan Ding Investment	-	(37,949)
- ARCOA	-	(900)
Financial assets at fair value through profit or loss - current		
- Far Eastern General Contractor	1,007	-
- Yuan Tong Investment	<u>29,502</u>	<u>-</u>
	<u>\$ 30,509</u>	<u>\$ 613,395</u>

The above accounting changes resulted in increases of \$30,509 thousand in net income and NT\$0.01 in earnings per share after tax in the six months ended June 30, 2006.

The Group adopted the revised ROC SFAS No. 1 - "Conceptual Framework for Financial Accounting and Preparation of Financial Statements"; No. 5 - "Long-term Investments in Equity Securities"; and No. 25 - "Business Combinations - Accounting Treatment under the Purchase Method." These revisions stated that the difference between the cost of an investment and the amount of the underlying equity in net assets of an investee should no longer be amortized and instead should be tested for impairment loss periodically. The adoption of the revised standards resulted in increases of \$638,515 thousand in consolidated net income before income tax expense without any cumulative changes in accounting principles and of NT\$0.16 in basic earnings per share after income tax in the six months ended June 30, 2006.

4. CASH AND CASH EQUIVALENTS

	June 30	
	2007	2006
Cash		
Cash on hand	\$ 25,675	\$ 22,482
Savings and checking accounts	4,117,590	3,798,450
Time deposit: Interest of 1.62%-5.17% in 2007 and 1.44%-7.8% in 2006	5,346,413	1,831,048
Management discretionary accounts	<u>200,210</u>	<u>65,359</u>
	<u>9,689,888</u>	<u>5,717,339</u>

(Continued)

	June 30	
	2007	2006
Cash equivalents		
Commercial paper purchased under resell agreements:		
Interest of 1.69%-2.50% in 2007 and 1.47%-1.55% in 2006	\$ 13,923,778	\$ 10,170,045
Treasury bills purchased under resell agreements:		
Interest of 1.63%-1.80% in 2007 and 1.425% in 2006	<u>291,619</u>	<u>38,212</u>
	<u>14,215,397</u>	<u>10,208,257</u>
	<u>\$ 23,905,285</u>	<u>\$ 15,925,596</u>
		(Concluded)

As of June 30, 2007 and 2006, foreign demand deposits were as follows:

	June 30, 2007
U.S.A.-New York (US\$11 thousand)	\$ 355
Belgium (US\$518 thousand)	17,019
China-Hong Kong (US\$16 thousand)	<u>528</u>
	<u>\$ 17,902</u>
	June 30, 2006
U.S.A.-New York (US\$11 thousand)	\$ 356
Belgium (US\$307 thousand)	9,938
China-Hong Kong (US\$22 thousand)	<u>712</u>
	<u>\$ 11,006</u>

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

Financial assets held for trading and financial assets at fair value through profit or loss were as follows:

	June 30	
	2007	2006
<u>Financial assets held for trading</u>		
Cotton futures contracts	\$ 26,926	\$ 55,555
Adjustment for valuation	<u>3,338</u>	<u>(8,613)</u>
	30,264	46,942
Marketable equity securities	607,713	337,275
Open-end mutual funds	105,456	362,689
Treasury Bills	<u>-</u>	<u>146,426</u>
	<u>743,433</u>	<u>893,332</u>
<u>Financial assets at fair value through profit or loss</u>		
Bond funds	<u>-</u>	<u>20,955</u>
	<u>\$ 743,433</u>	<u>\$ 914,287</u>

The Company used cotton futures contracts to hedge the fluctuation of cotton prices in the six months ended June 30, 2007 and 2006. The strategy is to hedge the Company's market risk exposure. Since these transactions do not meet the criteria for hedge accounting, they were classified as used for trading purposes.

The outstanding cotton futures contracts held by FETL as of June 30, 2007 and 2006 are summarized as follows:

Outstanding Derivative Contract	June 30, 2007		
	Maturity	Units	Contract Amount (Thousands)
Cotton futures contracts	December 2007	50	US\$1,482/NT\$49,061

Outstanding Derivative Contract	June 30, 2006		
	Maturity	Units	Contract Amount (Thousands)
Cotton futures contracts	December 2006	210	US\$5,953/NT\$191,385

The Company sold the call position of currency option contracts held for trading to earn extra premiums and used non-hedging forward exchange contracts to earn on price differences arising from exchange rate fluctuations in the six months ended June 30, 2007 and 2006.

The Company had no outstanding forward exchange contracts or currency option contracts as of June 30, 2007 and 2006.

Subsidiaries YDI, Yuan Tone Investment Corp. (YTIC) and KG Telecom Co., Ltd. engaged the Oriental Security Investment Advisory Corp. (trustee) to manage a discretionary fund. As of June 30, 2007, these subsidiaries had entrusted to the trustee a fund of about \$1,050,000 thousand. The investment targets are all kinds of investment instruments, except the Group's stock. Part of the fund amounting to \$200,210 thousand and \$65,359 thousand as of June 30, 2007 and 2006, respectively, was deposited to management discretionary accounts in a bank and was shown as cash (Note 4).

In September 2003, ARCOA invested \$10,000 thousand in interest-linked structured deposits, which were highly correlated to interest rates, to earn interest. ARCOA pledged the deposit as collateral for its short-term bank loans.

The original maturity date of ARCOA's deposits was September 15, 2010, and the related contract will become invalid once the actual return reaches 8%. ARCOA was informed by the bank that the contract became invalid on March 15, 2006 since the actual return reached 8%.

Net gains on the financial assets at fair value through profit or loss were \$50,994 thousand and \$2,110 thousand in the six months ended June 30, 2007 and 2006, respectively. Net gains on financial liabilities held for trading were \$4,394 thousand and \$10,506 thousand, respectively in the six months ended June 30, 2007 and 2006.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30	
	2007	2006
<u>Current</u>		
Marketable equity securities	\$ 390,358	\$ 32,155
Open-end mutual funds	<u>752,709</u>	<u>250,462</u>
	1,143,067	282,617
<u>Noncurrent</u>		
Marketable equity securities	<u>233,631</u>	<u>161,579</u>
	<u>\$ 1,376,698</u>	<u>\$ 444,196</u>

Yi Jinn Industrial Co., Ltd., an investee of Kai Yuan International Investment Corporation (a Company subsidiary), was determined to be impaired, with little possibility of recovery from the impairment loss. Thus, an impairment loss of NT\$25,349 thousand in the six months ended June 30, 2007 was recognized.

7. INVENTORIES, NET

	June 30	
	2007	2006
Merchandise	\$ 1,433,308	\$ 1,574,751
Finished goods	4,843,755	4,824,920
Work-in-process	2,770,162	2,387,582
Raw materials	5,663,593	3,698,934
Supplies	<u>1,151,985</u>	<u>839,237</u>
	15,862,803	13,325,424
Less: Allowance for losses	<u>949,778</u>	<u>867,982</u>
	<u>\$ 14,913,025</u>	<u>\$ 12,457,442</u>

8. AVAILABLE FOR CONSTRUCTION - LAND

	Area (Square Meters)	June 30	
		2007	2006
Taichung Xi-Tun Guang-Ming Section No. 201	12,036	\$ 411,500	\$ -
Taipei Da-Zhi Bei-An Section No. 877-877-2	472	125,099	-
B5 Xin Yi section	199	<u>75,555</u>	<u>75,555</u>
		<u>\$ 612,154</u>	<u>\$ 75,555</u>

9. CONSTRUCTION-IN-PROGRESS (NET OF BILLINGS ON CONSTRUCTION-IN-PROGRESS)

Construction-in-progress, advances on land and building and deferred marketing expenses (these expenses are classified under current assets) of Far Eastern Construction Co., Ltd. as of June 30, 2007 and 2006 were as follows:

Project by Accounting Method	Contract Price	Estimated Construction Cost	June 30, 2007				Deferred Marketing Expense	Advances on Land and Building	Percentage of Completion	Expected Year of Completion
			Land	Construction Cost	Recognized Cumulative (Loss) Gain	Total				
<u>Percentage-of-completion method</u>										
Ban Ciao Ya Dong Section No. 1078, 1078-1, 1078-2 (Yuan-Yang new station)	\$ 1,779,800	\$ 1,257,860	\$ 260,104	\$ 59,065	\$ 440,621	\$ 759,790	\$ 7,166	\$ 285,559	92	2007
<u>Completed-contract method</u>										
Shi Lin Quang Hua Section No. 1043-1045 (Yuan-Yang Min Chi)	567,730	459,980	296,439	8,072	-	304,511	32,706	102,794	31	2008
Ban Ciao New Section No. 9 (Zhong Ben)	-	-	658,225	196,353	-	854,578	-	-	18	2008
Ban Xin head office	-	-	-	124,667	-	124,667	-	-	10	2010
			<u>\$ 1,214,768</u>	<u>\$ 388,157</u>	<u>\$ 440,621</u>	<u>\$ 2,043,546</u>	<u>\$ 39,872</u>	<u>\$ 388,353</u>		

Project by Accounting Method	June 30, 2006									
	Contract Price	Estimated Construction Cost	Construction-in-Progress				Deferred Marketing Expense	Advances on Land and Building	Percentage of Completion	Expected Year of Completion
			Land	Construction Cost	Recognized Cumulative (Loss) Gain	Total				
<u>Percentage-of-completion method</u>										
Ban Ciao Ya Dong Section No. 1078, 1078-1, 1078-2 (Yuan-Yang new station)	\$ 1,779,800	\$ 1,191,560	\$ 440,228	\$ 35,832	\$ 236,725	\$ 712,785	\$ 34,249	\$ 265,111	50	2007
<u>Completed-contract method</u>										
Shi Lin Quang Hua Section No. 1043-1045 (Yuan-Yang Min Chi)	-	-	295,771	2,795	-	298,566	11,599	49,564	-	2008
Ban Ciao New Section No. 9 (Zhong Ben)	-	-	646,848	180,432	-	827,280	-	-	-	-
			<u>\$ 1,382,847</u>	<u>\$ 219,059</u>	<u>\$ 236,725</u>	<u>\$ 1,838,631</u>	<u>\$ 45,848</u>	<u>\$ 314,675</u>		

The land in section number 9 of the new station section in Ban Ciao ("Ban Ciao Zhong Ben") was developed using the joint construction and allocation of housing units method for FECC and Far Eastern Department Store. The allocation of housing units was based on percentages of land ownership (36.07% for FECC and 63.93% for Far Eastern Department Store).

In the six months ended June 30, 2007 and 2006, FECC's capitalized interest which generally referred to construction-in-progress and prepaid construction, was \$19,137 thousand and \$5,817 thousand, respectively. The capitalization rates were 1.658% to 2.6546% in 2007 and 1.752% to 2.592% in 2006.

Construction-in-progress (net of billings on construction-in-progress) of FECC as of June 30, 2007 and 2006 was as follows:

Project by Accounting Method	Contract Price	Estimated Construction Cost	Construction -in-progress	Billings on Construction -in-progress	Percentage of Completion	Expected Year of Completion	Recognized Cumulative (Loss) Gain
<u>June 30, 2007</u>							
a. Percentage of completion method							
Kaohsiung Rapid Transit	\$ 7,457,051	\$ 6,586,458	\$ 6,965,234	\$ 5,495,639	93	2008	\$ 809,652
Min Yi Camp (1)	388,557	399,720	391,407	381,052	99	2008	(11,163)
Min Yi Camp (2)	484,010	498,016	485,674	463,368	99	2008	(14,006)
Er-chung flood spillway bridge	130,133	132,381	135,381	130,366	-	2008	(2,248)
Yuan-Yang new station	667,620	648,175	614,697	-	92	2007	15,166
Zhong-Xiao Fu-Sing	290,476	279,392	261,497	238,206	90	2007	9,976
Zhong-Ben	1,822,443	1,718,169	325,461	160,976	18	2008	11,999
Tainan science park - Taipower Company	792,381	784,457	560,101	502,331	71	2007	5,626
Yuan-Yang famous building	140,815	136,714	43,023	-	31	2008	-
Zhong-Long storage	225,000	213,493	14,961	4,000	7	2009	806
Zhong-Long fireplace	258,800	255,014	75,524	20,500	29	2009	1,098
			<u>9,872,960</u>	<u>7,396,438</u>			
b. Completed-contract method							
Bin-Chiang market			141,533	-		2009	-
Miscellaneous			9,591	4,450		2008	-
			<u>151,124</u>	<u>4,450</u>			
			<u>10,024,084</u>	<u>\$ 7,400,888</u>			<u>\$ 826,906</u>
			<u>\$ 2,623,196</u>				

(Continued)

Project by Accounting Method	Contract Price	Estimated Construction Cost	Construction -in-progress	Billings on Construction -in-progress	Percentage of Completion	Expected Year of Completion	Recognized Cumulative (Loss) Gain
<u>June 30, 2006</u>							
a. Percentage of completion method							
Kaohsiung Rapid Transit	\$ 6,628,499	\$ 5,933,261	\$ 5,541,045	\$ 4,544,434	84	2007	\$ 584,000
Min Yi Camp (1)	388,557	399,720	390,261	381,052	99	2006	(11,163)
Min Yi Camp (2)	484,010	498,016	485,676	463,368	99	2006	(14,006)
Hua Jiang Express	1,767,619	1,842,857	848,746	793,327	50	2007	(75,238)
Er-chung flood spillway bridge	130,133	132,381	133,893	130,366	-	2006	(2,248)
Shipping Mall	34,616	32,685	27,819	25,271	80	2010	1,545
Bei Men Yu Jing	1,137,143	1,184,762	995,044	917,281	88	2007	(47,619)
Yuan-Yang new station	613,488	595,083	304,436	-	50	2007	7,265
Zhong-Xiao Fu-Sing	290,476	279,392	204,939	184,518	71	2006	7,870
Zhong-Ben	-	-	<u>170,834</u>	<u>139,082</u>	-	-	-
			<u>9,102,693</u>	<u>7,578,699</u>			
b. Completed-contract method							
Bin-Chiang market	-	-	134,409	-	-	2006	-
Kaohsiung MRT Co-construct	-	-	5,562	-	-	2006	-
Miscellaneous	-	-	<u>9,528</u>	<u>1,555</u>	-	2006	-
			<u>149,499</u>	<u>1,555</u>			-
			<u>9,252,192</u>	<u>\$ 7,580,254</u>			<u>\$ 450,406</u>
			<u>\$ 1,671,938</u>				

(Concluded)

FEGC obtained a Kaohsiung MRT project contract and signed a loan contract with syndicate banks, with China Trust Commercial Bank as the lead and managing bank. Based on this contract, the cash project fund appropriated by Kaohsiung Rapid Transit Corporation (KRTC, the proprietor) should be deposited to the lead bank's special account. Before moving and setting aside the project fund, FEGC must submit a detailed statement of expenditures to the managing bank, which will appropriate the project fund after processing and approving this statement. When the fund exceeds a certain amount, FEGC can buy a bond fund or time deposit, but FEGC should pledge this fund or time deposit as security to the managing bank. As of June 30, 2007 and 2006, the special account balances were \$56 thousand and \$182 thousand, respectively, and this account was classified under other current assets.

10. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	<u>June 30</u>			
	<u>2007</u>		<u>2006</u>	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Unlisted common stocks				
New Century InfoComm Tech Co. (NCIC)	\$ 5,808,533	16	\$ 6,302,077	16
Yue Yuan Investment Corp.	637,577	19	637,577	19
Kai Yuang Fund	334,573	-	348,139	-
Alberia & Orient Glycol Company Ltd.	212,164	25	236,867	25
Kaohsiung Rapid Transit Corporation	200,000	2	200,000	2
Hantech Venture Capital Corp.	136,802	7	136,802	7

(Continued)

	June 30			
	2007		2006	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Chung Nan Textile Corp.	\$ 81,405	5	\$ 81,405	5
Nippon Parison Co., Ltd.	71,220	10	12,542	10
Yi Tong Fiber Co., Ltd.	28,519	4	28,519	4
Ya Li Precast and Pressed Concrete Industries Corp.	25,142	16	25,142	16
Taiwan Stock Exchange Corp.	22,493	-	22,493	-
VIBO Telecom Inc.	20,000	-	20,000	-
Ya Li Transport Corp.	16,241	10	16,241	10
Universal Venture Capital Investment Corp.	14,000	1	14,000	1
Overseas investment Corp.	10,000	1	10,000	1
China Investment & Development Co., Ltd.	8,250	1	8,250	1
Gallery Management Ltd.	6,597	10	13,082	10
Taiwan Fixed Network Co., Ltd.	-	-	21,000	-
Ideaculture Limited	-	-	13,978	18
Others	<u>25,940</u>	-	<u>13,899</u>	-
	7,659,456		8,162,013	
Domestic private mutual fund	<u>250,000</u>		<u>100,000</u>	-
	<u>\$ 7,909,456</u>		<u>\$ 8,262,013</u>	

(Concluded)

The Group's holdings of marketable equity securities and funds with no quoted market prices and with fair values that could not be reliably measured were evaluated at holding cost.

The investment in Alberia & Orient Glycol Company Ltd. was accounted for as a financial asset carried at cost since the Group could not exercise significant influence over this investee although the Group owned more than 20% of this investee's voting shares.

On December 29, 2005, the board of directors of Tai Ya International Telecommunications Co., Ltd. (TYIT) resolved to merge Mobitai communications Ltd. ("Mobitai") with TYIT, with TYIT as the survivor company, in accordance with Article 19 of the Business Mergers and Acquisitions Act and set January 1, 2006 as the record date of the merger. Under the resolution of TYIT's board, the Company received NT\$167,863 thousand from Mobitai in exchange for Mobitai's 11,469 common shares (NT\$14.68 per share) held by the Company. The Company wrote off the investment in Mobitai and recognized a disposal gain of NT\$31,814 thousand. However, the Company regarded Mobitai's purchase price as too low and raised an objection to Mobitai. Afterwards, the Company filed a lawsuit against TYIT. As of August 6, 2007, the date of the accompanying accountants' report, the lawsuit was pending before the Taipei district court.

On March 23, 2007, ARCOA, a Company subsidiary, sold all of its shares of Taiwan Fixed Network Co. Ltd. for NT\$17,378 thousand (NT\$8.3 per share) and recognized a disposal loss of NT\$3,622 thousand.

On September 25, 2007, Gallery Management Ltd. returned to the Company capital amounting to NT\$6,485 thousand.

The value of some investments carried at cost had been considered impaired and the chance for recovery is little. Thus, an impairment loss on these investments was recognized in 2007 and 2006, as follows:

	Six Months Ended	
	June 30	
	2007	2006
NCIC	\$ 25,444	\$ 68,016
Ideaculture Limited	<u>14,214</u>	<u>-</u>
	<u>\$ 39,658</u>	<u>\$ 68,016</u>

11. EQUITY-METHOD INVESTMENTS

	June 30			
	2007		2006	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
With quoted market prices				
Asia Cement Corp. (ACC)	\$ 12,745,252	26	\$ 12,927,360	31
Far Eastern Department Stores (FEDS)	4,975,188	23	4,248,488	23
Oriental Union Chemical Corp. (OUCC)	2,797,485	23	2,583,125	22
Far Eastern International Commercial Bank (FEIB)	2,589,713	12	3,084,158	13
Everest Textile Co., Ltd. (Everest Textile)	<u>1,263,419</u>	26	<u>1,266,779</u>	25
	<u>24,371,057</u>		<u>24,109,910</u>	
With no quoted market prices				
Oriental Securities Corp. (OSC)	5,524,214	46	5,229,254	47
Yuan Ding Co.	3,443,122	50	3,270,569	50
Pacific Liu Tong Investment Corp. (PLTIC)	2,368,350	40	1,631,666	45
Far Eastern International Leasing Corp. (FEILC)	1,720,926	33	1,319,103	32
Invista Far Eastern Petrochemicals Co., Ltd.	1,272,150	21	1,604,977	21
Liquid Air Far East Glycol Ltd.	1,038,750	35	999,512	35
Far Eastern Leasing Corp.	382,143	46	338,687	46
Far Eastern - Invista Co., Ltd.	378,917	50	386,640	50
Kowloon Cement Corp.	358,120	49	333,450	49
Freudenberg Far Eastern Spunweb Co., Ltd.	229,363	30	227,991	30
Da Ju Fiber Co., Ltd.	197,047	42	-	-
Yue Ding Industry Co., Ltd.	127,310	28	42,970	40
Ding Ding Hotel Corp.	56,826	19	61,068	19
Others	<u>137,337</u>	-	<u>144,087</u>	-
	<u>17,234,575</u>		<u>15,589,974</u>	
	<u>\$ 41,605,632</u>		<u>\$ 39,699,884</u>	

Investments in Far Eastern International Commercial Bank, Ding Ding Hotel Corp. and Ding Ding Integrated Marketing Services Co., Ltd. were accounted for by the equity method since the Group exercised significant influence over them although the Group owned less than 20% of each of these investees' voting stock.

ARCOA's investment in THI Consultants Inc (THIC) was reclassified as financial assets carried at cost-noncurrent after THIC's capital increase for cash in September 2006. Because ARCOA did not participate in THIC's capital increase, ARCOA lost its influence on THIC's operating and financial policy decisions.

In the special meeting of Hi Information Co., Ltd. (“HI”) on October 5, 2006, the shareholders of HI resolved to liquidate the company in accordance with the Company Law and as of June 30, 2007, the liquidation was still in progress. However, ARCOA has recognized its equity in investee’s net losses based on HI’s liquidation values.

PLTIC raised cash capital by issuing new common shares on July 17, 2006. The Company, Kai Yuan International Investment Corp., Ding Yuan International Investment Corp. and Yuan Tong Investment Corp. all gave up their rights to subscribe for shares. But An Ho Garment Co., Ltd., Yuan Ding Investment Corp. and Da Ju Fiber Co., Ltd. subscribed for 60,508 thousand shares amounting to \$841,061 thousand at NT\$13.90 per share. After PLTIC’s capital increase, the percentages of ownership by the Company and by the Company plus its subsidiaries decreased from 26.89% to 16.83% and from 44.84% to 43.13%, respectively.

On January 23, 2007, Yuan Ding Investment Corp. (YDI, a Company subsidiary) sold to an unrelated party its holding of 84,000 thousand shares of Asia Cement Co., Ltd. (ACC) for NT\$2,734,372 thousand, or about NT\$32.65 per share, to participate in ACC’s global depositary receipts offering. In January 2007, YDI disposed of 8,726 thousand shares of ACC for NT\$274,174 thousand.

In February 2007, FEILC, an indirect equity-method investee of the Company, raised cash capital by issuing new common shares. YDI (a Company subsidiary) bought 9,846 thousand FEILC shares for NT\$118,152 thousand. After FEILC’s capital increase, the percentage of ownership by the Company and its subsidiaries rose from 15.97% to 16.42%.

The carrying values of the equity-method investments, except those in OSC, PLTIC and all listed companies, were based on unaudited financial statements. Also, the carrying amounts of equity-method investments in ACC, FEDS, OUCC, and PLTIC as of June 30, 2007 and 2006, and Everest Textile as of June 30, 2007 were based on audited financial statements, and the amounts pertaining to some of their equity-method investees were based on unreviewed financial statements.

The equity-method investments of the Group that were included in the accompanying consolidated financial statements amounted to NT\$21,290,556 thousand and NT\$19,403,303 thousand as of June 30, 2007 and 2006, respectively. Investment incomes were NT\$741,147 thousand and NT\$642,245 thousand in the six months ended June 30, 2007 and 2006, respectively.

The market value of equity-method investment in listed companies were as follows:

	<u>As of June 30</u>	
	<u>2007</u>	<u>2006</u>
With quoted market prices	<u>\$ 44,471,506</u>	<u>\$ 29,520,495</u>

The difference between investment cost and equity in the investees’ net assets, is as follows:

	<u>2007</u>			
	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Goodwill	<u>\$ 546,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 546,655</u>
	<u>2006</u>			
	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Goodwill	<u>\$ 1,259,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,259,832</u>

12. PROPERTIES

a. Accumulated depreciation consisted of:

	June 30	
	2007	2006
Accumulated depreciation		
Cost		
Buildings and equipment	\$ 6,131,037	\$ 5,557,746
Machinery and equipment	37,827,958	35,652,534
Operating equipment	60,289,812	51,509,767
Computer equipment	11,220,186	9,880,203
Office equipment	829,997	1,230,819
Leasehold improvements	1,240,843	1,078,115
Miscellaneous equipment	<u>2,916,966</u>	<u>2,409,926</u>
	<u>120,456,799</u>	<u>107,319,110</u>
Appreciation		
Buildings and equipment	365,985	322,317
Machinery and equipment	185,563	194,267
Miscellaneous equipment	<u>6,337</u>	<u>6,251</u>
	<u>557,885</u>	<u>522,835</u>
Total accumulated depreciation	<u>\$ 121,014,684</u>	<u>\$ 107,841,945</u>

Under government regulations, the Company revalued certain properties (excluding land) in 1983 and certain land in 1994. The resulting appreciation was accounted for as an increase in the carrying value of the properties and properties leased to others. A reserve for land value increment tax was also recognized, and the net appreciation was credited to unrealized appreciation under equity.

The Company and Asia Cement Corporation (ACC) co-own a parcel of land located on Tun-Hwa South Road in Taipei. Under an agreement between the Company and ACC dated March 31, 1989, Yuang Ding Investment Corporation ("Yuang Ding") constructed a building on this land. The parties further agreed that Yuang Ding use the land for 30 years from the date of the agreement. In exchange, the Company and ACC each received 12% of the usable area of the building. Upon expiration of the agreement, the Company and ACC will acquire from Yuang Ding the remaining 76% usable area of the building, with the acquisition price based on the book value of the building by that time.

On September 2, 2003, the Company transferred the real estate development rights (including those on operating and nonoperating properties and farmland) from its investment department to its wholly owned subsidiary, Far Eastern Resources Development Co., Ltd. When the contract described in the preceding paragraph is terminated, the Company and ACC will request Yuang Ding to transfer to Far Eastern Resources Development Co., Ltd. the property rights on the co-owned building along with the real estate development rights.

b. The contracts of capital lease of Far EasTone and its subsidiaries were summarized as follows:

Lessor	Properties	Payment Terms	Rental Paid	
			Six Months Ended June 30	
			2007	2006
Far Eastern International Leasing Corp. - Far EasTone	Computer equipment	July 2004-June 2009 \$15,414 thousand annually	\$ 15,414	\$ 15,414
Far Eastern International Leasing Corp. - Far EasTone	Computer equipment	March 2006-February 2011 \$5,063 thousand annually	5,063	5,063
Far Eastern International Leasing Corp. - KG Telecom	Computer equipment	July 2004-June 2009 \$15,414 thousand annually	15,414	15,414
Far Eastern International Leasing Corp. - KG Telecom	Computer equipment	March 2006-February 2011 \$5,063 thousand annually	5,063	5,063
Far Eastern International Leasing Corp. - KGEx.com	Office equipment	November 2005-November 2008 \$16 thousand monthly	96	96
Far Eastern International Leasing Corp. - KGEx.com	Office equipment	September 2006-September 2009 \$5 thousand monthly	30	-
Taiwan Telecommunication Network Services Co., Ltd. - KGEx.com	Computer equipment	June 2005-June 2008 \$55 thousand monthly	330	330
			<u>\$ 41,410</u>	<u>\$ 41,380</u>

Far Eastern Apparel Company (FEAC) rents copy machines for three to four years. This rental is under a capital lease agreement, which provides that FEAC may acquire the machines for free at the end of the lease. Total lease payments were NT\$435 thousand and NT\$247 thousand in the six months ended June 30, 2007 and 2006, respectively.

c. Capitalized interest on properties was as follows:

	Six Months Ended June 30	
	2007	2006
Total interest expense	\$ 1,284,033	\$ 1,468,627
Less - Interest capitalized - 1.65%-6.11% in 2007 and 2.15%-2.51% in 2006	<u>123,950</u>	<u>395,916</u>
Interest expense, net of amounts capitalized	<u>\$ 1,160,083</u>	<u>\$ 1,072,711</u>

Depreciation expenses for properties were NT\$7,346,956 thousand and NT\$7,343,436 thousand in the six months ended June 30, 2007 and 2006, respectively.

13. GOODWILL

If an investment acquisition cost exceeds the fair value of identifiable net assets acquired, and the source of this excess cannot be identified, this excess should be recorded as goodwill.

Under Statement of Financial Accounting Standards No. 35 - "Accounting for Asset Impairment," Far EasTone is divided into three identifiable cash-generating units starting on January 1, 2005: Far EasTone, KG Telecom and ARCOA.

On December 31, 2006, the carrying value of the tangible and intangible assets used by Far EasTone and its subsidiaries was \$74,672,825 thousand. Far EasTone's management estimated the recoverable amount of core assets at their expected useful lives and thus based the cash flow forecast with discount rates of 9.15% (Far EasTone), 9.8% (KG Telecom) and 12.2% (ARCOA). The operating revenue forecast is based on the expected future growth rate of the telecom industry along with the prospective advancement of the business. On the basis of the anticipated effective customer base and sales predictions, the Group's management believes that the carrying amounts of these tangible and intangible assets will not exceed their recoverable amounts even if there are changes in the basic assumptions used to estimate recoverable amounts as long as these changes are reasonable.

The principal assumptions and the relevant measurement of the recoverable amounts of Far EasTone are summarized as follows:

- a. Expected future growth rate of the telecommunications industry
 - 1) Mobile voice service (MVS): The anticipated MVS growth rate is based on the actual effective customer base of the previous years and on assumptions that the 2G telecommunications services market is mature and there would be increased use of 3G telecommunications services. Therefore, the growth rate is expected to be stable.
 - 2) Mobile data service (MDS): The demand for MDS is expected to grow. However, given the cycle in the industry, the growth rate for MDS will gradually decrease annually.
 - 3) Business of selling cellular phone units: Based on past experience, plans and the trend in the overall market, the anticipated growth rate is expected to decrease gradually.
- b. Expected ratio of service EBITDA (earnings before interest, taxes, depreciation and amortization) to operating revenue: The ratio was around 50% in 2006; this ratio is expected to decrease slightly in future years.

An impairment loss of \$10,211 thousand for the six months ended June 30, 2007 was estimated and recorded.

14. FARMLAND

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Cost	\$ 193,782	\$ 248,104
Appreciation	<u>44,540</u>	<u>44,540</u>
Total cost and appreciation	<u>\$ 238,322</u>	<u>\$ 292,644</u>

The titles to the land are temporarily registered in the names of trustees, who have either signed an agreement showing the farmlands belong to the Company or have pledged the land to the Company.

15. SHORT-TERM BANK LOANS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Unsecured bank loans: Interest - 1.21%-6.06% in 2007 and 1.60%-6.48% in 2006	\$ 11,468,832	\$ 8,968,501
Secured bank loans: Interest - 1.16%-5.98% in 2007 and 0.61%-6.10% in 2006	<u>2,080,847</u>	<u>2,488,857</u>
	<u>\$ 13,549,679</u>	<u>\$ 11,457,358</u>

16. COMMERCIAL PAPER

Commercial paper with one-year maturities were issued at discounts ranging from 2.000% to 2.743% as of June 30, 2007 and from 1.62% to 2.06% as of June 30, 2006.

17. BILLINGS ON CONSTRUCTION-IN-PROGRESS (NET OF CONSTRUCTION-IN-PROGRESS)

Billings on construction-in-progress of Far Eastern General Contractor Inc. were as follows:

Contract Type	Contract Price	Estimated Construction Cost	Construction in Progress	Billings on Construction-in-progress	Percentage of Completion	Expected Completion Year	Recognized Cumulative Construction Gain
<u>June 30, 2007</u>							
Percentage of completion method							
Hua Jiang Express	\$ 1,767,619	\$ 1,842,857	\$ 1,493,774	\$ 1,511,772	69	2008	\$ (75,238)
Shopping mall	34,616	32,685	27,819	28,389	80	2008	1,545
Bei Men Yu Jing	1,328,360	1,427,721	1,311,012	1,320,988	99	2007	(99,361)
Ban-xin head office	3,687,619	3,554,406	<u>363,380</u>	<u>366,953</u>	10	2010	13,321
			<u>3,195,985</u>	<u>3,228,102</u>			
Completed-contract method							
Kaohsiung MRT Co-construct	-	-	21,127	23,643	-	2007	-
Zhong-long	-	-	<u>29,224</u>	<u>35,498</u>	-	2007	-
			<u>50,351</u>	<u>59,141</u>			
			<u>\$ 3,246,336</u>	<u>3,287,243</u>			<u>\$ (159,733)</u>
				<u>\$ 40,907</u>			
<u>June 30, 2006</u>							
Percentage of completion method							
Tainan Science Park - Taipower Company	\$ 792,381	\$ 784,457	\$ 144,512	\$ 243,858	18	2007	\$ 1,426
Completed-contract method							
Ya-Qi	-	-	<u>9,444</u>	<u>9,761</u>	-	2006	-
			<u>\$ 153,956</u>	<u>253,619</u>			<u>\$ 1,426</u>
				<u>\$ 99,663</u>			

18. LONG-TERM LIABILITIES

	Due Within One Year	Due After One Year	Total
<u>June 30, 2007</u>			
Long-term debts			
Bank loans	\$ 563,074	\$ 42,443,140	\$ 43,006,214
Commercial paper	<u>-</u>	<u>1,697,199</u>	<u>1,697,199</u>
	563,074	44,140,339	44,703,413
Bonds			
Nonconvertible	<u>6,995,000</u>	<u>13,700,000</u>	<u>20,695,000</u>
	<u>\$ 7,558,074</u>	<u>\$ 57,840,339</u>	<u>\$ 65,398,413</u>
<u>June 30, 2006</u>			
Long-term debts			
Bank loans	\$ 1,066,575	\$ 37,334,497	\$ 38,401,072
Commercial paper	<u>-</u>	<u>1,105,338</u>	<u>1,105,338</u>
	1,066,575	38,439,835	39,506,410
Bonds			
Nonconvertible	<u>9,710,000</u>	<u>18,695,000</u>	<u>28,405,000</u>
	<u>\$ 10,776,575</u>	<u>\$ 57,134,835</u>	<u>\$ 67,911,410</u>

The loan agreements provide for various repayment terms (semiannual/annual or lump sum on maturity), with all payments due by April 2010. Bank interest rates were 1.72% to 6.27% as of June 30, 2007 and 1.57% to 6.22% as of June 30, 2006.

Commercial paper with one-year maturities had floating interest rates ranging from 2.10% to 2.91% as of June 30, 2007 and from 1.998% to 2.221% as of June 30, 2006. Under a revolving credit agreement, a consortium of banks guaranteed the commercial paper that can be reissued by the Group.

Yuan Ding Investment corp. signed a revolving credit agreement with financial institutions to issue commercial papers in fixed interest rate on August 10, 2006. They reached an agreement to allow Yuan Ding Investment to reissue commercial papers within credit lines in three years, with 2.2% fixed interest rate.

FETL issued five-year nonconvertible bonds as follows:

- a. 67th tranche on December 5 to 7, 2001. The total face value of the bond is \$2,300,000 thousand, with each bond having a face value of \$1,000 thousand. These bonds are repayable in lump sum on maturity, at 2.68% interest. Interest is calculated annually at a single interest rate and repayable annually. The Company already redeemed the full amount in December 2006.
- b. 68th tranche on June 26, 2002. The total face value of the bonds is \$2,000,000 thousand, with each bond having a face value of \$1,000 thousand. These bonds are repayable in lump sum on maturity, within interest rates ranging from 5.211% to 5.231%. Interests are calculated quarterly and repayable annually. The Company already redeemed the full amount in June 2007.
- c. 69th tranche on January 28, 2003. These bonds have an aggregate face value of \$1,000,000 thousand, with each unit having a face value of \$1,000 thousand. They are repayable in lump sum on maturity, with composite interest calculated semiannually and paid annually. The composite interest rate was 0% as of June 30, 2006.

- d. 70th tranche on August 4 to 6, 2003. These bonds have an aggregate face value of \$2,000,000 thousand, with each unit having a face value of \$10,000 thousand. They are repayable in lump sum on maturity, with composite interest calculated semiannually and paid annually. The composite interest rate was 0% as of June 30, 2006.
- e. 71st tranche on October 22, 2003. These bonds have an aggregate face value of \$1,000,000 thousand, with each unit having a face value of \$1,000 thousand. They are repayable in lump sum on maturity, with composite interest calculated semiannually and paid annually. The composite interest rate was 0% as of June 30, 2006.
- f. 72nd tranche on August 13, 2004. The total face value of the bond is \$1,500,000 thousand, with each unit having a face value of \$10,000 thousand. These bonds are repayable in lump sum on maturity, with 1.815% and 2.430% interest as of June 30, 2007 and 2006, respectively. Interest is calculated quarterly and paid annually.

To hedge the risk on interest rate fluctuation of nonconvertible bonds (68th to the 72nd tranches), the Company entered into interest rate swap contracts.

To repay the Company's short-term bank loans and improve its financial structure, the Company's board of directors decided on June 28, 2007 to make a second issue of five-year secured domestic bonds, with a par interest rate that was less than 1% of credit lines totaling \$2,500,000 thousands, of which exchange target is the stocks of Asia Cement Co., Ltd. by the Company on June 28, 2007. Bondholders have the right to ask the Company to redeem the bonds by exchanging these bonds for the shares of Asia Cement Co., Ltd. held by the Company. This issuance had not been approved by the Financial Supervisory Commission under the Executive Yuan as of August 6, 2007, the date of the accompanying accountants' report.

Also on June 28, 2007, the Company's board of directors decided to issue other unsecured five-year bonds within credit lines totaling \$6,000,000 thousands, with the issuance to be made once or in a series, depending on the market situation.

Far EasTone

a. Domestic unsecured bonds - 1st

Five-year domestic unsecured bonds were issued at par value on February 19, 2002. The total face value of the bonds is \$4,200,000 thousand, with face value of \$1,000 thousand at 3.4% annual interest. Redemption is at a percentage of the face amount of the bond, as follows: Type I bond - 40% in February 2006 and 60% in February 2007; and Type II bond - 60% in February 2006 and 40% in February 2007. Far EasTone already repaid \$2,060,000 thousand and \$2,140,000 thousand on February 19, 2007 and 2006 respectively.

b. Domestic unsecured bonds - 2nd

These are five-year unsecured domestic bonds issued at par value from March 28, 2003 to April 3, 2003. The total face value of the bonds is \$1,470,000 thousand, with a face value of \$1,000 thousand and interest rate of 2.6% in the first year and 3.2% minus USD six-month LIBOR rate from the second year to maturity, payable semiannually. Far EasTone should redeem the full amount when the bonds become due in 2008.

c. Domestic unsecured bonds - 3rd

Three-year, four-year and five-year domestic unsecured bonds were issued at par value on December 12, 2003. The total face value of the bonds is \$3,000,000 thousand, with a face value of \$5,000 thousand and annual interest rates of 1.83% (three-year bonds) and 1.92% (four-year bonds). The interest rate for five-year bonds is 5.2% minus USD six-month LIBOR rate if the LIBOR rate is greater than 1.05%; otherwise, the interest is at the LIBOR rate plus 1%, payable semiannually. Far EasTone should redeem the full amount when the bonds become due in 2006, 2007 and 2008. Far EasTone already repaid \$900,000 thousand on December 12, 2006.

Yuan Ding Investment

Yuan Ding Investment issued five- and six-year nonconvertible bonds (5th tranche) on July 24 to 28, 2000, with aggregate face values of \$500,000 thousand and \$1,500,000 thousand, respectively, and each unit having a face value of \$1,000 thousand. The five-year nonconvertible bonds with an aggregate face value of NT\$500,000 and the six-year nonconvertible bonds with an aggregate face value of NT\$1,500,000 thousand had been redeemed in 2005 and 2006, respectively.

Yuan Ding Investment issued nonconvertible bonds (6th tranche) on July 23 to 27, 2001, with aggregate face values of \$1,000,000 thousand (Type I, five-year maturity) and \$1,000,000 thousand (Type II, seven-year maturity), respectively, and each unit having a face value of \$1,000 thousand. Type I had been redeemed in 2006 and the others' redemptions are at a percentage of the face amount of the bonds, as follows: 80% in July 2007; and the remaining 20% on their maturity dates at 4.0% interest, compounded annually.

Yuan Ding Investment issued five-year nonconvertible bonds (7th tranche) on July 8 and 9, 2002. These bonds, which have three types, have aggregate face values of \$1,000,000 thousand, \$500,000 thousand and \$800,000 thousand, with each unit having a face value of \$1,000 thousand, semiannual interest of 3.7165% (\$1,000,000 thousand and \$500,000 thousand) and annual interest of 3.775% (\$800,000 thousand). Redemption is at a percentage of the face amount of the bonds, as follows: Type I (\$1,000,000 thousand) and Type II (\$500,000 thousand) - 15% in January 2006, 35% in January 2007, and 35% in July 2007; and Type III (\$800,000 thousand) - 100% in 2007.

Yuan Ding Investment issued five-year nonconvertible bonds (8th tranche) on July 28 to 31, 2003. These bonds, which have four types, have aggregate face values of \$200,000 thousand, \$200,000 thousand, \$300,000 thousand and \$300,000 thousand, with each unit having a face value of \$1,000 thousand. They are repayable in lump sum on maturity, with 1.23% interest calculated and paid annually.

Yuan Ding Investment issued five-year nonconvertible bonds (9th tranche) on June 10, 2004. These bonds, which have two types, have an aggregate face value of \$500,000 thousand and \$500,000 thousand, with each unit having a face value of \$10,000 thousand. They are repayable in one lump sum on maturity, with composite interest calculated quarterly and paid semiannually. The composite interest rate was 0% as of June 30, 2007.

To hedge the risk on interest rate fluctuations of nonconvertible bonds (9th tranche), Yuan Ding Investment entered into interest rate swap contracts for nonconvertible bonds payable.

Yuan Ding Investment issued three-year unsecured nonconvertible bonds (1st tranche) on January 20, 2005. These bonds, which have three types, have aggregate face values of \$500,000 thousand, \$500,000 thousand and \$500,000 thousand, with each unit having a face value of \$10,000 thousand and annual interest of 1.984%, 1.985% and 1.986%, payable annually.

Yuan Ding Investment issued five-year unsecured nonconvertible bonds (2nd tranche) on June 13 to 16, 2005. These bonds, which have four types, have aggregate face values of \$500,000 thousand, \$500,000 thousand, \$500,000 thousand and \$500,000 thousand, with each unit having a face value of \$10,000 thousand and annual interest of 2.01%, payable annually.

Yuan Ding Investment issued three-year unsecured nonconvertible bonds (3rd tranche) on January 16, 2006. These bonds have an aggregate face value of \$1,000,000 thousand, with each unit having a face value of \$1,000 thousand and annual interest of 2.0455%, payable annually.

Yuan Ding Investment issued three-year unsecured nonconvertible bonds (4th tranche) on June 22, 2006. These bonds have an aggregate face value of \$800,000 thousand, with each unit having a face value of \$1,000 thousand and annual interest of 2.29%, payable annually.

Yuan Ding Investment issued five-year nonconvertible bonds (5th tranche) on October 11, 2006. These bonds, which are repayable annually, have an aggregate face value of NT\$2,000,000 thousand, with each unit having a face value of NT\$1,000 thousand and annual interest of 2.30%. Maturity will be in 2010 and 2011, i.e., in two batches at NT\$1,000,000 thousand each.

Far Eastern Construction Co., Ltd. (FECC)

On January 4, 2007, FECC entered into a NT\$4,000,000-thousand credit agreement with Hua Nan Commercial Bank and seven other financial institutions. FECC mortgaged its land (Ban Ciao - New Section No. 9) amounting to NT\$4,800,000 thousand as first mortgage to the creditor banks. The agreement terms are as follows:

	Credit Line	Period	Interest Rate	Redemption
A	NT\$2,000,000 thousand	Three years and six months after the first drawdown	Reference interest rate plus 0.35%-0.40%	Revolving credit within the period, and redemption at lump sum on maturity
B	NT\$1,000,000 thousand	One year after the first drawdown	Reference interest rate plus 0.30%	Revolving credit within the period, and redemption at lump sum on maturity
C	NT\$1,000,000 thousand	Three years and six months after the first drawdown	Reference interest rate plus 0.35%-0.40%	Not a revolving credit; redemption at lump sum on maturity

Note: The reference interest rate is based on Taiwan's secondary market 90 days' commercial paper fixed rate shown on page 6165 of the monitor of Reuters' Telerate at 11:00 AM.

As of June 30, 2007, FETL and its subsidiaries had unused credit lines aggregating NT\$51,088,355 thousand.

19. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The contract-related assets and liabilities of FECC and FEGC are classified as current or noncurrent depending on the operating cycle.

Amounts expected to be received or paid within one year or less were as follows:

	June 30, 2007		
	Within One Year	Over One Year	Total
Assets			
Notes and accounts receivable	\$ 179,807	\$ -	\$ 179,807
Accounts and notes receivable from related parties	19,649	-	19,649
Available for construction - land	-	612,154	612,154
Construction in progress, net	3,104,352	1,562,390	4,666,742
Liabilities			
Notes and accounts payable	551,781	9,455	561,236
Accounts and notes payable to related parties	69,409	-	69,409
Advances on land and building	285,559	102,794	388,353
Billings on construction-in-progress, net of construction-in-progress	18,766	22,141	40,907

	June 30, 2006		
	Within One Year	Over One Year	Total
Assets			
Notes and accounts receivable	\$ 94,232	\$ 800	\$ 95,032
Accounts and notes receivable from related parties	15,482	-	15,482
Available for sale - building and land, net	-	68,085	68,085
Available for construction - land	-	75,555	75,555
Construction in progress, net	203,409	3,307,160	3,510,569
Liabilities			
Notes and accounts payable	436,654	15,825	452,479
Accounts and notes payable to related parties	87,707	-	87,707
Advances on land and building	-	314,675	314,675
Billings on construction-in-progress, net of construction-in-progress	317	99,346	99,663

20. GAIN ON DISPOSAL OF INVESTMENTS

	Six Months Ended June 30	
	2007	2006
Revenue from disposal of investment	\$ 5,016,927	\$ 5,198,120
Cost of disposal of investment	3,640,298	3,824,014
Add: Reversal of additional paid-in-capital	7,389	1,571
Realized deferred income	1,516	11,590
Reversal of cumulative translation adjustment	49,041	10,552
Reversal of unrealized gain (loss) on financial instruments	173,905	5,674
Less: Reversal of net loss not recognized as pension cost	<u>2,863</u>	<u>790</u>
Gain on disposal of investments	<u>\$ 1,605,617</u>	<u>\$ 1,402,703</u>

21. SHAREHOLDERS' EQUITY

Under government regulations, capital surplus from equity-method investments cannot be used for any purpose. However, other capital surplus (e.g., paid-in-capital in excess of par value and that arising from business combination and treasury stock transactions) and income from subsidized may be used to offset a deficit or transferred to capital as a stock dividend within prescribed limits.

The Company's Articles of Incorporation provide that annual net income, less 10% legal reserve, special reserve according to government regulations and any deficit, together with prior years' unappropriated earnings, may be retained on the basis of operating requirements, and the remainder should be distributed as follows:

	%
a. Dividends	60.0
b. Bonus of shareholders	33.0
c. Bonus of employees	4.0
d. Remuneration of directors and supervisors	3.0

All appropriations are approved by the shareholders in, and given effect to in the financial statements of, the year following the year of earnings generation. The Company's dividend policy takes into account future capital expenditure outlays and cash requirements resulting from any changes in tax regulations. For financing these capital expenditures, a portion of the earnings may be retained. The remaining earnings may then be distributed as stock and cash dividends, and the cash dividends should be at least 10% of total dividends.

Under the regulations of the Securities and Futures Bureau, the Company appropriates special reserve equivalent to the total of the net debit balances of each shareholders' equity account - except treasury stock - as of the balance sheet date. The special reserve is adjusted to reflect changes in the total net debit balances of the appropriate accounts.

Under the Company Law, legal reserve should be appropriated until the reserve equals the Company's paid-in-capital. This reserve may be used to offset a deficit. Also, when the reserve has reached 50% of the Company's paid-in-capital, up to 50% thereof may be transferred to capital.

The appropriation and distribution of the 2006 and 2005 earnings were approved by the shareholders on June 21, 2007 and June 13, 2006, respectively.

	Appropriation and Distribution		Dividend Per Share (Dollars)	
	2007	2006	2007	2006
Legal reserve	\$ 829,288	\$ 820,944		
Cash dividend	5,654,807	4,103,633	\$1.3	\$1.0
Stock dividend	1,304,956	2,462,180	0.3	0.6
Remuneration of directors and supervisors and bonus of employees	<u>523,853</u>	<u>494,201</u>		
	<u>\$ 8,312,904</u>	<u>\$ 7,880,958</u>		

As of June 30, 2006, stock dividend of NT\$1,304,956 thousand had been included in stock dividend to be distributed and approved by Financial Supervisory Commission. Executive Yuan on July 19, 2007. The effective date of this distribution is August 30, 2006 and was approved by the Company's board of directors.

22. INCOME TAX

In 2005, the Company adopted the linked-tax system for tax filing with a subsidiary, Far Eastern Resources Development Co., Ltd. (FERD).

a. Income tax components:

	<u>Six Months Ended June 30</u>	
	2007	2006
Income tax expense - current	\$ 1,289,036	\$ 1,534,757
Income tax expense - deferred	359,397	205,401
Period year's tax expense adjustment	16,506	151,148
Income tax expense subject to a separate tax of 20%	75	8,543
10% tax on undistributed earnings generated since 1998	2,609	285
Investment tax credit	<u>(2,428)</u>	<u>(161,215)</u>
Income tax	<u>\$ 1,665,195</u>	<u>\$ 1,738,919</u>

As of June 30, 2007, the following items of Far EastOne were exempt from income tax:

Net operating income from the use of switches and cell sites acquired between January 1, 2000 to June 26, 2002 is exempt from income tax from June 26, 2002 to June 25, 2007.

b. Deferred income taxes:

	<u>June 30</u>	
	2007	2006
Current		
Deferred tax assets		
Bad-debt expense in excess of the tax-deductible amount	\$ 815,182	\$ 897,273
Allowance for losses on inventories	225,668	267,354
Investment tax credits	3,971	2,489
Loss carryforwards	39,408	65,768
Loss on construction	6,079	10,833
Unrealized construction expenses	6,465	5,870
Unrealized exchange losses	8,526	1,913
Others	<u>29,132</u>	<u>33,642</u>
	1,134,431	1,285,142
Less: Valuation allowance	<u>89,171</u>	<u>89,492</u>
	1,045,260	1,195,650
Deferred income tax liability		
Unrealized exchange gain	<u>(10,947)</u>	<u>-</u>
Deferred income tax assets - current, net	<u>\$ 1,034,313</u>	<u>\$ 1,195,650</u>
Noncurrent		
Deferred tax assets		
Depreciation based on differences between financial accounting and tax accounting	\$ 149,999	\$ 349,352
Accrued pension costs	464,487	419,452
Investment tax credits	229,000	336,692
Impairment losses on idle assets	217,021	240,000
Unrealized loss on financial products	12,624	22,101

	June 30	
	2007	2006
Cumulative equity in the net loss of investees	\$ 293,396	\$ 319,234
Loss carryforwards	798,224	495,653
Allowance for losses on properties	166,241	151,604
Unrealized losses on investments in shares of stocks	-	14,071
Realized losses on long-term investments	49,709	48,933
Deferred income - sale of building and land	29,793	29,931
Unrealized losses on disposal of properties	-	22,496
Others	<u>9,661</u>	<u>6,028</u>
	2,420,155	2,455,547
Less: Valuation allowance	<u>1,761,563</u>	<u>1,584,921</u>
	<u>658,592</u>	<u>870,626</u>
Deferred income tax liabilities		
Expected dividend distribution of overseas investee	(25,000)	(25,000)
Depreciation based on differences between financial accounting and tax accounting	(476)	-
Goodwill amortization	(296,626)	(98,875)
Others	<u>-</u>	<u>(14,146)</u>
	<u>(322,102)</u>	<u>(138,021)</u>
Deferred income tax assets	<u>\$ 336,490</u>	<u>\$ 732,605</u>

c. Unused investment tax credits and loss carryforwards as of June 30, 2006:

FETL

Regulatory Basis of Investment Tax Credits	Investment Tax Credit Item	Deductible Amount	Remaining Deductible Amount	Expiry Year
Statute for Upgrading Industries	Machinery and equipment	\$ 66,989	\$ 66,989	2010
	Research development	128,169	128,169	2009
	Personnel training	2,337	2,337	2009
	Investment in emerging, important and strategic industries	3,554	3,554	2009
		<u>\$ 201,049</u>	<u>\$ 201,049</u>	

Far EasTone

Regulatory Basis of Tax Credits	Investment Tax Credit Item	Deductible Amount	Remaining Deductible Amount	Expiry Year
Statute for Upgrading Industries	Purchase of automated equipment or technology	\$ 3,971	\$ 3,971	2007
	Purchase of automated equipment or technology	26,841	26,841	2008
		<u>\$ 30,812</u>	<u>\$ 30,812</u>	

ARCOA

Regulatory Basis of Tax Credits	Investment Tax Credit Item	Deductible Amount	Remaining Deductible Amount	Expiry Year
Statute for Upgrading Industries	Personnel training expenses	\$ 623	\$ 623	2009
	Personnel training expenses	<u>487</u>	<u>487</u>	2010
		<u>\$ 1,110</u>	<u>\$ 1,110</u>	

Loss carryforwards as of June 30, 2007 were as follows:

Expiry Year	Far EasTron	ARCOA	KGEx.com	Far Eastern Apparel Company	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan Recycling Corp.	Far Eastern Construction Co., Ltd.
2007	\$ -	\$ -	\$ 36,546	\$ -	\$ -	\$ 2,862	\$ -
2008	-	-	53,341	-	15,619	2,403	21,296
2009	-	-	72,907	891	44,022	3,603	-
2010	2,716	37,046	37,056	1,148	80,524	5,680	17,947
2011	10,521	50,252	48,574	4,619	239,665	5,063	5,692
2012	<u>5,524</u>	<u>10,300</u>	<u>21,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 18,761</u>	<u>\$ 97,598</u>	<u>\$ 270,239</u>	<u>\$ 6,658</u>	<u>\$ 379,830</u>	<u>\$ 19,611</u>	<u>\$ 44,935</u>

d. Information on the Integrated Income Tax System:

	FETL	Fu Kwok Garment Manufacturing Co.	Yuan Cheng Human Resources Consultant Corp.	Taiwan Recycling Corp.	Yuan Ding Investment
Year-end balances of imputation credit account (ICA)					
June 30, 2007	<u>\$ 292,723</u>	<u>\$ 12,603</u>	<u>\$ 1,119</u>	<u>\$ -</u>	<u>\$ 265,098</u>
June 30, 2006	<u>\$ 150,216</u>	<u>\$ 11,518</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ 167,978</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2006 (estimated)	2.87%	48.15%	33.33%	-	4.07%
2005 (actual)	15.15%	33.33%	33.90%	-	15.37%
Unappropriated earnings (up to 1997)					
June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,114,000</u>
June 30, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,114,000</u>
Latest year of income tax return that tax authorities had examined and cleared	2004	2004	2005	2005	2004

	Far EasTone Telecommunications Co., Ltd.	Yuan Faun Ltd.	Far Eastern Apparel Co., Ltd.	KG Telecom	ARCOA
Year-end balances of imputation credit account (ICA)					
June 30, 2007	<u>\$ 3,024,064</u>	<u>\$ 13,570</u>	<u>\$ 9,201</u>	<u>\$ 15,367</u>	<u>\$ 5,838</u>
June 30, 2006	<u>\$ 245,549</u>	<u>\$ 11,325</u>	<u>\$ 9,201</u>	<u>\$ 1,015</u>	<u>\$ 3,562</u>

(Continued)

	Far EasTone Telecom- munications Co., Ltd.	Yuan Faun Ltd.	Far Eastern Apparel Co., Ltd.	KG Telecom	ARCOA
Creditable tax ratios of imputation tax credits to undistributed earnings					
2006 (estimated)	20.62%	37.97%	-	0.28%	-
2005 (actual)	16.18%	30.14%	-	0.11%	-
Unappropriated earnings (up to 1997)					
June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Latest year of the returns examined and cleared by the tax authorities	2004	2003	2004	2003	2004

(Concluded)

	Kai Yuan International Investment Co.	Ding Yuan International Investment Corp.	Yuan Tone Investment Corp.	An Ho Garment Co., Ltd.	Far Eastern Resources Development Co.
Year-end balances of imputation credit account (ICA)					
June 30, 2007	<u>\$ 104,516</u>	<u>\$ 42,047</u>	<u>\$ 85,778</u>	<u>\$ 24,674</u>	<u>\$ 320</u>
June 30, 2006	<u>\$ 2,801</u>	<u>\$ 30,393</u>	<u>\$ 91,036</u>	<u>\$ 4,712</u>	<u>\$ 1,304</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2006 (estimated)	9.54%	-	11.95%	0.92%	0.42%
2005 (actual)	33.33%	33.33%	8.37%	4.89%	1.19%
Unappropriated earnings (up to 1997)					
June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,656</u>	<u>\$ -</u>
June 30, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,086</u>	<u>\$ -</u>
Latest year of the returns examined and cleared by the tax authorities	2003	2003	2004	2004	2004

	Far Eastern Electronic Toll Collection Co., Ltd.	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.
Year-end balances of imputation credit account (ICA)			
June 30, 2007	<u>\$ 1,823</u>	<u>\$ 38,780</u>	<u>\$ 21,140</u>
June 30, 2006	<u>\$ 1,823</u>	<u>\$ 84,585</u>	<u>\$ 18,910</u>
Creditable tax ratios of imputation tax credits to undistributed earnings			
2006 (estimated)	-	19.02%	21.02%
2005 (actual)	-	33.93%	32.81%
Unappropriated earnings (up to 1997)			
June 30, 2007	<u>\$ -</u>	<u>\$ 64,872</u>	<u>\$ 905</u>
June 30, 2006	<u>\$ -</u>	<u>\$ 64,872</u>	<u>\$ 2,026</u>
Latest year of the returns examined and cleared by the tax authorities	2004	2004	2004

ARCOA, Yuan Cing, Far EasTron, Taiwan Recycling Corp., Far Eastern Apparel Co., Ltd., Ding Yuan International Investment Corp. and Far Eastern Electronic Toll Collection Co., Ltd. had no appropriated earnings as of June 30, 2007. Thus, their ICA balances will be accumulated until dividend distribution in the future.

The tax credits will be accumulated until the date of dividend distribution. Upon dividend distribution, the ratio of the imputed tax credits to unappropriated earnings based on the prevailing ICA balance will be used by the Group for allocating tax credits to the respective companies' shareholders.

The Group used the tax rate of 25% to compute deferred tax as of December 31, 2007.

e. The reexamination status of income tax returns is as follows:

- 1) Income tax returns through 2004 of Far EasTone had been examined by the tax authorities. However, Far EasTone disagreed with the tax authorities' assessment of its 2000 to 2004 returns. Thus, in 2006, Far EasTone filed appeals for the reexamination of its 2000 and 2002 returns and will file appeals for the reexamination of its 2003 to 2004 returns in September 2007. Nevertheless, Far EasTone accrued the related tax.
- 2) Income tax returns through 2003 of KG Telecom and income tax returns through 2002 of the former KG Telecom had been examined by the tax authorities. However, KG Telecom disagreed with the tax authorities' assessment of the former KG Telecom's 2000 to 2002 returns and thus filed appeals for the reexamination of these returns. Nevertheless, KG Telecom accrued the related tax.
- 3) Income tax returns through 2004 of ARCOA had been examined by the tax authorities. However, ARCOA disagreed with tax authorities' assessment of its 2002 to 2004 returns and thus already filed appeals for reexamination. Nevertheless, ARCOA accrued the related tax.
- 4) For its unappropriated earnings of 1998 that FECC had declared and been examined by the tax authorities, FECC should pay an additional tax of about \$7,212 thousand. FECC paid this amount in 2002 although it was unwilling to accept the authorities' assessment. It then filed an administrative appeal in July 2002. However, on August 10, 2006, the Supreme Administrative Court ruled in favor of the tax authorities, resulting in FECC's loss on this lawsuit.
- 5) Income tax returns of KGEx.com and Yuan Cing through 2004 had been examined and cleared by the tax authorities. However, income tax return of Far EasTron had not been examined and cleared by the tax authorities.

23. FACTORING OF NONPERFORMING ACCOUNTS RECEIVABLE

Far EasTone and KG Telecom wrote off certain overdue/nonperforming accounts receivables. Under agreements signed in March 2007 and 2006, Far EasTone and KG Telecom factored these receivables, i.e. sold them without recourse to an asset management company. Thus, Far EasTone and KG Telecom was no longer responsible for collecting these receivables.

Related information for the six months ended June 30, 2007 and 2006 were as follows:

Counter Party	Amount of Factored Accounts Receivable	Proceeds of the Factoring of Accounts Receivable
<u>Six months ended June 30, 2007</u>		
Hui Cheng First Asset Management Co., Ltd. - Far EasTone	\$ 1,158,871	\$ 26,979
Hui Cheng First Asset Management Co., Ltd. - KG Telecom	<u>1,864,698</u>	<u>29,285</u>
	<u>\$ 3,023,569</u>	<u>\$ 56,264</u>
<u>Six months ended June 30, 2006</u>		
Hui Cheng First Asset Management Co., Ltd. - KG Telecom	<u>\$ 679,069</u>	<u>\$ 23,862</u>

24. EMPLOYEE, DEPRECIATION AND AMORTIZATION EXPENSES

	<u>Six Months Ended June 30, 2007</u>		
	Operating Costs	Operating Expenses	Total
Employee expenses			
Salaries	\$ 1,815,042	\$ 1,831,207	\$ 3,646,249
Insurance	117,240	128,743	245,983
Pension	134,828	129,576	264,404
Miscellaneous	129,596	195,830	325,426
Depreciation	6,418,141	928,815	7,346,956
Amortization	<u>17,771</u>	<u>84,950</u>	<u>102,721</u>
	<u>\$ 8,632,618</u>	<u>\$ 3,299,121</u>	<u>\$ 11,931,739</u>
	<u>Six Months Ended June 30, 2006</u>		
	Operating Costs	Operating Expenses	Total
Employee expenses			
Salaries	\$ 1,736,430	\$ 1,866,794	\$ 3,603,224
Insurance	121,138	135,574	256,712
Pension	161,518	136,857	298,375
Miscellaneous	143,052	178,855	321,907
Depreciation	6,232,092	1,111,344	7,343,436
Amortization	<u>25,237</u>	<u>107,075</u>	<u>132,312</u>
	<u>\$ 8,419,467</u>	<u>\$ 3,536,499</u>	<u>\$ 11,955,966</u>

25. EARNINGS PER SHARE

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

	<u>Amounts (Numerator)</u>		Shares in Thousands (Denominator)	<u>Earnings Per Share (Dollars)</u>	
	Income Before Income Tax	Net Income		Income Before Tax	Net Income
<u>Six months ended June 30, 2007</u>					
Net income	<u>\$ 6,544,458</u>	<u>\$ 6,561,619</u>			
Basic EPS			<u>4,349,851</u>	<u>\$ 1.50</u>	<u>\$ 1.51</u>
Pro forma information assuming that Company shares held by its subsidiaries are presented as short-term investments instead of treasury shares					
Net income	<u>\$ 6,544,458</u>	<u>\$ 6,561,619</u>			
Basic EPS			<u>4,480,347</u>	<u>\$ 1.46</u>	<u>\$ 1.46</u>

(Continued)

	<u>Amounts (Numerator)</u>		<u>Shares in Thousands (Denominator)</u>	<u>Earnings Per Share (Dollars)</u>	
	<u>Income Before Income Tax</u>	<u>Net Income</u>		<u>Income Before Income Tax</u>	<u>Net Income</u>
<u>Six months ended June 30, 2006</u>					
Net income	<u>\$ 4,623,722</u>	<u>\$ 4,635,441</u>			
Basic EPS			<u>4,349,851</u>	<u>\$ 1.06</u>	<u>\$ 1.07</u>
Pro forma information assuming that Company shares held by its subsidiaries are presented as short-term investments instead of treasury shares					
Net income	<u>\$ 4,623,722</u>	<u>\$ 4,635,441</u>			
Basic EPS			<u>4,480,347</u>	<u>\$ 1.03</u>	<u>\$ 1.03</u>

(Concluded)

26. PENSION PLAN

- a. Except for FETL, Far EasTone, KG Telecommunication Co., Ltd., KGEx.com, ARCOA Communication Co., Ltd., Yuan Cing Co., Ltd., Far EasTron, Yuan Faun Ltd., Taiwan Recycling Corp., Far Eastern Apparel Company, Ding Ding Management Consulting Ltd., Yuan Cheng Human Resources Consultant Corp., Fu-Kwok Knitting & Garment Co., Ltd., Far Eastern Construction Co., Ltd., Far Eastern General Contractor Inc. and FETC, the entities included in the consolidation have no pension plan. Under their government's regulations, subsidiaries incorporated in mainland China had recognized pension costs. Other holding companies have no pension plans because they do not have employees.
- b. The Labor Pension Act (the "Act") took effect on July 1, 2005. This Act provides for a defined contribution plan featuring a portable pension. Employees subject to the Labor Standards Law before July 1, 2005 were allowed to choose to remain subject to the pension mechanism under the Labor Standards Law or to be subject instead to the pension mechanism under the Act, with their service years accumulated before the enforcement of this Act to be retained. Those hired on or after July 1, 2005 automatically become subject to the Act.
- c. Based on the Act, the rate of monthly contributions to the employees' individual pension fund accounts starting on July 1, 2005 is at 6% of monthly wages and salaries. The pension costs under the defined contribution plan amounted to \$105,357 thousand and \$88,937 thousand in the six months ended June 30, 2007 and 2006, respectively. Subsidiary, FETL, under its regulations, has recognized pension cost of \$2,370 thousand and \$2,950 thousand for the six months ended June 30, 2007 and 2006, respectively.
- d. FETL, Far EasTone, KG Telecom, KGEx.com, ARCOA, Yuan Cing, Far EasTron, Yuan Faun Ltd., Taiwan Recycling Corp., Far Eastern Apparel Co., Ltd., Yuan Cheng Human Resources Consultant Corp., Fu-Kwok Knitting & Garment Co., Ltd., Far Eastern Construction Co., Ltd., Far Eastern General Contractor Inc. and FETC have a defined benefit pension plan for all regular employees, as required under the Labor Standards Law. Under this pension plan, employees can accumulate two base points for every service year within the first 15 service years and one base point for every service year thereafter. Employees can accumulate up to 45 base points. These companies accrue pension costs on the basis of actuarial calculations and make monthly contributions, at 4% of salaries and wages, Far Eastern Apparel Co., Ltd. make monthly contributions at 3.4%, Yuan Faun Ltd. and Yuan Cheng Human Resources Consultant Corp. make monthly contributions at 2%, to their respective pension funds, which are administered by their respective pension plan committees and deposited in each committee's name in the Central Trust of China. The pension cost under the defined benefit plan amounted to \$156,677 thousand and \$209,438 thousand for six months ended June 30, 2007 and 2006, respectively.

- e. Subsidiary, Taiwan Recycling Corp., adopted Statement of Financial accounting Standards No. 18 and completed actuarial calculation as measurement date of December 31, 2006. Intangible asset deferred pension cost and accrued pension cost are recognized on the balance sheet date, and related information is disclosed, too. It contributed its pension fund, which is administered by its pension plan committee and deposited in committee's name in the Central Trust of China.

27. RELATED-PARTY TRANSACTIONS

The Group had significant transactions with related parties. These transactions in 2007 and the related balances as of the balance sheet dates, in addition to those mentioned in other notes, are summarized in the accompanying Schedules C, D and E.

28. ASSETS PLEDGED OR MORTGAGED

The following assets had been pledged or mortgaged as collaterals for short-term bank loans, commercial paper, long-term liabilities and credit lines.

	June 30	
	2007	2006
Notes receivable	\$ 125,407	\$ 170,623
Pledged deposits (included in other financial assets - current)	54,088	55,042
Restricted saving accounts (included in other current assets)	58,810	61,943
Financial assets at fair value through profit or loss - current	-	20,955
Available-for-sale financial assets - current	152,458	130,464
Construction-in-progress, net	1,397,515	1,382,847
Available for construction - land	75,555	75,555
Held-to-maturity financial assets - noncurrent	-	3,509
Financial assets carried at cost - noncurrent	-	995,839
Held-to-maturity financial assets - current	3,502	-
Equity-method investments	8,317,647	7,432,654
Properties, net	8,430,045	9,303,358
Nonoperating properties, net	66,033	69,859
Land leasehold rights, net	280,540	224,674
Other assets - miscellaneous	11,956	9,013
	<u>\$ 18,973,556</u>	<u>\$ 19,936,335</u>

In April 2004, the YDI furnished the Taipei District Court with common shares of Far EasTone to be used by this court in withdrawing the order - as requested by Cathay United Bank - for the provisional seizure of the property of Pacific SOGO Department Store Co., Ltd. As of June 30, 2007, the Yuan Ding Investment Corp. had furnished the court with 165,000 thousand common shares of Far EasTone.

29. SEQUENT EVENTS

The Group had the following significant subsequent events, in addition to the subsequent event mentioned in Note 1, as of August 6, 2007, the date of the accompanying accountants' report:

- a. On February 14, 2007, the board of directors of Far EasTone approved a cooperation plan with Q-ware System Inc. to operate WiFly business and other businesses agreed upon by both. After obtaining the authorities' approval of this agreement on July 2, 2007, Far EasTone subscribed for 36,460 thousand newly issued shares (NT\$13.60 per share) of Q-ware Communications Co., Ltd. ("Q-ware Com.") as a specific person for \$495,855 thousand. On July 3, 2007, Q-ware System Inc. spun off its WiFly business, with a net worth of \$349,301 thousand, to Q-ware Com and received 34,930 new shares of Q-ware Com. as the proceeds. After the completion of this spin-off, Far EasTone owned approximately 51% of Q-ware Com.'s common stock and became its parent company.
- b. On July 26, 2007, the NCC awarded a Worldwide Interoperability for Microwave Access (WiMAX) license to Far EasTone for the southern region of Taiwan. Under related requirements, Far EasTone should pay the guarantee deposit of \$40,000 thousand and a minimum advance payment of \$210,000 thousand for the license fee within 30 days after receiving official notice from the NCC. The original deposit of \$40,000 thousand (included in refundable deposits - current) will be returned to Far EasTone without interest after the guarantee deposit is deposited to the NCC.
- c. Subsidiaries, Ding Yuan International Investment Corp., An Ho Garment Co., Ltd. and Yuan Tone Investment Corp. bought 7,941 thousand shares of ACC amounting to \$347,851 thousand in the open market in July 2007.

30. COMMITMENTS AND CONTINGENCIES AS OF JUNE 30, 2007

- a. Unused letters of credit aggregated about \$1,956,152 thousand.
- b. Unpaid building construction and equipment installation contracts aggregated \$1,535,803 thousand.
- c. Unsettled cotton futures contracts amounted to \$702,660 thousand.
- d. Project contracts already signed by Far Eastern General Contractor Inc. amounted to \$19,475,500 thousand.
- e. Guarantees for related parties: Schedule G.
- f. Minimum annual rentals of land, buildings and cell sites of the Group for the next five years under operating lease agreements are summarized as follows:

Period	Amount (Thousands)
July 1, 2007 to June 30, 2008	\$ 2,710,385
July 1, 2008 to June 30, 2009	2,762,025
July 1, 2009 to June 30, 2010	2,817,387
July 1, 2010 to June 30, 2011	2,893,504
July 1, 2011 and thereafter	2,983,533

- g. The tax authorities of Taipei County imposed a land tax from 1999 to 2003 on the land in Banciao and penalized the Company with a triple fine, totaling \$252,442 thousand, because the authorities believed that this land, which FETL registered as a property for manufacturing purposes, was being used for general purposes instead and that FETL did not register the change in purpose of the land. The Company disagreed with the tax authorities' decision and applied for reexamination on December 27, 2004. However, after the reexamination, the tax authorities did not reverse their decision. Thus, the Company filed a lawsuit against the authorities on June 1, 2005. Though the result of this case is uncertain, the Company already accrued any expense for this case in 2005. On January 18, 2006, the Company filed an appeal with the Taipei High Administrative Court and still lost the lawsuit. The Company appealed to the Supreme Administrative Court on January 3, 2007. The Supreme Administrative Court rejected an appeal on May 31, 2007. The Company applied for reexamination on July 13, 2007. As of August 6, 2007, this case was still pending and trial continued.
- h. Chang Ming-chian, a former director of PLTIC (an equity-method investee of the Company), filed a lawsuit, claiming that the resolutions passed by PLTIC's shareholders' in their general meetings on May 9, 2002 and September 21, 2002 were not valid and that the shareholders' rights of FEDS and FETL on PLTIC do not exist. Chang also claimed that PIC should pay him \$5,000 thousand in salary and plus interest. The PLTIC asserted that Chang was not its shareholder and his lawsuit was thus groundless. PLTIC added that its board of directors convene PLTIC's general shareholders' meeting and they register with the Ministry of Economic Affairs all resolutions passed at the shareholders' meetings in compliance with legal requirements. The FETL assessed that the possibility of losing this case is low. This case is now under judicial review by the Taiwan Taipei District Civil Court.
- i. On April 19, 2007, Far EasTone's board of directors approved the provision of a guarantee to KG Telecom so that KG Telecom can give the performance bond required by the National Communications Commission (NCC) for telecom product (service) coupon issuers. KG Telecom also provided a similar guarantee to Far EasTone. The maximum amount of guarantee that Far EasTone provided to KG Telecom is \$450,000 thousand, while the maximum amount KG Telecom provided to Far EasTone is \$850,000 thousand. In addition, Far EasTone also provided a guarantee to KG Telecom's subsidiary, KGEx.com, for a maximum amount of \$45,000 thousand. These guarantee contracts were signed and effective on July 25, 2007.

31. FINANCIAL INSTRUMENTS

- a. The fair values of financial instruments were as follows:

	June 30			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative financial instruments</u>				
Financial assets				
Cash and cash equivalents	\$ 23,905,285	\$ 23,905,285	\$ 15,925,596	\$ 15,925,596
Notes and accounts receivable, net	14,056,689	14,056,689	15,875,806	15,875,806
Receivable from related parties	1,858,619	1,858,619	409,136	409,136
Dividends receivable	2,500,918	2,500,918	2,486,569	2,486,569
Financial assets at fair value through profit or loss - current	743,433	743,433	914,287	914,287
Available-for-sale financial assets - current	1,143,067	1,143,067	282,617	282,617
Held-to-maturity financial assets - current	3,502	3,502	-	-
Bonds measured at amortized cost - current	3,000	3,000	3,000	3,000
Available-for-sale financial assets - noncurrent	233,631	233,631	161,579	161,579
Held-to-maturity financial assets - noncurrent	-	-	3,509	3,509
Equity-method investments	41,605,632	-	39,699,884	-
Financial assets carried at cost - noncurrent	7,909,456	-	8,262,013	-
Refundable deposits	552,079	552,079	475,956	475,956

(Continued)

	June 30			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial liabilities				
Short-term bank loans	\$ 13,549,679	\$ 13,549,679	\$ 11,457,358	\$ 11,457,358
Commercial paper	3,377,958	3,377,958	3,821,194	3,821,194
Notes and accounts payable	10,658,588	10,658,588	6,961,255	6,961,255
Payable to related parties	2,960,474	2,960,474	1,221,339	1,221,339
Dividends payable	12,530,472	12,530,472	10,725,531	10,725,531
Accrued expense	7,212,046	7,212,046	7,209,346	7,209,346
Payable to supplies of machinery and equipment	1,165,390	1,165,390	1,145,050	1,145,050
Bonds payable (including current portion)	20,695,000	20,586,189	28,405,000	34,950,914
Long-term loans (including current portion)	44,703,413	44,703,413	39,506,410	39,506,410
Leases payable (including current portion)	59,663	59,663	99,615	99,615
Guarantee deposits received (including current portion)	1,230,838	1,230,838	1,355,865	1,355,865

Derivative financial instruments

Foreign				
Cotton futures contracts	30,264	30,264	46,942	46,942
Interest rate swap contracts - FETL	(99,246)	(99,246)	(106,385)	(106,385)
Interest rate swap contracts - Yuan Ding Investment	(30,401)	(30,401)	(44,053)	(44,053)
Interest rate swap contracts - Far EasTone	(50,499)	(50,499)	(88,405)	(88,405)

(Concluded)

The Group adopted ROC Statement of Financial Accounting Standards (SFAS) No. 34 - "Accounting for Financial Instruments" on January 1, 2006. Thus, some derivatives were not included in the consolidated financial statements in 2005 (Note 3).

b. The methods and assumptions used for estimating the fair values of financial instruments were as follows:

- 1) Cash and cash equivalents, notes and accounts receivable, notes and accounts receivable from related parties, pledged certificates of deposits, short-term bank loans, commercial paper, notes payable, accounts payable, dividends payable, notes and accounts payable to related parties and payables to supplies of machinery and equipment are not shown in the table above, are recorded at their carrying values because of the short maturities of these instruments.
- 2) If quoted market prices are available, these are used as fair values of financial instruments at fair value through profit or loss and available-for-sale financial assets.

If quoted market prices are available, these are used as fair values of derivatives. Otherwise, the fair value is evaluated by the Group using the same estimates and assumptions used by other market participants (e.g., banks or derivative sellers) to value the derivatives. These estimates and assumptions are available to the Group.

The Group uses the exchange rate quotations of the Reuters (or the Associated Press) to calculate the fair value of each interest rate swap and forward contract based on the net cash flows and the exchange rates, respectively.

- 3) The fair values of financial assets carried at cost - noncurrent, bonds measured at amortized cost - current and equity-method investments in stocks with no quoted market prices cannot be reasonably measured since the quoted market prices are not available.
- 4) Fair values of bonds payable, lease payable, long-term loans, refundable deposits and guarantee deposits received are measured at the present values of expected cash flows, which are discounted at the interest rates for bank loans with similar maturities.

- c. The fair values of financial assets and financial liabilities, which were determined at their quoted prices in an active market or at estimated prices, were as follows:

	June 30			
	Quoted Price		Estimated Price	
	2007	2006	2007	2006
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss - current				
- FETL	\$ 30,264	\$ 46,942	\$ -	\$ -
- Yuan Ding Investment	239,253	-	-	-
- Far EasTone and its subsidiaries	100,448	336,583	-	-
Available-for-sale financial assets - current				
- Far EasTone and its subsidiaries	988,137	195,240	-	-
Liabilities				
Forward contract - FEIH	(5,586)	(16,160)	-	-
Interest rate swap - FETL	-	-	(99,246)	(106,385)
- Yuan Ding Investment	-	-	(30,401)	(44,053)
- Far EasTone	-	-	(50,499)	(88,405)

- d. As of June 30, 2007 and 2006, financial assets with fair value risk from interest rate fluctuations amounted to \$20,151,365 thousand and \$12,635,246 thousand, respectively, while financial liabilities with fair value risk from interest rate fluctuations amounted to \$24,016,952 thousand and \$18,834,468 thousand, respectively. As of June 30, 2007 and 2006, financial assets with cash flow risk from interest rate fluctuations amounted to \$4,342,881 thousand and \$3,863,809 thousand, respectively, while financial liabilities with cash flow risk from interest rate fluctuations amounted to \$59,948,620 thousand and \$65,810,973 thousand, respectively.

- e. Financial risks

1) Market risk

Forward contracts and currency option contracts

The Group uses forward contracts and currency option contracts to hedge the effect of adverse exchange rate fluctuations on net assets or net liabilities.

In the six months ended June 30, 2007 and 2006, Intercompany Oriental Textile Industry SuZhou (OTIZ) and FEIW authorized FEIH to use certain derivative financial instruments to hedge overall fluctuations on exchange rates. All these derivative transactions are for non-trading purposes. All gains and losses from the transactions will be recognized by OTIZ and FEIW.

The outstanding forward contracts held by FEIH as of June 30, 2007 and 2006 are summarized as follows:

Type of Derivative Instrument	June 30, 2007		
	Currency	Maturity	Contract Amount (Thousands)
Forward exchange contracts	USD/JPY	September 12, 2007 - September 20, 2007	US\$14,900/JPY1,801,270

Type of Derivative Instrument	June 30, 2006		
	Currency	Maturity	Contract Amount (Thousands)
Forward exchange contracts	USD/JPY	July 26, 2006- September 12, 2006	US\$34,300/JPY3,848,819

There are no outstanding forward contracts held by FETL as of June 30, 2007 and 2006.

ARCOA used forward exchange contracts to hedge its exposure to exchange rate fluctuations on firm commitments for the six months ended June 30, 2006. Gains or losses on exchange rates fluctuations of the forward contracts are likely to offset the gains or losses on the hedged items. As a result, no significant exposure to market risk is anticipated.

Interest rate swap contracts

The Company used interest rate swap contracts to hedge fluctuations of interest rates of corporate bonds (68th, 69th, 70th, 71st and 72nd tranches) in the six months ended June 30, 2007 and 2006. Yuan Ding Investment entered into interest rate swap contracts to hedge interest rate fluctuations of corporate bonds - ninth issue. Far EasTone used interest rate swap contracts to hedge the effect of interest rate fluctuations on its obligations with floating interest rates. The contracts are settled at net amounts. Thus, the market risk is not material.

Cotton futures contracts

FEIW authorized FEIH to entered into cotton futures contracts to hedge fluctuations of cotton prices. The contracts are settled at net amounts. These contracts, however, did not qualify for hedge accounting; thus, they were classified as held for trading.

FEIH had no outstanding cotton futures contracts as of June 30, 2007.

The outstanding cotton futures contracts held by FEIH as of June 30, 2006 are summarized as follows:

Type of Derivative Instrument	June 30, 2006		
	Maturity	Units	Contract Amount (Thousands)
Cotton futures contracts	December 2006	60	US\$1,693/NT\$54,354

2) Credit risk

The Company and its subsidiaries are exposed to credit risk, i.e., counter-parties' default on contracts. Factors affecting credit risks are the concentration of credit risk, components of derivative financial instruments, contract amounts and other receivables on financial instruments used by the Group.

The Group 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 exchange rates of forward exchange contracts and currency option contracts, interest of interest rate swap contracts and prices of cotton futures contracts are fixed and certain. In addition, the Group has sufficient operating capital to meet cash flow requirements. Thus, the Group does not have liquidity risk. However, financial assets measured at cost and equity-method investments have no active market; thus, material liquidity risk on these assets and investments is anticipated.

KG Telecom invested in publicly traded stocks and mutual funds that have quoted prices in active markets and can be sold immediately at prices close to their fair values. However, KG Telecom also invested in domestic private fund and equity-method investments with no quoted prices in an active market; thus, these investments could expose KG Telecom to liquidity risks.

ARCOA invested in mutual funds that have quoted prices in an active market and can be sold immediately at prices close to their fair values. However, ARCOA also invested in financial bonds and equity instruments with no quoted prices in an active market; thus, these investments could expose ARCOA to liquidity risks. ARCOA entered into forward contracts, for which settlement is at predetermined exchange rates; thus, ARCOA did not have material liquidity risk.

4) Cash-flow risk from interest rate fluctuations

Far EasTone and its subsidiaries have short-term and long-term liabilities with floating interest rates. For these, the effective interest rates will change as the market interest rates change. Thus, for every 1% increase in the market interest rate, the cash outflow for these liabilities had increased by \$29,705 thousand and \$97,218 thousand as of June 30, 2007 and 2006, respectively.

f. Cash flow hedge

The Group uses interest rate swap and cross-currency swaps to hedge overall fluctuations on interest rates and exchange rates.

Hedged Items	Designated Hedging Instruments		Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses	
	Designated Financial Instruments	Fair Value			
		2007			2006
Bonds with floating interest rate	Interest rate swap				
	- FETL	\$ (99,246)	\$ (106,385)	2005-2009	
	- Yuan Ding Investment	(30,401)	(44,053)	2005-2009	
	- Far EasTone	(50,499)	(88,405)	2003-2008	

In the six months ended June 30, 2007 and 2006, changes in unrealized gains and losses on financial products were as follows:

	Six Months Ended June 30, 2007
<u>Changes in unrealized gains or losses on cash flow hedge</u>	
As adjustments to shareholders' equity	
- FETL	\$ (10,247)
- Yuan Ding Investment	\$ 2,144
- Far EasTone	\$ 11,743

**Six Months
Ended
June 30, 2006**

Changes in unrealized gains or losses on cash flow hedge

As adjustments to shareholders' equity

- FETL	\$ (106,385)
- Yuan Ding Investment	\$ (44,053)
- Far EasTone	<u>\$ 2,142</u>

32. ADDITIONAL DISCLOSURES

a. Important transactions and b. - Information on the Group's investees.

- 1) Financing provided: Schedule F (attached)
- 2) Endorsement/guarantee provided: Schedule G (attached)
- 3) Marketable securities and investments in shares of stock held: Schedule H (attached)
- 4) Securities acquired and disposed of at costs or prices of at least \$100 million or 20% of the capital stock: Schedule I (attached)
- 5) Acquisition of individual real states at costs of at least \$100 million or 20% of the capital stock: Schedule J (attached)
- 6) Disposal of individual real state at prices of at least \$100 million or 20% of the capital stock: NA
- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the capital stock: Schedule K (attached)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the capital stock: Schedule L (attached)
- 9) Names, locations, and related information of investees on which the Company exercises significant influence: Schedule M (attached)
- 10) Derivative financial transactions of investees: Note 31

c. Investments in Mainland China

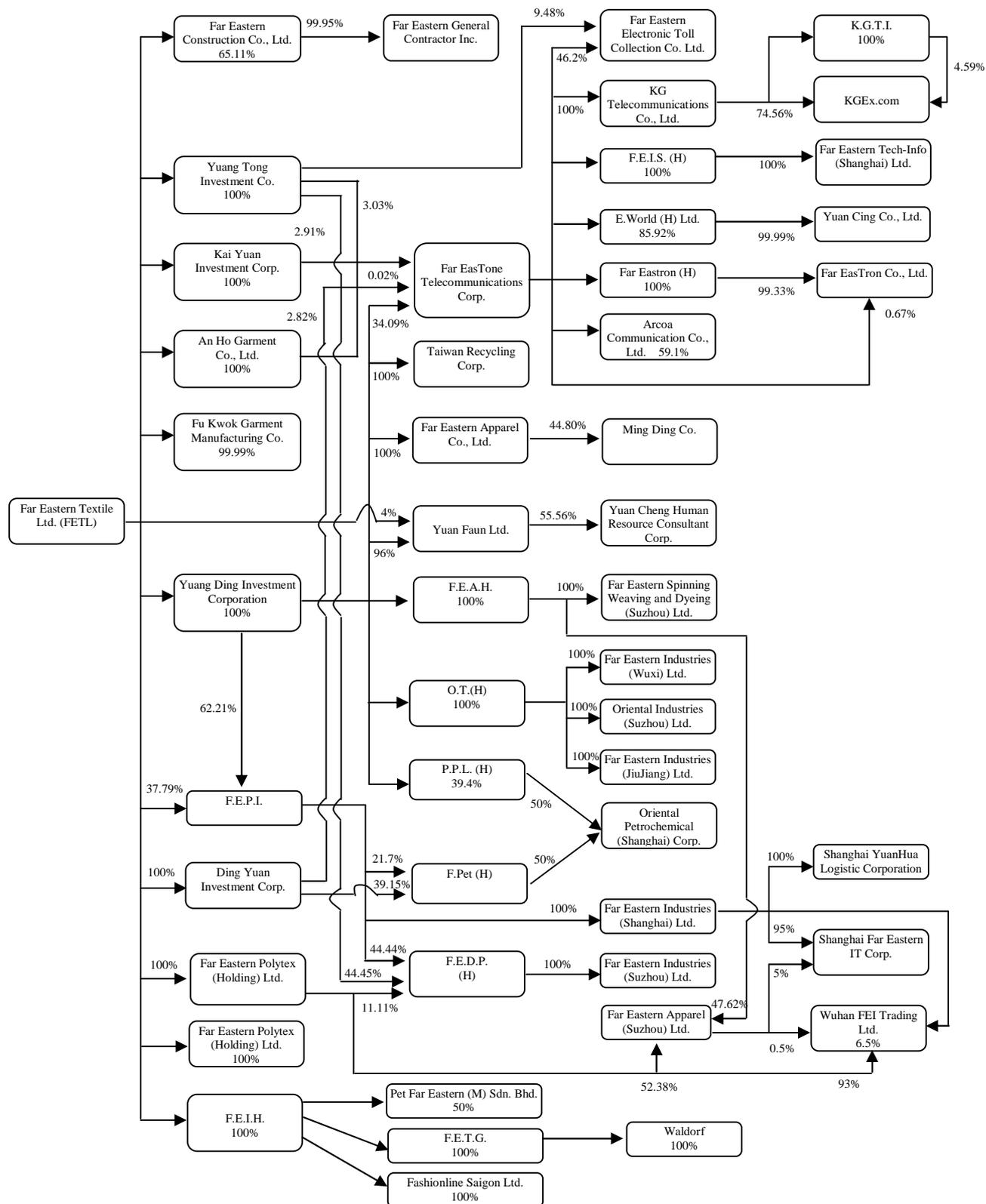
- 1) Investee company name, the description of the primary business activity and products, issued capital, nature of the relationship, capital inflow or outflow, ownership interest, gain or loss on investment, amounts received on investment, and the limitation on investment: Schedule N and O (attached)
- 2) Significant direct or indirect transactions with the investee company, prices, payment terms, and unrealized gain or loss: Schedule K.

d. Additional disclosure for consolidated financial statements:

- 1) Significant intercompany transactions: Schedule P.
- 2) Reasons, amounts, number of shares held and names of subsidiaries holding FETL's shares: NA

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP
JUNE 30, 2007**



SCHEDULE B**FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES****OPERATIONS
JUNE 30, 2007**

Consolidated Entity	Setup Date	Location	Operations
Far Eastern Textile Ltd.	1954/01/13	36F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan (R.O.C.)	Manufacture and distribution of petrochemical-fiber materials, semifinished and finished goods of spinning yarn (fabric), blended yarn (fabric), draw textured yarn, pre-oriented yarn, PET filament, PET staple and various knitted and woven garments.
Yuan Ding Investment Corp.	1986/11/07	34F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Investment.
Kai Yuan International Investment Corp.	1998/10/06	34F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Investment.
Ding Yuan International Investment Corp.	1998/10/02	34F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Investment.
Yuan Tong Investment Corp.	1999/12/03	34F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Investment.
An Ho Garment Co., Ltd.	1977/01/24	34F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Manufacture and distribution of various knit and woven garments.
Fu Kwok Garment Manufacturing Co., Ltd.	1975/04/28	No.110, Neihuan S. Rd., Nanzi District, Kaohsiung City 811, Taiwan, ROC	Manufacture and distribution of various woven garments.
Far Eastern Construction Co., Ltd.	1978/09/04	4F.-1, No.267, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City 106, Taiwan, ROC	Real estate construction and selling.
Far Eastern General Contractor Inc.	1982/10/04	4F.-1, No.267, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City 106, Taiwan, ROC	Real estate construction and selling.
Far Eastern Resources Development Co.	2003/09/02	34F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Real estate construction, industrial park construction and leasing, participating in public infrastructure projects.

(Continued)

Consolidated Entity	Setup Date	Location	Operations
Far Eastern Apparel Co., Ltd.	1976/02/27	36F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Selling of underwear, sportswear, shirts, towels, fabrics, suits, beddings and casual wear.
Ming Ding Corp.	1990/08/07	1F., No.389, Sec. 1, Sihchuan Rd., Banciao City, Taipei County 220, Taiwan, ROC	Selling of underwear, sportswear, shirts, towels, fabrics, suits, beddings and casual wear.
Yuan Faun Ltd.	1980/12/13	33F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Distribution of PET bottles, PET sheets, and packaging.
Yuan Cheng Human Resources Consultant Corp.	1999/06/08	19F.-1, No.1, Baosheng Rd., Yonghe City, Taipei County 234, Taiwan, ROC	Providing manpower services.
Taiwan Recycling Corp.	1988/06/11	No. 10, Gongye 2nd Rd., Gongye Industrial Park, Gongye Township, Taoyuan, County 328, Taiwan (ROC)	Waste recycling and processing
Far Eastern Investment (Holding) Ltd. (F.E.I.H)	1989/08/29	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
PET Far Eastern (M) Sdn Bhd	1995/07/22	Plo 69, Kawasan Perindustrian Senai 3, 81400 Senai, Johor Bohru, Johor, Malaysia	Manufacture and distribution of PET bottle and PET perform.
Far Eastern Industries (Jiu Jiang) Ltd.	2005.12.22	Mainland China	Manufacture and distribution of combed cotton yarn, 60/40 poly/cotton blended yarns, 65/35 poly/cotton blended yarns, spun yarns, and woven, greige woven, print woven, piece dyed woven and bleached woven fabric.
Fashionline Saigon Ltd.	2002/07/04	No 11, VSIP Street 4, Vietnam Singapore Industrial Park Thuan An District, Binh Duoug Province, Vietnam	Manufacture and distribution of various knitted and woven garments, beddings garments and accessories.
FETG Investment Antilles N.V. (F.E.T.G)	1989/10/05	E.E.G. Boulevard 62 Pox Box 342, Bonaire	Investment.
Waldorf Services B.V.	1990/01/10	Leidesplein29, 1017 PS Amsterdam, The Netherlands	Investment.
Far Eastern Polychem Industries Ltd. (F.E.P.I.)	1995/04/13	Clarendon House 2 Church street, Hamolton HM 11, Bermuda	Investment.
Far Eastern Industries (Shanghai) Ltd. (F.E.I.S.)	1996/09/25	Mainland China	Manufacture and distribution of PET staple, PET filament, polyester top, PET performs, raw textured yarns, spinning yarns, and knitted and woven fabrics and garments.

(Continued)

Consolidated Entity	Setup Date	Location	Operations
Wu Han Far Eastern New Material Ltd.	2003/07/09	Mainland China	Retail and wholesale of PET staple, PET filament, polyester top, PET performs, raw textured yarns, spinning yarns, and knitted and woven fabrics and garments.
Shanghai Far Eastern IT Company	2003/04/15	Mainland China	Computer software programming and MIS maintenance and consultancy.
Far Eastern Apparel (H.) Ltd. (F.E.A.H)	1996/10/01	Clarendon House 2 Church street, Hamolton HM 11, Bermuda	Investment.
Far Eastern Apparel (Suzhou) Limited	1996/10/21	Mainland China	Manufacture and distribution of various knitted and woven garments, beddings, garments and accessories.
Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	2003/10/22	Mainland China	Manufacture and distribution of woven, dyed and novelty fabrics, high-value engineered textiles, industrial woven fabrics and scraps.
Oriental Industries (Suzhou) Ltd.	2004/6/24	Mainland China	Manufacturing and distribution of PET performs, industrial fabrics and related products.
Oriental Textile (Holding) Ltd.	2002/7/15	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Far Eastern Industries (Wuxi) (F.E.I.W)	2002/5/28	Mainland China	Manufacture and distribution of combed cotton yarn, 60/40 poly/cotton blended yarns, 65/35 poly/cotton blended yarns, spun yarns, and woven, greige woven, print woven, piece dyed woven and bleached woven fabric.
PET Far Eastern (Holding) Ltd.	1996/10/01	Clarendon House 2 Church street, Hamolton HM 11, Bermuda	Investment.
Pacific Petrochemical (Holding) Ltd.	2002/10/30	P.O. Box 3140, Road Town Tortola, British Virgin Islands	Investment.
Oriental Petrochemical (Shanghai) Ltd. (O.P.C)	2003/01/21	Mainland China	Manufacture and distribution of PTA and its by-products.
F.E.D.P. (H) Ltd.	2002/03/22	Clarendon House 2 Church street Hamilton HM 11, Bermuda	International investment holding business.
Far Eastern Industries (Suzhou) Limited	2004/03/22	Mainland China	Manufacture and distribution of polyester chips and partially oriented, fully oriented and polyester yarns.

(Continued)

Consolidated Entity	Setup Date	Location	Operations
Far Eastern Polytex (Holding) Limited	2006/03/28	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment
Shanghai Far Eastern Petrochemical Logistic Ltd.	2006/03/02	Mainland China	Logistic
Far EasTone Telecommunication Co., Ltd.	1997/04/11	28F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, (ROC)	Wireless communications service.
KG Telecommunication Co., Ltd.	2003/09/25	28F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, (ROC)	Wireless communications service under a Type 1 license.
KGT International Holding Co., Ltd.	2000/01/06	11F., No.113, Sec. 2, Zhongshan N. Rd., Taipei City 104, Taiwan, (ROC)	International investment holding business.
Far Eastern Info Service Holding Ltd.	2002/07/17	Clarendon House 2 Church Street Hamilton HM11 Bermuda	International investment holding business.
Far Eastern Tech-info Ltd. (Shanghai)	2002/11/18	Mainland China	Computer software production, data processing and acting as Internet content service provider.
E. World (Holdings) Ltd.	2000/04/07	4F, One Capital Place. P.O. Box 847 G.T., Grand, Cayman Island	International investment holding business.
Yuang Sing Co., Ltd.(formerly E. World Co., Ltd.)	2000/08/08	28F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, (ROC)	Data processing service and retail of computer software.
KGEx.com Co., Ltd.	2000/08/09	11F., No.113, Sec. 2, Zhongshan N. Rd., Taipei City 104, Taiwan, (ROC)	Providing Type II communications service.
Far Eastern Electronic Toll Collection Co., Ltd.	2004/4/7	28F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, (ROC)	Providing services on information software, electronic information, auto controlling equipment engineering.
ARCOA Communication Co., Ltd.	1981/5/4	10F.-1, No.14, Lane 609, Sec. 5, Chongxin Rd., Sanchong City, Taipei County 241, Taiwan, (ROC)	Distribution of cellular phones and other communications equipment and accessories and providing related maintenance services.
Far EasTron Holding Ltd.	2005/8/30	Cayman Islands	Investment.
Far EasTron Co., Ltd.	2005/8/12	28F., No. 207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, (ROC)	Internet service.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

RELATED PARTIES

JUNE 30, 2007

No.	Related Party	Relationship with Far Eastern Textile Ltd. (Note)
1	Asia Cement Co., Ltd.	b and c
2	Chiahui Power Corporation	b
3	Asia Cement (Singapore) Pte. Ltd.	b
4	Asia Continent Investment Holdings Pte Ltd.	b
5	Ya Tung Ready Mixed Concrete Co., Ltd.	b
6	Kowloon Cement Corp.	b
7	Kowloon Concrete Corp.	h
8	Fu Ming Transport Corp.	b
9	Fu Dar Transportation Corporation	b
10	Far Eastern Department Stores Co., Ltd.	a and b
11	Far Eastern Continent Co., Ltd.	b
12	Far Eastern Geant Company Ltd.	b
13	Feds Development Ltd. (BVI)	b
14	Bai-Ding Investment Co.	b
15	FEDS Development Ltd. (BVI)	b
16	Ya Tung Department Store Ltd.	b
17	City Super Company.	b
18	Bai Chin (Singapore) Pte., Ltd.	b
19	Feds New Century Development	b
20	U-Ming marine Transport Corp.	b
21	Bai Yang Investment Co., Ltd.	c
22	Oriental Securities Co., Ltd.	a
23	Far Eastern - Invista Co., Ltd.	a
24	Yuan Ding Co.	a
25	Invista Far Eastern Petrochemicals Co., Ltd.	a
26	Freundenberg Far Eastern Spunweb Co., Ltd.	a
27	Everest Textile Co., Ltd.	a
28	Yuan Ding Leasing Corp.	a
29	Pacific Liu Tong Investment Corp.	a
30	Pacific SOGO Department Stores.	d
31	Liquid Air Far East Co., Ltd.	a
32	Yue Ding Industry Co., Ltd.	a
33	Far Eastern International Leasing Corp. (FEILC)	a
34	Yu Ming Co., Ltd.	a
35	U-Ming Marine Transport Corp.	b
36	New Century InfoComm Tech Co., Ltd.	b
37	Ding Ding Hotel Co., Ltd.	a
38	Far Eastern International Bank	a
39	U Ming (Singapore) Pte Ltd.	b

(Continued)

No.	Related Party	Relationship with Far Eastern Textile Ltd. (Note)
40	U Ming (Hong Kong) Co., Ltd.	b
41	Ding Ding Integrated Marketing Service Co., Ltd.	b
42	Oriental Union Chemical Corporation	a and b
43	Wen Jing Corp.	b
44	New Tranquil Enterprise Ltd.	b
45	Far Eastern Alliance	e
46	Huey Kang Investment Co., Ltd.	c
47	World-Wide origin Ltd.	b
48	Yuan-Ze University	b
49	Far Eastern Medical Foundation	b
50	Oriental Institute of Technology	b
51	Far Eastern Recreation Center Employee's Welfare Committee of FETL	f
52	Far Eastern Recreation Center Employee's Welfare Committee of FETL-Golf Club	f
53	Far Eastern Memorial Hospital	b
54	Yu Chang Vocational School	b
55	Far Eastern. Z. Hsu Science and Technology Memorial Foundation	b
56	Asia Concrete Corporation	g
57	Hong-Ton Comprehensive Commerce Development Co., Ltd.	h
58	TECO Electric & Machinery Co., Ltd.	i
59	System Corporation	i
60	MITAC Inc.	i
61	Shinkong Synthetec Fibers Corp.	j
62	Shinkong Engineering Corp.	m
63	Xin Xing investment Corp.	m
64	Everest investment (Holding) Ltd.	n
65	Flying Dutchman Ltd.	e
66	Malaysia Garment Manufactures PTE Ltd.	e
67	Da Ju Fiber Co., Ltd.	a
68	Far Eastern International Leasing Corp. (BVI)	m
69	Everest Textile (Shanghai) Ltd.	n
70	Far Eastern Technology Development Foundation (FETTDF)	o
71	NTT DoCoMo Inc.	p
72	Ding Ding Management Consulting Ltd.	e
73	PET Packaging (HK)	e
74	Filsyn Corporation	e
75	Wellknitters Garment Industries Sdn. Bhd.	e
76	Far Eastern Int'l Garment Inc. (F.E.I.G)	e
77	PT. Malaysia Garment Bintan	e
78	Cemtex Development Pte Ltd.	e
79	Cemtex Apparel Inc.	e

- Note:
- a. Equity-method investee.
 - b. Same Chairman or general manager.
 - c. It's chairman is the Company's relative.
 - d. Pacific Investment Corp.'s subsidiary.
 - e. Equity-method investee of equity-method investee.

(Continued)

- f. The chairman of the organization is FETL's senior manager.
- g. Equity-method investee of Asia Cement Corporation.
- h. The chairman of the Company is the investee's director.
- i. Director of Far Eastern Electronic Toll Collection Co., Ltd.
- j. A major shareholder of Taiwan Recycling Corp.
- k. Shinkong Synthetec Fibers Corp.'s subsidiary.
- l. Subsidiary of Everest Textile Co., Ltd.
- m. Subsidiary of Far Eastern International Leasing Corp.
- n. subsidiary of equity-method investee of Yuan Ding Investment Corp.
- o. Far EasTone's donation is over one third of the foundation's capital.
- p. Director of Far EasTone Telecommunication Co., Ltd.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES**CONSOLIDATED RELATED-PARTY TRANSACTIONS****SIX MONTHS ENDED JUNE 30, 2007 AND 2006****(In Thousands of New Taiwan Dollars)**

	Notes	2007		2006	
		Amount	%	Amount	%
Sales					
Everest Textile Co.		\$ 228,182	-	\$ 257,119	-
Others	c.	<u>982,975</u>	<u>2</u>	<u>757,088</u>	<u>1</u>
		<u>\$ 1,211,157</u>	<u>2</u>	<u>\$ 1,014,207</u>	<u>1</u>
Purchases					
Invista Far Eastern Petrochemicals Co., Ltd.		\$ 4,069,091	7	\$ 2,362,351	5
Others	c.	<u>1,756,717</u>	<u>3</u>	<u>1,512,206</u>	<u>3</u>
		<u>\$ 5,825,808</u>	<u>10</u>	<u>\$ 3,874,557</u>	<u>8</u>
Operating expense					
Yuan Ding Co.		\$ 77,966	-	\$ 83,920	1
Others	c.	<u>186,082</u>	<u>2</u>	<u>111,414</u>	<u>1</u>
		<u>\$ 264,048</u>	<u>2</u>	<u>\$ 195,334</u>	<u>2</u>
Nonoperating revenue					
Yuan Ding Co.		\$ 82,985	2	\$ 82,366	3
Others	c.	<u>52,223</u>	<u>4</u>	<u>87,281</u>	<u>4</u>
		<u>\$ 135,208</u>	<u>6</u>	<u>\$ 169,647</u>	<u>7</u>
Nonoperating expense					
Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation	c.	<u>\$ -</u>	<u>-</u>	<u>\$ 100,000</u>	<u>6</u>

Note:

- For the relationships between FETL and subsidiaries, please refer to schedule A.
- In the six months ended June 30, 2006, FETL and Yuan Ding Investment donated \$100,000 thousand to the foundation to promote the development of industry and technology.
- The transaction amount between related-parties was not over 5% of the total amount of the account.
- The terms of FETL's sales to and purchases from the related parties were the same as those for third parties.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED RELATED-PARTY TRANSACTIONS

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(In Thousands of New Taiwan Dollars)

	Notes	2007		2006	
		Amount	%	Amount	%
Accounts/notes receivable from related parties					
Notes, accounts and other receivable					
Everest Textile (Shanghai) Ltd.		\$ 821,099	44	\$ -	-
Others	b.	<u>418,427</u>	<u>23</u>	<u>351,136</u>	<u>86</u>
		1,239,526	67	351,136	86
Financing to affiliates		<u>619,093</u>	<u>33</u>	<u>58,000</u>	<u>14</u>
		<u>\$ 1,858,619</u>	<u>100</u>	<u>\$ 409,136</u>	<u>100</u>
Refundable deposits					
Yuan Ding Co.		\$ 33,251	7	\$ 33,304	7
Ding Ding Integrated Marketing Service Co., Ltd.		38,141	8	-	-
Others	b.	<u>21,452</u>	<u>4</u>	<u>13,105</u>	<u>3</u>
		<u>\$ 92,844</u>	<u>19</u>	<u>\$ 46,409</u>	<u>10</u>
Accounts/notes payable to related parties					
Notes, accounts and other payable					
Invista Far Eastern Petrochemicals Co., Ltd.		\$ 763,349	23	\$ 700,377	43
Others	b.	<u>563,199</u>	<u>17</u>	<u>506,872</u>	<u>31</u>
		1,326,548	40	1,207,249	74
Financing from affiliates		<u>1,633,926</u>	<u>60</u>	<u>14,090</u>	<u>26</u>
		<u>\$ 2,960,474</u>	<u>100</u>	<u>\$ 1,221,339</u>	<u>100</u>
Lease payable					
Far Eastern International Leasing Corp. (FEILC)		<u>\$ 56,803</u>	<u>95</u>	<u>\$ 96,604</u>	<u>97</u>
Accrued expense					
Others	b.	<u>\$ 14,042</u>	<u>-</u>	<u>\$ 10,954</u>	<u>-</u>
Billings on construction-in-progress and advance receipts					
Hong-Ton comprehensive Commerce Development Co., Ltd.		\$ 238,206	11	\$ 184,518	10
Far Eastern Department Stores Co., Ltd.		189,394	9	114,187	6
Others	b.	<u>42,281</u>	<u>2</u>	<u>3,799</u>	<u>-</u>
		<u>\$ 469,881</u>	<u>22</u>	<u>\$ 302,504</u>	<u>16</u>

(Continued)

	Notes	2007		2006	
		Amount	%	Amount	%
Deferred income					
Rent revenue					
Yuan Ding Co.	c.	\$ 773,557	84	\$ 820,203	84
Sales of lands and buildings					
Oriental Securities Co., Ltd.	d.	117,538	13	118,094	12
Sales of securities					
Others	b.	<u>33,679</u>	<u>3</u>	<u>33,679</u>	<u>4</u>
		<u>\$ 924,774</u>	<u>100</u>	<u>\$ 971,976</u>	<u>100</u>

Financing to affiliates:

	Six Months Ended June 30, 2007				
	Highest Outstanding Balance		Balance on	Interest Rate (%)	Interest Revenue
	Date	Amount	June 30, 2007		
Da Ju fiber Corporation	96.01.24	\$ 306,000	\$ 306,000	2.17%-2.95%	\$ 4,144
Malaysia Garment Manufactures Pte Ltd.	96.06.30	246,087	246,087	0%-6.37%	2,124
Flying Dutchman Ltd.	96.06.30	67,006	<u>67,006</u>	0%- 6.37%	<u>764</u>
			<u>\$ 619,093</u>		<u>\$ 7,032</u>

	Six Months Ended June 30, 2006				
	Highest Outstanding Balance		Balance on	Interest Rate (%)	Interest Revenue
	Date	Amount	June 30, 2006		
Yue Ding Industry Co., Ltd.	95.03.13	\$ 69,000	<u>\$ 58,000</u>	3.34-3.51	<u>\$ 1,070</u>

Financing from affiliates:

	Six Months Ended June 30, 2007				
	Highest Outstanding Balance		Balance on	Interest Rate (%)	Interest Expense
	Date	Amount	June 30, 2007		
Oriental Union chemical Corp.	96.01.31	\$985,800	\$ 981,680	3	\$ 7,181
Far Eastern International Leasing Corp. (BVI)	96.01.01	652,246	652,246	3.5	4,310
Far Eastern International Commercial Bank	96.01.05	440,130	400,000	NT1.80-2.80 US6.2077-6.334	4,262
			<u>\$2,033,926</u>		<u>\$ 15,753</u>

(Continued)

Six Months Ended June 30, 2006

	<u>Highest Outstanding Balance</u>		<u>Balance on June 30, 2006</u>	<u>Interest Rate (%)</u>	<u>Interest Expense</u>
	<u>Date</u>	<u>Amount</u>			
Far Eastern International Commercial Bank	95.01.26	\$ 763,270	\$ 422,810	NT1.66-1.71 US5.5169-6.4786	\$ 6,138
Sinkong Engineering Corp.	95.06.30	\$ 8,840	8,840	3.5	150
Xin Xing investment Corp.	95.06.30	5,250	<u>5,250</u>	3.5	<u>33</u>
			<u>\$ 436,900</u>		<u>\$ 6,321</u>

- a. For the relationships between FETL and subsidiaries, please refer to schedule A.
- b. The transaction amount between related-parties was not over 5% of the total amount of the account.
- c. FETL, Asia Cement Corporation and Yuan Ding Co. co-own the Metro Tower Building located on Tunhwa South Road in Taipei City. Under an agreement, Yuan Ding Co. constructed the building and used the land owned by FETL and Asia Cement Corporation. In exchange, FETL and ACC each received 12% of the usable area of the building. FETL deferred this income and will realize it upon the expiration of the agreement.
- d. The deferred income was from the sale of lands and buildings to Oriental Securities Co., Ltd.
- e. The terms of sales to and purchases from the related parties were the same as those for third parties.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

FINANCING PROVIDED

SIX MONTHS ENDED JUNE 30, 2007

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

No.	Financier	Counter-party	Financial Statement Account	Highest Balance for the Period	Ending Balance	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
											Item	Value		
0	Far Eastern Textile Ltd.	Far Eastern Polychem Industries	Other financial assets -current	\$ 1,332,500	\$ -	2.65-3	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 4,172,956 (Note C)	\$ 41,729,561 (Note D)
		Oriental Textile (Holding) Ltd.	"	230,440	- (Note I)	2.65-3	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note C)	41,729,561 (Note D)
1	Yuan Ding Investment Corp.	Da Ju Fiber Corporation	Receivable from affiliates	282,000	282,000	2.81-2.95	2	-	For revolving fund	-	Promissory note	-	1,737,028 (Note C)	5,211,085 (Note D)
		Oriental Textile (Holding) Ltd.	"	82,150	82,150 (Note I)	2.85-2.95	2	-	For revolving fund	-	Promissory note	-	1,737,028 (Note C)	5,211,085 (Note D)
		Far Eastern Apparel (Holding) Ltd.	"	230,020	230,020 (Note I)	2.85-2.95	2	-	For revolving fund	-	Promissory note	-	1,737,028 (Note C)	5,211,085 (Note D)
		Yuan Tong Investment Corp.	"	800,000	440,000 (Note I)	2.81-2.95	2	-	For revolving fund	-	Promissory note	-	1,737,028 (Note C)	5,211,085 (Note D)
		An Ho Garment Co., Ltd.	"	800,000	800,000 (Note I)	2.81-2.95	2	-	For revolving fund	-	Promissory note	-	1,737,028 (Note C)	5,211,085 (Note D)
2	Far Eastern Investment (Holding)Ltd.	Flying Dutchman Ltd.	Receivable from affiliates	US\$ 1,936	US\$ 1,936	0-6.37	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
		F.E.T.G. Investment Antilles N.V.	"	US\$ 12,891	US\$ 12,891 (Note I)	6.37	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
		Waldorf Services B.V.	"	US\$ 8,576	US\$ 8,576 (Note I)	0-6.37	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
		Pet Far Eastern (Holding) Ltd.	"	US\$ 3,414	US\$ 3,414 (Note I)	6.37	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
		Malaysia Garment	"	US\$ 2,595	US\$ 2,595	0-6.37	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
		PET Far Eastern (M) Sdn. Bhd.	"	US\$ 6,439	US\$ 6,439 (Note I)	6.37	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
		Far Eastern Polychem Industries	"	US\$ 48,000	US\$ 48,000 (Note I)	3	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
		Fashionline Saigou Ltd.	"	US\$ 800	US\$ 800 (Note I)	-	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
		Oriental Textile (Holding) Ltd.	"	US\$ 20,000	US\$ 20,000 (Note I)	6.37	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
3	Ding Yuan International Investment Corp.	Da Ju Fiber Corporation	Other financial assets - current	24,000	24,000	2.17-2.58	2	-	For revolving fund	-	Promissory note	-	102,739 (Note D)	1,027,389 (Note D)
5	Far Eastm Polychem Industries	Far Eastern Industries (Shanghai) Ltd.	Receivable from affiliates	US\$ 26,000	US\$ 26,000 (Note I)	-	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
		Far Eastern Industries (Suzhou) Ltd.	"	US\$ 10,000	US\$ 10,000 (Note I)	-	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
7	Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Receivable from affiliates	US\$ 7,000	US\$ 7,000 (Note I)	-	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
		Far Eastern Apparel (Holding) Ltd.	"	US\$ 1,500	US\$ - (Note I)	-	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)

(Continued)

No.	Financier	Counter-party	Financial Statement Account	Highest Balance for the Period	Ending Balance	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
											Item	Value		
10	F.E.T.G Investment Antilles N.V.	Waldorf Services B.V.	Receivable from affiliates	US\$ 13,040	US\$ 13,040 (Note I)	6.37	2	\$ -	For revolving fund	\$ -	Promissory note	-	\$ 4,172,956 (Note E)	\$ 12,518,868 (Note F)
11	Waldorf Services B.V.	Malaysia Garment Manufacturer Pte. Ltd. Chuang Yuan Co.	Other receivable	US\$ 4,600	US\$ 4,600	-	2	-	To establish PFEM	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
			"	US\$ 4,980	US\$ 4,980	6.37	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
15	Far EasTone Telecommunication Co., Ltd.	Far Eastern Electronic Toll Collection Co., Ltd.	Receivable from affiliates	\$ 50,000	\$ 50,000 (Note I)	6.685-6.715	1	50,092	-	-	Operation equipment	71,850	50,092 (Note G)	33,789,824 (Note H)
18	Oriental Textile (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd.	Receivable from affiliates	US\$ 13,500	US\$ 13,500 (Note I)	-	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
		Far Eastern Polychem Industries	"	US\$ 18,000	US\$ 18,000 (Note I)	6.37-6.58417	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
		Far Eastern Apparel (Holding) Ltd.	"	US\$ 3,000	US\$ -	3	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
19	Pacific Petrochemical (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	Receivable from affiliates	US\$ 15,000	US\$ 15,000 (Note I)	-	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
20	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	Receivable from affiliates	US\$ 15,000	US\$ 15,000 (Note I)	-	2	-	For revolving fund	-	Promissory note	-	4,172,956 (Note E)	12,518,868 (Note F)
29	Far Eastern Resources Development Co., Ltd.	Far Eastern Apparel (Holding) Ltd.	Receivable from affiliates	US\$ 3,000	US\$ - (Note I)	3	2	-	For revolving fund	-	-	-	768,313 (Note C)	7,683,126 (Note D)
		An Ho Garment Co., Ltd.	"	500,000	435,000 (Note I)	2.17-3.25	2	-	For revolving fund	-	-	-	768,313 (Note C)	7,683,126 (Note D)
30	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	Receivable from affiliates	US\$ 10,000	US\$ - (Note I)	5.2	2	-	For revolving fund	-	-	-	4,172,956 (Note E)	12,518,868 (Note F)

Notes: A. Reasons for financing are as follows:

1. Business relationship.
 2. For short-term financing.
- B. The upper limit is equivalent to the amount that is approved by the board of directors.
- C. The upper limit is equivalent to 5% of the net value of the financier as of June 30, 2007
- D. The upper limit is equivalent to 50% of the net value of the financier as of June 30, 2007. If necessary for short-term financing, the upper limit is equivalent to 15%.
- E. The upper limit is equivalent to 5% of the net value of FETL as of June 30, 2007
- F. The upper limit is equivalent to 15% of the net value of FETL as of June 30, 2007
- G. The amount of financing provided for business relationship is limited to the transaction amounts. The transaction amounts is the higher amount within the latest two years at the time of agreement.
- H. The maximum total financing providing amount should not exceed 50% of the Company's net worth of most current audited or reviewed financial statements.
- I. The amount had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

SIX MONTHS ENDED JUNE 30, 2007

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

No.	Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%) (Note S)	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Far Eastern Textile Ltd.	Yuan Ding Investment Corp. Pacific Sogo Department Store Co., Ltd.	(Note A) (Note C)	\$ 41,729,561 (Note H) 41,729,561 (Note H)	\$ 9,277,675 280,719	\$ 9,275,875 280,719	\$ - -	11 -	\$ 83,459,121 (Note I) 83,459,121 (Note I)
1	Yuan Ding Investment Corp.	Far Eastern Textile Ltd. Pacific Sogo Department Store Co., Ltd. Da Ju Fiber Corporation Taiwan Recycling Corp. Far Eastern Apparel Company	(Note E) (Note C) (Note B) (Note A) (Note A)	17,370,284 (Note H) 17,370,284 (Note H) 17,370,284 (Note H) 17,370,284 (Note H) 17,370,284 (Note H)	3,800,000 1,650,000 80,000 120,000 135,000	3,800,000 1,650,000 80,000 120,000 135,000	- 1,650,000 (Note R) - - -	11 5 - - 4	34,740,568 (Note I) 34,740,568 (Note I) 34,740,568 (Note I) 34,740,568 (Note I) 34,740,568 (Note I)
2	Far Eastern Investment (Holding)Ltd.	Trans-Pacific Oriental Holding Company, Inc.	(Note C)	41,729,561 (Note T)	US\$ 5,000	US\$ -	-	-	83,459,121 (Note Q)
3	Ding Yuan International Investment Corp.	Pacific Sogo Department Store Co.	(Note C)	41,729,561 (Note M)	37,629	37,629	-	-	83,459,121 (Note J)
4	Kai Yuan International Investment Corp.	Pacific Sogo Department Store Co.	(Note C)	41,729,561 (Note M)	37,629	37,629	-	-	3,459,121 (Note J)
5	Far Eastern Polychem Industries, Ltd.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd.	(Note A) (Note U)	83,459,121 (Note Q) 83,459,121 (Note Q)	RMB 1,506,400 RMB 252,310	RMB 906,400 RMB 34,750	- -	5 -	166,918,242 (Note P) 166,918,242 (Note P)
6	Far Eastern Construction Co.	Far Eastern General Constructor Co.	(Note A)	7,049,037 (Note L)	1,886,800	1,836,800	-	78	7,049,037 (Note N)
7	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note U) (Note A)	41,729,561 (Note T) 41,729,561 (Note T)	US\$ 7,000 US\$ 38,992	US\$ 7,000 US\$ 38,992	- -	- 2	83,459,121 (Note Q) 83,459,121 (Note Q)
9	Far Eastern General Constructor Co.	Far Eastern Construction Co.	(Note E)	3,571,343 (Note K)	150,000	150,000	-	13	3,571,343 (Note N)
12	An Ho Garment Co., Ltd.	Pacific Sogo Department Store Co.	(Note C)	41,729,561 (Note M)	20,313	20,313	-	-	83,459,121 (Note J)
14	Yuan Tong Investment Corp.	Pacific Sogo Department Store Co. Far Eastern Electronic Toll collection Co., Ltd.	(Note C) (Note B)	41,729,561 (Note M) 41,729,561 (Note M)	37,629 28,000	37,629 18,000	- -	- -	83,459,121 (Note J) 83,459,121 (Note J)
15	Far EasTone Telecommunication Co., Ltd.	Far Eastern Electronic Toll Collection Co., Ltd.	(Note B)	33,789,824 (Note H)	154,000	99,000	-	-	67,579,648 (Note I)
16	Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd. Far Eastern Industries (Wuxi) Ltd.	(Note U) (Note G)	83,459,121 (Note Q) 83,459,121 (Note Q)	RMB 60,400 RMB 40,000	RMB 60,400 -	- -	- -	166,918,242 (Note P) 166,918,242 (Note P)
17	Far Eastern Industries (Shanghai) Ltd.	Far Eastern Industries (Suzhou) Ltd. Wu Han Far Eastern Industrial Trading Ltd.	(Note U) (Note U)	RMB 994,475 (Note V) RMB 994,475 (Note V)	RMB 295,900 RMB 50,000	RMB 295,900 RMB 50,000	- -	2 -	RMB 1,988,950 (Note W) RMB 1,988,950 (Note W)
18	Oriental Textile (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd. Oriental Industries (Suzhou) Ltd.	(Note A) (Note A)	41,729,561 (Note T) 41,729,561 (Note T)	US\$ 66,276 US\$ 117,500	US\$ 66,276 US\$ 117,500	- -	- 5	83,459,121 (Note Q) 83,459,121 (Note Q)
19	Pacific Petrochemical (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Corp.	(Note Y)	41,729,561 (Note T)	US\$ 107,500	US\$ 107,500	-	4	83,459,121 (Note Q)
20	PET Far Eastern (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Corp.	(Note Y)	41,729,561 (Note T)	US\$ 107,500	US\$ 107,500	-	4	83,459,121 (Note Q)
29	Far Eastern Resources Development Co., Ltd.	Far Eastern Textile Ltd.	(Note E)	41,729,561 (Note M)	12,871,560	12,611,560	12,497,410	15	83,459,121 (Note J)

(Continued)

No.	Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%) (Note S)	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
31	Far Eastern Industries (Wuxi) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note G)	\$ 83,459,121 (Note Q)	RMB 45,000	RMB 45,000	-	-	\$ 166,918,242 (Note P)
32	Wu Han Far Eastern Industrial Trading Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note U)	RMB 100,000 (Note O)	RMB 100,000	RMB 100,000	-	1	RMB 198,895 (Note X)

Notes: A. Subsidiary.

B. Equity-method investees.

C. Investee of an equity-method investee.

D. Investee of an equity-accounted investee of parent company.

E. Parent company.

F. A proposed joint venture company.

G. The subsidiary of FETL's subsidiary.

H. Collateral/guarantee is equivalent to 50% of the net value of the guarantor as of June 30, 2007

I. Limit is computed using the net value of the guarantor as of June 30, 2007

J. Limit is computed using the net value of FETL as of June 30, 2007

K. The upper limit is equivalent to the net value of the Company, except for the subsidiary (parent), for which the upper limit is equivalent to 300% of the net value as of June 30, 2007

L. The upper limit is equivalent to the net value of the Company, except for the subsidiary, for which the upper limit is equivalent to 300% of the net value as of June 30, 2007

M. Collateral/guarantee is equivalent to 50% of the net value of Far Eastern as of June 30, 2007

N. Collateral/guarantee is equivalent to 300% of the net value of the guarantor as of June 30, 2007

O. The upper limit is equivalent to the amount that is approved by the board of directors.

P. Collateral/guarantee is equivalent to 200% of the net value of Far Eastern Textile Ltd. as of June 30, 2007

Q. Limit is computed using the net value of its ultimate parent company as of June 30, 2007

R. This is related to each shareholder of each company. The guarantee is based on each shareholder's percentage of ownership of the investee. Every shareholder promises to share in any losses on the guarantee based on the percentage of ownership of the investee. However, the marketable securities provided by Yuang Ding Investment to Taipei District Court for Pacific Sogo Department Store Co., Ltd. were for a certain court case (Note 28 to the financial statements).

S. The ratio calculation is in accordance with the Regulations Governing Loaning of Funds and Marking of Endorsements/Guarantees by Public Companies.

T. Collateral/guarantee is equivalent to 50% of the net value of Far Eastern as of June 30, 2007.

U. Business relationship.

V. Limit is computed using the net value of the guarantor as of December 31, 2006.

W. Collateral/guarantee is equivalent to 200% of the net value of the guarantor as of December 31, 2006.

X. Collateral/guarantee is equivalent to 20% of the net value of FEIS as of December 31, 2006.

Y. The investment relationship is based on guarantee of each shareholder's retention ratio.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES AND INVESTMENTS IN SHARES OF STOCK HELD

JUNE 30, 2007

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

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
0	Far Eastern Textile Ltd. (FETL)	Asia Cement Corporation	(Note A)	Equity method investments	609,029	\$ 11,317,423	24.05	\$ 26,370,956	35,888 thousand shares pledged or mortgaged as collaterals for loans
		Far Eastern Department Store	(Note A)	Equity method investments	181,068	3,647,873	16.80	4,590,074	-
		Everest Textile Co., Ltd.	(Note A)	Equity method investments	129	1,606	0.03	986	-
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	72,936	737,018	3.88	1,094,040	-
		Oriental Union Chemical Corp.	(Note A)	Equity method investments	70,966	1,044,542	9.21	1,987,048	4,000 thousand shares pledged or mortgaged as collaterals for loans
		Far Eastern Polychem Industries Ltd.	(Note A)	Equity method investments	116,548	1,093,994	37.79	1,093,993	Note L
		Yuan Ding Investment Corp.	(Note A)	Equity method investments	1,833,824	34,377,561	100.00	34,740,569	Note L
		Fu Kwok Garment Manufacturing Co.	(Note A)	Equity method investments	3,999	125,086	99.99	127,920	Note L
		An Ho Garment Corp.	(Note A)	Equity method investments	1,500	796,292	100.00	867,025	Note L
		Far Eastern Construction Co.	(Note A)	Equity method investments	80,478	1,461,378	65.11	1,483,018	Note L
		Far Eastern Investment (Holding) Ltd.	(Note A)	Equity method investments	1,700	4,625,475	100.00	4,625,475	Note L
		Yuang Ding Co., Ltd.	(Note A)	Equity method investments	148,529	2,667,705	37.13	2,827,088	-
		Invista Far Eastern Petrochemicals Co., Ltd.	(Note A)	Equity method investments	99,642	1,272,150	21.00	1,261,869	-
		Oriental Securities Co.	(Note A)	Equity method investments	140,278	2,300,532	19.65	2,298,406	40,000 thousand shares pledged or mortgaged as collaterals for loans
		Yuan Faun Ltd.	(Note A)	Equity method investments	200	4,120	4.00	3,608	Note L
		Kai Yuan International Investment Corp.	(Note A)	Equity method investments	148,392	3,191,998	100.00	3,236,314	Note L
		Ding Yuan International Investment Corp.	(Note A)	Equity method investments	200,000	2,054,839	100.00	2,055,885	Note L
		Yuan Tong Investment Corp.	(Note A)	Equity method investments	619,515	7,565,580	100.00	7,571,952	Note L
		Ding Ding Hotel Corp.	(Note A)	Equity method investments	5,386	56,827	19.00	56,830	-
		Pacific Liu Tung Investment Co. (Note J)	(Note E)	Equity method investments	67,500	1,057,509	16.83	964,413	-
Far Eastern Resources Development Co., Ltd.	(Note A)	Equity method investments	245,600	15,274,490	100.00	15,366,252	Note L		
Far Eastern Polytex (Holding) Limited	(Note A)	Equity method investments	38	2,576,385	100.00	2,576,385	Note L		
New Century InfoComm Tech Co., Ltd.	(Note B)	Financial assets measured at holding cost	4,760	36,418	0.10	36,569	-		
Hantech Venture Capital Corp.	-	Financial assets carried at cost	6,585	70,129	3.73	105,033	-		
U.S.A. Hua An Corp.	-	Financial assets carried at cost	-	-	0.25	-	-		
1	Yuan Ding Investment Corp.	Asia Cement Corporation	(Note A)	Equity method investments	4,733	94,818	0.19	204,920	-
		Oriental Union Chemical Corp.	(Note A)	Equity method investments	70,524	1,128,630	9.15	1,974,674	18,500 thousand shares pledged or mortgaged as collaterals for loans
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	18,451	177,518	0.98	276,763	-
		Far Eastern Department Store	(Note A)	Equity method investments	54,815	1,132,091	5.09	1,389,561	32,600 thousand shares pledged or mortgaged as collaterals for loans
		Everest Textile Co., Ltd.	(Note A)	Equity method investments	118,869	1,187,814	24.24	908,161	6,000 thousand shares pledged or mortgaged as collaterals for loans
		Far EasTone Telecommunications Corp.	(Note A)	Equity method investments	1,320,198	22,943,891	34.09	53,864,072	165,000 thousand shares pledged or mortgaged as collaterals to court. 141,600 thousand shares pledged or mortgaged as collaterals for loans (Note L).
		Far Eastern Polychem Industries Ltd.	(Note A)	Equity method investments	191,870	1,800,935	62.21	1,800,935	Note L
		Far Eastern Apparel (Holding) Ltd.	(Note A)	Equity method investments	60	1,062,590	100.00	1,062,590	Note L
		Da Ju Fiber Corporation	(Note A)	Equity method investments	10,800	197,047	41.86	226,635	-
		Far Eastern Apparel Company	(Note A)	Equity method investments	18,000	215,120	100.00	251,266	Note L

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
		Yuan Faun Ltd.	(Note A)	Equity method investments	4,800	\$ 88,206	96.00	\$ 86,600	Note L
		Yue Ming Co.	(Note A)	Equity method investments	970	41,734	45.50	43,526	-
		Yuan Ding Leasing Co.	(Note A)	Equity method investments	32,340	382,143	46.20	383,715	-
		Far Eastern - Invista Co., Ltd.	(Note A)	Equity method investments	33,082	378,917	50.00	460,308	-
		Taiwan Recycling Corp.	(Note A)	Equity method investments	7,322	44,182	100.00	47,755	Note L
		Liquid Air Far East Glycol	(Note A)	Equity method investments	69,114	1,038,750	35.00	1,179,325	-
		Freudenberg Far Eastern Spunweb Co.	(Note A)	Equity method investments	13,023	229,363	29.80	258,162	-
		Oriental Securities Co.	(Note A)	Equity method investments	189,718	3,223,682	26.58	3,108,988	82,850 thousand shares pledged or mortgaged as collaterals for loans
		Yuang Ding Co., Ltd.	(Note A)	Equity method investments	51,457	955,552	12.86	979,369	43,500 thousand shares pledged or mortgaged as collaterals for loans
		Far Eastern International Leasing Corp.	(Note A)	Equity method investments	59,240	881,666	16.42	872,922	-
		Oriental Textile (Holding) Ltd.	(Note A)	Equity method investments	59	3,892,261	100.00	3,892,261	Note L
		Pacific Liu Tung Investment Co. (Note J)	(Note A)	Equity method investments	59,827	850,740	14.92	854,963	-
		Pacific Petrochemical (Holding) Co.	(Note A)	Equity method investments	20	622,094	39.40	622,094	Note L
		Yue Yuan Investment Co., Ltd.	(Note D)	Financial assets carried at cost	67,279	677,240	19.05	1,785,360	-
		Chung Nan Textile Corp.	-	Financial assets carried at cost	2,985	81,405	5.27	109,429	-
		Hantech Venture Capital Corp.	-	Financial assets carried at cost	6,251	71,645	3.54	99,650	-
		Overseas Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,000	10,000	1.11	9,292	-
		Universal Venture Capital Investment Corp.	-	Financial assets carried at cost	1,400	14,000	1.16	18,126	-
		China Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,287	8,250	0.80	15,480	-
		Taiwan Stock Exchange Corp.	-	Financial assets carried at cost	824	22,493	0.16	41,400	-
		Nan Shan Insurance Corp.	-	Financial assets carried at cost	3	221	-	2,747	-
		Oriental Securities Investment Consultant Corp.	-	Financial assets carried at cost	1	11	-	11	-
		Gallery Management Ltd.	-	Financial assets carried at cost	914	6,597	9.81	5,222	-
		New Century InfoComm Tech Co., Ltd.	-	Financial assets carried at cost	184,000	1,407,600	3.87	1,415,215	-
		Under asset management contract (Note I)							
		Formosa Plastics Group	-	Financial assets at fair value through profit or loss - current	200	16,680	-	16,680	-
		Nan Ya Plastics Corp.	-	Financial assets at fair value through profit or loss - current	250	18,100	-	18,100	-
		Formosa chemical & Fibre Group	-	Financial assets at fair value through profit or loss - current	230	17,434	-	17,434	-
		China Steel Corp.	-	Financial assets at fair value through profit or loss - current	350	14,000	-	14,000	-
		Compal Electronics, Inc.	-	Financial assets at fair value through profit or loss - current	500	17,750	0.01	17,750	-
		Acer Incorporated	-	Financial assets at fair value through profit or loss - current	370	24,790	0.02	24,790	-
		Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	430	22,016	0.01	22,016	-
		Phoenixtec Power Co., Ltd.	-	Financial assets at fair value through profit or loss - current	330	11,418	0.07	11,418	-
		Walsin Technology Corp.	-	Financial assets at fair value through profit or loss - current	510	17,748	0.09	17,748	-
		Central Reinsurance Corp.	-	Financial assets at fair value through profit or loss - current	450	6,705	0.09	6,705	-
		Mega Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	740	16,465	0.01	16,465	-
		Inotera Memories Inc.	-	Financial assets at fair value through profit or loss - current	530	22,022	0.02	22,022	-
		Vanguard International semiconductor Corp.	-	Financial assets at fair value through profit or loss - current	450	14,805	-	14,805	-
		Formosa Petrochemical Corp.	-	Financial assets at fair value through profit or loss - current	140	11,480	0.03	11,480	-
		Taiwan Secom Co., Ltd.	-	Financial assets at fair value through profit or loss - current	140	7,840	-	7,840	-

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note	
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value		
2	Far Eastern Investment (Holding) Ltd.	F.E.T.G. Investment Antilles N. V.	(Note A)	Equity method investments	6	US\$ -	100.00	US\$ -	Note L	
		Filsyn Corporation	(Note A)	Equity method investments	45,066	US\$ -	21.85	US\$ -	Note L	
		Pet Far Eastern (M) Sdn. Bhd.	(Note A)	Equity method investments	Common stock 5,000	US\$ 3,055	50.00	MYR 10,815	Note L	
		Com 2B Corporation	(Note A)	Equity method investments	Preferred stock 3,000					
		Fashionline Saigon Ltd. Kai Yuang Fund	(Note A) -	Equity method investments Equity method investments Financial assets carried at cost	9,000 - -	US\$ 927 US\$ 1,360 US\$ 10,182	20.00 100.00 -	US\$ 923 US\$ 715 US\$ 10,182	- - -	- - Note L
3	Ding Yuan International Investment Corp.	FEA Long-Short Strategy Private Placement Fund	(Note E)	Available-for-sale financial assets	500	4,940	-	4,940	-	
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	73,732	821,038	3.93	1,105,980	9,000 thousand shares pledged or mortgaged as collaterals for loans	
		Far Eastern Department Store	(Note A)	Equity method investments	10,334	193,206	0.96	261,967	1,700 thousand shares pledged or mortgaged as collaterals for loans	
		Everest Textile Co., Ltd.	(Note A)	Equity method investments	8,454	73,999	1.72	64,589	-	
		Orient Union Chemical Corp.	(Note A)	Equity method investments	8,009	184,285	1.04	224,252	-	
		Far EasTone Telecommunications Corp.	(Note A)	Equity method investments	736	26,221	0.02	30,029	Note L	
		Pacific Liu Tung Investment Co.(Note J)	(Note A)	Equity method investments	9,000	123,197	2.24	128,611	-	
		PET Far Eastern (Holding) Ltd.	(Note A)	Equity method investments	36	552,739	39.15	558,711	Note L	
		Yue Ding Industry Co., Ltd.	(Note A)	Equity method investments	563	4,720	1.30	6,192	-	
		Cathay Financial Holdings Ya Li Transportation Corporation	(Note A) (Note E)	Available-for-sale financial assets Financial assets carried at cost	206 1,000	16,145 16,240	- 10.00	16,145 56,779	- -	- -
4	Kai Yuan International Investment Corp.	Asia Cement Corporation	(Note A)	Equity method investments	9,649	193,213	0.38	417,802	-	
		Far EasTone Telecommunications Corp.	(Note A)	Equity method investments	112,658	2,169,939	2.91	4,596,446	94,800 thousand shares pledged or mortgaged as collaterals for loans, Note L	
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	21,195	306,863	1.13	317,925	-	
		Orient Union Chemical Corp.	(Note A)	Equity method investments	24,474	430,916	3.18	685,272	-	
		Kowloon Cement Corp.	(Note A)	Equity method investments	1,127	358,120	49.00	304,035	-	
		Far Eastern International Leasing Corp.	(Note A)	Equity method investments	59,005	839,260	16.35	869,144	-	
		Pacific Liu Tung Investment Co.(Note J)	(Note A)	Equity method investments	9,000	122,823	2.24	128,610	-	
		Yi Jinn Industrial Co., Ltd.	-	Available-for-sale financial assets - noncurrent	23,471	132,611	6.42	132,611	-	
5	Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note D)	Equity method investments	(Note H)	HK\$ 996,784	100.00	HK\$ 996,784	Note L	
		Nippon Parison Co., Ltd.	-	Financial assets carried at cost	1	HK\$ 16,941	10.00	HK\$ 16,941	-	
		PET Far Eastern Holding Ltd.	(Note A)	Equity method investments	20	HK\$ 73,326	21.70	HK\$ 73,326	Note L	
		FEDP (Holding) Limited	(Note A)	Equity method investments	160	HK\$ 99,221	44.44	HK\$ 99,221	Note L	
6	Far Eastern Construction Co., Ltd.	U-Ming Marine Transport Corp.	(Note F)	Available-for-sale financial assets	1,590	\$ 102,065	0.19	\$ 102,065	1,152 thousand shares pledged or mortgaged as collaterals for loans	
		Far Eastern General Constructor Inc.	(Note A)	Equity method investments	93,029	1,162,722	99.95	1,189,853	Note L	
		Asia Cement Corporation	(Note A)	Equity method investments	36,796	891,367	1.45	1,593,270	34,000 thousand shares pledged or mortgaged as collaterals for loans	
7	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note D)	Equity method investments	(Note H)	US\$ 10,796	47.62	RMB 84,162	Note L	
		Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note D)	Equity method investments	(Note H)	US\$ 20,077	100.00	RMB 156,741	Note L	
8	Far Eastern Apparel Company	Ming Ding Co.	(Note A)	Equity method investments	448	7,637	44.80	7,637	Note L	
		Yue Ding Industry Co., Ltd.	(Note A)	Financial assets carried at cost - noncurrent	6	462	0.01	70	-	
		The First Global Investment Trust Global Asset Securitization Balanced Income Fund	-	Financial assets at fair value through profit or loss - current	500	5,008	-	5,008	-	

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
		Photronics Semiconductor Mask Corp.	-	Financial assets at fair value through profit or loss - current	117	\$ 1,890	-	\$ 1,890	-
		Wha Yu Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss - current	36	2,052	-	2,052	-
		Inotera Memories Inc.	-	Financial assets at fair value through profit or loss - current	828	34,403	-	34,403	-
		Sci Pharmtech Inc.	-	Financial assets at fair value through profit or loss - current	180	8,766	-	8,766	-
		Pacific Hospital Supply Co., Ltd.	-	Financial assets at fair value through profit or loss - current	197	7,703	-	7,703	-
		ProMos Technologies Inc.	-	Financial assets at fair value through profit or loss - current	990	13,662	-	13,662	-
		Key Ware Electronics Co., Ltd.	-	Financial assets at fair value through profit or loss - current	720	13,284	-	13,284	-
		LEATEC Fine Ceramics Co., Ltd.	-	Financial assets at fair value through profit or loss - current	396	7,999	-	7,999	-
		Chipbond Technology Corp.	-	Financial assets at fair value through profit or loss - current	225	10,586	-	10,586	-
		Taiwan Nano Electro-Optical Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	342	17,134	-	17,134	-
		Youngteh Electronics Corp.	-	Financial assets at fair value through profit or loss - current	171	17,870	-	17,870	-
		INPAQ Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	266	17,024	-	17,024	-
		Wistron Neweb Corp.	-	Financial assets at fair value through profit or loss - current	261	24,795	-	24,795	-
		Nan Ya Printed Circuit Board Corp.	-	Financial assets at fair value through profit or loss - current	144	28,872	-	28,872	-
		CoAsia Microelectronics Corp.	-	Financial assets at fair value through profit or loss - current	45	1,256	-	1,256	-
		Pontex Polyblend Co., Ltd.	-	Financial assets at fair value through profit or loss - current	846	12,012	-	12,012	-
15	Far EasTone Telecommunications Corp.	KG Telecommunication Co., Ltd.	(Note A)	Equity method investments	1,332,998	33,465,647	100.00	33,465,647	Note L
		Arcoa Communication Co., Ltd.	(Note A)	Equity method investments	79,353	987,845	59.10	987,845	Note L
		Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity method investments	106,650	257,717	42.66	257,717	Note L
		Far Eastern Info Service (Holding) Ltd.	(Note A)	Equity method investments	1	141,018	100.00	141,018	Note L
		Far EasTron Holding Ltd.	(Note A)	Equity method investments	4,487	78,473	100.00	78,473	Note L
		E. World (Holdings) Ltd.	(Note A)	Equity method investments	6,015	58,498	85.92	58,498	Note L
		Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Equity method investments	4,500	25,718	15.00	25,718	-
		Far EasTron Co., Ltd.	(Note A)	Equity method investments	100	495	0.67	495	Note L
16	Far Eastern Apparel (Suzhou) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note A)	Financial assets carried at cost	(Note H)	RMB 350	0.50	RMB 495	Note L
		Shanghai Yuanzi Information Co., Ltd.	(Note A)	Financial assets carried at cost	(Note H)	RMB 100	5.00	RMB 41	Note L
17	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note A)	Equity method investments	(Note H)	RMB 3,700	6.50	RMB 6,440	Note L
		Shanghai Yuanzi Information Co., Ltd.	(Note A)	Equity method investments	(Note H)	RMB 1,664	95.00	RMB 777	Note L
		Shanghai Far Eastern Petrochemical Logistic Ltd.	(Note A)	Equity method investments	(Note H)	RMB 5,069	100.00	RMB 5,735	Note L
18	Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	(Note D)	Equity method investments	(Note H)	US\$ 63,406	100.00	RMB 494,461	Note L
		Oriental Industries (Suzhou) Ltd.	(Note D)	Equity method investments	(Note H)	US\$ 48,330	100.00	RMB 377,665	Note L
19	Pacific Petrochemical (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Corp.	(Note A)	Equity method investments	(Note H)	US\$ 48,196	50.00	RMB 375,553	Note L
20	PET Far Eastern (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Corp.	(Note A)	Equity method investments	(Note H)	US\$ 48,101	50.00	RMB 375,553	Note L
21	FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 35,984	100.00	RMB 279,049	Note L

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
22	Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd. Far Eastern Apparel (Suzhou) Ltd. FEDP Holding Ltd.	(Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments	(Note H) (Note H) (Note H)	US\$ 11,802 US\$ 11,875 US\$ 4,911	93.00 52.38 11.11	RMB 92,144 RMB 92,575 US\$ 3,989	Note L Note L Note L
23	KG Telecommunications Co., Ltd.	KGEx.com Co., Ltd. KGT International Holding Co., Ltd. iScreen Under asset management contract (Note I)	(Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments	186,391 50 4,000	1,016,115 78,856 24,276	74.56 100.00 40.00	1,016,115 78,856 24,276	Note L Note L -
		CSRC	-	Available-for-sale financial assets - current	200	7,380	-	7,380	-
		AUO	-	Available-for-sale financial assets - current	400	22,400	-	22,400	-
		PAHSCO	-	Available-for-sale financial assets - current	200	7,820	-	7,820	-
		S.C.P.C.	-	Available-for-sale financial assets - current	500	15,000	-	15,000	-
		OPTO TECH	-	Available-for-sale financial assets - current	300	8,370	-	8,370	-
		ZYXEL	-	Available-for-sale financial assets - current	175	10,605	-	10,605	-
		BIOTEQUE	-	Available-for-sale financial assets - current	538	24,748	-	24,748	-
		PONTEX	-	Available-for-sale financial assets - current	300	4,260	-	4,260	-
		PSC	-	Available-for-sale financial assets - current	100	3,830	-	3,830	-
		Wei Chuan	-	Available-for-sale financial assets - current	400	11,060	-	11,060	-
		CMO	-	Available-for-sale financial assets - current	400	15,600	-	15,600	-
		N.P.C.	-	Available-for-sale financial assets - current	40	8,020	-	8,020	-
		WNC	-	Available-for-sale financial assets - current	100	9,500	-	9,500	-
		KEY Ware	-	Available-for-sale financial assets - current	250	4,612	-	4,612	-
		Wintek Corp.	-	Available-for-sale financial assets - current	200	7,100	-	7,100	-
		APEC	-	Available-for-sale financial assets - current	200	13,500	-	13,500	-
		Epistar	-	Available-for-sale financial assets - current	75	10,088	-	10,088	-
		Faraday	-	Available-for-sale financial assets - current	30	3,945	-	3,945	-
		Inotera	-	Available-for-sale financial assets - current	400	16,620	-	16,620	-
		SSFC	-	Available-for-sale financial assets - current	600	7,320	-	7,320	-
		Chipbond	-	Available-for-sale financial assets - current	200	9,410	-	9,410	-
		Hopax	-	Available-for-sale financial assets - current	100	3,500	-	3,500	-
		Elaser	-	Available-for-sale financial assets - current	300	13,260	-	13,260	-
		PhytoHealth	-	Available-for-sale financial assets - current	40	2,420	-	2,420	-
		Far Eastern Alliance Taiwan Bond Security Investment Trust Fund	-	Available-for-sale financial assets - current	46,469	505,520	-	505,520	-
		JF (Taiwan) European Bond Fund	-	Available-for-sale financial assets - current	20,000	192,158	-	192,158	-

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
		Sheng Hua 101 global mortgage securitization fund	-	Available-for-sale financial assets - current	4,734	\$ 50,091	-	\$ 50,091	-
		FEA Long-Short Private Placement Fund	-	Financial assets carried at cost - noncurrent	10,000	100,000	-	-	-
		Fuh Hwa Value Added Strategy Fund	-	Financial assets carried at cost - noncurrent	14,866	150,000	-	-	-
24	ARCOA Communication Co., Ltd.	Hi Information Co., Ltd.	(Note A)	Equity method investments	4,975	6,026	33.17	6,026	-
		THI consultants	-	Financial assets measured at holding cost - noncurrent	1,134	13,729	18.29	-	-
		Chunghwa Int'l Communication Network Co., Ltd.	-	Financial assets carried at cost - noncurrent	2,831	6,714	4.20	-	-
		VIBO Telecom Inc.	-	Financial assets carried at cost - noncurrent	2,000	20,000	0.13	-	-
		Web Point Co., Ltd.	-	Financial assets carried at cost - noncurrent	161	1,618	0.63	-	-
		Capital Income Fund	-	Financial assets at fair value through profit or loss - current	4,019	60,291	-	60,291	-
		ING Taiwan Income Fund	-	Financial assets at fair value through profit or loss - current	1,263	20,156	-	20,156	-
		Dresdner Bond Dam Fund	-	Financial assets at fair value through profit or loss - current	1,713	20,001	-	20,001	-
		Ta Chong Bank Financial Bonds 93 Series-I	-	Bonds measured at amortized cost - current	3,000	3,000	-	-	-
25	Far Eastern Info Service (Holding) Ltd.	Far Eastern Tech-info Ltd. (Shanghai)	(Note A)	Equity method investments	-	US\$ 3,802	100.00	US\$ 3,802	Note L
26	Far EasTron Holding Ltd.	Far EasTron Co., Ltd.	(Note A)	Equity method investments	14,900	US\$ 2,371	99.33	US\$ 2,371	Note L
27	E. World (Holdings) Ltd.	Yuan Cing Co., Ltd.	(Note A)	Equity method investments	19,350	US\$ 1,792	99.99	US\$ 1,792	Note L
		Ideaculture (Cayman) Ltd.	-	Financial assets carried at cost - noncurrent	1,195	US\$ -	17.96	US\$ -	-
28	KGT International Holding Co., Ltd.	KGEx.com Co., Ltd.	(Note A)	Equity method investments	11,465	62,502	4.59	62,502	Note L

Notes: A. Equity-method investee.

B. Investor company and investee have the same chairman.

C. Its chairman is related to the chairman of Far Eastern Textile Ltd.

D. Subsidiary of holding company.

E. Holding company's indirect equity-method investee.

F. The chairman of the investee's board of directors is a member of the holding company's board of directors.

G. Equity- method investee of FETL.

H. Private company.

I. Under assets management contract, sale in open market by trustee.

J. The holding company opened a trust account in Shanghai Bank on September 26, 2002 to buy equity in Pacific Liu Tung Investment Co.

K. Other than Asia Cement Corporation, Far Eastern Department Sotore, Far Eastern International Commercial Bank, Oriental Union Chemical Corp., Everest Textile Co., Ltd., Yuang Ding Investment Corporation, Far Eastern Construction Co., Far Eastern General Constructor Inc., Oriental Securities Co., Pacific Liu Tung Investment Co., Far EasTone Telecommunications Co., KG Telecommunications Co., Ltd. and ARCOA Communication Co., Ltd., the financial statements of the subsidiaries were not audited by a public accounting firm.

L. The amount had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK

SIX MONTHS ENDED JUNE 30, 2007

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

No.	Company Name	Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Investment Income under the Equity Method	Ending Balance		
						Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Price	Book Value	Disposal (Loss) Gain		Shares (Thousands)/ Thousand Units	Amount	
0	Far Eastern Textile Ltd.	Far Eastern Investment (Holding) Ltd.	Equity method investments	Issuance of stock by cash	-	1,100	\$ 3,019,511	600	\$ 1,592,160	-	\$ -	\$ -	\$ -	\$ 13,804 (Note)	1,700	\$ 4,625,475 (Note)	
1	Yuan Ding Investment Corp.	Asia Cement Corporation	Equity method investments	Open market	-	97,459	1,857,379	-	-	8,726	274,173	166,318	107,855	4,797	4,733	94,818	
		Far Eastern International Leasing Corp.	Equity method investments	Issue GDR	-	-	-	-	84,000	2,734,372	1,601,040	1,133,332	-	-	-	-	-
				Issuance of stock by cash Jhang Yi Bin	-	49,394	704,627	9,833	117,999	-	-	-	-	-	58,887	59,240	881,666
4	Kai Yuan International Investment Corp.	Far Eastern International Leasing Corp.	Equity method investments	Issuance of stock by cash	-	49,207	701,147	9,798	117,581	-	-	-	-	20,532	59,005	839,260	
9	Far Eastern General Contractor Inc.	President James Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	7,730	120,000	7,730	120,026	120,000	26	-	-	-	
		Far Eastern Alliance Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,331	166,000	15,331	166,054	166,000	54	-	-	-	
14	Yuan Tong Investment Corp.	FEDP (Holding) Limited	Equity method investments	Issuance of stock by cash	-	-	-	160	666,026	-	-	-	-	8,469 (Note)	160	657,557 (Note)	
23	KG Telecommunication Co., Ltd.	Fuh Hwa Value Added Strategy Fund	Financial assets carried at cost - noncurrent	-	-	-	-	14,866	150,000	-	-	-	-	-	14,866	150,000	
24	ARCOA Communications Co., Ltd. (Note D)	Capital Income Fund	Financial assets at fair value through profit or loss - current	-	-	6,145	91,500	6,031	90,000	8,158	121,899	121,500	399	-	4,018	60,000	
33	Fu Kwok Garment Manufacturing Co.	Asia Cement Corporation	Equity method investments	Open market	-	1,150	21,362	-	-	1,150	42,414	19,073	23,341	-	-	-	

Notes: The account had been written off.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK
 SIX MONTHS ENDED JUNE 30, 2007
 (In Thousands of New Taiwan Dollars)

Company Name	Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transactions with Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Far Eastern Construction Co., Ltd.	No. 201 etc., Guangming Section, Situn District Taichung City	2007.4.24	\$411,500	Paid	Far Eastern Geant Company Ltd.	The chairman of the investee's board of directors is a member of the holding company's board of directors	Far Eastern Department Store	Investee accounted for by equity method	1997.7.7	\$405,000	Refer to the appraisal report by the Wei-Cheng Asset Management Corp.	Construction land for operation	-

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK
SIX MONTHS ENDED JUNE 30, 2007
(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
				Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
0	Far Eastern Textile Ltd.	Everest Textile Co., Ltd.	(Note A)	Sale	\$ (228,182)	(1)	In 30 to 90 days	\$ -	-	\$ 49,620	8	\$ 27,011	-	
		Oriental Union Chemical Corp.	(Note A)	Purchase	1,306,896	6	Average 45 days	-	-	-	-	(219,479)	(6)	
		Invista Far Eastern Co., Ltd.	(Note A)	Purchase	4,069,091	19	Cash payment on 15th of the next month	-	-	-	-	(763,349)	(22)	
5	Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Purchase	2,801,198	99	Average 60 days	-	-	-	-	(1,523,185)	(54)	
6	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note F)	Purchase	326,043 (Note J)	74	Average 30 days	-	-	(61,747) (Note J)	(96)	-	-	
9	Far Eastern General Contractor Inc.	Oriental Concrete Private Ltd.	(Note D)	Purchase	199,290	2	Average 45 days	-	-	(50,382)	(1)	(16,717)	(6)	
		Far Eastern Construction Co., Ltd.	(Note E)	Construction income	(344,390) (Note J)	(20)	Average 30 days	-	-	Billing on construction-in-progress (Note J) 777,377	7	61,747 (Note J)	24	
15	Far EasTone Telecommunications Co., Ltd.	KG Telecommunications Co., Ltd.	(Note A)	Operating revenue	(1,381,860) (Note J)	(6)	For contract	-	-	-	-	Accounts receivable (Note J) 266,082	5	
				Operating cost	882,011 (Note J)	9	For contract	-	-	-	-	Accounts payable (Note J) (79,767)	(11)	
		ARCOA Communications Co., Ltd.	(Note A)	Sale	(280,986) (Note J)	(1)	For contract	-	-	-	-	Accounts receivable (Note J) 143,131	3	
				Operating cost, sales expenses and purchase	768,999 (Note J)	5	For contract	-	-	-	-	Accounts payable and accrued expense (Note J) (248,769)	(6)	
		KGEx.com Co., Ltd.	(Note F)	Operating revenue	(141,084) (Note J)	(1)	For contract	-	-	-	-	Accounts receivable (Note J) 52,518	1	
		New Century InfoComm Tech Co., Ltd.	(Note G)	Operating revenue	(141,804)	(1)	For contract	-	-	-	-	Accounts payable (Note C) (36,521)	(5)	
17	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note I)	Sale	(556,001) (Note J)	(5)	Average 60 days	-	-	-	-	259,937 (Note J)	8	
		Far Eastern Industries (Suzhou) Ltd.	(Note I)	Purchase	995,354 (Note J)	9	Average 60 days	-	-	(623,006) (Note J)	(14)	(158,861) (Note J)	(3)	
		Oriental Petrochemical (Shanghai) Corp.	(Note I)	Purchase	3,512,219 (Note J)	32	Average 60 days	-	-	(3,710,534) (Note J)	(85)	(118,922) (Note J)	(2)	
		Far Eastern Polychem Industries Ltd.	(Note C)	Sale	(2,801,198)	(24)	Average 60 days	-	-	-	-	1,523,185	46	
23	KG Telecommunications Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating revenue	(882,011) (Note J)	(8)	For contract	-	-	-	-	Accounts receivable (Note J) 79,767	3	
				Operating cost	1,381,860 (Note J)	25	For contract	-	-	-	-	Accounts payable (Note J) (266,082)	(59)	
		ARCOA Communications Co., Ltd.	(Note H)	Marketing expenses and purchase	205,047 (Note J)	12	For contract	-	-	-	-	Accounts payable and accrued expense (Note J) (55,975)	(3)	

(Continued)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
				Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	
24	ARCOA Communications Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating commissions revenue, service revenue and sales	\$ (768,999) (Note J)	(33)	For contract	\$ -	-	\$ -	-	Accounts receivable (Note J) \$248,769	63
		KG Telecommunications Co., Ltd.	(Note H)	Purchase	280,986 (Note J)	15	For contract	-	-	-	-	Accounts payable (Note J) (143,131)	(41)
				Operating commissions revenue and sales	(205,047) (Note J)	(10)	For contract	-	-	-	-	Accounts receivable (Note J) 55,975	20
30	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note I)	Purchase	115,806 (Note J)	76	Average 90 days	-	-	-	-	(130,142) (Note J)	(28)
32	Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note I)	Purchase	556,001 (Note J)	99	Average 60 days	-	-	-	-	(259,937) (Note J)	(98)
33	Oriental Petrochemical (Shanghai) Corp.	Far Eastern Industries (Shanghai) Ltd.	(Note I)	Sale	(3,512,219) (Note J)	(44)	In 90 to 180 days	-	-	3,710,534 (Note J)	80	118,922 (Note J)	33
		Far Eastern Industries (Suzhou) Ltd.	(Note I)	Sale	(1,175,014) (Note J)	(15)	Average 90 days	-	-	894,246 (Note J)	19	233,191 (Note J)	66
34	Far Eastern Industries (Suzhou) Ltd.	Oriental Petrochemical (Shanghai) Corp.	(Note I)	Purchase	1,175,014 (Note J)	57	Average 90 days	-	-	(894,246) (Note J)	(99)	(233,191) (Note J)	(46)
		Far Eastern Industries (Shanghai) Ltd.	(Note I)	Sale	(975,354) (Note J)	(47)	Average 60 days	-	-	623,006 (Note J)	82	158,861 (Note J)	32
		Oriental Industries (Suzhou) Ltd.	(Note I)	Sale	(115,806) (Note J)	(6)	Average 90 days	-	-	-	-	130,142 (Note J)	27
35	KGEx.com Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating cost	141,084 (Note J)	31	For contract	-	-	-	-	Accounts payable (Note J) (52,518)	(33)

Notes:

- A. Equity-method investee.
- B. Ultimate parent company.
- C. All revenues and costs between Far EasTone and NCIC were settled at full amount except interconnection revenues and costs and were included in payables to related parties, respectively.
- D. Equity-method investee of a Asia Cement Corporation.
- E. Parent company.
- F. The subsidiary.
- G. Same chairman.
- H. Same parent company.
- I. Same ultimate parent company.
- J. The account had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK
SIX MONTHS ENDED JUNE 30, 2007
(In Thousands of New Taiwan Dollars)**

No.	Company Name	Related Party	Nature of Relationship	Ending Balance (Note F)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
15	Far EasTone Telecommunications Co., Ltd.	KG Telecommunication Co., Ltd. ARCOA Communication Co., Ltd.	Subsidiary Subsidiary	\$ 454,101 145,862	(Note B) 4.38	\$ - -	- -	\$ 229,587 109,553	\$ - -
17	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd. Everest Textile (Shanghai) Ltd. Far Eastern Polychem Industries Ltd.	(Note D) (Note E) Parent company	259,937 821,099 1,523,185	5.99 2.93 3.25	- - -	- - -	117,841 76,351 -	- - -
23	KG Telecommunication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	1,095,766	(Note C)	-	-	920,852	-
24	ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Parent company	248,769	6.43	-	-	179,031	-
33	Oriental Petrochemicals (Shanghai) Corp.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd.	(Note D) (Note D)	3,829,456 1,127,437	- 8.42	- -	- -	- -	- -
34	Far Eastern Industries (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd. Oriental Industries (Suzhou) Ltd.	(Note D) (Note D)	781,867 130,142	7.37 2.00	- -	- -	- -	- -

Note A: Receivables from financing provided weren't included in Schedule L, and please referred to Schedule F.

Note B: The turnover rate is unavailable as the receivables from related parties were mainly due to the advances in operating expenses to KG Telecommunication Co., Ltd.

Note C: The turnover rate is unavailable as the receivable of telecommunication bills is mainly handled by Far EasTone Telecommunications Co., Ltd.

Note D: Same ultimate parent company.

Note E: Equity-method investee of Yuang Ding Investment Corporation.

Note F: The account had been written off.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 2007
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
					Jun. 30, 2007	December 31, 2006	Shares (Thousands)	Percentage of Ownership	Carrying Value			
0	Far Eastern Textile Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	\$ 2,857,181	\$ 2,857,181	609,029	24.05	\$ 11,317,423	\$ 5,101,261	\$ 879,300	Gain or loss recognized under the treasury stock method Including deferred revenue (\$55,114) Including the elimination of a downstream transaction (\$3) Including the elimination of an upstream transaction (\$1,419) Including the elimination of a downstream transaction \$441 (Note E) Including the elimination of an upstream transaction (\$897)
		Far Eastern Department Store	Taipei, Taiwan	Department store operations	1,254,158	1,254,158	181,068	16.80	3,647,873	1,067,636	112,949	
		Everest Textile Co., Ltd.	Tainan, Taiwan	Fiber production	1,689	1,689	129	0.03	1,606	70,059	17	
		Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	567,639	567,639	72,936	3.88	737,018	122,700	4,494	
		Oriental Union Chemical Corp.	Taipei, Taiwan	Chemical materials production	1,176,211	1,176,211	70,966	9.21	1,044,542	1,090,164	96,274	
		Far Eastern Polychem Industries Ltd.	Clarendon House, Hamilton HM11, Bermuda	Investment	974,975	974,975	116,548	37.79	1,093,994	(25,384)	(9,593)	
		Yuan Ding Investment Corp.	Taipei, Taiwan	Investment	100,539	100,539	1,833,824	100.00	34,377,561	4,066,325	4,063,107	
		Fu Kwok Garment Manufacturing Co.	Kaohsiung, Taiwan	Garment production	9,129	9,129	3,999	99.99	125,086	35,178	32,326	
		An-Ho Garment Corp.	Taipei, Taiwan	Garment production	1,023	1,023	1,500	100.00	796,292	152,564	152,324	
		Far Eastern Construction Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	143,450	143,450	80,478	65.11	1,461,378	199,134	122,194	
		Far Eastern Investment (Holding) Ltd.	Clarendon House, Hamilton HM11, Bermuda	Investment	5,833,333	4,241,173	1,700	100.00	4,625,475	4,154	4,154	
		Yuang Ding Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	857,447	857,447	148,529	37.13	2,667,705	562,685	208,738	
		Invista Far Eastern Petrochemicals Limited	Taoyuan, Taiwan	Nylon production	1,821,575	1,821,575	99,642	21.00	1,272,150	(678,530)	(143,388)	
		Oriental Securities Co.	Taipei, Taiwan	Broker	159,823	159,823	140,278	19.65	2,300,532	957,382	180,224	
		Yuan Faun Ltd.	Taipei, Taiwan	PET bottle production and selling	1,999	1,999	200	4.00	4,120	(1,277)	(51)	
		Kai Yuan International Investment Corp.	Taipei, Taiwan	Investment	999,993	999,993	148,392	100.00	3,191,998	202,165	201,983	
		Ding Yuan International Investment Corp.	Taipei, Taiwan	Investment	2,000,062	2,000,062	200,000	100.00	2,054,839	33,084	33,054	
		Yuan Tong Investment Corp.	Taipei, Taiwan	Investment	5,850,000	5,850,000	619,515	100.00	7,565,580	228,287	228,082	
		Ding Ding Hotel Corp.	Taipei, Taiwan	Hotel	249,795	249,795	5,386	19.00	56,827	16,218	3,079	
		Pacific Liu Tung Investment Co. (Note C)	Taipei, Taiwan	Investment	810,000	810,000	67,500	16.83	1,057,509	696,377	116,146	
Far Eastern Resources Development Co., Ltd.	Taipei, Taiwan	Real estate rental	14,931,733	14,931,733	245,600	100.00	15,274,490	34,303	62,735			
Far Eastern Polytex (Holding) Limited	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	2,502,777	2,502,777	38	100.00	2,576,385	57,560	57,560			
1	Yuan Ding Investment Corporation	Asia Cement Corporation	Taipei, Taiwan	Cement production	102,406	2,108,925	4,733	0.19	94,818	5,101,261	-	
		Oriental Union Chemical Corp.	Taipei, Taiwan	Petrochemical materials production	1,129,885	1,129,885	70,524	9.15	1,128,630	1,090,164	-	
		Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	366,333	366,333	18,451	0.98	177,518	122,700	-	
		Far Eastern Department Store	Taipei, Taiwan	Department store operations	958,997	958,997	54,815	5.09	1,132,091	1,067,636	-	
		Everest Textile Co., Ltd.	Tainan, Taiwan	Fiber production	470,103	470,103	118,869	24.24	1,187,814	70,059	-	
		Far EastTone Telecommunications Corp.	Taipei, Taiwan	Telecommunications	5,259,000	5,259,000	1,320,198	34.09	22,943,891	5,966,592	-	
		Far Eastern Polychem Industries Ltd.	Bermuda	Sale of textile, garments, and clothing	285,711	285,711	191,870	62.21	1,800,935	(25,384)	-	
		Far Eastern Apparel (Holding) Ltd.	Bermuda	Sale of textile, garments, and clothing	1,132,374	1,132,374	60	100.00	1,062,590	1,155	-	
		Da Ju Fiber Corporation	Taipei, Taiwan	Polyester production	136,532	136,532	10,800	41.86	197,047	32,238	-	
		Far Eastern Apparel Company	Taipei, Taiwan	Sale of textile, garments, and clothing	287,984	287,984	18,000	100.00	215,120	12,264	-	
		Yuan Faun Ltd.	Taipei, Taiwan	PET bottle production and selling	48,000	48,000	4,800	96.00	88,206	(1,277)	-	
		Yue Ming Co.	Taipei, Taiwan	Trading	36,482	36,482	970	45.50	41,734	1,599	-	
		Yuang Ding Leasing Co.	Taipei, Taiwan	Leasing	319,380	319,380	32,340	46.20	382,143	1,352	-	
		Invista-Fast Eastern Co., Ltd.	Taoyuan, Taiwan	Investment	585,000	585,000	33,082	50.00	378,917	66,136	-	
		Taiwan Recycling Corp.	Taoyuan, Taiwan	Waste recycling and processing	119,901	119,901	7,322	100.00	44,181	(5,404)	-	
		Liquid Air Far East Co., Ltd.	Taipei, Taiwan	Industrial gas production and selling	329,778	329,778	69,113	35.00	1,038,750	260,150	-	
		Freudenberg Far Eastern Spunweb Co.	Taoyuan, Taiwan	Production of nonwoven industrial fabrics	144,797	144,797	13,023	29.80	229,363	59,646	-	
		Oriental Securities Co.	Taipei, Taiwan	Broker	256,955	256,955	189,718	26.58	3,223,682	957,382	-	
		Yuang Ding Co.	Taipei, Taiwan	Real estate construction and selling	188,846	188,846	51,457	12.86	955,552	562,685	-	

(Continued)

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
					Jun. 30, 2007	December 31, 2006	Shares (Thousands)	Percentage of Ownership	Carrying Value			
		Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing of real estate and movable property, etc.	\$ 855,697	\$ 737,545	59,240	16.42	\$ 881,666	\$ 106,921	\$ -	
		Oriental Textile (Holding) Ltd.	Bermuda	Investment	3,170,698	3,170,698	59	100.00	3,892,261	(27,604)	-	(Note E)
		Pacific Liu Tung Investment Co. (Note C)	Taipei, Taiwan	Investment	796,491	796,491	59,827	14.92	850,740	696,377	-	
		Pacific Petrochemical (Holding) Ltd.	P. O. Box 3140, Road Town Tortola British Virgin Islands	Investment	681,000	681,000	20	39.40	622,094	(8,879)	-	(Note E)
2	Far Eastern Investment (Holding) Ltd.	F.E.T.G. Investment Antilles N.V.	E.E.G Boulevard 62 Pox Box 342, Bonaire	Investment	US\$ 6	US\$ 6	6	100.00	US\$ -	US\$ (728)	-	(Note E)
		Filsyn Corporation	Philippines	Fiber production	PESO 225,324	PESO 225,324	45,066	21.85	US\$ -	US\$ -	-	
		Fashionline Saigon Ltd.	Vietnam	Clothing produced	US\$ 3,000	US\$ -		100.00	US\$ 1,360	US\$ (130)	-	(Note E)
		Pet Far Eastern (M) Sdn. Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000		50.00	US\$ 3055	MYR 1,957	-	(Note E)
		Com 2B Corporation	Cayman Islands	E-business	US\$ 3,375	US\$ 3,375	Common stock 5,000 Preferred stock 3,000 9,000	20.00	US\$ 927	US\$ 116	-	
3	Ding Yuan International Investment Corp.	Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	839,359	839,359	73,732	3.93	819,524	122,700	-	Including amortized discount of \$92
		Far Eastern Department Store	Taipei, Taiwan	Department store operations	134,998	134,998	10,334	0.96	196,513	1,067,636	-	Including amortized discount of \$375
		Everest Textile Co., Ltd.	Tainan, Taiwan	Fiber production	146,077	146,077	8,454	1.72	73,951	70,059	-	Including amortized discount of \$11
		Oriental Union Chemical Corp.	Taipei, Taiwan	Petrochemical materials production	188,674	188,674	8,009	1.04	184,285	1,090,164	-	
		Far EastTone Telecommunications Corp.	Taipei, Taiwan	Telecommunications	27,922	-	736	0.02	26,221	5,966,592	-	(Note E)
		Pacific Liu Tung Investment Co. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	122,562	696,377	-	
		PET Far Eastern (Holding) Ltd.	Bermuda	Investment	694,680	694,680	36	39.15	552,739	(34,386)	-	(Note E)
		Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Trading co.	4,424	4,424	563	1.3	4,720	18,013	-	Including amortized discount of \$214
4	Kai Yuan International Investment Corp.	Asia Cement Corporation	Taipei, Taiwan	Cement production	151,277	151,277	9,649	0.38	193,213	5,101,261	-	Including amortized discount of \$1,715
		Far EastTone Telecommunications Corp.	Taipei, Taiwan	Telecommunications	1,888,882	1,888,882	112,658	2.91	2,169,939	5,966,592	-	(Note E)
		Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	326,368	326,368	21,195	1.13	306,863	122,700	-	Including amortized discount of \$2,032
		Oriental Union Chemical Corp.	Taipei, Taiwan	Chemical materials production	569,344	569,344	24,474	3.18	430,916	1,090,164	-	
		Kowloon Coment Corp.	Hong Kong	Cement production	226,896	226,896	1,127	49.00	358,120	9,207	-	
		Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing	870,747	753,166	59,005	16.35	839,260	106,921	-	
		Pacific Liu Tung Investment Co. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	122,823	696,377	-	
5	Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	China	Fiber production	HK\$ 604,500	HK\$ 604,500	(Note B)	100.00	HK\$ 996,784	RMB (19,155,638)	-	(Note E)
		PET Far Eastern Holding Ltd.	Bermuda	Investment	US\$ 11,086	US\$ 11,086	20	21.70	HK\$ 73,326	US\$ (1,041,447)	-	(Note E)
		FEDP (Holding) Limited	Bermuda	Investment	US\$ 20,000	US\$ 20,000	160	44.44	HK\$ 99,221	US\$ (1,730,818)	-	(Note E)
6	Far Eastern Construction Co.	Far Eastern General Contractor Inc.	Taipei, Taiwan	Construction	274,332	274,332	93,029	99.95	1,162,722	99,596	-	(Note E)
		Asia Cement Corporation	Taipei, Taiwan	Cement production	597,872	597,872	36,796	1.45	891,367	5,101,261	-	
7	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	China	Garment production	US\$ 5,000	US\$ 5,000	(Note B)	47.62	US\$ 10,796	RMB 11,392	-	(Note E)
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	China	Dyeing and finishing	US\$ 20,000	US\$ 20,000	(Note B)	100.00	US\$ 20,077	RMB 9	-	(Note E)
8	Far Eastern Apparel Company	Ming Ding Co.	Taipei, Taiwan	Markets underwear	2,174	2,174	448	44.80	7,637	32	-	(Note E)
9	Far Eastern General Contractor Inc.	Asia Cement Corporation	Taipei, Taiwan	Cement production	190,686	190,686	8,964	0.30	248,432	5,101,261	-	
10	F.E.T.G Investment Antilles N.V.	Waldorf Services B. V.	Netherlands	Investment	US\$ 19	US\$ 19	-	100.00	US\$ -	US\$ (726)	-	(Note E)
11	Waldorf Services B. V.	Cemtex Apparel, Inc.	Philippines	Clothing O.E.M.	PESO 6,000	PESO 6,000	90	50.00	US\$ 194	PHP 276	-	
		Malaysia Garment Manufacturers Pte. Ltd.	Singapore	Garment production	SG\$ 2,999	SG\$ 2,999	30	37.90	US\$ 84	US\$ (113)	-	
		Far Eastern International Garments	Bldg.#5 Cor. Sirloin and Bagsakan Ave, FTI Taguig, MMFilipino	Garment production	US\$ 290	US\$ 290	59	41.00	US\$ (201)	PHP 16	-	
12	An Ho Garment Co., Ltd.	Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	297,898	297,898	18,361	0.98	261,883	122,700	-	
		Far EastTone Telecommunications Corp.	Taipei, Taiwan	Telecommunications	1,786,941	1,786,941	106,834	2.76	2,056,354	5,966,592	-	(Note E)
		Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Trading co.	111,997	111,997	11,494	26.50	122,156	18,013	-	Including amortized discount of \$544
		Pacific Liu Tung Investment Co. (Note C)	Taipei, Taiwan	Investment	67,285	67,285	4,841	1.21	70,778	696,377	-	

(Continued)

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
					Jun. 30, 2007	December 31, 2006	Shares (Thousands)	Percentage of Ownership	Carrying Value			
13	Yuan Faun Ltd.	Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	\$ 33,641	\$ 33,303	3,891	0.207	\$ 33,557	\$ 122,700	\$ -	
		Yuan Cheng Human Resources Consultant Corp	Taipei, Taiwan	Personnel recruitment	2,887	4,282	111	55.556	2,887	767	-	(Note E)
14	Yuang Tong Investment Corporation	Pacific Liu Tung Investment Co. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	142,325	696,377	-	
		Far EastTone Telecommunications Co.	Taipei, Taiwan	Telecommunications	1,959,640	1,959,640	117,150	3.03	2,350,612	5,966,592	-	(Note E)
		Far Eastern Electronic Toll Collection Co., Ltd.	Taipei, Taiwan	Electronic toll collection service	237,000	237,000	23,700	9.48	58,957	(323,303)	-	(Note E)
		Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	276,581	276,581	17,743	0.94	251,098	122,700	-	
		Far Eastern Department Store	Taipei, Taiwan	Department store operations	1,954	1,954	133	0.01	2,053	1,067,636	-	Including amortized discount of \$29
		Oriental Union Chemical Corp. FEDP (Holding) Limited	Taipei, Taiwan Bermuda	Chemical materials production Investment	9,543 666,026	9,543 -	422 160	0.05 44.45	9,112 657,557	1,090,164 (57,148)	- -	(Note E)
15	Far EastTone Telecommunications Co., Ltd.	KG Telecommunications Co., Ltd.	Taiwan	Type I telecommunications services	29,629,139	29,629,139	1,332,998	100.00	33,465,647	2,323,397	-	(Note E)
		ARCOA Communication Co., Ltd.	Taiwan	Type II telecommunications services, sales of communications products and office equipment	1,278,944	1,278,944	79,353	59.10	987,845	(64,358)	-	(Note E)
		Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection service	1,066,500	1,066,500	106,650	42.66	257,717	(323,416)	-	(Note E)
		Far Eastern Info Service (Holding) Ltd.	Bermuda	Investment	92,616	92,616	1	100.00	141,018	1,992	-	(Note E)
		Far EastTron Holding Ltd.	Cayman Islands	Investment	150,000	150,000	4,487	100.00	78,473	(22,109)	-	(Note E)
		E. World (Holdings) Ltd.	Cayman Islands	Investment	82,883	82,883	6,015	85.92	58,498	(10,347)	-	(Note E)
		Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	45,000	45,000	4,500	15.00	25,718	(9,883)	-	
		Far EastTron Co., Ltd.	Taiwan	Internet service	1,000	1,000	100	0.67	495	(22,097)	-	(Note E)
16	Far Eastern Apparel (Suzhou) Ltd.	Wu Han Far Eastern New Material Ltd.	China	Garment production and sales	RMB 350	RMB 350	(Note B)	0.50	RMB 350	RMB (242)	-	(Note E)
		Shanghai Yuan Zi Information Co., Ltd.	China	Software development, equipment maintenance and consulting	RMB 100	RMB 100	(Note B)	5.00	RMB 100	RMB (935)	-	(Note E)
17	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	China	Garment production and sales	RMB 6,650	RMB 6,650	(Note B)	6.5	RMB 3,700	RMB (242)	-	(Note E)
		Shanghai Yuan Zi Information Co., Ltd.	China	Software development, equipment maintenance and consulting	RMB 1,900	RMB 1,900	(Note B)	95.00	RMB 1,664	RMB (935)	-	(Note E)
		Shanghai Far Eastern Petrochemical Logistic Ltd.	China	Logistic	RMB 5,000	RMB 5,000	(Note B)	100.00	RMB 5,069	RMB 666	-	(Note E)
18	Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	China	Fiber and textile production	US\$ 59,960	US\$ 59,960	(Note B)	100.00	US\$ 63,406	RMB 7,666	-	(Note E)
		Oriental Industries (Suzhou) Ltd.	China	Textile production	US\$ 50,000	US\$ 50,000	(Note B)	100.00	US\$ 48,330	RMB (3,871)	-	(Note E)
		Far Eastern Industries (JiuJiang) Ltd.	China	Fiber and textile production	US\$ 1,200	-	(Note B)	100.00	US\$ 1,200	-	\$ -	(Note E)
19	Pacific Petrochemical (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	China	PTA production and sale	US\$ 50,755	US\$ 50,755	(Note B)	50.00	US\$ 48,196	RMB (2,693)	-	(Note E)
20	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	China	PTA production and sale	US\$ 50,755	US\$ 50,755	(Note B)	50.00	US\$ 48,101	RMB (2,693)	-	(Note E)
21	FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	China	Fiber, PTA production	US\$ 45,000	US\$ 25,000	(Note B)	100.00	US\$ 35,984	RMB (12,701)	-	(Note E)
22	Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd.	China	Garment production and sales	US\$ 12,000	US\$ 12,000	(Note B)	93.00	US\$ 11,802	RMB (242)	-	(Note E)
		Far Eastern Apparel (Suzhou) Ltd.	China	Garment production	US\$ 11,000	US\$ 11,000	(Note B)	52.38	US\$ 11,875	RMB 11,392	-	(Note E)
		FEDP Holding Ltd.	Bermuda	Investment	US\$ 5,288	US\$ 5,288	(Note B)	11.11	US\$ 4,911	RMB (1,731)	-	(Note E)
23	KG Telecommunications Co., Ltd.	KGEx.com Co., Ltd.	Taiwan	Type II telecommunications services	2,197,794	2,197,794	186,391	74.56	1,016,115	(86,972)	-	(Note E)
		KGT International Holding Co., Ltd.	British Virgin Islands	Investment	93,976	93,976	50	100.00	78,856	(4,057)	-	(Note E)
		iScreen	Taiwan	Information service	100,000	100,000	4,000	40.00	24,276	8,068	-	
24	ARCOA Communication Co., Ltd.	Hi Information Co., Ltd.	Taiwan	Information service	53,065	53,065	4,975	33.17	6,026	-	-	
25	Far Eastern Info Service (Holding) Ltd. (Note G)	Far Eastern Tech-info Ltd. (Shanghai)	Shanghai	Computer date providing service	US\$ 2,500	US\$ 2,500	-	100.00	US\$ 3,802	2,232	-	(Note E)
26	Far EastTron Holding Ltd. (Note G)	Far EastTron Co., Ltd.	Taiwan	Internet service	US\$ 4,532	US\$ 4,532	14,900	99.33	US\$ 2,371	22,097	-	(Note E)
27	E. World (Holdings) Ltd. (Note G)	Yuan Cing Co., Ltd.	Taiwan	Call center services	193,500	193,500	19,350	99.99	US\$ 1,792	3,923	-	(Note E)
28	KGT International Holding Co., Ltd. (Note G)	KGEx.com Co., Ltd.	Taiwan	Type II telecommunications services	US\$ 4,822	US\$ 4,822	11,465	4.59	62,502	(86,972)	-	(Note E)

(Continued)

Notes:

- A. This included 5,000 thousand common shares and 3,000 thousand preferred shares.
- B. This is a private company.
- C. The investor company opened a trust account in Shanghai Bank in Taipei on December 26, 2002 to acquire equity in Pacific Liu Tung Investment Co.
- D. Other than Asia Cement Corporation, Far Eastern Department Sotore, Far Eastern International Commercial Bank, Oriental Union Chemical Corp., Everest Textile Co., Ltd., Yang Ding Investment Corporation, Far Eastern Construction Co., Far Eastern General Constructor Inc., Oriental Securities Co., Pacific Liu Tung Investment Co., Far EasTone Telecommunications Co., KG Telecommunications Co., Ltd. and ARCOA Communication Co., Ltd., the financial statements of the subsidiaries were not audited by a public accounting firm.
- E. The account had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA

SIX MONTHS ENDED JUNE 30, 2007

(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2007	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2007	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes A and K)	Carrying Value as of June 30, 2007 (Notes B and K)	Accumulated Inward Remittance of Earnings as of June 30, 2007
					Outflow	Inflow					
Far Eastern Industries (Shanghai) Ltd. (FEIS)	Manufacture and distribution of PET staple, PET filament, Polyester top, PET performs, draw textured yarn, spinning yarn, knit fabric, woven fabric, knit garments and woven garments.	\$ 5,023,057 (RMB 1,163,772)		\$ 874,020 793,920 (Note D)	\$ -	\$ -	\$ 874,020 793,920 (Note D)	100.00%	\$ (81,978)	\$ 4,209,641	\$ 853,493 (Note C)
Far Eastern Apparel (Suzhou) Ltd. (FEAS)	Manufacture and distribution of knit garments, woven garments, non-knit garments, non-woven garments and accessories.	731,922 (RMB 169,576)		358,050 501,176 (Note D)	-	-	358,050 501,176 (Note D)	100.00%	48,729	762,831	-
Far Eastern Industries (Wuxi) Ltd. (FEIW)	Manufacture and distribution of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabric, greige woven fabric, print woven fabric, piece dyed woven fabric, bleached woven fabric.	2,078,117 (RMB 481,471)		2,018,430 (Note D)	-	-	2,018,430 (Note D)	100.00%	32,791	2,134,188	-
Oriental Petrochemical (Shanghai) Ltd. (OPC)	Manufacture and distribution of PTA and it's by-product.	3,626,467 (RMB 840,201)		1,375,680 (Note E)	-	-	1,375,680 (Note E)	50.125%	(5,775)	1,625,009	-
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Manufacture and distribution of weaving, dyeing & finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps.	714,515 (RMB 165,543)		681,505 (Note D)	-	-	681,505 (Note D)	100.00%	39	676,525	-
Far Eastern Industries (Suzhou) Ltd.	Manufacture and distribution of polyester chips, partially oriented yarn, fully oriented yarn, polyester yarn and	1,558,244 (RMB 361,023)		274,682	666,026 (Note J)	-	940,708	100.00%	(54,328)	1,204,427	-
Wu Han Far Eastern Industrial Trading Ltd.	Manufacture and distribution of PET chips, FET sheets, PET performs and garments and it's by-product.	443,379 (RMB 102,725)		393,960	-	-	393,960	100.00%	(1,037)	427,646	-
Oriental Industries (Suzhou) Ltd.	Manufacture and distribution of PET performs and high-value engineered textiles industrial woven fabrics and scraps	1,724,726 (RMB 399,595)		1,633,244 (Note D)	-	-	1,633,244 (Note D)	100.00%	(16,559)	1,630,075	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2007	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2007	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes A and K)	Carrying Value as of June 30, 2007 (Notes B and K)	Accumulated Inward Remittance of Earnings as of June 30, 2007
					Outflow	Inflow					
Far Eastern Industries (Jiujiang) Ltd.	Manufacture of cotton yarns, natural fibers and chemical fibers and it's by-product.	\$ 39,585 (RMB 9,171)		\$ 258,880 (Note D)	\$ -	\$ -	\$ 258,880 (Note D)	100.00%	\$ -	\$ 39,585	\$ -
Far Eastern (China) Investment Ltd.	Investment	The money of paid-in-capital has not been remitted.		1,577,040	-	-	1,577,040 -	-	-	-	-
Far Eastern Tech-info Ltd. (Shanghai) (Note F)	Service of software, data processing, information provider and information integration system service.	80,150 (US\$ 2,500)		92,616 (Note G)	-	-	92,616 (Note G)	100.00%	2,232	124,934 (US\$ 3,802)	-

Accumulated Investment in Mainland China as of June 30, 2007	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$106,949 (Note H)	US\$129,232 (Note I)	NT\$18,191,824

Notes:

- A. Recognition of gains/loss was based on the investee's unaudited financial statements.
- B. Recognition of the investment amount was based on the investee's unaudited financial statements.
- C. This was the amount of cash dividends received by the Company and Yuang Ding Investment over the years from FEPI.
- D. The amount was remitted by the Company's subsidiary, Yuan Ding Investments.
- E. The amount was remitted by the Company's subsidiaries, Yuan Ding Investments and Ding Yuang.
- F. Far EasTone's subsidiary.
- G. The amount was remitted by the Company's subsidiary, Far EasTone Telecommunications Corp.
- H. It was the actual amount remitted to Mainland China by FETL.
- I. Investment amounts authorized by the Investment Commission under the Ministry of Economic Affairs.
- J. The amount was remitted by the Company's subsidiary, Yuang Tong Investment Corporation.
- K. The amount had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE
SIX MONTHS ENDED JUNE 30, 2007
(In Thousands of U.S. Dollars)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Industries (Shanghai) Ltd. (FEIS)	Far Eastern Textile Ltd.	July 9, 1996	No. 84015136	Far Eastern Polychem Industries Ltd.	\$ 6,000	\$ 6,000			
	Yuan Ding Investment Corp.			Far Eastern Polychem Industries Ltd.	24,000	24,000			
	Far Eastern Textile Ltd.	Dec 29, 2004	No. 093032400	Far Eastern Polychem Industries Ltd.	1,712		\$ 1,712		
	Far Eastern Textile Ltd.	Dec 30, 2004	No. 093032090	Far Eastern Polychem Industries Ltd.	1,540			\$ 1,540	
	Far Eastern Textile Ltd.	Nov. 3, 2004	No. 093032240	Far Eastern Polychem Industries Ltd.	3,879		3,879		
	Yuan Ding Investment Corp.	Dec 29, 2004	No. 093032402	Far Eastern Polychem Industries Ltd.	7,014		7,014		
	Yuan Ding Investment Corp.	Nov. 2, 2004	No. 093032239	Far Eastern Polychem Industries Ltd.	15,898		15,898		
	Yuan Ding Investment Corp.	Dec 29, 2004	No. 093032089	Far Eastern Polychem Industries Ltd.	6,313			6,313	
	Far Eastern Textile Ltd.	Nov. 1, 2006	No. 09500287850	Far Eastern Polychem Industries Ltd.	31,779	31,779			
	Far Eastern Apparel (Suzhou) Ltd. (FEAS)	Yuan Ding Investment Corp.	Oct. 16, 1996	No. 85016219	Far Eastern Apparel (Holding) Ltd.	10,000	10,000		
Yuan Ding Investment Corp.		Oct. 30, 2003	No. 092033299	Far Eastern Apparel (Holding) Ltd.	5,000	5,000			
Far Eastern Textile Ltd.		May. 23, 2006	No. 09500112650	Far Eastern Polytex (Holding) Ltd.	11,000	11,000			
Far Eastern Industries (Wuxi) Ltd. (FEIW)	Yuan Ding Investment Corp.	Jun. 21, 2002	No. 091011903	Oriental Textile (Holding) Ltd.	19,960	19,960			
	Yuan Ding Investment Corp.	Nov. 3, 2005	No. 094024169	Oriental Textile (Holding) Ltd.	40,000	40,000			
Oriental Petrochemical (Shanghai) Ltd. (OPC)	Yuan Ding Investment Corp.	Nov. 4, 2003	No. 092028575	Pacific Petrochemical (Holding) Ltd.	20,000	20,000			
	Ding Yuan International Investment Corp.	Feb. 26, 2003	No. 091039560	PET Far Eastern (Holding) Ltd.	20,000	20,000			
	Far Eastern Textile Ltd.	Jan. 14, 2004	No. 092035971	Far Eastern Polychem Industries Ltd.	1,228				\$ 1,228
	Yuan Ding Investment Corp.	Jan. 14, 2004	No. 092035970	PET Far Eastern (Holding) Ltd.	5,031				5,031
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Yuan Ding Investment Corp.	Oct. 31, 2003	No. 092033525	Far Eastern Polychem Industries Ltd.	20,000	20,000			
	Far Eastern Textile Ltd.	Oct. 11, 2004	No. 093025506	PET Far Eastern (Holding) Ltd.	5,031				
Far Eastern Industries (Suzhou) Ltd.	Yuan Ding Investment Corp.	Nov. 26, 2002	No. 091035216	Far Eastern Apparel (Holding) Ltd.	20,000	20,000			
	Far Eastern Textile Ltd.	Oct. 11, 2004	No. 093025506	Far Eastern Polychem Industries Ltd.	9,352				9,352
	Far Eastern Textile Ltd.	Oct. 14, 2004	No. 093030298	FEDP (Holding) Limited	1,569			1,569	
				FEDP (Holding) Limited	713				713
				Far Eastern Polychem Industries Ltd.					
				FEDP (Holding) Limited					

(Continued)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
	Far Eastern Textile Ltd.	Nov. 22, 2006	No. 09500261040	Far Eastern Polytex (Holding) Ltd.	\$ 5,288	\$ 5,288			
	Far Eastern Textile Ltd.	Nov. 1, 2006	No. 09500287850	FEDP (Holding) Limited Far Eastern Polychem Industries Ltd.	4,524	4,524			
Oriental Industries (Suzhou) Ltd.	Yuang Tong Investment Corp.	July 11, 2007	No. 09600243260	FEDP (Holding) Limited	20,000	20,000			
	Yuan Ding Investment Corp.	Aug. 1, 2005	No. 094015006	Oriental Textile (Holding) Ltd.	19,800	19,800			
	Yuan Ding Investment Corp.	Feb. 9, 2006	No. 094037416	Oriental Textile (Holding) Ltd.	30,200	30,200			
Far Eastern Industries (Jiujiang) Ltd.	Yuan Ding Investment Corp.	Mar. 3, 2006	No. 09500033740	Oriental Textile (Holding) Ltd.	8,000	8,000			
Wu Han Far Eastern Industrial Trading Ltd.	Far Eastern Textile Ltd.	May 19, 2006	No. 09500090070	Far Eastern Polytex (Holding) Ltd.	12,000	12,000			
Far Eastern (China) Investment Ltd.	Far Eastern Textile Ltd.	Aug. 1, 2006	No. 09500124430	Far Eastern Polytex (Holding) Ltd.	48,000	48,000			
Far Eastern Tech-info Ltd. (Shanghai)	Far EasTone Telecommunications Corp.	Aug. 26, 2004	No. 093018811	Far Eastern Info Service (Holding) Ltd.	2,700	2,700			

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES
SIX MONTHS ENDED JUNE 30, 2007 AND 2006
(In Thousands of New Taiwan Dollars)**

Type of Transacting Party (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			% to Consolidated Revenue or Assets (Note C)
				Financial Statement Account	Amount	Term	
1	Six months ended June 30, 2007 Far Eastern Textile Ltd.	Taiwan Recycling Corp.	1	Cost of goods sold	\$ (75,408)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	1	Accounts receivable	(53,838)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	1	Cost of goods sold	(144,953)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	1	Sales revenue	90,106	Based on agreement	-
		Far Eastern Apparel (Holding) Company	1	Cost of goods sold	(219,572)	Based on agreement	-
		Far Eastern Construction Co., Ltd.	1	Deferred revenue	14,749	Based on agreement	-
		Yuan Ding Investment Corp.	1	Deferred revenue	35,445	Based on agreement	-
2	Yuan Ding Investment Corp.	Yuan Tong Investment Corp.	3	Other receivable	(440,000)	Based on agreement	-
		Yuan Tong Investment Corp.	3	Interest revenue	11,336	Based on agreement	-
		Far Eastern Textile Ltd.	2	Financial assets carried at cost	(35,445)	Based on agreement	-
		An Ho Garment Co., Ltd.	3	Other receivable	(800,000)	Based on agreement	-
		An Ho Garment Co., Ltd.	3	Interest revenue	11,312	Based on agreement	-
3	Far Eastern Investment (Holding) Ltd.	PET Far Eastern (Holding) Ltd.	3	Other receivable	(126,236)	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Interest revenue	3,593	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Accounts receivable	(61,030)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other receivable	(1,585,253)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	23,791	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Accounts receivable	(53,298)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Other receivable	(657,848)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest revenue	1,388	Based on agreement	-
		Pacific Petrochemical (Holding) Ltd.	3	Accounts receivable	(34,223)	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	1	Other receivable	(240,743)	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	1	Interest revenue	6,776	Based on agreement	-
		F.E.T.G. Investment Antilles N.V.	1	Other receivable	(501,093)	Based on agreement	-
		F.E.T.G. Investment Antilles N.V.	1	Interest revenue	13,567	Based on agreement	-
		Waldorf Services B.V.	1	Other receivable	(281,807)	Based on agreement	-
		Waldorf Services B.V.	1	Interest revenue	2,275	Based on agreement	-
Waldorf Services B.V.	1	Accounts payable	172,810	Based on agreement	-		
Fashionline Saigon Ltd.	1	Other receivable	(26,288)	Based on agreement	-		
4	Far Eastern Polychem Industries Ltd.	Far Eastern Investment (Holding) Ltd.	3	Other payable	1,585,253	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expense	(23,791)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Accounts payable	53,298	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Cost of goods sold	(35,063)	Based on agreement	-

(Continued)

Type of Transacting Party (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
		Far Eastern Industries (Suzhou) Ltd.	3	Accounts receivable	\$ (328,600)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Accounts payable	35,063	Based on agreement	-
5	Far Eastern Construction Co., Ltd.	Far Eastern Textile Ltd.	2	Rental assets	(14,749)	Based on agreement	-
6	Far Eastern Apparel (Holding) Company	Far Eastern Apparel (Suzhou) Ltd.	3	Cost of goods sold	(219,572)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Sales revenue	145,778	Based on agreement	-
		Far Eastern Textile Ltd.	2	Sales revenue	219,572	Based on agreement	-
7	An Ho Garment Co., Ltd.	Far Eastern Resources Development Co., Ltd.	3	Other payable	435,000	Based on agreement	-
		Far Eastern Resources Development Co., Ltd.	3	Interest expense	(3,140)	Based on agreement	-
		Yuan Ding Investment Corp.	3	Other payable	800,000	Based on agreement	-
		Yuan Ding Investment Corp.	3	Interest expense	(11,312)	Based on agreement	-
8	Yuan Tong Investment Corp.	Yuan Ding Investment Corp.	3	Other payable	440,000	Based on agreement	-
		Yuan Ding Investment Corp.	3	Interest expense	(11,336)	Based on agreement	-
9	Far EasTone Telecommunication Co.	Far Eastern Resources Development Co., Ltd.	3	Operating expense - rent expense	(24,748)	Based on agreement	-
		Far Eastern Electronic Toll Collection Co., Ltd.	3	Other receivable	(50,000)	Based on agreement	-
		Far Eastern Electronic Toll Collection Co., Ltd.	3	Interest revenue	1,028	Based on agreement	-
		Far Eastern Electronic Toll Collection Co., Ltd.	3	Accounts receivable	(94,537)	Based on agreement	-
10	Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Apparel (Holding) Company	3	Sales revenue	219,572	Based on agreement	-
		Far Eastern Apparel (Holding) Company	3	Cost of goods sold	(145,778)	Based on agreement	-
		Far Eastern Textile Ltd.	2	Accounts payable	53,838	Based on agreement	-
		Far Eastern Textile Ltd.	2	Cost of goods sold	(90,106)	Based on agreement	-
		Far Eastern Textile Ltd.	2	Sales revenue	144,95	Based on agreement	-
		Far Eastern Textile Ltd.	2	Accounts receivable	(220,065)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3	Cost of goods sold	(54,294)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3	Accounts payable	51,537	Based on agreement	-
11	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	3	Sales revenue	556,001	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Accounts receivable	(259,937)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Cost of goods sold	(975,354)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Notes payable	623,006	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Accounts payable	158,861	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	3	Accounts payable	118,922	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	3	Notes payable	3,710,534	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	3	Cost of goods sold	(3,512,219)	Based on agreement	-
12	Pacific Petrochemical (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Accounts payable	34,223	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	1	Other receivable	(492,900)	Based on agreement	-
13	PET Far Eastern (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expense	(3,593)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payable	126,236	Based on agreement	-

(Continued)

Type of Transacting Party (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
		Far Eastern Investment (Holding) Ltd. Oriental Petrochemical (Shanghai) Ltd.	3 1	Accounts payable Other receivable	\$ 61,030 (492,900)	Based on agreement Based on agreement	- -
14	Far Eastern Resources Development Co., Ltd.	An Ho Garment Co., Ltd. An Ho Garment Co., Ltd. Far EasTone Telecommunication Co.	3 3 3	Other receivable Interest revenue Other revenue	(435,000) 3,140 24,748	Based on agreement Based on agreement Based on agreement	- - -
15	Far Eastern Electronic Toll Collection Co., Ltd.	Far EasTone Telecommunication Co. Far EasTone Telecommunication Co. Far EasTone Telecommunication Co.	3 3 3	Other payable Interest expense Accounts payable	50,000 (1,028) 94,537	Based on agreement Based on agreement Based on agreement	- - -
16	Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd.	2 2	Other payable Interest expense	240,743 (6,776)	Based on agreement Based on agreement	- -
17	Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd.	3 3	Cost of goods sold Accounts payable	(556,001) 259,937	Based on agreement Based on agreement	- -
18	Oriental Petrochemical (Shanghai) Ltd.	PET Far Eastern (Holding) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Suzhou) Ltd. Pacific Petrochemical (Holding) Ltd.	3 3 3 3 3 3 3 3 2	Other payable Notes receivable Accounts receivable Sales revenue Notes receivable Accounts receivable Sales revenue Other payable	492,900 (3,710,534) (118,922) 3,512,219 (894,246) (233,191) 1,175,014 492,900	Based on agreement Based on agreement	- - - - - - - -
19	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Apparel (Suzhou) Ltd.	3 3	Sales revenue Accounts receivable	54,294 (51,537)	Based on agreement Based on agreement	- -
20	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Suzhou) Ltd.	3 3	Accounts payable Cost of goods sold	130,142 (115,806)	Based on agreement Based on agreement	- -
21	Far Eastern Industries (Suzhou) Ltd.	Oriental Petrochemical (Shanghai) Ltd. Oriental Petrochemical (Shanghai) Ltd. Oriental Petrochemical (Shanghai) Ltd. Oriental Textile (Holding) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Polychem Industries Ltd. Far Eastern Polychem Industries Ltd. Far Eastern Polychem Industries Ltd. Oriental Industries (Suzhou) Ltd. Oriental Industries (Suzhou) Ltd.	3 3 3 3 3 3 3 3 3 3 3 3	Notes payable Accounts payable Cost of goods sold Sales revenue Sales revenue Notes receivable Accounts receivable Sales revenue Accounts payable Accounts receivable Sales revenue Accounts receivable	894,246 233,191 (1,175,014) 37,719 975,354 (623,006) (158,861) 35,063 328,600 (35,063) 115,806 (130,142)	Based on agreement Based on agreement	- - - - - - - - - - - -
22	F.E.T.G. Investment Antilles N.V.	Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd.	2 2	Other payable Interest expense	501,093 (13,567)	Based on agreement Based on agreement	- -

(Continued)

Type of Transacting Party (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
		Waldorf Services B.V. Waldorf Services B.V.	3 3	Other receivable Interest revenue	\$ (506,970) 13,723	Based on agreement Based on agreement	- -
23	Waldorf Services B.V.	Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. F.E.T.G. Investment Antilles N.V. F.E.T.G. Investment Antilles N.V.	2 2 2 3 3	Other payable Interest expense Accounts receivable Other payable Interest expense	281,807 (2,275) (172,810) 506,970 (13,723)	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - -
24	Oriental Textile (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd.	3 3 3	Cost of goods sold Other payable Interest expense	(37,719) 657,848 (1,388)	Based on agreement Based on agreement Based on agreement	- - -
25	Fashionline Saigon Ltd.	Far Eastern Investment (Holding) Ltd.	2	Other payable	26,288	Based on agreement	-
26	Taiwan Recycling Corp.	Far Eastern Textile Ltd.	2	Sales revenue	75,408	Based on agreement	-
0	<u>Six months ended June 30, 2006</u> Far Eastern Textile Ltd.	Far Eastern Apparel Company Far EasTone Telecommunications Co. PET Far Eastern (M) Sdn. Bhd. Ding Ding Management Consultant Corp. Far Eastern Apparel (Suzhou) Ltd. Far Eastern Apparel (Suzhou) Ltd. Far Eastern Apparel (Suzhou) Ltd. Far Eastern Resources Development Co., Ltd. Far Eastern Resources Development Co., Ltd. Far Eastern International Garment, Inc. Malaysia Garment Manufacturer Co. Malaysia Garment Manufacturer Co. PET Packing (HK) PET Packing (HK) Far Eastern Polychem Industries Ltd.	a a a a a a a a a a a a a a a a	Cost of goods sold Cost of goods sold Sales revenue Marketing expense Accounts receivable - related parties Accounts payable - related parties Processing expense Other receivable Cost of goods sold Processing expense Processing expense Accrued expense Sales revenue Accounts receivable - related parties Accounts receivable - related parties	(27,002) (12,238) 21,186 (26,571) (48,421) 156,385 (416,117) (21,324) (15,011) (26,447) (29,493) 14,609 26,440 (17,849) (1,176,401)	Based on agreement Based on agreement	- - - - - - - - - - - - - - -
1	Yuan Ding Investment Corp.	Kai Yuan International Investment Corp. Kai Yuan International Investment Corp. An Ho Garment Co., Ltd. An Ho Garment Co., Ltd. Yuan Tong Investment Corp.	c c c c c	Accounts receivable - related parties Interest revenue Accounts receivable - related parties Interest revenue Accounts receivable - related parties	(702,000) 10,911 (549,000) 10,239 (478,000)	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - -
2	Far EasTone Telecommunications Co.	Far Eastern Resources Development Co., Ltd. Far Eastern Resources Development Co., Ltd. Far Eastern Textile Ltd.	c c b	Accounts payable - related parties Rent expense Telecommunication service revenue	11,934 (27,233) 12,238	Based on agreement Based on agreement Based on agreement	- - -

(Continued)

Type of Transacting Party (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
3	Far Eastern Resources Development Co., Ltd.	Far EastTone Telecommunications Co.	c	Accounts receivable	\$ (11,934)	Based on agreement	-
		Far EastTone Telecommunications Co.	c	Rent revenue	27,233	Based on agreement	-
		Kai Yuan International Investment Corp.	c	Accounts receivable - related parties	(500,000)	Based on agreement	-
		Yuan Tong Investment Corp.	c	Accounts receivable - related parties	(104,000)	Based on agreement	-
		Far Eastern Textile Ltd.	b	Rent revenue	15,011	Based on agreement	-
		Far Eastern Textile Ltd.	b	Accrued expense	21,324	Based on agreement	-
4	Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Textile Ltd.	b	Accounts payable	48,421	Based on agreement	-
		Far Eastern Textile Ltd.	b	Accounts receivable	(156,385)	Based on agreement	-
		Far Eastern Textile Ltd.	b	Sales revenue	416,117	Based on agreement	-
5	PET Far Eastern (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	c	Accounts payable - related parties	87,457	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	c	Accounts receivable	(12,542)	Based on agreement	-
6	Kai Yuan International Investment Corp.	Yuan Ding Investment Corp.	c	Interest expense	(10,911)	Based on agreement	-
		Yuan Ding Investment Corp.	c	Accounts payable - related parties	702,000	Based on agreement	-
		Far Eastern Resources Development Co., Ltd.	c	Accounts payable - related parties	500,000	Based on agreement	-
7	PET Far Eastern (M) Sdn. Bhd.	Far Eastern Investment (Holding) Ltd.	c	Accounts payable - related parties	223,464	Based on agreement	-
		Far Eastern Textile Ltd.	b	Cost of goods sold	(21,186)	Based on agreement	-
8	Malaysia Garment Manufacturer Co.	Far Eastern Investment (Holding) Ltd.	c	Accounts payable - related parties	88,826	Based on agreement	-
		Waldorf Services B.V.	c	Accounts payable	147,401	Based on agreement	-
		Cemtex Apparel, Inc.	c	Accounts receivable - related parties	(12,438)	Based on agreement	-
		PT Malaysia Garment Bintan	c	Accounts receivable - related parties	(53,359)	Based on agreement	-
		PT Malaysia Garment Bintan	c	Processing expense	(28,825)	Based on agreement	-
		Far Eastern Textile Ltd.	b	Other receivable	(14,609)	Based on agreement	-
		Far Eastern Textile Ltd.	b	Sales revenue	29,493	Based on agreement	-
		Far Eastern International Garment, Inc.	c	Accounts receivable - related parties	(18,026)	Based on agreement	-
9	Far Eastern Investment (Holding) Ltd.	Flying Dutchman Ltd.	c	Accounts receivable - related parties	(64,464)	Based on agreement	-
		Waldorf Services B.V.	c	Cost of goods sold	(1,173,521)	Based on agreement	-
		Waldorf Services B.V.	c	Accounts receivable - related parties	(274,369)	Based on agreement	-
		Waldorf Services B.V.	c	Accounts payable	170,312	Based on agreement	-
		FETG Investment Antilles N. V.	c	Accounts receivable - related parties	(466,213)	Based on agreement	-
		FETG Investment Antilles N. V.	c	Interest revenue	11,956	Based on agreement	-
		PET Far Eastern (M) Sdn. Bhd.	c	Accounts receivable - related parties	(223,464)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	c	Accounts receivable	(18,019)	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	c	Accounts receivable - related parties	(87,457)	Based on agreement	-
		Malaysia Garment Manufacturer Co.	c	Accounts receivable - related parties	(88,826)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	c	Accounts receivable - related parties	(1,559,538)	Based on agreement	-
		Pacific Petrochemical (Holding) Ltd.	c	Other receivable	(26,515)	Based on agreement	-
10	Far Eastern Apparel Company	Far Eastern Textile Ltd.	b	Sales revenue	27,002	Based on agreement	-
11	Waldorf Services B.V.	Far Eastern Investment (Holding) Ltd.	c	Sales revenue	1,173,521	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	c	Accounts payable	274,369	Based on agreement	-

(Continued)

Type of Transacting Party (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
		Far Eastern Investment (Holding) Ltd. FETG Investment Antilles N. V. FETG Investment Antilles N. V. Malaysia Garment Manufacturer Co.	c c c c	Accounts receivable Accounts payable - related parties Interest expense Accounts receivable	\$ (170,312) 471,590 (12,094) (147,401)	Based on agreement Based on agreement Based on agreement Based on agreement	- - - -
12	FETG Investment Antilles N. V.	Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. Waldorf Services B.V. Waldorf Services B.V.	c c c c	Accounts payable - related parties Interest expense Accounts receivable - related parties Interest revenue	466,213 (11,956) (471,590) 12,094	Based on agreement Based on agreement Based on agreement Based on agreement	- - - -
13	PT Malaysia Garment Bintan	Malaysia Garment Manufacturer Co. Malaysia Garment Manufacturer Co.	c c	Accounts payable - related parties Sales revenue	53,359 28,825	Based on agreement Based on agreement	- -
14	Flying Dutchman Ltd.	Far Eastern Investment (Holding) Ltd.	c	Accounts payable - related parties	64,464	Based on agreement	-
15	Far Eastern Polychem Industries Ltd.	Far Eastern Investment (Holding) Ltd. PET Far Eastern (Holding) Ltd. Far Eastern Textile Ltd. Far Eastern International Garment, Inc.	c c b c	Accounts payable - related parties Other payable Accounts payable - related parties Cost of goods sold	1,559,538 12,542 1,176,401 (26,447)	Based on agreement Based on agreement Based on agreement Based on agreement	- - - -
16	Far Eastern International Garment, Inc.	Far Eastern Polychem Industries Ltd. Malaysia Garment Manufacturer Co. Far Eastern Textile Ltd.	c c b	Sales revenue Accounts payable - related parties Sales revenue	26,447 18,026 26,447	Based on agreement Based on agreement Based on agreement	- - -
17	An Ho Garment Co., Ltd.	Yuan Ding Investment Corp. Yuan Ding Investment Corp.	c c	Interest expense Accounts payable - related parties	(10,239) 549,000	Based on agreement Based on agreement	- -
18	Yuan Tong Investment Corp.	Yuan Ding Investment Corp. Far Eastern Resources Development Co., Ltd.	c c	Accounts payable - related parties Accounts payable - related parties	478,000 104,000	Based on agreement Based on agreement	- -
19	Far Eastern Industries (Shanghai) Ltd.	Oriental Petrochemical (Shanghai) Ltd. Oriental Petrochemical (Shanghai) Ltd. Oriental Petrochemical (Shanghai) Ltd. Far Eastern Investment (Holding) Ltd.	c c c c	Cost of goods sold Notes payable Accounts payable Accounts payable	(1,166,466) 458,203 708,263 18,019	Based on agreement Based on agreement Based on agreement Based on agreement	- - - -
20	PET Packing (HK)	Far Eastern Textile Ltd. Far Eastern Textile Ltd.	b b	Cost of goods sold Accounts payable	(26,440) 17,849	Based on agreement Based on agreement	- -
21	Pacific Petrochemical (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	c	Accrued expense	26,515	Based on agreement	-
22	Oriental Petrochemical (Shanghai) Ltd.	Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd.	c c c c	Accounts receivable Sales revenue Sales revenue Accounts receivable	(210,505) 210,505 1,166,466 (1,166,466)	Based on agreement Based on agreement	- -

(Continued)

Type of Transacting Party (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
23	Far Eastern Industries (Suzhou) Ltd.	Oriental Petrochemical (Shanghai) Ltd. Oriental Petrochemical (Shanghai) Ltd. Oriental Petrochemical (Shanghai) Ltd.	c	Notes payable	\$ 104,797	Based on agreement	-
			c	Accounts payable - related parties	105,708	Based on agreement	-
			c	Cost of goods sold	(210,505)	Based on agreement	-
24	Ding Ding Management Consultant Corp.	Far Eastern Textile Ltd.	b	Sales revenue	26,571	Based on agreement	-
25	Ding Yuan International Investment Corp.	Da Ju Fiber Corporation	c	Accounts receivable - related parties	(30,000)	Based on agreement	-
26	Da Ju Fiber Corporation	Ding Yuan International Investment Corp.	c	Accounts payable - related parties	30,000	Based on agreement	-
27	Cemtex Apparel, Inc.	Malaysia Garment Manufacturer Co.	c	Accounts payable - related parties	12,438	Based on agreement	-

Note A: The transacting parties are identified as follows:

- a. The Company: 0.
- b. Subsidiaries are consecutively numbered from "1."

Note B: Flow of transaction:

- a. From the Company to the subsidiary.
- b. From the subsidiary to the Company.
- c. Between subsidiaries.

Note C: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of June 30, 2006; while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the six months ended June 30, 2006.

(Concluded)