

Far Eastern Textile Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2008 and 2007 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, 2008 and 2007, 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, 2008 and 2007 of some immaterial subsidiaries, with combined total assets that were 36.62% (NT\$101,803,758 thousand) and 36.68% (NT\$95,549,509 thousand), respectively, of the consolidated total assets and with combined total liabilities that were 30.40% (NT\$44,956,257 thousand) and 29.66% (NT\$40,016,119 thousand), respectively, of the consolidated total liabilities, had not been reviewed. In the six months ended, these subsidiaries' combined total net operating revenues were 29.22% (NT\$26,257,583 thousand) and 23.30% (NT\$18,422,223 thousand), respectively, of the consolidated net operating revenues, and their total net incomes (losses) were (0.59)% (NT\$48,637 thousand) and 5.07% (NT\$502,117 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\$18,706,835 thousand and NT\$21,290,556 thousand as of June 30, 2008 and 2007, respectively, had not been reviewed. The Company's equity of NT\$156,670 thousand and NT\$741,147 thousand in the gains of these investees was included in the consolidated net incomes for the six months ended June 30, 2008 and 2007. 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, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the consolidated financial statements, in March 2007, the Accounting Research and Development Foundation of the Republic of China issued Interpretation No. 2007-052, which requires companies to recognize as compensation expenses bonuses paid to employees and remuneration paid to directors and supervisors beginning January 1, 2008. These bonuses and remuneration were previously recorded as appropriations from earnings. The adoption of this interpretation resulted in a decrease of NT\$383,361 thousand in net income and a decrease in after income tax basic carryings per share of NT\$0.0856 for the six months ended June 30, 2008. Meanwhile, starting on January 1, 2007, the Company and its subsidiaries have adopted the newly-released ROC Statement of Financial Accounting Standards (“Statements” or SFAS) No. 37 - “Accounting for Intangible Assets” and revisions of previously released statements.

August 11, 2008

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’ review 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’ review report and financial statements shall prevail.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2008 AND 2007

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

(Reviewed, Not Audited)

ASSETS	2008		2007		LIABILITIES AND SHAREHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 30,361,881	11	\$ 23,905,285	9	Short-term bank loans (Notes 15 and 27)	\$ 24,961,021	9	\$ 13,549,679	5
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	681,112	-	743,433	-	Commercial paper (Notes 16 and 27)	3,008,035	1	3,377,958	1
Available-for-sale financial assets - current (Notes 2, 6 and 27)	1,582,087	1	1,143,067	1	Derivative financial liabilities for hedging - current (Note 2)	17,807	-	18,204	-
Held-to-maturity financial assets - current (Notes 2 and 27)	-	-	3,502	-	Notes and accounts payable, net (Notes 19 and 26)	15,986,912	6	10,658,588	4
Hedging derivative assets - current (Note 2)	10,860	-	-	-	Accounts and notes payable to related parties (Notes 19 and 26)	2,332,897	1	2,960,474	1
Bonds measured at amortized cost - current (Note 2)	3,000	-	3,000	-	Income tax payable (Notes 2 and 21)	2,310,981	1	1,839,847	1
Notes and accounts receivable, net (Notes 2, 19, 22, 26 and 27)	23,355,004	9	14,062,275	5	Accrued expenses (Note 26)	7,449,431	3	7,212,046	3
Dividends receivable	3,530,711	1	2,500,918	1	Financial liabilities at fair value through profit or loss - current (Notes 2 and 5)	367,446	-	5,586	-
Receivables from related parties, net (Notes 2, 19 and 26)	923,590	-	1,858,619	1	Payables to suppliers of machinery and equipment	1,482,894	1	1,165,390	1
Inventories, net (Notes 2 and 7)	18,004,907	7	14,913,025	6	Dividends payable	14,103,397	5	12,530,472	5
Available for sale - building and land, net (Notes 2 and 19)	31,267	-	-	-	Sales revenue received in advance	899,828	-	794,958	-
Available for construction - land (Notes 2, 8, 19, 26 and 27)	620,013	-	612,154	-	Advances on land and building (Notes 2, 9 and 19)	123,554	-	388,353	-
Construction-in-progress (net of billings on construction-in-progress) (Notes 2, 9, 17, 19 and 27)	3,355,885	1	4,666,742	2	Revenue received in advance (Notes 2 and 26)	1,039,354	-	997,763	-
Prepayments	3,671,072	1	4,060,516	2	Billings on construction-in-progress (net of construction-in-progress) (Notes 2, 17, 19 and 26)	119,960	-	40,907	-
Deferred income taxes - current (Notes 2 and 21)	969,702	1	1,045,260	-	Current portion of long-term liabilities (Notes 2, 18 and 27)	8,797,669	3	7,558,074	3
Other financial assets - current (Note 27)	1,895,666	1	1,794,670	1	Other current liabilities (Note 2)	3,779,727	1	3,688,405	2
Other current assets (Notes 2, 9, 26 and 27)	833,859	-	950,748	-					
Total current assets	89,830,616	33	72,263,214	28	Total current liabilities	86,780,913	31	66,786,704	26
FUNDS AND INVESTMENTS (Notes 2, 6, 10, 11 and 27)					LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
Available-for-sale financial assets - noncurrent	84,120	-	233,631	-	Long-term debt payable (Notes 18 and 27)	36,834,803	14	44,140,339	17
Financial assets carried at cost - noncurrent	2,705,858	1	7,909,456	3	Bonds payable (Notes 2, 18 and 27)	14,152,295	5	13,700,000	5
Equity-method investments	50,801,151	18	41,605,632	16	Long-term lease obligations - noncurrent (Notes 2, 12 and 26)	9,265	-	18,658	-
					Derivative financial liabilities for hedging - noncurrent (Note 2)	13,158	-	161,943	-
Total funds and investments	53,591,129	19	49,748,719	19	Total long-term liabilities	51,009,521	19	58,020,940	22
PROPERTIES (Notes 2, 12, 23 and 27)					RESERVE FOR LAND VALUE INCREMENT TAX (Note 12)	6,510,782	2	6,660,699	3
Cost					OTHER LIABILITIES				
Land	4,139,130	1	3,680,047	1	Accrued pension cost (Notes 2 and 25)	1,724,162	1	1,969,212	1
Buildings and equipment	16,362,508	6	15,059,073	6	Deferred income (Notes 2, 12 and 26)	1,099,133	-	924,774	-
Machinery and equipment	66,115,910	24	61,847,549	24	Miscellaneous	780,076	-	565,803	-
Telecommunication equipment	104,460,243	38	100,317,224	38					
Computer equipment	15,529,375	6	14,488,844	6	Total other liabilities	3,603,371	1	3,459,789	1
Office equipment	1,002,977	-	949,387	-	Total liabilities	147,904,587	53	134,928,132	52
Leasehold improvements	1,756,807	1	1,754,134	1	SHAREHOLDERS' EQUITY OF PARENT COMPANY				
Miscellaneous equipment	6,846,363	2	3,669,230	1	Capital stock - NT\$10.00 par value				
Total cost	216,213,313	78	201,765,488	77	Authorized - 4,950,000 thousand shares				
Appreciation	22,061,886	8	22,688,503	9	Issued and outstanding - 4,480,347 thousand shares in 2008; 4,349,851 thousand shares in 2007	44,803,469	16	43,498,513	17
Total cost and appreciation	238,275,199	86	224,453,991	86	Stock dividends for distribution	896,069	-	1,304,956	-
Less: Accumulated depreciation	134,626,289	49	121,014,684	46	Capital surplus:				
Construction in progress and prepayments for business facilities	103,648,910	37	103,439,307	40	Paid-in capital in excess of par value	932,814	-	932,814	-
	8,219,412	3	11,067,942	4	Equity in capital surplus reported by investees	8,638,625	3	6,894,040	3
Net properties	111,868,322	40	114,507,249	44	Others	7,672	-	8,719	-
INTANGIBLE ASSETS					Total capital surplus	9,579,111	3	7,835,573	3
Patents (Notes 2 and 3)	3,552	-	4,217	-	Retained earnings:				
Deferred pension costs (Notes 2, 3 and 25)	6,463	-	402,657	-	Legal reserve	8,196,285	3	7,061,162	3
Goodwill (Notes 1, 2, 3 and 13)	11,196,435	4	11,132,120	4	Special reserve	3,034,766	1	3,034,766	1
3G license fee (Notes 1, 2 and 3)	7,672,419	3	8,403,126	3	Unappropriated earnings	7,487,179	3	8,453,168	3
Land leasehold rights, net (Notes 2, 3 and 27)	999,523	-	1,070,009	1	Total retained earnings	18,718,230	7	18,549,096	7
Other intangible assets (Notes 2 and 3)	102,091	-	157,318	-	Other shareholders' equity				
Total intangible assets	19,980,483	7	21,169,447	8	Cumulative translation adjustments	175,933	-	1,063,686	1
OTHER ASSETS					Net loss not recognized as pension cost	(69,899)	-	(56,966)	-
Nonoperating properties, net (Notes 2 and 27)	1,159,090	1	1,244,467	1	Unrealized gains on financial instruments	3,699,200	2	2,415,832	1
Deferred income taxes - noncurrent (Notes 2 and 21)	355,512	-	325,543	-	Unrealized revaluation increment on properties	8,566,640	3	8,848,431	3
Refundable deposits (Note 26)	488,633	-	484,579	-	Total other shareholders' equity	12,371,874	5	12,270,983	5
Farmland (Note 14)	276,661	-	238,322	-	Total shareholders' equity of parent company	86,368,753	31	83,459,121	32
Deferred charges, net (Notes 2 and 23)	388,535	-	451,354	-	MINORITY INTEREST	43,746,885	16	42,081,151	16
Miscellaneous (Note 27)	81,244	-	35,510	-	Total shareholders' equity	130,115,638	47	125,540,272	48
Total other assets	2,749,675	1	2,779,775	1	TOTAL	\$ 278,020,225	100	\$ 260,468,404	100
TOTAL	\$ 278,020,225	100	\$ 260,468,404	100					

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

(With Deloitte & Touche review report dated August 11, 2008)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

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

(Reviewed, Not Audited)

	2008		2007	
	Amount	%	Amount	%
REVENUES (Notes 2 and 26)				
Net sales	\$55,661,005	62	\$46,610,218	59
Telecommunications service income	28,598,878	32	28,933,617	37
Income from sale of investments	3,172,473	3	1,605,617	2
Net construction income	1,673,628	2	1,529,324	2
Other operating income	<u>750,676</u>	<u>1</u>	<u>388,302</u>	<u>-</u>
Total revenues	<u>89,856,660</u>	<u>100</u>	<u>79,067,078</u>	<u>100</u>
COSTS OF REVENUES (Notes 2, 23 and 26)				
Cost of sales	51,734,971	57	42,765,278	54
Cost of telecommunications services	13,482,609	15	13,433,567	17
Construction cost	1,649,517	2	1,311,225	2
Other operating cost	<u>731,674</u>	<u>1</u>	<u>351,760</u>	<u>-</u>
Total costs of revenues	<u>67,598,771</u>	<u>75</u>	<u>57,861,830</u>	<u>73</u>
GROSS PROFIT EXCLUDING REALIZED CONSTRUCTION INCOME	22,257,889	25	21,205,248	27
REALIZED CONSTRUCTION INCOME (Notes 2 and 26)	<u>278</u>	<u>-</u>	<u>278</u>	<u>-</u>
GROSS PROFIT	<u>22,258,167</u>	<u>25</u>	<u>21,205,526</u>	<u>27</u>
OPERATING EXPENSES (Notes 2, 23 and 26)				
Marketing	7,350,547	8	6,861,423	9
General and administrative	4,253,978	5	4,010,512	5
Research and development	<u>360,923</u>	<u>1</u>	<u>375,021</u>	<u>-</u>
Total operating expenses	<u>11,965,448</u>	<u>14</u>	<u>11,246,956</u>	<u>14</u>
OPERATING INCOME	<u>10,292,719</u>	<u>11</u>	<u>9,958,570</u>	<u>13</u>
NONOPERATING INCOME AND GAINS				
Investment income recognized under the equity method (Note 2)	1,085,003	1	2,467,415	3
Valuation gain on financial liabilities (Notes 2 and 5)	333,594	1	-	-
Interest (Note 26)	332,343	-	246,664	-
Cash dividends (Note 2)	209,053	-	56,536	-
Rental (Note 26)	18,613	-	22,861	-
Foreign exchange gains, net	-	-	278,014	-

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

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

(Reviewed, Not Audited)

	2008		2007	
	Amount	%	Amount	%
Reversal of loss on decline in inventory market price	\$ -	-	\$ 56,263	-
Gain on valuation of financial assets (Notes 2 and 5)	-	-	38,861	-
Other	<u>403,194</u>	<u>1</u>	<u>302,204</u>	<u>1</u>
Total nonoperating income and gains	<u>2,381,800</u>	<u>3</u>	<u>3,468,818</u>	<u>4</u>
NONOPERATING EXPENSES AND LOSSES				
Interest (Notes 12 and 26)	1,356,023	2	1,160,083	2
Loss on valuation of financial assets (Notes 2 and 5)	207,021	-	-	-
Exchange loss, net (Note 2)	182,915	-	-	-
Loss on disposal of properties, net	86,094	-	162,381	-
Loss on decline in inventory market price (Note 2)	53,882	-	-	-
Impairment loss on assets (Note 2)	24,091	-	75,656	-
Impairment loss on financial assets (Notes 2 and 10)	-	-	65,007	-
Loss on valuation of financial liabilities, net (Notes 2 and 5)	-	-	40,228	-
Other	<u>447,335</u>	<u>1</u>	<u>359,906</u>	<u>-</u>
Total nonoperating expenses and losses	<u>2,357,361</u>	<u>3</u>	<u>1,863,261</u>	<u>2</u>
INCOME BEFORE TAX	10,317,158	11	11,564,127	15
INCOME TAX (Notes 2 and 21)	<u>2,067,835</u>	<u>2</u>	<u>1,665,195</u>	<u>2</u>
NET INCOME	<u>\$ 8,249,323</u>	<u>9</u>	<u>\$ 9,898,932</u>	<u>13</u>
BELONG TO:				
Shareholders of parent company	\$ 5,021,779	5	\$ 6,561,619	9
Minority interests	<u>3,227,544</u>	<u>4</u>	<u>3,337,313</u>	<u>4</u>
	<u>\$ 8,249,323</u>	<u>9</u>	<u>\$ 9,898,932</u>	<u>13</u>

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

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

(Reviewed, Not Audited)

	<u>2008</u>		<u>2007</u>	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
EARNINGS PER SHARE (NT\$; Note 24)				
Basic	<u>\$ 1.12</u>	<u>\$ 1.12</u>	<u>\$ 1.46</u>	<u>\$ 1.46</u>

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

(With Deloitte & Touche review report dated August 11, 2008)

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)
(Reviewed, Not Audited)

	Capital Stock Issued and Outstanding		Stock Dividends to be Distributed (Note 20)	Capital Surplus (Notes 2 and 20)	Retained Earnings (Notes 2, 20 and 21)				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 Stockholders' Equity
	Shares in Thousand	Amount			Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE, JANUARY 1, 2008	4,480,347	\$ 44,803,469	\$ -	\$ 9,327,997	\$ 7,061,162	\$ 3,034,766	\$ 13,247,308	\$ 23,343,236	\$ 4,268,337	\$ 1,706,254	\$ 8,566,640	\$ (69,966)	\$ 50,985,134	\$ 142,931,101
Appropriation of the 2007 earnings:														
Legal reserve	-	-	-	-	1,135,123	-	(1,135,123)	-	-	-	-	-	-	-
Cash dividends - NT\$1.8 per share	-	-	-	-	-	-	(8,064,624)	(8,064,624)	-	-	-	-	-	(8,064,624)
Stock dividends - NT\$0.2 per share	-	-	896,069	-	-	-	(896,069)	(896,069)	-	-	-	-	-	-
Remuneration to directors and supervisors and bonuses to employees	-	-	-	-	-	-	(674,461)	(674,461)	-	-	-	-	-	(674,461)
Balance after appropriations	4,480,347	44,803,469	896,069	9,327,997	8,196,285	3,034,766	2,477,031	13,708,082	4,268,337	1,706,254	8,566,640	(69,966)	50,985,134	134,192,016
Consolidated net income in the six months ended June 30, 2008	-	-	-	-	-	-	5,021,779	5,021,779	-	-	-	-	3,227,544	8,249,323
Adjustments due to changes in investees' equity in equity-method investments	-	-	-	255,287	-	-	(11,631)	(11,631)	(603,065)	(952,389)	-	67	-	(1,311,731)
Adjustments on stockholders' equity for sale of long-term equity investments	-	-	-	(1,026)	-	-	-	-	1,076	(3)	-	-	-	47
Effect of changes in ownership percentage due to investees' issuance of capital stock for cash	-	-	-	(3,147)	-	-	-	-	-	-	-	-	-	(3,147)
Changes in unrealized loss on cash flow hedge	-	-	-	-	-	-	-	-	32,852	-	-	-	-	32,852
Change in translation adjustments	-	-	-	-	-	-	-	-	-	(577,929)	-	-	-	(577,929)
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	(10,465,793)	(10,465,793)
BALANCE, JUNE 30, 2008	<u>4,480,347</u>	<u>\$ 44,803,469</u>	<u>\$ 896,069</u>	<u>\$ 9,579,111</u>	<u>\$ 8,196,285</u>	<u>\$ 3,034,766</u>	<u>\$ 7,487,179</u>	<u>\$ 18,718,230</u>	<u>\$ 3,699,200</u>	<u>\$ 175,933</u>	<u>\$ 8,566,640</u>	<u>\$ (69,899)</u>	<u>\$ 43,746,885</u>	<u>\$ 130,115,638</u>
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 bonuses 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 investees' equity in equity-method investments	-	-	-	15,456	-	-	(4,531)	(4,531)	602,582	183,663	-	3,831	-	801,001
Changes in unrealized loss on cash flow hedge	-	-	-	-	-	-	-	-	(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>

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

(With Deloitte & Touche review report dated August 11, 2008)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 8,249,323	\$ 9,898,932
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	7,981,965	7,815,527
Provision for (reversal of) loss on inventories	53,882	(56,263)
Loss on obsolescence of inventory and inventory count	-	121
Net gain on disposal of investments	(3,173,884)	(1,605,617)
Provision for doubtful accounts	390,165	455,604
Cash dividends received on equity-method investments	33,716	-
Provision for impairment loss on assets	24,091	75,656
Equity in net income of investees, net	(1,085,003)	(2,467,415)
Impairment loss on financial assets	1,690	65,007
Loss on disposal of properties, net	86,094	162,381
Deferred constructive income	(278)	(278)
Realized deferred rental income	(26,588)	(23,323)
Provision for pension costs	66,644	54,898
Deferred income taxes	(242,853)	359,397
Net changes in operating assets and liabilities		
Financial assets held for trading	220,267	(100,497)
Accounts and notes receivable	(1,287,623)	2,882,981
Dividends receivable	(122,609)	(56,536)
Accounts and notes receivable - related parties	411,410	526,545
Inventories	(1,960,721)	(2,611,640)
Available for construction - land	-	(536,599)
Construction-in-progress, net	(500,941)	(418,446)
Other financial assets - current	(730,497)	(926,107)
Prepayments and other current assets	(1,559,435)	(1,738,293)
Financial liabilities held for trading	(34,222)	-
Accounts and notes payable	6,815,028	3,811,680
Accounts and notes payable - related parties	(1,248,021)	(835,376)
Income taxes payable	649,382	(376,308)
Accrued expenses	(745,025)	241,346
Revenue received in advance	323,702	85,917
Advances on land and building	753	9,297
Billings on construction-in-progress, net	48,891	36,763
Other current liabilities	<u>1,144,803</u>	<u>317,920</u>
Net cash provided by operating activities	<u>13,784,106</u>	<u>15,047,274</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in receivables from related parties	(14,935)	(85,801)
Proceeds of the sale of available-for-sale financial assets - current	2,656,929	358,073
Increase in available-for-sale financial assets	(2,699,426)	(590,768)

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2008	2007
Proceeds of the sale of financial assets carried at cost	\$ -	\$ 17,378
Acquisition of financial assets carried at cost	-	(208,570)
Proceeds of the sale of equity-method investments	5,332,106	3,050,960
Acquisition of equity-method investments	(322,117)	(317,621)
Proceeds of the disposal of properties	22,157	29,946
Acquisition of properties	(4,890,543)	(7,092,216)
Increase in refundable deposits	(6,342)	(61,311)
Increase in deferred charges	(138,518)	(48,067)
Increase (decrease) in other assets	<u>(106,402)</u>	<u>5,992</u>
Net cash used in investing activities	<u>(167,091)</u>	<u>(4,942,005)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	7,463,287	(3,824,947)
Decrease in commercial paper issued	(52,595)	(887,341)
(Decrease) increase in payable to affiliates	(63,626)	981,680
Payments of remuneration to directors and supervisors and bonuses to employees	(668,473)	(621,946)
Cash dividends	(812)	-
(Decrease) increase in long-term bank loans and bonds issued	(10,104,806)	804,402
Decrease (increase) in guarantee deposits	34,687	(75,292)
Refund of payment for shares	(4,562,000)	-
Decrease in minority interest	(1,406)	-
Increase (decrease) in other liabilities	<u>135,409</u>	<u>(185,794)</u>
Net cash used in financing activities	<u>(7,820,335)</u>	<u>(3,809,238)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>358,967</u>	<u>24,537</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,155,647	6,320,568
EFFECT OF FIRST INCLUSION OF SUBSIDIARIES	-	14,514
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>24,206,234</u>	<u>17,570,203</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 30,361,881</u>	<u>\$ 23,905,285</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid	\$ 1,309,760	\$ 1,322,553
Less: Capitalized interest	<u>73,073</u>	<u>123,950</u>
Interest paid (excluding capitalized interest)	<u>\$ 1,236,687</u>	<u>\$ 1,198,603</u>
Income tax paid	<u>\$ 1,627,070</u>	<u>\$ 1,451,900</u>

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2008	2007
NONCASH FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 8,797,669</u>	<u>\$ 7,558,074</u>
PARTIAL CASH PAYMENTS FOR PROPERTIES		
Increase in properties	\$ 5,103,267	\$ 6,024,194
Add:		
Decrease in payables for acquisition of machinery and equipment	261,726	782,575
Decrease in lease payable	40,230	40,123
(Decrease) increase in unfinished construction and prepayments for business facilities	<u>(514,680)</u>	<u>245,324</u>
	<u>\$ 4,890,543</u>	<u>\$ 7,092,216</u>

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

(With Deloitte & Touche review report dated August 11, 2008)

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

(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 (MOEA).

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 NT\$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.

Q-ware Com. was incorporated on February 13, 2007. It mainly provides Type II telecommunications services. On February 14, 2007, the board of directors of Far EasTone approved a cooperation plan with Q-ware System Inc. ("Q-ware") to operate WiFly and other businesses agreed upon by both Far EasTone and Q-ware. After obtaining the authorities' approval of this agreement, Far EasTone, as a specific person, subscribed for 36,460 thousand newly issued shares (NT\$13.60 per share) of Q-ware Com. for NT\$495,855 thousand (US\$15,290 thousand) on July 2, 2007. On July 3, 2007, Q-ware spun off its WiFly business, with a net worth of NT\$349,301 thousand (US\$10,771 thousand), to Q-ware Com. and received 34,930 thousand new shares of Q-ware Com. for this spin-off. Q-ware Com. got the right to provide WiFly business in Taipei City through this spin-off until September 7, 2013, with an annual fee at 3% of total WiFly revenues. Moreover, the NCC issued to Q-ware Com. a Type II license, allowing it to provide Internet services for three years from 2007 for a fixed annual license fee based on Q-ware Com.'s paid-in capital. After the completion of this spin-off, Far EasTone owned approximately 51% of Q-ware Com.'s common stock and thus became its parent company.

On July 26, 2007, the National Communications Commission (NCC) awarded Far EasTone a license to have operations in worldwide interoperability for microwave access (WiMAX) in southern Taiwan. On August 30, 2007, Far EasTone paid a guarantee deposit of NT\$40,000 thousand (US\$1,233 thousand) and a minimum advance payment of NT\$210,000 thousand (US\$6,475 thousand) for the license fee through a guarantee provided by a bank. On October 1, 2007, Far EasTone got the NCC's permission to start preparations for the construction of WiMAX networks.

Far EasTron was incorporated in the ROC on August 12, 2005. Far EasTron mainly provides Internet content providing services.

To enhance the Group's market share of Internet advertisements and integrate the Group's resources, the shareholders of Far EasTron resolved on April 21, 2008 for Far EasTron to have a share swap with ADCast Interactive Marketing Co., Ltd. ("ADCast"), a subsidiary of New Century Info Comm Tech Co., Ltd., with ADCast as the survivor entity. After ADCast's capital reduction, Far EasTron's shareholders will receive 1 share of ADCast for every 4.8526 shares of Far EasTron. As of August 11, 2008, the date of the accompanying review report, the Far EasTron's board of directors had not proposed a merger date.

On May 7, 2008, the shareholders of KGT International Holding Co., Ltd. (KGTI) approved the board of directors' proposal to dissolve KGTI, and, on May 27, 2008, the authorities of the British Virgin Islands approved this dissolution. The approval of this dissolution had not been released by the ROC Investment Commission of the MOEA as of August 6, 2008. In addition, KG Telecom recognized this equity-method investment using KGTI's liquidation value.

To enhance shareholders' equity and increase the efficiency of capital structure, Far EasTone's board of directors proposed on April 30, 2007 to reduce its capital by returning NT\$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 19.204715% of paid-in-capital, or 774,533 thousand shares at around NT\$1.9204715 per share. Paid-in-capital after the capital reduction would be NT\$32,585,008 thousand. On January 22, 2008, this capital reduction was registered with the MOEA. Far EasTone's board of directors resolved that March 17, 2008 would be the share exchange date of the capital reduction, which had been approved by the authority, and all of the payment for capital reduction had been paid.

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, 2008, Far EasTone owns 59.10% of ARCOA's common stock.

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.

On February 24, 2006, however, the Taipei High Administrative Court announced its decision to revoke the status of FETC as the best qualified candidate for the ETC project. Then, on August 3, 2006, the Supreme Administrative Court ruled that the original screening process conducted by the TANFB was flawed and in violation of the principles of equality and promotion of public interest and stripped FETC of its “best qualified candidate” status. In response to the verdict, the TANFB announced a second bidding for the ETC project. On April 14, 2007, the TANFB announced that FETC was again the best qualified candidate. FETC then completed the ETC project negotiations and on August 22, 2007, signed the project contract with a term of 18 years and 4 months with the TANFB.

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 pings 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 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.

Respectively on December 3 and 11, 2007, Oriental Resources Development Ltd. (ORDL, the former TRC) conducted a stock reduction to offset the deficit of NT\$20,000 thousand (US\$617 thousand) and a capital increase of NT\$250,000 thousand (US\$7,709 thousand). Since Yuan Ding Investment Corp. acquired 16,000 thousand shares under the premise of non-proportional investment in ORDL’s increase in capital, the percentage of ownership was decreased from 100% to 70.32%.

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 NT\$1,592,160 thousand at US\$80.00 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.

To simplify investment structure, integrate investment resources and management, and control the subsidiaries in China, the board of directors of the Company made the resolution on December 21, 2007 to acquire the shares of the existing off-shore investment companies through subsidiaries and affiliates. Related proposal is as follows:

- a. Acquired 63 thousand shares of Far Eastern Apparel (Holding) Ltd. from Yuan Ding Investment Corp. totaling US\$34,513 thousand with each share priced at US\$546.09.
- b. Acquired 487 thousand shares of F.E.D.P (Holding) Ltd. totaling US\$49,961 thousand from Yuan Tong Investment Corp., Far Eastern Polychem Industries Ltd., and Far Eastern Polytex (Holding) Ltd. with each share priced at US\$102.65.

- c. Acquired 119 thousand shares of PET Far Eastern (Holding) Ltd. totaling US\$50,945 thousand from Ding Yuan International Investment Corp., Far Eastern Polychem Industries Ltd., and affiliate Oriental Union Chemical Corporation with each share priced at US\$426.6.

On December 21, 2007, the board of directors of Yuan Ding Investment Corp. approved the resolution to dispose of 20 thousand shares totaling US\$16,921 thousand of Pacific Petrochemical (Holding) Ltd. to Oriental Union Chemical Corporation with each share priced at US\$858.95.

The above transactions are expected to be approved by Investment Commission (MOEA) in 2008 to finalize the transfer procedure. The actual transaction amount, however, will be adjusted by the present net value of the shares of the acquiring or the acquired companies.

In January 2008, the Company sold its holding of 200 thousand shares of Yuan Faun Ltd., amounting to NT\$3,660 thousand, to Yuan Ding Investment Corp.

The Company and the consolidated subsidiaries (collectively, the “Group”) had 20,523 and 17,596 employees as of June 30, 2008 and 2007, respectively.

The intercompany relationships, percentages of ownership and major operations of subsidiaries as of June 30, 2008 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, 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.

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, 2008 were audited. The financial statements of immaterial consolidated entities as of and for the six months ended June 30, 2008 and 2007 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.

Promotion Expenses

Commissions and cellular phone equipment subsidy costs related to the Group's promotions are treated as marketing expenses or cost of telecommunications service in the year when the service to subscriber is activated.

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.

Government Grant

When received, the government grant is included in restricted assets and in deferred revenue at the same time. The restricted asset is recognized as cash or cash equivalent when the grant is used under the related agreement. The deferred revenue is recognized as follows: (1) if the grant is related to depreciable assets, it should be recognized as revenue over the asset economic lives in proportion to the depreciation expenses for these assets; or (2) if the grant is related to income, the grant amount should be deducted from the related expense when the revenue is realized.

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, which are derived mainly from costs of retail store renovation of Far Eastone are amortized using the straight-line method over the terms of lease. The cost of issuing convertible bonds before June 30, 2005 should be amortized by the straight-line method between the issuance date and the redemption date at the option of the bondholder. Other deferred charges are amortized by the straight-line method over five to seven 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 properties, 3G concession, goodwill, deferred charges and equity-method investments) exceeds their recoverable amount, and this impairment loss should be charged to current income. The accumulated impairment loss of an asset recognized in prior years can be reversed if, later on, the estimate of the asset's recoverable amount later has changed so as to increase the recoverable amount. Then, the asset's carrying amount can be increased to its recoverable amount; however, the recoverable amount should not exceed the carrying amount that would have been after the deduction of depreciation or amortization if it had not been impaired.

To test for impairment, goodwill should be allocated to each of the cash-generating units that are expected to benefit from the synergies of the combinations. A cash-generating unit should be tested for impairment at least annually by comparing the carrying amount of the unit with its recoverable amount. If the carrying amount exceeds the recoverable amount of the unit, the impairment loss is allocated to reduce the carrying amount of the unit in the following order: (a) reduce the carrying amount of any goodwill allocated to the unit; and (b) reduce the carrying amounts of other assets of the unit proportionally. A reversal of an impairment loss on goodwill is disallowed.

For investees over which the Group has significant influence but no control, the recoverable amount is calculated at the investees' individual investment values.

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.

Convertible Bonds

Far EasTone issued overseas convertible bonds at par value and without any discount or premium. It gave the bondholders the right to redeem the convertible bonds in cash at par value plus the interest-premium on a specific date. The interest-premium of puttable convertible bonds, which is the difference between the specified put price and the par value, is amortized using the interest method and is recognized as a liability from the issuance date of the bonds to the expiry date of the put option. The direct and necessary costs (included in other assets - miscellaneous) of issuing convertible bonds are amortized using the straight-line method over the same period as that for interest-premium.

When the bondholder exercises the conversion option, the Group uses the book-value approach. Under this approach, the Group writes off the unamortized issuance costs, recognized interest-premium and par value of the convertible bonds. The common stock exchange certificate (capital stock) should be valued at its carrying amount net of the amounts written off, and the amount in excess of the par value of the common stock exchange certificate (capital stock) is recognized as additional paid-in capital.

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.

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.

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

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

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

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

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

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

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

The above prevailing exchange rates are based on the average of bid and ask rates of principal correspondent banks.

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

Accounting for Employees Bonuses and Remuneration Paid to Directors and Supervisors

In March 2007, the Accounting Research and Development Foundation of the Republic of China issued Interpretation No. 2007-052, which requires companies to recognize as compensation expenses bonuses paid to employees and remuneration paid to directors and supervisors beginning January 1, 2008. These bonuses and remuneration were previously recorded as appropriations from earnings. This accounting change resulted in a decrease of NT\$383,361 thousand in net income and a decrease in after income tax basic carryings per share of NT\$0.0856 for the six months ended June 30, 2008.

Accounting for Intangible Assets

On January 1, 2007, the Group adopted the newly released ROC Statement of Financial Standards ("Statement" or SFAS) No. 37 - "Accounting for Intangible Assets" and related revisions of previously released Statement, and reevaluated the useful lives of and depreciation methods for intangible assets recognized on the same date. This accounting change did not affect the combined income before income tax, combined net income, and earning per share after income tax.

4. CASH AND CASH EQUIVALENTS

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Cash		
Cash on hand	\$ 25,392	\$ 25,675
Savings and checking accounts	10,167,345	4,117,590
Time deposit: Interest of 1.38%-13.00% in 2008 and 1.62%-5.17% in 2007	<u>11,712,152</u>	<u>5,346,413</u>
Management discretionary accounts	<u>21,904,889</u>	<u>9,489,678</u>
Commercial paper purchased under resell agreements: Interest of 1.97%-2.04% in 2008 and 1.69%-2.50% in 2007	<u>194,932</u>	<u>200,210</u>
Treasury bills purchased under resell agreements: Interest of 1.73%-2.00% in 2008 and 1.63%-1.80% in 2007	5,520,878	13,923,778
	<u>2,741,182</u>	<u>291,619</u>
	<u>8,262,060</u>	<u>14,215,397</u>
	<u>\$ 30,361,881</u>	<u>\$ 23,905,285</u>

As of June 30, 2008 and 2007, foreign demand deposits were as follows:

	June 30, 2008
U.S.A.-New York (US\$15 thousand)	\$ 467
Belgium (US\$752 thousand)	22,816
China-Hong Kong (US\$10 thousand)	<u>303</u>
	<u>\$ 23,586</u>
	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>

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:

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
<u>Financial assets held for trading</u>		
Cotton futures contracts	\$ 50,012	\$ 26,926
Adjustment for valuation	<u>-</u>	<u>3,338</u>
	50,012	30,264
Exchangeable bonds collection right	139,250	-
Forward exchange contracts	75	-

(Continued)

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Marketable equity securities	\$ 299,572	\$ 607,713
Open-end mutual funds	<u>192,203</u>	<u>105,456</u>
	<u>\$ 681,112</u>	<u>\$ 743,433</u>

Financial assets at fair value through profit or loss

Exchangeable bonds exchange rights	\$ 306,500	\$ -
Exchangeable bonds redemption rights	28,750	-
Forward exchange contracts	<u>32,196</u>	<u>5,586</u>
	<u>\$ 367,446</u>	<u>\$ 5,586</u>

(Concluded)

The Company used cotton futures contracts to hedge the fluctuation of cotton prices in the six months ended June 30, 2008 and 2007. 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 Company has no outstanding cotton futures contracts as of June 30, 2008; while the outstanding cotton futures contract as of June 30, 2007 is as follows:

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

On the exchangeable bonds issued in 2007, the Company separately recognized the embedded derivatives and the host debt instruments. In addition, the derivatives were measured at fair value and recognized as financial assets and liabilities at fair value through profit or loss.

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, 2008 and 2007.

The Company had no outstanding currency option contracts as of June 30, 2008 and 2007.

The Company has no outstanding forward exchange contracts as of June 30, 2007; while the outstanding forward exchange contracts as of June 30, 2008 are as follows:

<u>December 31, 2008</u>	Currency	Maturity	Contract Amount (Thousands)
Sell	USD/NTD	2008.7.3-2008.10.15	USD225,000/NTD7,712,095
Sell	EUR/USD	2008.7.25-2008.9.29	EUR14,000/USD21,587

F.E.I.H. traded forward exchange contracts to hedge against the exchange rate risk on foreign currency assets and liabilities as authorized by affiliates O.T.I.Z., F.E.I.S., F.E.I.W., and Sino Belgium in the six months ended June 30, 2008 and by O.T.I.Z. and F.E.I.W. in the six months ended June 30, 2007.

As of June 30, 2008 and 2007, FEIH has trusted outstanding forward exchange contracts as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2008</u>			
Sell	USD/JPY	2008.9.29-2008.10.29	USD6,000/JPY634,450
Sell	USD/CAD	2008.7.25	USD4,000/CAD4,013
Buy	USD/CAD	2008.7.25	USD3,000/EUR3,085
<u>December 31, 2007</u>			
Sell	USD/JPY	2007.9.12-2007.9.20	USD14,900/JPY1,801,270

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, 2008 and 2007, these subsidiaries had entrusted to the trustee a fund of about NT\$1,350,000 thousand and NT\$1,050,000 thousand, respectively. The investment targets are all kinds of investment instruments, except the Group's stock. Part of the fund amounting to NT\$194,932 thousand and NT\$200,210 thousand as of June 30, 2008 and 2007, respectively, was deposited to management discretionary accounts in a bank and was shown as cash (Note 4).

Net gains on the financial assets at fair value through profit or loss were NT\$(208,432) thousand and NT\$50,944 thousand in the six months ended June 30, 2008 and 2007, respectively. Net gains on financial liabilities held for trading were NT\$333,594 thousand and NT\$(40,228) thousand, respectively in the six months ended June 30, 2008 and 2007.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
<u>Current</u>		
Marketable equity securities	\$ 359,613	\$ 390,358
Open-end mutual funds	<u>1,222,474</u>	<u>752,709</u>
	1,582,087	1,143,067
<u>Noncurrent</u>		
Marketable equity securities	<u>84,120</u>	<u>233,631</u>
	<u>\$ 1,666,207</u>	<u>\$ 1,376,698</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

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Merchandise	\$ 1,713,986	\$ 1,433,308
Finished goods	7,396,978	4,843,755
Work-in-process	2,364,531	2,770,162
Raw materials	6,794,564	5,663,593
Supplies	<u>876,604</u>	<u>1,151,985</u>
	19,146,663	15,862,803
Less: Allowance for losses	<u>1,141,756</u>	<u>949,778</u>
	<u>\$ 18,004,907</u>	<u>\$ 14,913,025</u>

8. AVAILABLE FOR CONSTRUCTION - LAND

	Area (Square Meters)	<u>June 30</u>	
		<u>2008</u>	<u>2007</u>
Taichung Xi-Tun Guang-Ming Section No. 201	12,036	\$ 411,629	\$ 411,500
Taipei Da-Zhi Bei-An Section No. 877-877-2	472	125,099	125,099
B5 Xin Yi section	199	75,555	75,555
Jan Ai Section No. 732, Taipei	19	<u>7,730</u>	<u>-</u>
		<u>\$ 620,013</u>	<u>\$ 612,154</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, 2008 and 2007 were as follows:

Project by Accounting Method	<u>June 30, 2008</u>									
	<u>Construction-in-Progress</u>									
	Contract Price	Estimated Construction Cost	Land	Construction Cost	Recognized Cumulative (Loss) Gain	Total	Deferred Marketing Expense	Advances on Land and Building	Percentage of Completion	Expected Year of Completion
<u>Completed-contract method</u>										
Shi Lin Quang Hua Section No. 1043-1045 (Yuan-Yang Min Chi)	\$ 567,730	\$ 459,980	\$ 297,105	\$ 17,422	\$ -	\$ 314,527	\$ 32,719	\$ 123,554	80	2008
Ban Ciao New Section No. 9 (Zhong Ben)	-	-	675,792	321,586	-	997,378	-	-	-	2012
Ban Xin Head Office	-	-	-	12,672	-	12,672	-	-	-	2010
			<u>\$ 972,897</u>	<u>\$ 351,680</u>	<u>\$ -</u>	<u>\$ 1,324,577</u>	<u>\$ 32,719</u>	<u>\$ 123,554</u>		
Project by Accounting Method	<u>June 30, 2007</u>									
	<u>Construction-in-Progress</u>									
	Contract Price	Estimated Construction Cost	Land	Construction Cost	Recognized Cumulative (Loss) Gain	Total	Deferred Marketing Expense	Advances on Land and Building	Percentage of Completion	Expected Year of Completion
<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>		

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, 2008 and 2007, FECC’s capitalized interest which generally referred to construction-in-progress and prepaid construction, was \$20,947 thousand and \$19,137 thousand, respectively. The capitalization rates were 1.5552% to 3.7416% in 2008 and 1.658% to 2.6546% in 2007.

Construction-in-progress (net of billings on construction-in-progress) of FECC as of June 30, 2008 and 2007 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, 2008</u>							
a. Percentage of completion method							
Kaohsiung Rapid Transit	\$ 7,846,688	\$ 6,919,596	\$ 7,739,267	\$ 7,557,735	99	2009	\$ 917,821
Min Yi Camp (1)	388,557	399,720	392,668	381,052	-	2009	(11,163)
Min Yi Camp (2)	484,010	498,016	485,674	463,368	-	2009	(14,006)
Er-chung flood spillway bridge	130,133	132,381	136,028	130,366	-	2009	(2,248)
Yuan-Yang new station	750,688	713,153	725,169	691,548	97	2008	35,488
Ban Xin Head Office	3,687,619	3,514,324	1,818,600	1,079,508	50	2010	53,488
Zhong-Ben	1,857,059	1,800,378	534,092	301,924	29	2012	10,618
Tainan science park - Taipower Company	792,381	859,250	706,887	587,158	90	2009	(66,869)
Yuan-Yang famous Building	165,593	155,658	123,840	-	80	2008	-
Zhong-Long storage	233,594	250,547	156,957	136,892	68	2009	(16,953)
Zhong-Long fireplace	318,600	372,145	282,654	212,750	90	2009	(53,545)
Taichung C706	2,939,048	2,927,665	<u>237,652</u>	<u>17,029</u>	8	2011	911
			<u>13,339,488</u>	<u>11,559,330</u>			
b. Completed-contract method							
Bin-Chiang market	-	-	141,634	24,819	-	2008	-
Zhong-Long repair	-	-	7,647	-	-	2009	-
Yuan-Yang California	-	-	120,531	-	-	2010	-
Manhattan	-	-	976	-	-	2010	-
Ban Xin repair	-	-	40	-	-	2010	-
Miscellaneous	-	-	<u>9,591</u>	<u>4,450</u>	-	2009	-
			<u>280,419</u>	<u>29,269</u>			
			<u>13,619,907</u>	<u>\$11,588,599</u>			<u>\$ 853,542</u>
			<u>\$ 2,031,308</u>				
<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

(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
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>				

(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, the special account balance was NT\$56 thousand, and this account was classified under other current assets.

10. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	June 30			
	2008		2007	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Unlisted common stocks				
Invista Far Eastern Petrochemicals Co., Ltd. (Note 11)	\$ 757,430	18	\$ -	16
Yue Yuan Investment Corp.	637,577	19	637,577	19
Kai Yuang Fund	288,005	-	334,573	-
Kaohsiung Rapid Transit Corporation	198,310	2	200,000	2
Alberia & Orient Glycol Company Ltd.	169,773	25	212,164	25
Hantech Venture Capital Corp.	104,714	7	136,802	7
Chung Nan Textile Corp.	81,405	5	81,405	5
Nippon Parison Co., Ltd.	65,553	10	71,220	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	-
Ya Li Transport Corp.	16,241	10	16,241	10
Universal Venture Capital Investment Corp.	14,000	1	14,000	1
Thi Consultants Inc.	13,729	18	13,729	18
Overseas investment Corp.	10,000	1	10,000	1

(Continued)

	June 30			
	2008		2007	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
VIBO Telecom Inc.	\$ 8,400	-	\$ 20,000	-
China Investment & Development Co., Ltd.	8,250	1	8,250	1
Gallery Management Ltd.	6,597	10	6,597	10
New Century InfoComm Tech Co. (NCIC)	-	-	5,808,533	-
Others	<u>12,211</u>		<u>25,940</u>	-
	2,468,349		7,659,456	
Domestic private mutual fund	<u>237,509</u>		<u>250,000</u>	
	<u>\$ 2,705,858</u>		<u>\$ 7,909,456</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 11, 2008, the date of the accompanying accountants' report, the lawsuit was pending before the Taipei district court.

New Century InfoComm Tech (NCIC) decreased its shares in August 2007 and returned capital of NT\$1,198,873 thousand to the Company and its subsidiaries.

Hantech Venture Capital Corp. decreased its shares in November 2007 and returned capital of NT\$32,088 thousand to the Company and its subsidiaries.

To enhance its operating performance and industrial competitiveness, Far EasTone issued 100,637 thousand and 59,733 thousand common shares to exchange for 615,179 thousand and 365,137 thousand respectively, of NCIC's common shares held by Infocom Holding Company Pte Ltd. ("Infocom") and SingTel Taiwan Limited ("SingTel"), respectively. The record date of this share swap was December 31, 2007, and this swap took place after NCIC's capital reduction. The ratio for this share swap was 1:6.11282174, with "1" referring to Far EasTone and "6.11282174" to Infocom and SingTel. The share swap was approved by the Financial Supervisory Commission under the Executive Yuan on December 26, 2007 and registered with the MOEA on January 14, 2008. After the share swap, Far EasTone acquired about 24.51% of NCIC's issued shares. The Group thus indirectly gained significant influence on NCIC and changed the accounting method for its investment in NCIC into the equity method on December 31, 2007.

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, as follows:

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

11. EQUITY-METHOD INVESTMENTS

	June 30			
	2008		2007	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
With quoted market prices				
Asia Cement Corp. (ACC)	\$ 13,549,937	25	\$ 12,745,252	26
Far Eastern Department Stores (FEDS)	3,862,992	18	4,975,188	23
Oriental Union Chemical Corp. (OUCC)	2,955,576	22	2,797,485	23
Far Eastern International Commercial Bank (FEIB)	2,484,116	12	2,589,713	12
Everest Textile Co., Ltd. (Everest Textile)	<u>1,204,377</u>	26	<u>1,263,419</u>	26
	<u>24,056,998</u>		<u>24,371,057</u>	
With no quoted market prices				
New Century InfoComm Tech Co. (NCIC)	10,129,349	40	-	
Oriental Securities Corp. (OSC)	4,980,304	46	5,524,214	46
Yuan Ding Co.	4,295,650	50	3,443,122	50
Pacific Liu Tong Investment Corp. (PLTIC)	2,627,575	40	2,368,350	40
Far Eastern International Leasing Corp. (FEILC)	1,881,027	33	1,720,926	33
Liquid Air Far East Glycol Ltd.	1,020,637	35	1,038,750	35
Far Eastern Leasing Corp.	387,287	46	382,143	46
Kowloon Cement Corp.	372,353	49	358,120	49
Far Eastern - Invista Co., Ltd.	366,585	50	378,917	50
Freudenberg Far Eastern Spunweb Co., Ltd.	233,233	30	229,363	30
Da Ju Fiber Co., Ltd.	130,015	42	197,047	42
Yue Ding Industry Co., Ltd.	103,537	28	127,310	28
Ding Ding Hotel Corp.	60,405	19	56,826	19
Invista Far Eastern Petrochemicals Co., Ltd.	-	-	1,272,150	21
Others	<u>156,196</u>	-	<u>137,337</u>	-
	<u>26,744,153</u>		<u>17,234,575</u>	
	<u>\$ 50,801,151</u>		<u>\$ 41,605,632</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.

In March 2008, the Company sold part of its holding of 14,235 thousand shares of Invista Far Eastern Petrochemicals Co., Ltd. (“Invista”), amounting to NT\$135,532 thousand, to Yue Ding Industry Co., Ltd. After this sale, the Group’s equity in Invista went down to 18% and the Group lost its significant influence over this investee. Thus, in March 2008, the Group changed the classification of its investment in Invista to financial assets carried at cost - noncurrent.

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 15.96% to 16.42%. Also, in April 2008, YDI bought NT\$5,097 thousand FEILC shares for NT\$61,168 thousand. The percentage of ownership by the Company and its subsidiaries rose from 16.42% to 16.60%.

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, PLTIC and Everest Textile as of June 30, 2008 and 2007, and NCIC 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\$18,706,835 thousand and NT\$21,290,556 thousand as of June 30, 2008 and 2007, respectively. Investment incomes were NT\$156,670 thousand and NT\$741,147 thousand in the six months ended June 30, 2008 and 2007, respectively.

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

	<u>As of June 30</u>	
	<u>2008</u>	<u>2007</u>
With quoted market prices	<u>\$ 39,065,898</u>	<u>\$ 44,471,506</u>

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

	<u>2008</u>			
	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Goodwill	\$ 830,636	\$ 60	\$ -	\$ 830,696
Amortized assets	<u>924,029</u>	<u>-</u>	<u>57,678</u>	<u>866,351</u>
	<u>\$ 1,754,665</u>	<u>\$ 60</u>	<u>\$ 57,678</u>	<u>\$ 1,697,047</u>
	<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>

12. PROPERTIES

- a. Accumulated depreciation consisted of:

	June 30	
	2008	2007
Accumulated depreciation		
Cost		
Buildings and equipment	\$ 6,511,128	\$ 6,131,037
Machinery and equipment	40,442,759	37,827,958
Operating equipment	68,794,773	60,289,812
Computer equipment	12,639,562	11,220,186
Office equipment	863,473	829,997
Leasehold improvements	1,338,363	1,240,843
Miscellaneous equipment	<u>3,543,048</u>	<u>2,916,966</u>
	<u>134,133,106</u>	<u>120,456,799</u>
Appreciation		
Buildings and equipment	312,967	365,985
Machinery and equipment	173,878	185,563
Miscellaneous equipment	<u>6,336</u>	<u>6,337</u>
	<u>493,183</u>	<u>557,885</u>
Total accumulated depreciation	<u>\$ 134,626,289</u>	<u>\$ 121,014,684</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 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.

At the end of 2007, Far Eastern Resources Development Co., Ltd. granted Far Eastern. Z. Hsu Science and Technology Memorial Foundation a superficies right over the land in lot number 9 of the Yong-Feng section in Bade City in Taoyuan County for 35 years and received royalties of NT\$228,571 thousand for superficies right, which was recorded as deferred income. The royalties are recognized as rent revenue over superficies right period.

b. Capitalized interest on properties was as follows:

	Six Months Ended	
	June 30	
	2008	2007
Total interest expense	\$ 1,429,096	\$ 1,284,033
Less - interest capitalized - 1.56%-6.61% in 2008 and 1.65%-6.11% in 2007	<u>73,073</u>	<u>123,950</u>
Interest expense, net of amounts capitalized	<u>\$ 1,356,023</u>	<u>\$ 1,160,083</u>

Depreciation expenses for properties were NT\$7,438,438 thousand and NT\$7,346,956 thousand in the six months ended June 30, 2008 and 2007, 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, 2007 and 2006, the carrying value of the tangible and intangible assets used by Far EasTone and its subsidiaries were NT\$68,221,128 thousand and NT\$74,672,825 thousand, respectively. 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 13.38% (Far EasTone), 14.48% (KG Telecom) and 15.6% (ARCOA) for 2007 and with discount rates of 9.15% (Far EasTone), 9.8% (KG Telecom) and 12.2% (ARCOA) for 2006. 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.
 - 4) WiFly business: Based on present experience and the demand of Wifly, the growth rate is expected to be stable.

- 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.

Using the key assumption of each cash-generating unit, the Group's management believes that, for the years ended December 31, 2007 and 2006, the carrying amounts of operating assets and goodwill did not exceed their recoverable amounts despite the changes in the critical assumptions used to estimate recoverable amounts. As of June 30, 2008, there was no indication of impairment loss.

14. FARMLAND

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Cost	\$ 232,121	\$ 193,782
Appreciation	<u>44,540</u>	<u>44,540</u>
Total cost and appreciation	<u>\$ 276,661</u>	<u>\$ 238,322</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>2008</u>	<u>2007</u>
Unsecured bank loans: Interest - 1.683%-8.250% in 2008 and 1.21%-6.06% in 2007	\$ 18,857,374	\$ 11,468,832
Secured bank loans: Interest - 2.485%-6.570% in 2008 and 1.16%-5.98% in 2007	<u>6,103,647</u>	<u>2,080,847</u>
	<u>\$ 24,961,021</u>	<u>\$ 13,549,679</u>

16. COMMERCIAL PAPER

Commercial paper with one-year maturities were issued at discounts ranging from 2.05% to 3.70% as of June 30, 2008 and from 2% to 2.743% as of June 30, 2007.

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, 2008</u>							
Percentage of completion method							
Hua Jiang Express	\$ 2,404,129	\$ 2,478,835	\$ 2,020,717	\$ 2,129,940	85	2009	\$ (74,706)
Zhong-Xiao Fu-Sing	311,638	285,940	<u>286,590</u>	<u>294,998</u>	92	2008	23,642
			<u>2,307,307</u>	<u>2,424,938</u>			
Completed-contract method							
Kaohsiung MRT co-construct	-	-	<u>24,615</u>	<u>26,994</u>	-	2008	-
			<u>\$ 2,331,922</u>	<u>2,451,882</u>			<u>\$ (51,064)</u>
				<u>\$ 119,960</u>			
<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	-	-	<u>21,127</u>	<u>23,643</u>	-	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>			

18. LONG-TERM LIABILITIES

	Due Within One Year	Due After One Year	Total
<u>June 30, 2008</u>			
Long-term debts			
Bank loans	\$ 597,927	\$ 33,088,078	\$ 33,686,005
Commercial paper	<u>-</u>	<u>3,746,725</u>	<u>3,746,725</u>
	597,927	36,834,803	37,432,730
Bonds			
Nonconvertible	<u>8,199,742</u>	<u>14,152,295</u>	<u>22,352,037</u>
	<u>\$ 8,797,669</u>	<u>\$ 50,987,098</u>	<u>\$ 59,784,767</u>
<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>

The loan agreements provide for various repayment terms (semiannual/annual or lump sum on maturity), with all payments due by June 2011. Bank interest rates were 2.430% to 7.353% as of June 30, 2008 and 1.72% to 6.27% as of June 30, 2007.

Commercial paper with one-year maturities had floating interest rates ranging from 2.528% to 2.595% as of June 30, 2008 and from 2.10% to 2.91% as of June 30, 2007. 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. 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. The Company has already redeemed the full amount in January 2008.
- b. 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 were respectively 0.1525% to 0.23385% as of June 30, 2008 and 0% as of June 30, 2007.
- c. 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 were respectively 1.7313% as of June 30, 2008 and 0% as of June 30, 2007.
- d. 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 1.80% and 1.815% interest as of June 30, 2008 and 2007, respectively. Interest is calculated quarterly and paid annually.

To hedge the risk on interest rate fluctuation of nonconvertible bonds (70th to the 72nd tranches), the Company entered into interest rate swap contracts.

The Company made a two-part bond issuance, with the first issuance of three-year unsecured bonds on October 31, 2007. The bonds have an aggregate face value of NT\$800,000 thousand, with each unit having a face value of NT\$1,000 thousand. The bonds are repayable in lump sum on maturity, with 2.62% interest calculated and paid annually.

The Company made the second issuance on November 22, 2007. The bonds have an aggregate face value of NT\$2,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. The bonds are repayable in lump sum on maturity, with 2.80% interest calculated and paid annually.

On May 28, 2008, the Company made a two-part bond issuance, with the first issuance consisting of three-year unsecured bonds. The bonds have an aggregate face value of NT\$2,600,000 thousand, with each unit having a face value of NT\$1,000 thousand. The bonds are repayable in lump sum on maturity, with 2.67% interest calculated and paid annually.

The Company made a second bond issuance on June 20, 2008. The bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. The bonds are repayable in 30%, 30% and 40% of aggregate face value, respectively, at the end of the third, fourth and fifth year after bond issuance, and with 2.83% interest calculated and paid annually.

On September 14, 2007 the Company issued five-year unsecured exchangeable bonds amounting to NT\$2,500,000 thousand (US\$77,089 thousand), with 0% coupon rate and maturity on September 14, 2012. The bond is repayable in lump sum on maturity at a 2.512% interest rate. Under the Statement of Financial Accounting Standards No. 36 - "Financial Instruments: Disclosure and Presentation", the Company recognized the exchangeable call and put options and the liability on these bonds as separate assets (Note 5) and liabilities.

Other bond issuance terms are as follows:

a. Exchangeable period:

The bondholders can exchange their bonds for Asia Cement Corporation's (ACC) shares under the bond terms at any time between October 15, 2007, the day after the issuance date, and September 4, 2012, the 10th day before the maturity date, except during the period starting from (a) the third day before the ex-right date of stock dividend issuance, (b) the third day before the ex-right date of cash dividend issuance, (c) the third day before the ex-right date of new share issuance, or (d) the third day before the ex-right date of capital decrease, until the effective date of dividend or new share distribution or of capital decrease. In addition, bondholders cannot exchange bonds for ACC's shares in the period for which this exchange is prohibited by law.

b. Exchange price

- 1) The exchange price was NT\$57.88 per share on the issuance date.
- 2) The exchange price of the issued bonds will be adjusted in any one of these situations: (a) if the convertible securities issued by ACC are exchanged into common stock; (b) if the common shares issued by ACC increase because of new share issuance for cash, appropriation of stock dividends from retained earnings, transfer of stock dividends to common stock from additional paid-in capital, stock bonus of employees, new share issuance due to mergers, stock splits, issuance of overseas depositary receipts; etc.; (c) if securities with conversion rights or stock rights have a lower conversion or exercise price than the market price of ACC's stocks; (d) if the number of ACC's common shares decreases for reasons other than the write-off of treasury shares; or (e) if the ratio of cash dividends to the market value of the common stock is higher than 1.5%. The original exchange price of NT\$57.88 was unchanged as of December 31, 2007.

c. Call option:

If the closing price of ACC's shares on the Taiwan Stock Exchange for each of the 30 consecutive trading days is at least 150% of the exchange price between October 15, 2007, the 30th day after the ACC's share issuance date, and August 5, 2012, the 40th day before the maturity date of the exchangeable bond, the Company may redeem all the outstanding bonds at their principal amount within 30 trading days after this increase in closing price by sending to the bondholders a registered redemption notice, which is valid for one month from the date of the notice. However, if the bond principal amount is less than NT\$250,000 thousand (10% of the principal amount) the Company may redeem the outstanding bonds at any time after this decrease by also using the registered redemption notice.

d. Put option:

Bondholders can require the Company to redeem their holdings at 100% of the principal amount on September 14, 2010, three years after the issuance date. The Company should redeem the bonds within five trading days after the bondholders' notifying the Company of their request for bond redemption.

- e. As of June 30, 2008, the amount of the outstanding exchangeable bonds, i.e., not yet exchanged into ACC's common shares, was still NT\$2,500,000 thousand.

Far EasTone

Far EasTone's issuance of domestic bonds is summarized as follows:

a. Domestic unsecured bonds - 2nd - Far EasTone

These are five-year domestic unsecured bonds issued at par value from March 28, 2003 to April 3, 2003. The total face value of the bonds is NT\$1,470,000 thousand (US\$45,328 thousand), with a face value of NT\$1,000 thousand (US\$31 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.

b. Domestic unsecured bonds - 3rd - Far EasTone

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 NT\$3,000,000 thousand (US\$92,507 thousand), with a face value of NT\$5,000 thousand (US\$154 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 NT\$900,000 thousand (US\$27,752 thousand) on December 12, 2007 and 2006, respectively.

Yuan Ding Investment

Yuan Ding Investment issued nonconvertible bonds (6th tranche) on July 23 to 27, 2001, with aggregate face values of NT\$1,000,000 thousand (Type I, five-year maturity) and NT\$1,000,000 thousand (Type II, seven-year maturity), respectively, and each unit having a face value of NT\$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 NT\$1,000,000 thousand, NT\$500,000 thousand and NT\$800,000 thousand, with each unit having a face value of \$1,000 thousand, semiannual interest of 3.7165% (NT\$1,000,000 thousand and \$500,000 thousand) and annual interest of 3.775% (NT\$800,000 thousand). Redemption is at a percentage of the face amount of the bonds, as follows: Type I (NT\$1,000,000 thousand) and Type II (NT\$500,000 thousand) - 15% in January 2006, 35% in January 2007, and 35% in July 2007; and Type III (NT\$800,000 thousand) - 100% in 2007. Type I, II, and III bonds matured in 2007 and were fully repaid.

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 NT\$200,000 thousand, \$200,000 thousand, NT\$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 NT\$500,000 thousand and NT\$500,000 thousand, with each unit having a face value of NT\$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 NT\$500,000 thousand, NT\$500,000 thousand and NT\$500,000 thousand, with each unit having a face value of NT\$10,000 thousand and annual interest of 1.984%, 1.985% and 1.986%, payable annually. These bonds matured in January 2008 and were then fully repaid.

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 NT\$500,000 thousand, NT\$500,000 thousand, NT\$500,000 thousand and NT\$500,000 thousand, with each unit having a face value of NT\$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 NT\$1,000,000 thousand, with each unit having a face value of NT\$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 NT\$800,000 thousand, with each unit having a face value of NT\$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, 2008, FETL and its subsidiaries had unused credit lines aggregating NT\$51,113,619 thousand including credit amount of NT\$1,800,000 thousand shared with Yuan Ding Investment Corp.

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, 2008		
	Within One Year	Over One Year	Total
Assets			
Notes and accounts receivable	\$ 193,339	\$ -	\$ 193,339
Accounts and notes receivable from related parties	31,268	-	31,268
Construction in progress, net	873,092	2,482,793	3,355,885
Available for construction - land	-	620,013	620,013
Liabilities			
Notes and accounts payable	694,268	5,696	699,964
Accounts and notes payable to related parties	84,098	-	84,098
Advances on land and building	123,554	-	123,554
Billings on construction-in-progress, net of construction-in-progress	119,960	-	119,960
	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
Construction in progress, net	3,104,352	1,562,390	4,666,742
Available for construction - land	-	612,154	612,154
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

20. 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.

For the six months ended June 30, 2008, the bonuses to employees and remuneration to directors and supervisors were accrued at 4% and 3%, respectively, of unappropriated earnings. Material differences between the remuneration and bonus estimates and the amounts proposed by the board of directors in the following year are adjusted in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the day preceding the shareholders' meeting.

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 2007 and 2006 earnings were approved by the shareholders on June 18, 2008 and June 21, 2007, respectively.

	Appropriation and Distribution		Dividend Per Share (Dollars)	
	2008	2007	2008	2007
Legal reserve	\$ 1,135,123	\$ 829,288		
Cash dividend	8,064,624	5,654,807	\$1.8	\$1.3
Stock dividend	896,069	1,304,956	0.2	0.3
Remuneration of directors and supervisors - cash	289,055	224,508		
Bonus of employees - cash	<u>385,406</u>	<u>299,345</u>		
	<u>\$ 10,770,277</u>	<u>\$ 8,312,904</u>		

As of June 30, 2007, stock dividend of NT\$896,069 thousand had been included in stock dividend to be distributed and approved by Financial Supervisory Commission. Executive Yuan on July 16, 2008. The effective date of this distribution is August 29, 2008 and was approved by the Company's board of directors.

Regarding the distribution of the 2007 earnings, information on the appropriation of the earnings can be accessed online through the Market Observation Post System on the Website of the Taiwan Stock Exchange Corporation (<http://mops.tse.com.tw>).

21. INCOME TAX

Under pronouncement No. 9145839 issued by the Ministry of Finance, R.O.C. on Article 49 of the Financial Holding Company Act and Article 40 of the Business Mergers and Acquisitions Law (the "Law"), if a company carries out a merger/consolidation, division or acquisition in accordance with Articles 27 through 29 of this Law and the subsidiary's shares held by the Company are 90 percent or more of the total number of the subsidiary's issued shares, the company may opt, from after a year of acquiring the subsidiary's shares, to serve as taxpayer for both itself and the subsidiary (i.e., use the linked-tax system) and file a combined final business income tax return.

a. Income tax components:

	<u>Six Months Ended June 30</u>	
	2008	2007
Income tax expense - current	\$ 1,990,507	\$ 1,663,166
Period year's tax expense adjustment	13,890	16,506
Income tax expense subject to a separate tax of 20%	12,393	75
10% tax on undistributed earnings generated since 1998	83,073	2,609
Effect of adoption of the linked tax system for tax filing	<u>(32,028)</u>	<u>(17,161)</u>
Income tax	<u>\$ 2,067,835</u>	<u>\$ 1,665,195</u>

As of June 30, 2008, 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>	
	2008	2007
Current		
Deferred tax assets		
Bad-debt expense in excess of the tax-deductible amount	\$ 740,545	\$ 815,182
Allowance for losses on inventories	221,269	225,668
Investment tax credits	26,841	3,971
Loss carryforwards	71,363	39,408
Loss on construction	7,168	6,079
Unrealized construction expenses	8,460	6,465
Unrealized exchange losses	20,414	8,526
Others	<u>65,003</u>	<u>29,132</u>
	1,161,063	1,134,431
Less: Valuation allowance	<u>191,361</u>	<u>89,171</u>
	<u>\$ 969,702</u>	<u>\$ 1,045,260</u>
Noncurrent		
Deferred tax assets		
Depreciation based on differences between financial accounting and tax accounting	\$ 72,744	\$ 149,999
Accrued pension costs	493,008	464,487
Investment tax credits	272,605	229,000
Impairment losses on idle assets	145,201	217,021

(Continued)

	June 30	
	2008	2007
Unrealized loss on financial products	\$ 3,372	\$ 12,624
Cumulative equity in the net loss of investees	676,793	293,396
Loss carryforwards	1,073,127	798,224
Allowance for losses on properties	162,125	166,241
Realized losses on long-term investments	49,746	49,709
Unrealized losses on disposal of properties	29,654	-
Others	<u>24,479</u>	<u>9,661</u>
	3,002,854	2,420,155
Less: Valuation allowance	<u>2,104,675</u>	<u>1,761,563</u>
	<u>898,179</u>	<u>658,592</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	(494,377)	(296,626)
Others	<u>(23,290)</u>	<u>-</u>
	<u>(542,667)</u>	<u>(322,102)</u>
Deferred income tax assets	<u>\$ 355,512</u>	<u>\$ 336,490</u>

(Concluded)

c. Unused investment tax credits and loss carryforwards as of June 30, 2007:

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	\$ 111,512	\$ 111,512	2011
	Research development	141,711	141,711	2011
	Personnel training	6,457	6,457	2009
	Investment in emerging, important and strategic industries	3,603	3,603	2009
		<u>\$ 263,283</u>	<u>\$ 263,283</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	<u>\$ 26,841</u>	<u>\$ 26,841</u>	2008

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	487	487	2010
	Personnel training expenses	<u>420</u>	<u>420</u>	2011
		<u>\$ 1,530</u>	<u>\$ 1,530</u>	

Q-ware Com.

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	\$ 6,150	\$ 6,150	2009
	Purchase of automated equipment or technology	<u>1,642</u>	<u>1,642</u>	2010
		<u>\$ 7,792</u>	<u>\$ 7,792</u>	

Loss carryforwards as of June 30, 2008 were as follows:

Expiry Year	ARCOA, KGEX.com, Far EasTron Co. Ltd., and Q-ware System Inc.	Far Eastern Electronic Toll Collection Co., Ltd.	Oriental Resources Development Ltd.	Far Eastern Construction Co., Ltd.
2008	\$ 53,341	\$ 15,619	\$ 2,403	\$ 21,296
2009	72,907	44,022	3,603	-
2010	60,302	80,524	5,680	-
2011	109,347	223,263	5,063	5,692
2012	138,787	161,660	4,322	-
2013	<u>57,559</u>	<u>79,110</u>	<u>-</u>	<u>-</u>
	<u>\$ 492,243</u>	<u>\$ 604,188</u>	<u>\$ 21,071</u>	<u>\$ 26,988</u>

d. Information on the Integrated Income Tax System:

	FETL	Fu Kwok Garment Manu- facturing Co.	Yuan Cheng Human Resources Consultant Corp.	Oriental Resources Development Ltd.	Yuan Ding Investment
Year-end balances of imputation credit account (ICA)					
June 30, 2008	<u>\$ 457,904</u>	<u>\$ 12,638</u>	<u>\$ 613</u>	<u>\$ -</u>	<u>\$ 356,305</u>
June 30, 2007	<u>\$ 292,723</u>	<u>\$ 12,603</u>	<u>\$ 1,119</u>	<u>\$ -</u>	<u>\$ 265,098</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2007 (actual)	3.52%	37.85%	32.85%	-	4.93%
2006 (estimated)	19.50%	-	33.33%	-	18.57%
Unappropriated earnings (up to 1997)					
June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,114,000</u>
June 30, 2007	<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	2005	2005	2005	2005	2005
	Far EastOne Telecom- munications Co., Ltd.	Yuan Faun Ltd.	Far Eastern Apparel Co., Ltd.	KG Telecom	ARCOA
Year-end balances of imputation credit account (ICA)					
June 30, 2008	<u>\$ 3,197,006</u>	<u>\$ 14,188</u>	<u>\$ 9,321</u>	<u>\$ 21,298</u>	<u>\$ 11,862</u>
June 30, 2007	<u>\$ 3,024,064</u>	<u>\$ 13,570</u>	<u>\$ 9,201</u>	<u>\$ 15,367</u>	<u>\$ 5,838</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2007 (estimated)	25.59%	-	-	0.54%	-
2006 (actual)	20.74%	-	-	0.31%	-
Unappropriated earnings (up to 1997)					
June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Latest year of the returns examined and cleared by the tax authorities	2004	2006	2005	2003	2005
	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, 2008	<u>\$ 9,408</u>	<u>\$ 74,355</u>	<u>\$ 16,919</u>	<u>\$ 13,897</u>	<u>\$ 978</u>
June 30, 2007	<u>\$ 104,516</u>	<u>\$ 42,047</u>	<u>\$ 85,778</u>	<u>\$ 24,674</u>	<u>\$ 320</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2007 (estimated)	17.55%	33.33%	6.93%	4.89%	0.52%
2006 (actual)	17.17%	-	22.84%	16.80%	0.52%
Unappropriated earnings (up to 1997)					
June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,656</u>	<u>\$ -</u>
Latest year of the returns examined and cleared by the tax authorities	2005	2005	2006	2005	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, 2008	<u>\$ 1,823</u>	<u>\$ 1,547</u>	<u>\$ 20,067</u>
June 30, 2007	<u>\$ 1,823</u>	<u>\$ 38,780</u>	<u>\$ 21,140</u>
Creditable tax ratios of imputation tax credits to undistributed earnings			
2007 (estimated)	-	0.16%	19.58%
2006 (actual)	-	19.15%	21.98%
Unappropriated earnings (up to 1997)			
June 30, 2008	<u>\$ -</u>	<u>\$ 64,872</u>	<u>\$ 84</u>
June 30, 2007	<u>\$ -</u>	<u>\$ 64,872</u>	<u>\$ 906</u>
Latest year of the returns examined and cleared by the tax authorities	2006	2005	2005

ARCOA, Yuan Cing, Far EasTron, Oriental Resources Development Ltd., Far Eastern Apparel Co., Ltd., Q-ware System Inc., KGEx.com, and Far Eastern Electronic Toll Collection Co., Ltd. had no appropriated earnings as of June 30, 2008. 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 June 30, 2008.

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 and 2004 returns and thus already filed appeals for reexamination. Nevertheless, ARCOA accrued the related tax.

Income tax returns of Yuan Cing through 2005 and income tax returns of KGEx.com and Far EasTron through 2006 had been examined and cleared by the tax authorities. Income tax return of Q-ware Com. in 2007 had not been examined and cleared by the tax authorities.

22. FACTORING OF NONPERFORMING ACCOUNTS RECEIVABLE

Far EasTone and KG Telecom wrote off certain overdue/nonperforming accounts receivables. Under agreements signed in March 2007, 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 was 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>

23. EMPLOYEE, DEPRECIATION AND AMORTIZATION EXPENSES

	<u>Six Months Ended June 30, 2008</u>		
	Operating Costs	Operating Expenses	Total
Employee expenses			
Salaries	\$ 2,171,044	\$ 2,274,153	\$ 4,445,197
Insurance	133,757	131,862	265,619
Pension	115,557	117,018	232,575
Miscellaneous	<u>174,604</u>	<u>207,621</u>	<u>382,285</u>
Depreciation	<u>\$ 2,594,962</u>	<u>\$ 2,730,654</u>	<u>\$ 5,325,676</u>
Amortization	<u>\$ 6,412,440</u>	<u>\$ 1,025,998</u>	<u>\$ 7,438,438</u>
	<u>\$ 12,428</u>	<u>\$ 51,678</u>	<u>\$ 64,106</u>
	<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	<u>129,596</u>	<u>195,830</u>	<u>325,426</u>
	<u>\$ 2,196,706</u>	<u>\$ 2,285,356</u>	<u>\$ 4,482,062</u>
Depreciation	<u>\$ 6,418,141</u>	<u>\$ 928,815</u>	<u>\$ 7,346,956</u>
Amortization	<u>\$ 17,771</u>	<u>\$ 84,950</u>	<u>\$ 102,721</u>

24. EARNINGS PER SHARE

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

	<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 Tax</u>	<u>Net Income</u>
<u>Six months ended June 30, 2008</u>					
Net income	<u>\$ 5,038,549</u>	<u>\$ 5,021,779</u>			
Basic EPS			<u>4,480,347</u>	<u>\$ 1.12</u>	<u>\$ 1.12</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>\$ 5,038,549</u>	<u>\$ 5,021,779</u>			
Basic EPS			<u>4,569,954</u>	<u>\$ 1.10</u>	<u>\$ 1.10</u>
<u>Six months ended June 30, 2007</u>					
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>
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>4,569,954</u>	<u>\$ 1.43</u>	<u>\$ 1.44</u>

25. 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., Oriental Resources Development Ltd., Far Eastern Apparel Company, Far Eastern Resources Development 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, 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. 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 NT\$104,738 thousand and NT\$105,357 thousand in the six months ended June 30, 2008 and 2007, respectively. Subsidiary, FETI, under its regulations, has recognized pension cost of NT\$1,651 thousand and NT\$2,370 thousand for the six months ended June 30, 2008 and 2007, respectively.

- c. FETL, Far EasTone, KG Telecom, KGEx.com, ARCOA, Yuan Cing, Far EasTron, Yuan Faun Ltd., Oriental Resources Development Ltd., Far Eastern Apparel Co., Ltd., Far Eastern Resources Development 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%, other subsidiaries except 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 Bank of Taiwan (the former "Central Trust of China" was merged into the Bank of Taiwan). The pension cost under the defined benefit plan amounted to NT\$126,186 thousand and NT\$156,677 thousand for six months ended June 30, 2008 and 2007, respectively.

26. RELATED-PARTY TRANSACTIONS

The Group had significant transactions with related parties. These transactions in 2008 and 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.

27. 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	
	2008	2007
Notes receivable	\$ 262,282	\$ 125,407
Pledged deposits (included in other financial assets - current)	126,405	54,088
Restricted saving accounts (included in other current assets)	42,000	58,810
Available-for-sale financial assets - current	92,160	152,458
Construction-in-progress, net	972,897	1,397,515
Available for construction - land	612,283	75,555
Held-to-maturity financial assets - current	-	3,502
Equity-method investments	3,309,893	5,449,947
Properties, net	19,230,836	21,527,652
Nonoperating properties, net	60,749	66,033
Land leasehold rights, net	214,540	280,540
Other assets - miscellaneous	<u>18,250</u>	<u>11,956</u>
	<u>\$ 24,942,295</u>	<u>\$ 29,203,463</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, 2008, the Yuan Ding Investment Corp. had furnished the court with 165,000 thousand common shares of Far EasTone.

28. SUBSEQUENT EVENTS

As of August 11, 2008, the date of the accompanying accountants' report, the Group had the following significant subsequent events, in addition to the subsequent event mentioned in Note 1:

- a. On July 29, 2008, the Company bought 117 thousand shares of Pet Holding Co., its equity-method investee, for NT\$1,509,008 thousand (US\$49,500 thousand) at US\$423.98 per share.
- b. On July 24, 2008, the Company bought 198,817 thousand shares of FEPI, its equity-method investee, for NT\$1,703,800 thousand (US\$56,000 thousand) at US\$0.28 per share.

29. COMMITMENTS AND CONTINGENCIES AS OF JUNE 30, 2008

- a. Unused letters of credit aggregated about NT\$2,576,160 thousand.
- b. Unpaid building construction and equipment installation contracts aggregated NT\$2,897,644 thousand. And payment under contract for cellular phones that had been acquired but had not been inspected and accepted was NT\$868,168 thousand.
- c. Unsettled cotton futures contracts amounted to NT\$453,280 thousand.
- d. Project contracts already signed by Far Eastern General Contractor Inc. amounted to NT\$22,309,737 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, 2008 to June 30, 2009	\$ 3,008,299
July 1, 2009 to June 30, 2010	2,993,554
July 1, 2010 to June 30, 2011	3,037,075
July 1, 2011 to June 30, 2012	3,112,747
July 1, 2012 and thereafter	3,205,907

- 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 NT\$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 June 30, 2008, this case was still pending and trial continued. Nevertheless, the Company paid all its tax fines on August 30, 2007.

- h. On July 4, 2008, the board of directors of Yuan Ding Investment resolved to obtain equity in Invista Far Eastern Petrochemicals Co., Ltd. (“Invista”) and Far Eastern - Invista Co., Ltd. (“Far Eastern”) The related information is as follows:

Invista, which has a PTA (pure terephthalic acid) plant in Guan-Yin Industrial Park in Taoyuan County was established as a joint venture between Far Eastern Textile Ltd. and Arteva Global Holdings, a subsidiary of Invista B.V. Since PTA production ceased to be a strategic business for Invista B.V., the Company and Invista B.V. agreed in 2007 that the Company and Oriental Union Chemical Corporation would jointly buy 70% equity in Invista B.V. After this purchase, Invista’s name was changed to Oriental Petrochemical Co., Ltd. (“Oriental Petrochemical”). Invista B.V. continues to provide technical service to Oriental Petrochemical, and these two companies maintain a strategic cooperative relationship.

PTA supply should be stable because it plays an important part in the production of polyester products. Thus, the Company and its related parties acquired the shares of Oriental Petrochemical Co., Ltd. to get the rights to manage Oriental Petrochemical’s operations. In addition, Arteva Global Holdings transferred to the Company its 50% equity in Far Eastern, which produces Nylon-66. Before this ownership transfer, Invista B.V. was providing the Group with certain materials. After this ownership transfer, Invista B.V. keeps providing materials, as stated in contract. With the integration of the Nylon-66 business, the Company enhanced its capability to provide customers with high value-added and diversified products.

The foregoing 50% equity acquisition and 70% equity transfer are expected to be completed in the third quarter of 2008.

- i. Under the policy of the National Communications Commission, which took effect on April 1, 2007, Far EasTone provided performance guarantees amounting to NT\$450,000 thousand to KG Telecom and NT\$45,000 thousand to KGEx for prepaid cards and international direct dialing calling cards already bought by customers. KG Telecom also provided Far EasTone a similar guarantee amounting to NT\$850,000 thousand.

30. FINANCIAL INSTRUMENTS

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

	June 30			
	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative financial instruments</u>				
Financial assets				
Cash and cash equivalents	\$ 30,361,881	\$ 30,361,881	\$ 23,905,285	\$ 23,905,285
Financial assets at fair value through profit or loss - current	681,112	681,112	743,433	743,433
Available-for-sale financial assets - current	1,582,087	1,582,087	1,143,067	1,143,067
Held-to-maturity financial assets - current	-	-	3,502	3,502
Bonds measured at amortized cost - current	3,000	3,000	3,000	3,000
Notes and accounts receivable, net	23,355,004	23,355,004	14,062,275	14,062,275
Dividends receivable	3,530,711	3,530,711	2,500,918	2,500,918
Receivable from related parties	923,590	923,590	1,858,619	1,858,619
Available-for-sale financial assets - noncurrent	84,120	84,120	233,631	233,631
Financial assets carried at cost - noncurrent	2,705,858	-	7,909,456	-
Equity-method investments	50,801,151	-	41,605,632	-
Refundable deposits	488,633	488,633	552,079	552,079

(Continued)

	June 30			
	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial liabilities				
Short-term bank loans	\$ 24,961,021	\$ 24,961,021	\$ 13,549,679	\$ 13,549,679
Commercial paper	3,008,035	3,008,035	3,377,958	3,377,958
Notes and accounts payable	15,986,912	15,986,912	10,658,588	10,658,588
Payable to related parties	2,332,897	2,332,897	2,960,474	2,960,474
Accrued expense	7,449,431	7,449,431	7,212,046	7,212,046
Dividends payable	14,103,397	14,103,397	12,530,472	12,530,472
Payable to supplies of machinery and equipment	1,482,894	1,482,894	1,165,390	1,165,390
Bonds payable (including current portion)	22,352,037	20,264,238	20,695,000	20,586,189
Long-term loans (including current portion)	37,432,730	37,432,730	44,703,413	44,703,413
Leases payable (including current portion)	18,201	18,201	59,663	59,663
Guarantee deposits received (including current portion)	1,126,159	1,126,159	1,230,838	1,230,838

Derivative financial instruments

Foreign				
Cotton futures contracts - FETL	50,012	50,012	30,264	30,264
Forward exchange contracts				
- FETL	(32,196)	(32,196)	-	-
- FEIH	75	75	(5,586)	(5,586)
Interest rate swap contracts				
- FETL	(30,965)	(30,965)	(99,246)	(99,246)
- Yuan Ding Investment	10,509	10,509	(30,401)	(30,401)
- Far EasTone	351	351	(50,499)	(50,499)
Exchangeable bonds exchange right - FETL	(306,500)	(306,500)	-	-
Exchangeable bonds redemption right - FETL	(28,750)	(28,750)	-	-
Exchangeable bonds collection rights	139,250	139,250	-	-

(Concluded)

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, dividends 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.

- 5) Refundable deposits and guarantee deposits (including the current portion) receivable are recorded at their carrying values because their fair values is similar to carrying value.
- 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	
	2008	2007	2008	2007
<u>Derivative financial instruments</u>				
Assets				
Cotton futures contracts				
- FETL	\$ 50,012	\$ 30,264	\$ -	\$ -
Forward exchange contracts				
- FEIH	75	-	-	-
Exchangeable bonds collection right				
- FETL	-	-	139,250	-
Interest rate swap				
- Far EasTone	-	-	351	-
- Yuan Ding Investment	-	-	10,509	-
Liabilities				
Forward exchange contract				
- FETL	(32,196)	-	-	-
- FEIH	-	(5,586)	-	-
Interest rate swap				
- FETL	-	-	(30,965)	(99,246)
- Yuan Ding Investment	-	-	-	(30,401)
- Far EasTone	-	-	-	(50,499)
Exchangeable bonds exchange right				
- FETL	-	-	(306,500)	-
Exchangeable bonds redemption rights				
- FETL	-	-	(28,750)	-

- d. As of June 30, 2008 and 2007, financial assets with fair value risk from interest rate fluctuations amounted to NT\$19,498,017 thousand and NT\$20,151,365 thousand, respectively, while financial liabilities with fair value risk from interest rate fluctuations amounted to NT\$73,500,450 thousand and NT\$24,016,952 thousand, respectively. As of June 30, 2008 and 2007, financial assets with cash flow risk from interest rate fluctuations amounted to NT\$11,368,147 thousand and NT\$4,342,881 thousand, respectively, while financial liabilities with cash flow risk from interest rate fluctuations amounted to NT\$18,435,370 thousand and \$59,948,620 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. As for the detailed information, please refer to Note 5.

Interest rate swap contracts

The Company used interest rate swap contracts to hedge fluctuations of interest rates of corporate bonds (70th, 71st and 72nd tranches) in the six months ended June 30, 2008 and 2007. 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

In order to hedge fluctuations of cotton prices, the Group entered into cotton futures contracts. The detailed information is disclosed in Note 5.

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.

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	Fair Value		Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
		June 30			
		2008	2007		
Bonds with floating interest rate	Interest rate swap				
	- FETL	\$ (30,965)	\$ (99,246)	2003-2009	2005-2009
	- Yuan Ding Investment	10,509	(30,401)	2005-2009	2005-2009
	- Far EasTone	351	(50,499)	2003-2008	2003-2008

31. 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 NT\$100 million or 20% of the capital stock: Schedule I (attached)
- 5) Acquisition of individual real states at costs of at least NT\$100 million or 20% of the capital stock: NA
- 6) Disposal of individual real state at prices of at least NT\$100 million or 20% of the capital stock: NA
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule J (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule K (attached)
- 9) Names, locations, and related information of investees on which the Company exercises significant influence: Schedule L (attached)
- 10) Derivative financial transactions of investees: Note 30

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 M and N (attached)
- 2) Significant direct or indirect transactions with the investee company, prices, payment terms, and unrealized gain or loss: Schedule J

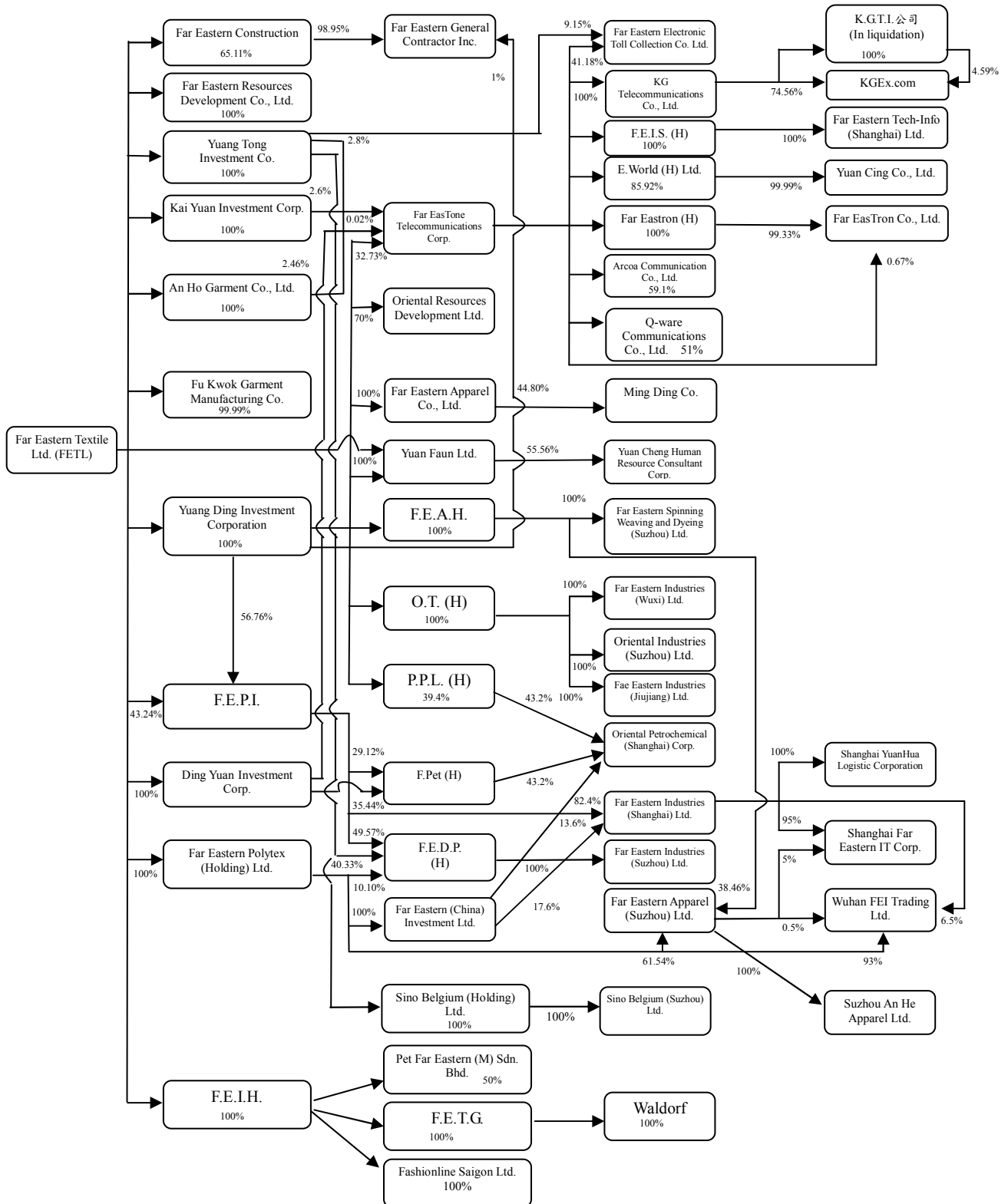
d. Additional disclosure for consolidated financial statements:

1) Significant intercompany transactions: Schedule O

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, 2008**



FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES**OPERATIONS****JUNE 30, 2008**

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.
Oriental Resources Development Ltd. (The former "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.	2005/6/24	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.
Sino Belgium (Holding) Ltd.	2007/08/15	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Sino Belgium (Zuzhou) Limited	2007/09/04	Mainland China	Brewer
Far Eastern (China) Investment Corp.	2007/06/18	Mainland China	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.

(Continued)

Consolidated Entity	Setup Date	Location	Operations
Far Eastern Industries (Suzhou) Limited	2004/03/22	Mainland China	Manufacture and distribution of polyester chips and partially oriented, fully oriented and polyester yarns.
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.
Q-Ware Communication Corp.	2007/02/13	9F, No.399, Rui-Guang Rd., Neihu Dist., Taipei City 114, Taiwan, (ROC)	Providing Type II communications service.
Suzhou An He Apparel Ltd.	2008/01/31	88 Tian Ling Rd.Wuzhong District Economic Development Zone.Su Zhou	Manufacture and distribution of various woven garments.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES**RELATED PARTIES****JUNE 30, 2008**

No.	Related Party	Relationship with Far Eastern Textile Ltd. (Note)
1	Oriental Securities Co., Ltd.	a
2	Far Eastern - Invista Co., Ltd.	a
3	Yuan-Ding Co. Ltd.	a
4	Frendenberg Far Eastern Spunweb Co., Ltd.	a
5	Everest Textile Co., Ltd.	a
6	Pacific Liu Tong Investment Corp.	a
7	Air Liquide Far Eastern Ltd.	a
8	Yue Ding Industry Co., Ltd.	a
9	Far Eastern International Leasing Corp. (FEILC)	a
10	Ding Ding Hotel Co., Ltd.	a
11	Far Eastern International Bank	a
12	Da Ju Fiber Co., Ltd.	a
13	Chiahui Power Corporation	b
14	Fu Ming Transport Corp.	b
15	Far Eastern Geant Company Ltd.	b
16	Bai-Ding Investment Co.	b
17	FEDS Development Ltd. (BVI)	b
18	Ya Tung Department Store Ltd.	b
19	U-Ming Marine Transport Corp.	b
20	New Century InfoComm Tech Co., Ltd.	b
21	Ding Ding Integrated Marketing Service Co., Ltd.	b
22	Wen Jing Corp.	b
23	New Tranquil Enterprise Ltd.	b
24	Yuan-Ze University	b
25	Oriental Institute of Technology	b
26	Far Eastern Memorial Hospital	b
27	Yu Chang Vocational School	b
28	Far Eastern. Z. Hsu Science and Technology Memorial Foundation	b
29	Far Eastern Department Stores Co., Ltd.	a and b
30	Oriental Union Chemical Corporation	a and b
31	Huey Kang Investment Co., Ltd.	c
32	Asia Cement Co., Ltd.	b and c
33	Pacific SOGO Department Stores.	d
34	Asia Investment Corp.	e
35	Malaysia Garment Manufactures PTE Ltd.	e
36	Ding Ding Management Consulting Ltd.	e
37	Far Eastern Int'l Garment Inc. (F.E.I.G)	e
38	Far Eastern Recreation Center Employee's Welfare Committee of FETL-Golf Club	f

(Continued)

No.	Related Party	Relationship with Far Eastern Textile Ltd. (Note)
39	Yatung Ready-mixed Concrete Corp.	g
40	Hong-Ton Comprehensive Commerce Development Co., Ltd.	h
41	TECO Electric & Machinery Co., Ltd.	i
42	System Corporation	i
43	MITAC Inc.	i
44	Far Eastern International Leasing Corp. (BVI)	m
45	NTT DoCoMo Inc.	p
46	Far Eastern Tech-Info Ltd. (Shanghai)	l

- 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.
 - 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. Subsidiary of Far Eastern International Leasing Corp.
 - k. Director of Far EastTone Telecommunication Co., Ltd.
 - l. Subsidiary of Far EastTone Telecommunication Co., Ltd.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED RELATED-PARTY TRANSACTIONS

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

	Notes	2008		2007	
		Amount	%	Amount	%
Sales					
Everest Textile Co.	b.	\$ 176,373	-	\$ 228,182	-
Others	f.	<u>1,418,800</u>	<u>2</u>	<u>982,975</u>	<u>2</u>
		<u>\$ 1,595,173</u>	<u>2</u>	<u>\$ 1,211,157</u>	<u>2</u>
Purchases					
Oriental Union Chemical Corporation	c.	\$ 1,545,322	2	\$ 1,306,896	3
Invista Far Eastern Petrochemicals Co., Ltd.	d.	-	-	4,069,091	7
Others	f.	<u>332,454</u>	<u>1</u>	<u>449,821</u>	-
		<u>\$ 1,877,776</u>	<u>3</u>	<u>\$ 5,825,808</u>	<u>10</u>
Operating expense					
Yuan Ding Co.	e.	\$ 96,641	1	\$ 77,966	-
Others	f.	<u>299,001</u>	<u>2</u>	<u>186,082</u>	<u>2</u>
		<u>\$ 395,642</u>	<u>3</u>	<u>\$ 264,048</u>	<u>2</u>
Nonoperating revenue					
Yuan Ding Co.		\$ 1,110	-	\$ 82,985	2
Others	f.	<u>76,586</u>	<u>2</u>	<u>57,223</u>	<u>4</u>
		<u>\$ 77,696</u>	<u>2</u>	<u>\$ 140,208</u>	<u>6</u>

Note:

- a. For the relationships between FETL and subsidiaries, please refer to schedule A.
- b. The amount was sales revenue of FETL from Everest Textile Co., Ltd.
- c. The amount was purchase of FETL from Oriental Union Chemical Corporation.
- d. In March 2008, the Company sold part of its holding of Invista Far Eastern Petrochemicals Co., Ltd. and thus the percentage of ownership by the Company and its subsidiaries went down to 18%. After this transaction, the Company lost its significant influence over Invista Far Eastern Petrochemicals Co., Ltd. For the six months ended June 30, 2008, the amount of purchase from Invista Far Eastern Petrochemicals Co., Ltd. was NT\$4,266,425 thousand, and as of June 30, 2007 ended, payable amount to Invista Far Eastern Petrochemicals Co., Ltd. was NT\$913,323 thousand.

(Continued)

- e. The amount was rent expenses produced by which FETL rented from Yuan Ding Investment Corp.
- f. The transaction amount between related-parties was not over 5% of the total amount of the account
- h. The terms of FETL's sales to and purchases from the related parties were the same as those for third parties

(Concluded)

SCHEDULE E**FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES****CONSOLIDATED RELATED-PARTY TRANSACTIONS****SIX MONTHS ENDED JUNE 30, 2008 AND 2007****(In Thousands of New Taiwan Dollars)**

	Notes	2008		2007	
		Amount	%	Amount	%
Accounts/notes receivable from related parties					
Notes, accounts and other receivable					
Everest Textile Co.	b.	\$ 58,054	6	\$ 76,631	4
Freundenberg Far Eastern Spunweb Co., Ltd.	c.	57,944	6	69,036	4
Everest Textile (Shanghai) Ltd.	d.	-	-	821,099	44
Others	r.	<u>193,677</u>	<u>21</u>	<u>272,760</u>	<u>15</u>
		<u>309,675</u>	<u>33</u>	<u>1,239,526</u>	<u>67</u>
Financing to affiliates		<u>613,915</u>	<u>67</u>	<u>619,093</u>	<u>33</u>
		<u>\$ 923,590</u>	<u>100</u>	<u>\$ 1,858,619</u>	<u>100</u>
Available for construction-land					
Far Eastern Geant Company Ltd.	e.	<u>\$ -</u>	<u>-</u>	<u>\$ 411,500</u>	<u>67</u>
Refundable deposits					
Ding Ding Integrated Marketing Service Co., Ltd.	g.	\$ 37,986	2	38,141	8
Yuan Ding Co.	f.	34,941	2	\$ 33,251	7
Others	r.	<u>17,425</u>	<u>1</u>	<u>21,452</u>	<u>4</u>
		<u>\$ 90,352</u>	<u>5</u>	<u>\$ 92,844</u>	<u>19</u>
Accounts/notes payable to related parties					
Notes, accounts and other payable					
Oriental Union Chemical Corporation	i.	\$ 253,203	11	\$ 219,479	7
New Century InfoComm Tech Co., Ltd.	h.	217,722	9	164,178	5
Invista Far Eastern Petrochemicals Co., Ltd.	j.	-	-	763,349	23
Others	r.	<u>248,235</u>	<u>11</u>	<u>179,542</u>	<u>5</u>
		<u>719,160</u>	<u>31</u>	<u>1,326,548</u>	<u>40</u>
Financing from affiliates		<u>1,613,737</u>	<u>69</u>	<u>1,633,926</u>	<u>60</u>
		<u>\$ 2,332,897</u>	<u>100</u>	<u>\$ 2,960,474</u>	<u>100</u>
Lease payable					
Far Eastern International Leasing Corp. (FEILC)	k.	<u>\$ 16,838</u>	<u>93</u>	<u>\$ 56,803</u>	<u>95</u>
Accrued expense					
Others	r.	<u>\$ 24,732</u>	<u>-</u>	<u>\$ 14,042</u>	<u>-</u>

(Continued)

	Notes	2008		2007	
		Amount	%	Amount	%
Billings on construction-in-progress and advance receipts					
Far Eastern Department Stores Co., Ltd.	l.	\$ 301,924	2	189,364	2
Hong-Ton comprehensive Commerce Development Co., Ltd.	m.	294,998	2	\$ 238,206	2
Others	r.	<u>31,393</u>	-	<u>28,093</u>	-
		<u>\$ 628,315</u>	<u>4</u>	<u>\$ 455,663</u>	<u>4</u>
Deferred income					
Rent revenue					
Yuan Ding Co.	n.	\$ 726,910	68	\$ 773,557	84
Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	o.	225,306	21	-	-
Sales of lands and buildings					
Oriental Securities Co., Ltd.	p.	116,982	11	117,538	13
Sales of securities					
Yue Ding Industry Co., Ltd.	q.	<u>2,578</u>	-	<u>33,679</u>	<u>3</u>
		<u>\$ 1,071,776</u>	<u>100</u>	<u>\$ 924,774</u>	<u>100</u>

Financing to affiliates:

Six Months Ended June 30, 2008				
	Highest Outstanding Balance	Balance on June 30, 2008	Interest Rate (%)	Interest Revenue
Da Ju fiber Corporation	280,000	\$ 277,000	2.55-2.63	\$ 3,508
Yue Ding Industry Co., Ltd.	108,000	108,000	2.55-2.63	738
Malaysia Garment Manufactures Pte Ltd.	228,915	<u>228,915</u>	0-5.6248	<u>2,043</u>
		<u>\$ 613,915</u>		<u>\$ 6,289</u>

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

(Continued)

Financing from affiliates:

Six Months Ended June 30, 2008				
	Highest Outstanding Balance	Balance on June 30, 2008	Interest Rate (%)	Interest Expense
Oriental Union chemical Corp.	\$ 910,200	\$ 910,200	3	\$ 14,416
Far Eastern International Leasing Corp. (BVI)	703,537	<u>703,537</u>	4.07	<u>23,792</u>
		<u>\$ 1,613,737</u>		<u>\$ 38,208</u>

Six Months Ended June 30, 2007				
	Highest Outstanding Balance	Balance on June 30, 2007	Interest Rate (%)	Interest Expense
Oriental Union chemical Corp.	\$ 985,800	\$ 981,680	3	\$ 7,181
Far Eastern International Leasing Corp. (BVI)	652,246	652,246	3.5	4,310
Far Eastern International Commercial Bank	440,130	400,000	NT: 1.80-2.80 US: 6.2077-6.334	4,262
		<u>\$2,033,926</u>		<u>\$ 15,753</u>

- a. For the relationships between FETL and subsidiaries, please refer to schedule A.
- b. The amount was accounts/notes receivable of FETL from Everest Textile Co., Ltd.
- c. The amount was accounts/notes receivable of FETL from Frendenberg Far Eastern Spunweb Co., Ltd.
- d. The amount was resulted from that part of a division of Far Eastern Industries (Shanghai) (FEIS) as well as FEIS's machinery, equipment and inventories was spun off to Everest Textile (Shanghai) Ltd., an ETC subsidiary in 2006.
- e. The amount was available for construction-land of Far Eastern Construction to Far Eastern Geant Company Ltd.
- f. The amount was refundable deposits which FETL deposited in the Yuan Ding Investment Corp.
- g. The amount was refundable deposits which Far EasTone deposited in the Ding Ding Integrated Marketing Service Co., Ltd.
- h. The amount was accounts/notes payable of Far EasTone to New Century InfoComm Tech Co. (NCIC)
- i. The amount of accounts/notes payable produced was from the purchase of FETL to Oriental Union Chemical Corporation.
- j. Please refer to Note 4 in Schedule D
- k. The amount was lease payable produced from Far EasTone to Far Eastern International Leasing Corp. (FEILC)

(Continued)

- l. The amount was billings on construction-in-progress and advance receipts produced from Far Eastern Construction to Far Eastern Department Stores Co., Ltd.
- m. The amount was billings on construction-in-progress and advance receipts produced from Far Eastern Construction to Hong-Ton Comprehensive Commerce Development Co., Ltd.
- n. 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.
- o. Far Eastern Resources Development Co., Ltd granted land leasehold right to Far Eastern Z. Hsu Science and Technology Memorial Foundation, and received exercise fee which was recorded as deferred charges.
- p. The deferred income was from the sale of lands and buildings to Oriental Securities Co., Ltd.
- q. The deferred income was from the sale of stock shares of Invista Far Eastern Petrochemicals Co., Ltd. to Yue Ding Industry Co., Ltd.
- r. The transaction amount between related-parties was not over 5% of the total amount of the account.
- s. The terms of FETL's 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, 2008

(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 Ltd.	Other financial assets -current	\$ 1,429,780	\$ -	2.94%-3.07%	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 4,318,438 (Note C)	\$ 43,184,377 (Note)
		Oriental Textile (Holding) Ltd.	"	486,630	-	2.94%-3.07%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	43,184,377 (Note)
1	Yuan Ding Investment Corp.	Da Ju Fiber Corporation	Receivable from affiliates	280,000	277,000	2.55%-2.63%	2	-	For revolving fund	-	Promissory note	-	1,674,613 (Note)	16,746,130 (Note)
		Yue Ding Industry Co., Ltd.	"	108,000	108,000	2.55%-2.63%	2	-	For revolving fund	-	Promissory note	-	1,674,613 (Note)	16,746,130 (Note)
		Pacific Petrochemical (Holding) Ltd.	"	312,992	312,992 (Note H)	2.55%-2.63%	2	-	For revolving fund	-	Promissory note	-	1,674,613 (Note)	16,746,130 (Note)
		An Ho Garment Co., Ltd.	"	320,000	201,000 (Note H)	2.55%-2.63%	2	-	For revolving fund	-	Promissory note	-	1,674,613 (Note)	16,746,130 (Note)
		Oriental Textile (Holding) Ltd.	"	868,571	868,571 (Note H)	2.55%-2.63%	2	-	For revolving fund	-	Promissory note	-	1,674,613 (Note)	16,746,130 (Note)
		Far Eastern Apparel (Holding) Ltd.	"	295,142	295,142 (Note H)	2.55%-2.63%	2	-	For revolving fund	-	Promissory note	-	1,674,613 (Note)	16,746,130 (Note)
2	Far Eastern Investment (Holding)Ltd.	Flying Dutchman Ltd.	Receivable from affiliates	US\$ 1,936	US\$ 1,936	0%-5.6248%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		F.E.T.G. Investment Antilles N.V.	"	US\$ 12,891	US\$ 12,590 (Note H)	5.6248%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		Oriental Textile (Holding) Ltd.	"	US\$ 20,000	US\$ 20,000 (Note H)	5.6248%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		Pet Far Eastern (Holding) Ltd.	"	US\$ 16,000	US\$ 16,000 (Note H)	5.6248%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		Malaysia Garment	"	US\$ 2,945	US\$ 2,945	0%-5.6248%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		PET Far Eastern (M) Sdn. Bhd.	"	US\$ 6,439	US\$ 6,139 (Note H)	5.6248%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		Pacific Petrochemical (Holding) Ltd.	"	US\$ 17,635	US\$ 17,635 (Note H)	5.6248%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		Far Eastern Polychem Industries	"	US\$ 10,000	US\$ 10,000 (Note H)	3%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		Far Eastern Industries (Suzhou) Ltd.	"	US\$ 2,610	-	5.6248%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		"	"	EUR 8,779	-	5.70625%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		Sino Belgium (Zuzhou) Limited	"	EUR 11,712	EUR 5,606 (Note H)	5.70625%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
3	Ding Yuan International Investment Corp.	An Ho Garment Co., Ltd.	Receivable from affiliates	100,000	100,000 (Note H)	2.92%-2.97%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
4	Far Eastn Polychem Industries	Far Eastern Industries (Shanghai) Ltd.	Receivable from affiliates	US\$ 46,000	US\$ 46,000 (Note H)	-	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		Far Eastern Industries (Suzhou) Ltd.	"	US\$ 10,000	US\$ 10,000 (Note H)	-	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		Oriental Petrochemical (Shanghai) Corp.	"	US\$ 4,000	US\$ 4,000 (Note H)	-	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)

(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		
5	Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Receivable from affiliates	US\$ 10,000	US\$ 10,000 (Note H)	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 4,318,438 (Note)	\$ 12,955,313 (Note)
		Far Eastern Apparel (Holding) Ltd.	"	US\$ 4,100	US\$ 4,100 (Note H)	-	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
6	F.E.T.G Investment Antilles N.V.	Waldorf Services B.V.	Receivable from affiliates	US\$ 13,040	US\$ 12,717 (Note H)	5.6248%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
7	Waldorf Services B.V.	Malaysia Garment Manufacturer Pte. Ltd.	Other receivable	US\$ 4,600	US\$ 4,600	-	2	-	To establish PFEM	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		Chuang Yuan Co.	"	US\$ 5,580	US\$ 5,580	5.6248%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
8	Yuan Tong Investment Corp.	F.E.D.P. (H) Ltd.	Receivable from affiliates	340,977	340,977 (Note H)	2.90-2.95%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
9	Oriental Textile (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd.	Receivable from affiliates	US\$ 34,000	US\$ 33,000 (Note H)	-	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		Far Eastern Apparel (Holding) Ltd.	"	US\$ 5,200	US\$ 3,000 (Note H)	5.6428%	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
		Oriental Industries (Zuzhou) Ltd.	"	US\$ 33,000	US\$ 33,000 (Note H)	-	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
10	Pacific Petrochemical (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	Receivable from affiliates	US\$ 40,500	US\$ 40,500 (Note H)	-	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
11	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	Receivable from affiliates	US\$ 40,500	US\$ 40,500 (Note H)	-	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
12	FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	Receivable from affiliates	US\$ 28,800	US\$ 24,000 (Note H)	-	2	-	For revolving fund	-	Promissory note	-	4,318,438 (Note)	12,955,313 (Note)
13	Far Eastern Resources Development Co., Ltd.	An Ho Garment Co., Ltd.	Receivable from affiliates	500,000	500,000 (Note H)	2.92-3.19%	2	-	For revolving fund	-	Promissory note	-	764,296 (Note)	7,642,960 (Note)

Notes: A. Reasons for financing are as follows:

1. Business relationship.

2. For short-term financing.

B. The upper limit is equivalent to 5% of the net worth of most current audited financial statements of December 31, 2007.

C. The upper limit is equivalent to 5% of the net value of the financier as of June 30, 2008.

D. The upper limit is equivalent to 50% of the net value of the financier as of June 30, 2008. 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, 2008.

F. The upper limit is equivalent to 15% of the net value of FETL as of June 30, 2008.

G. The upper limit is equivalent to 15% of the net worth of most current audited financial statement of December 31, 2007.

H. The amount had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**ENDORSEMENT/GUARANTEE PROVIDED
SIX MONTHS ENDED JUNE 30, 2008
(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)	\$ 43,184,377 (Note G) 43,184,377 (Note G)	\$ 8,241,025 280,719	\$ 7,160,300 280,719	\$ - -	8 -	\$ 86,368,753 (Note H) 86,368,753 (Note H)
1	Yuan Ding Investment Corp.	Far Eastern Textile Ltd. Pacific Sogo Department Store Co., Ltd. Da Ju Fiber Corporation Oriental Resources Development Ltd. Far Eastern Apparel Co., Ltd. Oriental Textile (Holding) Ltd. Far Eastern Apparel (Holding) Ltd.	(Note D) (Note C) (Note B) (Note A) (Note A) (Note A) (Note A)	16,746,130 (Note G) 16,746,130 (Note G) 16,746,130 (Note G) 16,746,130 (Note G) 16,746,130 (Note G) 16,746,130 (Note G) 16,746,130 (Note G)	3,800,000 1,650,000 80,000 139,000 135,000 457,125 457,125	3,800,000 1,650,000 80,000 139,000 135,000 456,000 456,000	- 1,650,000 (Note O) - - - - -	11 5 - - - 1 1	33,492,260 (Note H) 33,492,260 (Note H) 33,492,260 (Note H) 33,492,260 (Note H) 33,492,260 (Note H) 33,492,260 (Note H) 33,492,260 (Note H)
2	Ding Yuan International Investment Corp.	Pacific Sogo Department Store Co.	(Note C)	43,184,377 (Note L)	37,629	37,629	-	-	86,368,753 (Note I)
3	Kai Yuan International Investment Corp.	Pacific Sogo Department Store Co.	(Note C)	43,184,377 (Note L)	37,629	37,629	-	-	86,368,753 (Note I)
4	Far Eastern Polychem Industries, Ltd.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd.	(Note A) (Note R)	43,184,377 (Note Q) 43,184,377 (Note Q)	RMB 984,900 US\$ 4,167	RMB 700,364 US\$ 1,625	- -	9 -	86,368,753 (Note N) 86,368,753 (Note N)
5	Far Eastern Construction Co.	Far Eastern General Constructor Co.	(Note A)	9,924,798 (Note J)	2,155,600	2,155,600	-	65	9,924,798 (Note M)
6	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note B) (Note A)	43,184,377 (Note Q) 43,184,377 (Note Q)	US\$ 4,500 RMB 96,150	- RMB 41,500	- -	1 4	86,368,753 (Note N) 86,368,753 (Note N)
7	Far Eastern General Constructor Co.	Far Eastern Construction Co.	(Note D)	4,301,418 (Note J)	200,000	200,000	-	14	4,301,418 (Note M)
8	An Ho Garment Co., Ltd.	Pacific Sogo Department Store Co.	(Note C)	43,184,377 (Note L)	20,313	20,313	-	-	86,368,753 (Note I)
9	Yuan Tong Investment Corp.	Pacific Sogo Department Store Co. Sino Belgium (Holding) Ltd.	(Note C) (Note A)	43,184,377 (Note L) 43,184,377 (Note L)	37,629 1,520,000	37,629 1,520,000	- -	- 2	86,368,753 (Note I) 86,368,753 (Note I)
10	Far Eastone Telecommunication Co., Ltd.	KG Telecommunications Co., Ltd. KGEx.com Co., Ltd.	(Note A) (Note A)	33,191,495 (Note G) 33,191,495 (Note G)	450,000 45,000	450,000 45,000	- -	1 -	66,382,989 (Note H) 66,382,989 (Note H)
11	Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note R)	43,184,377 (Note Q)	RMB 60,400	RMB 60,400	-	-	86,368,753 (Note N)
12	Far Eastern Industries (Shanghai) Ltd.	Far Eastern Industries (Suzhou) Ltd. Wu Han Far Eastern Industrial Trading Ltd.	(Note R) (Note R)	RMB1,170,087 (Note S) RMB1,170,087 (Note S)	RMB 300,000 RMB 50,000	RMB 250,000 RMB 50,000	- -	3 1	RMB2,340,174 (Note T) RMB2,340,174 (Note T)
13	Oriental Textile (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd. Oriental Industries (Suzhou) Ltd.	(Note A) (Note A)	43,184,377 (Note Q) 43,184,377 (Note Q)	US\$ 74,571 US\$ 144,795	US\$ 73,272 US\$ 108,458	- -	7 10	86,368,753 (Note N) 86,368,753 (Note N)
14	Pacific Petrochemical (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Corp.	(Note F)	43,184,377 (Note Q)	US\$ 106,955	US\$ 89,291	-	3	86,368,753 (Note N)

(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						
15	PET Far Eastern (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Corp.	(Note F)	\$ 43,184,377 (Note Q)	US\$ 106,955	US\$ 89,291	-	3	\$ 86,368,753 (Note N)
16	Far Eastern Polytex (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	43,184,377 (Note Q)	RMB 30,400	RMB 30,400	-	-	86,368,753 (Note N)
17	KG Telecommunications Co., Ltd.	Far EasTone Telecommunications Corp.	(Note D)	16,187,047 (Note G)	850,000	850,000	-	3	32,374,094 (Note H)
18	Far Eastern Industries (Wuxi) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note E)	43,184,377 (Note Q)	RMB 30,000	-	-	-	86,368,753 (Note N)
19	Far Eastern Resources Development Co.	Far Eastern Textile Ltd.	(Note D)	43,184,377 (Note L)	12,396,748	12,396,748	12,282,598	14	86,368,753 (Note I)
20	Wuhan Far Eastern Industrial Trading Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note R)	531,736 (Note K)	RMB 100,000	-	-	-	531,736 (Note K)

Notes: A. Subsidiary with common stock shares held directly or indirectly equivalent to or above 50%.

B. Equity-method investees.

C. Investee of an equity-method investee.

D. Parent company.

E. The subsidiary of FETL's subsidiary.

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

G. Collateral/guarantee is equivalent to 50% of the net value of the guarantor as of June 30, 2008.

H. Limit is computed using the net value of the guarantor as of June 30, 2008.

I. Limit is computed using the net value of FETL as of June 30, 2008.

J. 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, 2008.

K. Collateral/guarantee is equivalent to 20% of the net value of FEIS as of December 31, 2007.

L. Collateral/guarantee is equivalent to 50% of the net value of Far Eastern as of June 30, 2008.

M. Collateral/guarantee is equivalent to 300% of the net value of the guarantor as of June 30, 2008.

N. Limit is computed using the net value of its ultimate parent company as of June 30, 2008.

O. 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.

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

Q. Collateral/guarantee is equivalent to 50% of the net value of Far Eastern as of June 30, 2008.

R. Business relationship.

S. Limit is computed using the net value of the guarantor as of December 31, 2007.

T. Collateral/guarantee is equivalent to 200% of the net value of the guarantor as of December 31, 2007.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES AND INVESTMENTS IN SHARES OF STOCK HELD

JUNE 30, 2008

(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, 2008				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	657,751	\$ 12,451,779	24.05	\$ 29,927,678	22,288 thousand shares pledged or mortgaged as collaterals for loans
		Far Eastern Department Store	(Note A)	Equity method investments	188,311	3,700,568	16.80	6,082,434	-
		Oriental Union Chemical Corp.	(Note A)	Equity method investments	72,385	1,106,155	9.19	2,316,318	-
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	72,936	710,779	3.88	728,628	-
		Everest Textile Co., Ltd.	(Note A)	Equity method investments	129	1,538	0.03	840	-
		Yuan Ding Investment Corp.	(Note A)	Equity method investments	1,833,824	33,135,951	100.00	33,492,260	Note L
		Far Eastern Resources Development Co., Ltd.	(Note A)	Equity method investments	245,600	15,366,355	100.00	15,389,761	Note L
		Yuan Tong Investment Corp.	(Note A)	Equity method investments	683,945	7,583,965	100.00	7,570,547	Note L
		Far Eastern Investment (Holding) Ltd.	(Note A)	Equity method investments	1,700	5,271,496	100.00	5,271,495	Note L
		Kai Yuan International Investment Corp.	(Note A)	Equity method investments	246,776	3,545,264	100.00	3,494,913	Note L
		Yuang Ding Co., Ltd.	(Note A)	Equity method investments	148,529	3,326,041	37.13	3,049,305	-
		Far Eastern Polytex (Holding) Limited	(Note A)	Equity method investments	41	2,549,352	100.00	2,549,353	Note L
		Oriental Securities Co.	(Note A)	Equity method investments	140,278	2,069,198	19.65	2,062,691	40,000 thousand shares pledged or mortgaged as collaterals for loans
		Ding Yuan International Investment Corp.	(Note A)	Equity method investments	200,000	2,170,677	100.00	2,170,225	Note L
		Far Eastern Polychem Industries Ltd.	(Note A)	Equity method investments	252,660	2,231,093	43.24	2,231,093	Note L
		Far Eastern Construction Co.	(Note A)	Equity method investments	101,402	2,098,368	65.11	2,154,012	Note L
		Pacific Liu Tung Investment Co. (Note J)	(Note A)	Equity method investments	67,500	1,254,153	16.83	1,162,227	-
		An Ho Garment Corp.	(Note A)	Equity method investments	18,600	1,210,041	100.00	1,261,217	Note L
		Fu Kwok Garment Manufacturing Co.	(Note A)	Equity method investments	3,999	127,457	99.99	130,788	Note L
		Ding Ding Hotel Corp.	(Note A)	Equity method investments	5,386	60,405	19.00	64,444	-
		New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	4,008	27,300	0.10	27,052	-
		Invista Far Eastern Petrochemicals Co., Ltd.	-	Financial assets carried at cost	85,407	757,430	18.00	647,856	-
		Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,939	53,667	3.73	68,963	-
	Yuan Ding Investment Corp.	Far Eastone Telecommunications Corp.	(Note A)	Equity method investments	1,066,658	21,683,411	32.73	51,466,230	165,000 thousand shares pledged or mortgaged as collaterals to court. 75,463 thousand shares pledged or mortgaged as collaterals for loans (Note L).
		Everest Textile Co., Ltd.	(Note A)	Equity method investments	118,869	1,127,215	24.24	772,650	6,000 thousand shares pledged or mortgaged as collaterals for loans
		Oriental Union Chemical Corp.	(Note A)	Equity method investments	71,934	1,178,858	9.13	2,301,906	-
		Far Eastern Department Store	(Note A)	Equity method investments	2,207	39,637	0.20	71,276	-
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	18,451	167,537	0.98	184,324	-
		Asia Cement Corporation	(Note A)	Equity method investments	825	12,048	0.03	37,500	-
		Oriental Textile (Holding) Ltd.	(Note A)	Equity method investments	73	4,390,034	100.00	4,390,034	Note L
		Oriental Securities Co.	(Note A)	Equity method investments	184,907	2,832,922	25.91	2,719,579	82,850 thousand shares pledged or mortgaged as collaterals for loans
		Far Eastern Polychem Industries Ltd.	(Note A)	Equity method investments	331,717	2,928,696	56.76	2,928,696	Note L
		Liquid Air Far East Glycol	(Note A)	Equity method investments	69,113	1,020,637	35.00	1,196,088	-
		Far Eastern Apparel (Holding) Ltd.	(Note A)	Equity method investments	63	1,079,547	100.00	1,079,547	Note L
		Yuang Ding Co., Ltd.	(Note A)	Equity method investments	51,457	1,149,744	12.86	1,056,471	43,500 thousand shares pledged or mortgaged as collaterals for loans
		Pacific Liu Tung Investment Co. (Note J)	(Note A)	Equity method investments	59,827	827,638	14.92	1,030,285	-
		Far Eastern International Leasing Corp.	(Note A)	Equity method investments	64,337	943,710	16.60	950,877	-
		Pacific Petrochemical (Holding) Co.	(Note A)	Equity method investments	20	535,254	39.40	535,254	Note L
		Far Eastern - Invista Co., Ltd.	(Note A)	Equity method investments	33,082	366,586	50.00	415,862	-

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
		Yuan Ding Leasing Co.	(Note A)	Equity method investments	36,706	\$ 387,287	46.20	\$ 383,958	-
		Freudenberg Far Eastern Spunweb Co.	(Note A)	Equity method investments	13,023	233,232	29.80	233,906	-
		Far Eastern Apparel Company	(Note A)	Equity method investments	18,000	293,745	100.00	293,617	Note L
		Da Ju Fiber Corporation	(Note A)	Equity method investments	11,880	130,015	41.86	136,168	-
		Yuan Faun Ltd.	(Note A)	Equity method investments	5,000	91,839	100.00	89,811	Note L
		Yue Ming Co.	(Note A)	Equity method investments	1,067	69,391	45.50	60,060	-
		Oriental Resources Development Ltd.	(Note A)	Equity method investments	21,322	180,142	70.32	184,060	Note L
		Far Eastern General Contractor Inc.	(Note A)	Equity method investments	931	13,216	1.00	14,338	Note L
		New Century InfoComm Tech Co., Ltd.	(Note B)	Equity method investments	154,947	1,055,164	3.87	1,047,919	-
		Yue Yuan Investment Co., Ltd.	(Note D)	Financial assets carried at cost	80,735	677,240	19.05	1,988,917	-
		Chung Nan Textile Corp.	-	Financial assets carried at cost	2,985	81,405	5.27	114,186	-
		Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,688	56,019	3.54	65,429	-
		Taiwan Stock Exchange Corp.	-	Financial assets carried at cost	845	22,493	0.16	51,685	-
		Universal Venture Capital Investment Corp.	-	Financial assets carried at cost	1,400	14,000	1.16	18,168	-
		Overseas Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,000	10,000	1.11	9,425	-
		China Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,287	8,250	0.80	13,502	-
		Gallery Management Ltd.	-	Financial assets carried at cost	914	6,597	9.81	4,904	-
		Nan Shan Insurance Corp.	-	Financial assets carried at cost	5	221	-	1,962	-
		Oriental Securities Investment Consultant Corp.	-	Financial assets carried at cost	1	10	-	11	-
		<u>Under asset management contract (Note D)</u>							
		Chung-Hsin Electric & Machinery Mfg. Corp.	-	Financial assets at fair value through profit or loss - current	270	5,670	-	5,670	-
		Lite-On Technology Corp.	-	Financial assets at fair value through profit or loss - current	250	7,638	-	7,638	-
		Ase Kaohsiung	-	Financial assets at fair value through profit or loss - current	300	8,190	-	8,190	-
		MediaTek Inc.	-	Financial assets at fair value through profit or loss - current	40	14,000	-	14,000	-
		Central Reinsurance Corp.	-	Financial assets at fair value through profit or loss - current	300	4,890	-	4,890	-
		Novatek	-	Financial assets at fair value through profit or loss - current	200	17,640	-	17,640	-
		Faraday Technology Corp.	-	Financial assets at fair value through profit or loss - current	245	11,025	-	11,025	-
		Sercomm Corp.	-	Financial assets at fair value through profit or loss - current	320	7,520	-	7,520	-
		Hann Star Board Corp.	-	Financial assets at fair value through profit or loss - current	225	6,221	-	6,221	-
		Sonix Technology Corp.	-	Financial assets at fair value through profit or loss - current	100	6,200	-	6,200	-
		Wistron NeWeb Corp.	-	Financial assets at fair value through profit or loss - current	150	6,930	-	6,930	-
		Nan Ya Printed Circuit Board Corp.	-	Financial assets at fair value through profit or loss - current	100	15,200	-	15,200	-
		Giantplus Technology Corp.	-	Financial assets at fair value through profit or loss - current	125	3,000	-	3,000	-
		Deutche Far Eastern DWS Taiwan Bond Security Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	1,833	20,265	-	20,265	-
2	Far Eastern Investment (Holding) Ltd.	F.E.T.G. Investment Antilles N. V.	(Note A)	Equity method investments	6	US\$ 3,753	100.00	US\$ 4,029	Note L
		Pet Far Eastern (M) Sdn. Bhd.	(Note A)	Equity method investments	Common stock: 5,000 Preferred stock: 3,000	US\$ 4,106	50.00	MYR 13,540	Note L
		Filsyn Corporation	(Note A)	Equity method investments	45,066	-	21.85	-	-
		Com 2B Corporation	(Note A)	Equity method investments	9,000	US\$ 934	20.00	US\$ 923	-
		Fashionline Saigon Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 4,143	100.00	US\$ 3,797	Note L
		Kai Yuang Fund	-	Financial assets carried at cost	-	US\$ 9,493	-	US\$ 9,493	-

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
3	Ding Yuan International Investment Corp.	FEA Long-Short Strategy Private Placement Fund	-	Available-for-sale financial assets	500	\$ 4,725	-	\$ 4,375	-
		Asia Cement Corp.	(Note A)	Equity method investments	2,017	82,745	0.07	91,774	-
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	73,732	779,963	3.92	736,583	10,400 thousand shares pledged or mortgaged as collaterals for loans
		Far Eastern Department Store	(Note A)	Equity method investments	3,031	57,752	0.27	97,901	-
		Everest Textile Co., Ltd.	(Note A)	Equity method investments	8,454	75,624	1.72	54,951	-
		Orient Union Chemical Corp.	(Note A)	Equity method investments	8,419	201,833	1.07	269,408	-
		Far EasTone Telecommunications Corp.	(Note A)	Equity method investments	595	26,918	0.02	28,709	Note L
		Pacific Liu Tung Investment Co.(Note J)	(Note A)	Equity method investments	9,000	153,118	2.24	132,390	-
		PET Far Eastern (Holding) Ltd.	(Note A)	Equity method investments	42	607,977	35.44	574,780	Note L
		Yue Ding Industry Co., Ltd.	(Note A)	Equity method investments	56	3,985	1.30	4,763	-
Ya Li Transportation Corporation	(Note E)	Financial assets carried at cost	1,000	16,240	10.00	63,090	-		
4	Kai Yuan International Investment Corp.	Asia Cement Corporation	(Note A)	Equity method investments	10,420	226,364	0.38	474,125	-
		Far EasTone Telecommunications Corp.	(Note A)	Equity method investments	84,858	1,921,234	2.60	4,094,400	65,283 thousand shares pledged or mortgaged as collaterals for loans, (Note L)
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	21,195	299,959	1.13	211,741	-
		Orient Union Chemical Corp.	(Note A)	Equity method investments	24,964	459,234	3.17	798,836	-
		Kowloon Cement Corp.	(Note A)	Equity method investments	1,127	372,353	49.00	301,357	-
		Far Eastern International Leasing Corp.	(Note A)	Equity method investments	64,082	937,317	16.53	1,564,640	-
		Pacific Liu Tung Investment Co.(Note J)	(Note A)	Equity method investments	9,000	153,118	2.24	132,390	-
		Yi Jinn Industrial Co., Ltd.	-	Available-for-sale financial assets - noncurrent	16,430	84,120	6.42	84,120	-
		Far Eastern Department Store	(Note A)	Equity method investments	1,842	62,798	0.16	59,497	-
5	Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	HK\$ 1,041,412	82.40	RMB 941,838	Note L
		Nippon Parison Co., Ltd.	-	Financial assets carried at cost	36	HK\$ 16,941	10.00	-	-
		PET Far Eastern Holding Ltd.	(Note A)	Equity method investments	35	HK\$ 119,904	29.12	US\$ 9,974	Note L
		FEDP (Holding) Limited	(Note A)	Equity method investments	240	HK\$ 201,043	49.57	US\$ 20,918	Note L
6	Far Eastern Construction Co., Ltd.	U-Ming Marine Transport Corp.	(Note F)	Available-for-sale financial assets - current	1,590	127,183	-	127,183	1,152 thousand shares pledged or mortgaged as collaterals for loans
		Far Eastern General Constructor Inc.	(Note A)	Equity method investments	92,098	1,370,632	98.95	1,418,751	Note L
		Asia Cement Corporation	(Note A)	Equity method investments	14,421	363,658	0.53	656,156	-
		Cathay Bond Fund	-	Financial assets at fair value through profit or loss - current	5,205	61,417	-	61,417	-
7	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 12,303	38.46	RMB 86,120	Note L
		Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 22,063	100.00	RMB 161,014	Note L
8	Far Eastern Apparel Company	Ming Ding Co.	(Note A)	Equity method investments	448	7,739	44.80	7,773	Note L
		Yue Ding Industry Co., Ltd.	(Note A)	Equity method investments	6	29	0.01	37	-
		The First Global Investment Trust Global Asset Securitization Balanced Income Fund	-	Financial assets at fair value through profit or loss - current	500	5,008	-	4,805	-
9	Far Eastern General Contractor Inc.	U-Ming Marine Transport Corp.	(Note F)	Available-for-sale financial assets - current	746	59,719	0.09	59,719	-
		Kaohsiung Repaid Transit Corp.	-	Financial assets carried at cost - noncurrent	20,000	198,310	2.00	170,661	-
		Ya Li Precast & Prestressed Concrete Industries Ltd.	-	Financial assets carried at cost - noncurrent	3,105	25,142	16.03	21,367	-
		Far Eastern Technical Consultants Co., Ltd.	-	Financial assets carried at cost - noncurrent	450	3,864	9.00	4,398	-
		Bond fund	-	受限制資產	0.004	3,500	-	3,500	Pledged or mortgaged as collaterals for National Taiwan university

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
		Cathay Bond Fund	-	Financial assets at fair value through profit or loss - current	3,265	\$ 38,519	-	\$ 38,519	(Note D)
		Taishin Lucky Fund	-	Financial assets at fair value through profit or loss - current	2,768	29,085	-	29,085	(Note D)
10	F.E.T.G Investment Antilles N.V.	Waldorf Services B. V.	(Note A)	Equity method investments	0.04	US\$ 3,904	100.00	US\$ 3,904	Note L
11	Waldorf Services B. V.	Cemtex Apparel, Inc.	(Note A)	Equity method investments	90	US\$ 249	50.00	PHP -	-
		Albert & Orient Glycol Ltd.	(Note A)	Financial assets carried at cost	0.30	US\$ 5,596	25.00	-	-
		Malaysia Garment Manufacturers Pte. Ltd.	(Note A)	Equity method investments	30	US\$ -	37.90	SGD -	-
		Far Eastern International Garments	(Note A)	Equity method investments	29	US\$ -	41.00	PHP -	-
		Filsyn Corp.	(Note A)	Financial assets carried at cost	20,501	US\$ -	9.94	US\$ -	-
12	An- Ho Garment Corp.	Far EastTone Telecommunications Corp.	(Note A)	Equity method investments	80,172	1,816,882	2.46	3,868,299	35,752 thousand shares pledged or mortgaged as collaterals for loan, (Note L)
		Asia Cement Corp.	(Note A)	Equity method investments	2,528	103,609	0.09	115,024	-
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	18,361	252,371	0.98	183,426	-
		Yue Ding Industry Co., Ltd.	(Note C)	Equity method investments	11,494	99,548	26.50	97,239	-
		Pacific Liu Tung Investment Co. (Note J)	(Note A)	Equity method investments	4,841	87,247	1.21	83,362	-
		Oriental Securities Co.	(Note A)	Equity method investments	5,000	78,184	0.70	73,550	-
13	Yuan Faun Ltd.	Yi Tong Fiber Co., Ltd.	-	Financial assets carried at cost	3,504	28,519	3.563	35,219	-
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	3,891	31,533	0.207	38,868	-
		Yuan Cheng Human Resources Consultant Corp.	(Note A)	Equity method investments	111	3,203	55.56	3,386	Note L
14	Yuan Tong Investment Corp.	New Century InfoComm Tech Co., Ltd.	(Note G)	Equity method investments	480,442	3,271,696	12.01	3,248,976	-
		Pacific Liu Tung Investment Co. (Note J)	(Note A)	Equity method investments	9,000	153,118	2.24	132,390	-
		Far EastTone Telecommunications Corp.	(Note A)	Equity method investments	91,088	2,149,100	2.80	4,394,998	50,174 thousand shares pledged or mortgaged as collaterals for loan, (Note L)
		Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity method investments	35,084	111,098	9.15	115,945	Note L
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	17,743	241,974	0.94	177,252	-
		Far Eastern Department Store	(Note A)	Equity method investments	139	2,238	0.01	4,475	-
		Oriental Union Chemical Corporation	(Note A)	Equity method investments	431	9,495	0.05	13,784	-
		Asia Cement Corp.	(Note A)	Equity method investments	7,449	309,734	0.27	338,909	-
		FEDP (Holding) Limited	(Note A)	Equity method investments	196	809,927	40.33	636,208	Note L
		Sino Belgium (Holding) Limited	(Note A)	Equity method investments	15	929,490	100.00	885,167	Note L
		Under asset management contract (Note I)	-	-	-	-	-	-	-
		Taiwan Cement Corp.	-	Financial assets at fair value through profit or loss - current	333	13,653	-	13,653	-
		Qisda Corp.	-	Financial assets at fair value through profit or loss - current	1,017	20,544	-	20,544	-
		I-Chiun Precision Industry Co.	-	Financial assets at fair value through profit or loss - current	216	6,890	-	6,890	-
		Ali Corp.	-	Financial assets at fair value through profit or loss - current	459	16,386	-	16,386	-
		Forcecon Tech. Co., Ltd.	-	Financial assets at fair value through profit or loss - current	36	3,888	-	3,888	-
		Paragon Technologies Corp.	-	Financial assets at fair value through profit or loss - current	139	23,506	-	23,506	-
		Macroblock, Inc.	-	Financial assets at fair value through profit or loss - current	81	15,552	-	15,552	-
		Yem Chio Co., Ltd.	-	Financial assets at fair value through profit or loss - current	459	9,364	-	9,364	-

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
		Sercomm Corp.	-	Financial assets at fair value through profit or loss - current	270	\$ 6,345	-	\$ 6,345	-
		MJC Probe Inc.	-	Financial assets at fair value through profit or loss - current	108	7,679	-	7,679	-
		Nano-Op Corp.	-	Financial assets at fair value through profit or loss - current	378	6,936	-	6,936	-
		Sitronix Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	278	18,376	-	18,376	-
		Prime View International Co., Ltd.	-	Financial assets at fair value through profit or loss - current	711	20,192	-	20,192	-
		Giant Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	198	16,137	-	16,137	-
15	Far EasTone Telecommunications Corp.	Stock KG Telecommunication Co., Ltd. New Century InfoComm Tech Co., Ltd. Arcoa Communication Co., Ltd. Far Eastern Electronic Toll Collection Co., Ltd. Q-Wave Communications Far Eastern Info Service (Holding) Ltd. E. World (Holdings) Ltd. Far EasTron Holding Ltd. Ding Ding Integrated Marketing Service Co., Ltd. Far EasTron Co., Ltd.	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments	1,332,998 980,315 79,353 157,714 36,460 1 6,015 4,487 4,500 100	32,374,094 5,775,189 1,023,867 525,014 276,111 146,758 63,823 28,112 13,260 160	100.00 24.51 59.10 41.18 51.00 100.00 85.92 100.00 15.00 0.67	32,374,094 5,775,189 1,023,867 525,014 276,111 146,758 63,823 28,112 13,260 160	Note L - Note L Note L Note L Note L Note L Note L - Note L
16	Far Eastern Apparel (Suzhou) Ltd.	Wu Han Far Eastern New Material Ltd. Shanghai Yuanzi Information Co., Ltd. Suzhou An He Apparel Ltd.	(Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments	(Note H) (Note H) (Note H)	RMB 350 RMB 100 RMB 100	0.50 5.00 100.00	RMB 495 RMB 327 RMB 1,023	Note L Note L Note L
17	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd. Shanghai Yuanzi Information Co., Ltd. Shanghai Far Eastern Petrochemical Logistic Ltd.	(Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments	(Note H) (Note H) (Note H)	RMB 3,700 RMB 1,676 RMB 5,381	6.50 95.00 100.00	RMB 6,430 RMB 1,404 RMB 5,433	Note L Note L Note L
18	Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd. Oriental Industries (Suzhou) Ltd. Far Eastern Industries (JiuJiang) Ltd.	(Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments	(Note H) (Note H) (Note H)	US\$ 69,932 US\$ 68,319 US\$ 1,139	100.00 100.00 100.00	RMB 510,577 RMB 485,250 RMB 9,150	Note L Note L Note L
19	Pacific Petrochemical (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Corp.	(Note A)	Equity method investments	(Note H)	US\$ 47,893	43.20	RMB 357,317	Note L
20	PET Far Eastern (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Corp.	(Note A)	Equity method investments	(Note H)	US\$ 47,893	43.20	RMB 357,317	Note L
21	FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 43,665	100.00	RMB 316,998	Note L
22	Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd. Far Eastern Apparel (Suzhou) Ltd. FEDP Holding Ltd. Far Eastern (China) Investment Ltd.	(Note A) (Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments Equity method investments	(Note H) (Note H) 49 (Note H)	US\$ 12,597 US\$ 18,651 US\$ 7,136 US\$ 44,642	93.00 61.54 10.10 100.00	RMB 92,004 RMB 137,800 US\$ 5,251 RMB 340,949	Note L Note L Note L Note L
23	KG Telecommunications Co., Ltd.	Stocks KGEx.com Co., Ltd. KGT International Holding Co., Ltd. iScreen ADCast Interactive Marketing Co., Ltd. TXC ACX	(Note A) (Note A) (Note A) (Note A) - -	Equity-method investments Equity-method investments Equity-method investments Equity-method investments Available-for-sale financial assets - current Available-for-sale financial assets - current	186,671 50 4,000 369 200 65	888,914 69,649 28,069 3,341 10,240 6,350	74.67 100.00 40.00 20.87 - -	888,914 69,649 28,069 3,341 10,240 6,350	

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
		GET	-	Available-for-sale financial assets - current	150	\$ 25,748	-	\$ 25,748	
		CyberLink	-	Available-for-sale financial assets - current	50	7,250	-	7,250	
		SOFT-WORLD	-	Available-for-sale financial assets - current	100	10,400	-	10,400	
		PVI	-	Available-for-sale financial assets - current	150	4,260	-	4,260	
		MIC	-	Available-for-sale financial assets - current	200	13,800	-	13,800	
		CSC	-	Available-for-sale financial assets - current	250	11,713	-	11,713	
		TSMC	-	Available-for-sale financial assets - current	200	13,000	-	13,000	
		ACER	-	Available-for-sale financial assets - current	250	14,950	-	14,950	
		CHT	-	Available-for-sale financial assets - current	200	15,700	-	15,700	
		SMP	-	Available-for-sale financial assets - current	50	7,550	-	7,550	
		MOTECH	-	Available-for-sale financial assets - current	100	23,600	-	23,600	
		GIANT	-	Available-for-sale financial assets - current	100	8,150	-	8,150	
		<u>Open-ended mutual funds</u>							
		Far Eastern Alliance Taiwan Bond Security Investment Trust Fund	-	Available-for-sale financial assets - current	73,960	817,693	-	817,693	
		JF (Taiwan) European Bond Fund	-	Available-for-sale financial assets - current	20,000	189,654	-	189,654	
		<u>Private funds</u>							
		FEA Long-Short Private Placement Fund	-	Financial assets carried at cost - noncurrent	10,000	87,509	-	87,509	
		Fuh Hwa Value Added Strategy Fund	-	Financial assets carried at cost - noncurrent	14,866	150,000	-	150,000	
24	ARCOA Communication Co., Ltd.	<u>Stocks</u>							
		THI consultants	-	Financial assets carried at cost - noncurrent	1,214	13,729	18.32	13,729	
		Chunghwa Int'l Communication Network Co., Ltd.	-	Financial assets carried at cost - noncurrent	2,831	6,714	4.17	6,714	
		VIBO Telecom Inc.	-	Financial assets carried at cost - noncurrent	2,000	8,400	0.10	8,400	
		Web Point Co., Ltd.	-	Financial assets carried at cost - noncurrent	161	1,618	0.63	1,618	
		<u>Open-ended mutual funds</u>							
		Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets - current	12,626	180,703	-	180,703	
		ING Taiwan Bond Fund	-	Available-for-sale financial assets - current	1,946	30,049	-	30,049	
		<u>Bonds</u>							
		Ta Chong Bank Financial Bonds 93 Series-I	-	Bonds carried at amortized cost - current	3,000	3,000	-	3,000	

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
25	Far Eastern Info Service (Holding) Ltd.	Share certificates Far Eastern Tech-info Ltd. (Shanghai)	(Note A)	Equity-method investments	-	US\$ 4,177,000	100.00	US\$ 4,177,000	
26	Far EasTron Holding Ltd.	Stocks Far EasTron Co., Ltd.	(Note A)	Equity-method investments	14,900	US\$ 916,000	99.33	US\$ 916,000	
27	E. World (Holdings) Ltd.	Stocks Yuan Cing Co., Ltd.	(Note A)	Equity-method investments	19,350	US\$ 2,170,000	99.99	US\$ 2,170,000	
28	KGT International Holding Co., Ltd.	Stocks KGEx.com Co., Ltd.	(Note A)	Equity-method investments	11,465	54,595	4.59	54,595	
29	Far Eastern (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd. Oriental Petrochemical (Shanghai) Corp.	(Note A) (Note A)	Equity method investments Equity method investments	(Note H) (Note H)	RMB 219,138 RMB 103,736	17.60 13.60	RMB 864,912 RMB 150,983	Note L Note L
30	Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Ltd.	(Note A)	Equity method investments	-	US\$ 29,765	100.00	RMB 218,480	Note L
31	Far Eastern Industries (WuXi) Ltd.	Martens Beer (Shanghai) Ltd.	(Note A)	Equity method investments	-	RMB 1,500	30.00	RMB 1,500	-

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. Equity-method investee by investee(s) which the Company and its subsidiaries hold 100% of the shares.

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 Store, 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 NTS100 MILLION OR 20% OF THE CAPITAL STOCK
SIX MONTHS ENDED JUNE 30, 2008
(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.	Freundenberg Far Eastern Spunweb Co., Ltd.	Financial assets carried at cost	Yue Ding Industry Co., Ltd.	-	99,642	\$ 959,543	-	\$ -	14,235	\$ 135,532	\$ 126,260	\$ 9,272 (Note C)	\$ (75,853)	85,407	\$ 757,430
		Far Eastern Polychem Industries Ltd.	Equity method investments	Issuance of stock by cash	-	201,536	1,989,856	51,124	444,888	-	-	-	-	(203,651)	252,660	2,231,093 (Note D)
		Far Eastern Polytex (Holding) Limited	Equity method investments	Issuance of stock by cash	-	38	2,658,679	3	151,675	-	-	-	-	(261,002)	41	2,549,352 (Note D)
1	Yuan Ding Investment Corp.	Far Eastern Department Store Co., Ltd.	Equity method investments	Open market	-	49,388	1,027,528	-	-	47,181	2,542,481	988,125	1,554,356	234	2,207	39,637
		Oriental Textile (Holding) Ltd.	Equity method investments	Issuance of stock by cash	-	71	4,682,403	2	162,385	-	-	-	-	(454,754)	73	4,390,034 (Note D)
		Far EasTone Telecommunication Co., Ltd.	Equity method investments	Capital decrease	-	1,320,198	25,819,977	-	-	253,540 (Note B)	-	2,535,402 (Note B)	-	(1,601,164)	1,066,658	21,683,411 (Note D)
4	Kai Yuan International Investment Corp.	Far EasTone Telecommunication Co., Ltd.	Equity method investments	Open market	-	112,658	2,413,672	-	-	6,164	288,395	156,997	131,398	(119,085)	84,858	1,921,234 (Note D)
				Capital decrease	-	-	-	-	-	21,636 (Note B)	-	216,356 (Note B)	-	-	-	-
6	Far Eastern Construction Co., Ltd.	Deutsche Far Eastern DWS Taiwan Bond Security Investment Trust Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	22,700	250,000	22,700	250,093	250,000	93	-	-	-
		Hua Nan Kirin Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	22,134	250,000	22,134	250,352	250,000	352	-	-	-
		Upame James Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,884	250,000	15,884	250,259	250,000	259	-	-	-
		Capital Income Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	16,458	250,000	16,458	250,162	250,000	162	-	-	-
		Cathay Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	10,631	125,000	5,426	64,000	63,773	227	-	5,205	61,417
9	Far Eastern General Contractor Inc.	Upame James Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	14,341	225,000	14,341	255,191	225,000	191	-	-	-
		Deutsche Far Eastern DWS Taiwan Bond Security Investment Trust Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,497	170,000	15,497	170,123	170,000	123	-	-	-

(Continued)

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
		Invesco ROC Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	6,627	\$ 100,000	6,627	\$ 100,058	\$ 100,000	\$ 58	\$ -	-	\$ -
		Capital Income Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	13,201	200,000	13,201	200,133	200,000	133	-	-	-
		Shinkong Chi-Shin Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	9,478	138,000	9,478	138,186	138,000	186	-	-	-
		Hua Nan Kirin Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	14,438	163,000	14,438	163,202	163,000	202	-	-	-
		Hua Nan Phoenix Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	9,781	150,000	9,781	150,168	150,000	168	-	-	-
		NITC Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	8,684	125,000	8,684	125,100	125,000	100	-	-	-
		Taishin Lucky Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	13,559	142,000	10,791	113,290	113,000	290	-	2,768	29,085
		Cathay Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,740	185,000	12,475	147,000	146,630	370	-	3,265	38,519
13	An Ho Garment Co., Ltd.	Far EasTone Telecommunication Co., Ltd.	Equity method investments	Capital decrease	-	106,834	2,290,549	-	-	20,517 (Note B)	-	205,171 (Note B)	-	-	80,172	1,816,882 (Note D)
				Open market	-	-	-	-	-	6,145	289,040	156,636	132,404	(111,860)	-	-
14	Yuan Tong Investment Corp.	Sino Belgium (Holding) Limited	Financial assets at fair value through profit or loss - current	Issuance of stock by cash	-	9	595,190	6	370,794	-	-	-	-	(36,494)	15	929,490 (Note D)
		Far EasTone Telecommunication Co., Ltd.	Financial assets at fair value through profit or loss - current	Capital decrease	-	117,150	2,600,384	-	-	22,498 (Note B)	-	224,984 (Note B)	-	(132,138)	91,088	2,149,100 (Note D)
				Open market	-	-	-	-	-	3,564	166,743	94,162	72,581	-	-	-
24	ARCOA Communications Co., Ltd. (Note D)	PCA Well Pool Fund	Available-for-sale financial assets	-	-	11,840	150,000	10,975	140,000	22,815	291,238	290,000	1,238	-	-	-
		Yuanta Wan Tai Bond Fund	Available-for-sale financial assets	-	-	8,487	120,000	10,511	150,000	6,372	90,884	90,000	884	-	12,626	180,000

Note A: Shares bought - in include portion appropriated of carrying.

Note B: Cash received on subsidiaries' capital decrease.

Note C: Included deferred account \$2,579 is downstream trading.

Note D: The account had been written off.

(Concluded)

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, 2008
(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.	Freundenberg Far Eastern Spunweb Co., Ltd. Oriental Union Chemical Corp. Everest Textile Co., Ltd.	(Note H) (Note A) (Note A)	Sale Purchase Sales	\$ (209,052) 1,545,322 (175,861)	(1) 8 (1)	For contract For contract For contract	\$ - - -	- - -	\$ - - 27,158	- - 4	\$ 57,944 (253,203) 30,220	1 (6) -	
5	Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Purchase	3,241,949 (Note L)	82	Average 60 days	-	-	-	-	(1,719,842) (Note L)	(67)	
6	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note F)	Purchase	346,471 (Note L)	91	Average 30 days	-	-	(20,679) (Note L)	(98)	-	-	
9	Far Eastern General Contractor Inc.	Far Eastern Construction Co., Ltd. Ya Tung Ready Mixed Concrete Co., Ltd. Far Eastern Department Stores Co., Ltd.	(Note E) (Note I) (Note J)	Construction income Purchase Construction income	(459,398) (Note L) 103,547 (131,962)	(22) 5 (6)	Average 30 days Average 45 days Average 30 days	- - -	- - -	1,562,541 (Notes K and L) (45,953) 301,924 (Note K)	10 (10) 2	20,679 (Note L) (36,846) -	11 (14) -	
15	Far EasTone Telecommunications Co., Ltd.	KG Telecommunications Co., Ltd. ARCOA Communications Co., Ltd. KGE.com Co., Ltd. New Century InfoComm Tech Co., Ltd.	(Note F) (Note F) (Note G)	Operating revenue Operating cost Sale Operating cost, sales expenses and purchase Operating revenue Operating revenue	(1,490,898) (Note L) 883,556 (Note L) (102,989) (Note L) 1,329,144 (Note L) (102,671) (Note L) (513,626)	(6) 8 (1) 8 - (2)	For contract For contract For contract For contract For contract For contract	- - - - - -	- - - - - -	- - - - - -	- - - - - -	419,356 (Note L) (138,528) (Note L) 164,729 (Note L) (200,813) (Note L) 37,852 (Note L) (147,171) (Note C)	7 (13) 3 (4) 1 (14)	
16	Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note G)	Purchase	113,050 (Note L)	8	Average 60 days	-	-	-	-	(57,115) (Note L)	(10)	
17	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd. Far Eastern Polychem Industries Ltd. Oriental Petrochemical (Shanghai) Corp. Oriental Industries (Suzhou) Ltd.	(Note G) (Note G) (Note G) (Note G)	Sale Sale Purchase Purchase	(474,317) (Note L) (3,241,949) (Note L) 4,395,362 (Note L) 703,987 (Note L)	(4) (25) 36 6	Average 60 days Average 60 days Average 60 days Average 60 days	- - - -	- - - -	- - (3,024,402) (Note L) -	- - (95) -	554,867 (Note L) 1,719,842 (Note L) (973,662) (Note L) (716,655) (Note L)	14 43 (18) (13)	
18	Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note G)	Purchase	380,768 (Note L)	100	Average 90 days	-	-	-	-	(217,495) (Note L)	(100)	
23	KG Telecommunications Co., Ltd.	Far EasTone Telecommunications Co., Ltd. ARCOA Communications Co., Ltd.	(Note E) (Note D)	Operating revenue Operating cost Marketing expenses and purchase	(883,556) (Note L) 1,490,898 (Note L) 316,027 (Note L)	(13) 31 5	For contract For contract For contract	- - -	- - -	- - -	- - -	138,528 (Note L) (419,356) (Note L) (40,927) (Note L)	8 (69) (2)	

(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		% to Total
24	ARCOA Communications Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating commissions revenue, service revenue and sales	\$ (1,329,144) (Note L)	(41)	For contract	\$ -	-	\$ -	-	\$ 200,813 (Note L)	60	
		KG Telecommunications Co., Ltd.	(Note D)	Purchase	102,989 (Note L)	4	For contract	-	-	-	-	(164,729) (Note L)	(28)	
				Operating commissions revenue and sales	(316,027) (Note L)	(10)	For contract	-	-	-	-	40,927 (Note L)	12	
32	Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Purchase	474,317 (Note L)	92	Average 60 days	-	-	-	-	(554,867) (Note L)	(98)	
33	KGEx.com Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note G)	Operating cost	102,671 (Note L)	22	For contract	-	-	-	-	(37,852) (Note L)	(21)	
34	Oriental Petrochemical (Shanghai) Corp.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(4,395,362) (Note L)	(42)	In 90 to 180 days	-	-	3,024,402 (Note L)	96	973,662 (Note L)	55	
		Far Eastern Industries (Suzhou) Ltd.	(Note G)	Sale	(1,192,035) (Note L)	(11)	In 90 to 180 days	-	-	226,506 (Note L)	7	290,980 (Note L)	16	
35	Far Eastern Industries (Suzhou) Ltd.	Oriental Petrochemical (Shanghai) Corp.	(Note G)	Purchase	1,192,035 (Note L)	52	Average 90 days	-	-	(226,506) (Note L)	(55)	(290,980) (Note L)	(32)	
		Oriental Industries (Suzhou) Ltd.	(Note G)	Sale	(2,178,009) (Note L)	(97)	Average 90 days	-	-	521,829 (Note L)	100	374,613 (Note L)	72	
36	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Purchase	2,178,009 (Note L)	79	Average 90 days	-	-	(374,613) (Note L)	(73)	(521,829) (Note L)	(71)	
		Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(703,987) (Note L)	(25)	Average 60 days	-	-	-	-	716,655 (Note L)	59	
		Oriental Textile (Holding) Ltd.	(Note G)	Sale	(380,768) (Note L)	(12)	Average 90 days	-	-	-	-	217,495 (Note L)	29	
37	Far Eastern Spinning Weaving and Dyeing Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note G)	Sales	(113,050) (Note L)	(24)	Average 60 days	-	-	-	-	57,115 (Note L)	29	

Notes:

- A. Equity-method investee.
- B. Same chairman.
- 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. Same parent company.
- E. Parent company.
- F. The subsidiary.
- G. Same ultimate parent company.
- H. Equity-method investee.
- I. The subsidiary of subsidiary.
- J. The chairman of the investees is a member of Far Eastern General Contractor Company's board of directors.
- K. Billings on construction-in-progress and advance receipts produced from Far Eastern General Contractor Inc. to Far Eastern Construction Co., Ltd. and Far Eastern Department Stores Co., Ltd.
- L. 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, 2008

(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		
2	Far Eastern Investment (Holding) Ltd.	Far Eastern Polychem Industries Ltd.	(Note D)	\$ 118,587	0.90	\$ -	-	\$ -	\$ -
15	Far EasTone Telecommunications Co., Ltd.	KG Telecommunication Co., Ltd. ARCOA Communication Co., Ltd.	(Note E) (Note E)	491,368 171,776	(Note B) 9.00	- -	- -	269,893 126,881	- -
17	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd. Far Eastern Polychem Industries Ltd.	(Note D) (Note D)	554,867 1,719,842	2.69 3.09	- -	- -	103,931 102,912	- -
23	KG Telecommunication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note F)	934,229	(Note C)	-	-	811,394	-
24	ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note F)	200,813	11.70	-	-	151,578	-
33	Oriental Petrochemicals (Shanghai) Corp.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd.	(Note D) (Note D)	3,998,064 517,486	9.50 7.32	- -	- -	RMB - RMB 41,725	- -
34	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note D)	896,442	4.61	-	-	RMB 29,085	-
35	Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd. Far Eastern Industries (Shanghai) Ltd.	(Note F) (Note D)	217,495 716,655	1.81 1.80	- -	- -	190,079 326,785	- -

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: The subsidiary company.

Note F: Parent company.

Note G: 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, 2008
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes	
					Jun. 30, 2008	December 31, 2007	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	657,751	24.05	\$ 12,451,779	\$ 5,171,775	\$ 1,015,271	Gain or loss recognized under the treasury stock method	
		Far Eastern Department Store	Taipei, Taiwan	Department store operations	1,254,158	1,254,158	188,311	16.80	3,700,568	185,370	31,142		
		Oriental Union Chemical Corp.	Taipei, Taiwan	Chemical materials production	1,176,211	1,176,211	72,385	9.19	1,106,155	1,456,429	142,425		
		Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	567,639	567,639	72,936	3.88	710,779	113,421	4,400		
		Everest Textile Co., Ltd.	Tainan, Taiwan	Fiber production	1,689	1,689	129	0.03	1,538	(61,029)	(18)		
		Yuan Ding Investment Corp.	Taipei, Taiwan	Investment	100,539	100,539	1,833,824	100.00	33,135,951	3,103,479	3,103,479		(Note D)
		Far Eastern Resources Development Co., Ltd.	Taipei, Taiwan	Real estate rental	14,931,733	14,931,733	245,600	100.00	15,366,355	104,808	104,808		(Note D)
		Yuan Tong Investment Corp.	Taipei, Taiwan	Investment	5,850,000	5,850,000	683,945	100.00	7,583,965	(134,581)	(134,581)		(Note D)
		Far Eastern Investment (Holding) Ltd.	Clarendon House, Hamilton HM11, Bermuda	Investment	5,833,333	5,833,333	1,700	100.00	5,271,496	270,359	270,359		(Note D)
		Kai Yuan International Investment Corp.	Taipei, Taiwan	Investment	999,993	999,993	246,776	100.00	3,545,264	357,322	357,322		(Note D)
		Yuang Ding Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	857,447	857,447	148,529	37.13	3,326,041	237,579	88,213		
		Far Eastern Polytex (Holding) Limited	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	2,654,452	2,502,777	41	100.00	2,549,352	(91,563)	(91,563)		(Note D)
		Oriental Securities Co.	Taipei, Taiwan	Broker	159,823	159,823	140,278	19.65	2,069,198	(679,644)	(133,550)		
		Ding Yuan International Investment Corp.	Taipei, Taiwan	Investment	2,000,062	2,000,062	200,000	100.00	2,170,677	49,195	49,195		(Note D)
		Far Eastern Polychem Industries Ltd.	Clarendon House, Hamilton HM11, Bermuda	Investment	2,229,064	1,784,176	252,660	43.24	2,231,093	(359,645)	(142,455)		(Note D)
		Far Eastern Construction Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	143,450	143,450	101,402	65.11	2,098,368	988,123	643,367		(Note D)
		Pacific Liu Tung Investment Co. (Note B)	Taipei, Taiwan	Investment	810,000	810,000	67,500	16.83	1,254,153	578,042	97,285		
		An-Ho Garment Corp.	Taipei, Taiwan	Garment production	1,023	1,023	18,600	100.00	1,210,041	250,666	250,666		(Note D)
Fu Kwok Garment Manufacturing Co.	Kaohsiung, Taiwan	Garment production	9,129	9,129	3,999	99.99	127,457	3,331	3,331	(Note D)			
Ding Ding Hotel Corp.	Taipei, Taiwan	Hotel	249,795	249,795	5,386	19.00	60,405	28,943	5,498				
New Century Information Communication Co.	Taipei, Taiwan	Telecommunications	40,560	40,560	4,008	0.10	27,300	(1,451,972)	(1,452)	(Note D)			
1	Yuan Ding Investment Corporation	Far EasTone Telecommunications Corp.	Taipei, Taiwan	Telecommunications	4,249,024	5,259,000	1,066,658	32.73	21,683,411	5,216,486	-	(Note D)	
		Everest Textile Co., Ltd.	Tainan, Taiwan	Fiber production	470,103	470,103	118,869	24.24	1,127,215	(61,029)	-		
		Oriental Union Chemical Corp.	Taipei, Taiwan	Petrochemical materials production	1,129,885	1,129,885	71,934	9.13	1,178,858	1,456,429	-		
		New Century Information Communication Co.	Taipei, Taiwan	Telecommunications	1,549,473	1,549,473	154,947	3.87	1,055,164	(1,451,972)	-		
		Far Eastern Department Store	Taipei, Taiwan	Department store operations	36,892	825,684	2,207	0.20	39,637	185,370	-		
		Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	366,333	366,333	18,451	0.98	167,537	113,421	-		
		Asia Cement Corporation	Taipei, Taiwan	Cement production	9,642	9,642	825	0.03	12,048	5,171,775	-	Gain or loss recognized under the treasury stock method	
		Oriental Textile (Holding) Ltd.	Bermuda	Investment	4,822,715	4,660,330	73	100.00	4,390,034	(142,011)	-	(Note D)	
		Oriental Securities Co.	Taipei, Taiwan	Broker	252,031	258,846	184,907	25.91	2,832,922	(679,644)	-	Including amortized discount of \$806	
		Far Eastern Polychem Industries Ltd.	Bermuda	Sale of textile, garments, and clothing	1,620,452	1,620,452	331,717	56.76	2,928,696	(359,645)	-	(Note D)	
		Liquid Air Far East Co., Ltd.	Taipei, Taiwan	Industrial gas production and selling	329,778	329,778	69,113	35.00	1,020,637	238,786	-		
		Far Eastern Apparel (Holding) Ltd.	Bermuda	Sale of textile, garments, and clothing	1,197,308	1,132,374	63	100.00	1,079,547	2,156	-	(Note D)	
		Yuang Ding Co.	Taipei, Taiwan	Real estate construction and selling	188,846	188,846	51,457	12.86	1,149,744	237,579	-		
		Pacific Liu Tung Investment Co. (Note B)	Taipei, Taiwan	Investment	796,491	796,491	59,827	14.92	827,638	578,042	-		
		Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing of real estate and movable property, etc.	916,865	855,697	64,337	16.60	943,710	84,285	-		
		Pacific Petrochemical (Holding) Ltd.	P. O. Box 3140, Road Town Tortola British Virgin Islands	Investment	681,000	681,000	20	39.40	535,254	40,812	-	(Note D)	
		Invista-Fast Eastern Co., Ltd.	Taoyuan, Taiwan	Leasing	585,000	585,000	33,082	50.00	366,586	31,775	-		
		Yuang Ding Leasing Co.	Taipei, Taiwan	Leasing	319,380	319,380	36,706	46.20	387,287	10,995	-		
Freudenberg Far Eastern Spunweb Co.	Taoyuan, Taiwan	Production of nonwoven industrial fabrics	144,797	144,797	13,023	29.80	233,232	53,484	-				
Far Eastern Apparel Company	Taipei, Taiwan	Sale of textile, garments, and clothing	287,984	287,984	18,000	100.00	293,745	24,271	-	Including reversal of impairment loss of \$36,295 (Note D)			
Da Ju Fiber Corporation	Taipei, Taiwan	Polyester production	136,532	136,532	11,880	41.86	130,015	(28,329)	-				

(Continued)

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
					Jun. 30, 2008	December 31, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
		Yuan Faun Ltd. Yue Ming Co. Taiwan Recycling Corp. Far Eastern General Contractor Inc.	Taipei, Taiwan Taipei, Taiwan Taoyuan, Taiwan Taipei, Taiwan	PET bottle production and selling Trading Waste recycling and processing Construction	\$ 51,671 36,482 279,901 14,862	\$ 48,000 36,482 279,901 -	5,000 1,067 21,322 931	100.00 45.50 70.32 1.00	\$ 91,839 69,391 180,142 13,216	\$ (934) 9,599 (26,853) 286,173	\$ - - - -	(Note D) (Note D) (Note D) (Note D)
2	Far Eastern Investment (Holding) Ltd.	F.E.T.G. Investment Antilles N.V. Filsyn Corporation Pet Far Eastern (M) Sdn. Bhd. Com 2B Corporation Fashionline Saigon Ltd.	E.E.G Boulevard 62 Pox Box 342, Bonaire Philippines Malaysia Cayman Islands Vietnam	Investment Fiber production Bottle production E-business Clothing produced	US\$ 6 PHP 225,324 MYR 8,000 US\$ 3,375 US\$ 3,000	US\$ 6 PHP 225,324 MYR 8,000 US\$ 3,375 US\$ 3,000	6 45,066 Common stock: 5,000 Preferred stock: 3,000 9,000 (Note A)	100.00 21.85 50.00 20.00 100.00	US\$ 3,753 US\$ - US\$ 4,106 US\$ 934 US\$ 4,143	US\$ 1,384 US\$ - MYR 1,658 US\$ 29 US\$ 78	- - - - -	(Note D) (Note D) (Note D)
3	Ding Yuan International Investment Corp.	Far Eastern International Commercial Bank Far Eastern Department Store Everest Textile Co., Ltd. Oriental Union Chemical Corp. Far EasTone Telecommunications Corp. Pacific Liu Tung Investment Co. (Note B) PET Far Eastern (Holding) Ltd. Yue Ding Industry Co., Ltd. Asia Cement Corporation	Taipei, Taiwan Taipei, Taiwan Tainan, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Bermuda Taipei, Taiwan Taipei, Taiwan	Banking Department store operations Fiber production Petrochemical materials production Telecommunications Investment Investment Trading co. Cement production	839,359 38,076 146,077 196,863 22,560 90,000 795,762 4,424 79,989	839,359 38,076 146,077 188,674 27,922 90,000 795,762 4,424 79,989	73,732 3,031 8,454 8,419 595 9,000 42 56 2,017	3.92 0.27 1.72 1.07 0.02 2.24 35.44 1.30 0.07	779,963 57,752 75,624 201,833 26,918 153,118 607,977 3,985 82,745	113,421 185,370 (61,029) 1,456,429 5,216,486 578,042 42,699 (5,398) 5,171,775	- - - - - - - - -	- Including amortized discount of \$28 - - (Note D) - (Note D) Including amortized discount of \$214 -
4	Kai Yuan International Investment Corp.	Asia Cement Corporation Far EasTone Telecommunications Corp. Far Eastern International Commercial Bank Oriental Union Chemical Corp. Far Eastern Department Store Kowloon Coment Corp. Far Eastern International Leasing Corp. Pacific Liu Tung Investment Co. (Note B)	Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Hong Kong Taipei, Taiwan Taipei, Taiwan	Cement production Telecommunications Banking Chemical materials production Department store operations Cement production Leasing Investment	151,277 1,559,293 326,368 569,344 65,137 226,896 931,673 90,000	151,277 1,888,882 326,368 569,344 - 226,896 870,747 90,000	10,420 84,858 21,195 24,964 1,842 1,127 64,082 9,000	0.38 2.60 1.13 3.17 0.16 49.00 16.53 2.24	226,364 1,921,234 299,959 459,234 62,798 372,353 937,317 153,118	5,171,775 5,216,486 113,421 1,456,429 185,370 14,776 84,285 578,042	- - - - - - - -	Including amortized discount of \$1,490 (Note D) - Including amortized discount of \$2,032 - - - - -
5	Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd. PET Far Eastern Holding Ltd. FEDP (Holding) Limited	China Bermuda Bermuda	Fiber production Investment Investment	HK\$ 604,500 US\$ 17,622 US\$ 29,240	HK\$ 604,500 US\$ 12,822 US\$ 24,440	(Note A) 35 240	82.40 29.12 49.57	HK\$ 1,041,412 HK\$ 119,904 HK\$ 201,043	RMB (59,921) US\$ 1,378 US\$ (549)	- - -	(Note D) (Note D) (Note D)
6	Far Eastern Construction Co.	Far Eastern General Contractor Inc. Asia Cement Corporation	Taipei, Taiwan Taipei, Taiwan	Construction Cement production	259,820 216,959	274,332 597,871	92,098 14,421	98.95 0.53	1,370,633 363,658	286,173 5,171,775	- -	(Note D) (Note D)
7	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	China China	Garment production Dyeing and finishing	US\$ 5,000 US\$ 20,000	US\$ 5,000 US\$ 20,000	(Note A) (Note A)	38.46 100.00	US\$ 12,303 US\$ 22,063	RMB 12,942 RMB 3,837	- -	(Note D) (Note D)
8	Far Eastern Apparel Company	Ming Ding Co. Yue Ding Industry Co., Ltd.	Taipei, Taiwan Taipei, Taiwan	Markets underwear Trading co.	2,174 28,705	2,174 28,705	448 6	44.80 0.01	7,739 29	140 (5,398)	- -	(Note D) (Note D)
9	F.E.T.G. Investment Antilles N.V.	Waldorf Services B. V.	Netherlands	Investment	US\$ 19	US\$ 19	0.04	100.00	US\$ 3,904	US\$ 1,385	-	(Note D)
10	Waldorf Services B. V.	Cemtex Apparel, Inc. Malaysia Garment Manufacturers Pte. Ltd. Far Eastern International Garments	Philippines Singapore Bldg.#5 Cor. Sirloin and Bagsakan Ave, FTI Taguig, MMFilipino	Clothing O.E.M. Garment production Garment production	PESO 6,000 SG\$ 2,999 US\$ 290	PESO 6,000 SG\$ 2,999 US\$ 290	90 30 29	50.00 37.90 41.00	US\$ 249 US\$ - US\$ -	PESO 1,359 US\$ (170) PESO (5,846)	- - -	
11	An Ho Garment Co., Ltd.	Far EasTone Telecommunications Corp. Far Eastern International Commercial Bank Asia Cement Corporation Yue Ding Industry Co., Ltd. Pacific Liu Tung Investment Co. (Note B) Oriental Securities Co.	Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan	Telecommunications Banking Cement production Trading co. Investment Broker	1,340,981 297,898 99,925 111,997 67,285 86,200	1,786,941 297,898 99,925 111,997 67,285 -	80,172 18,361 2,528 11,494 4,841 5,000	2.46 0.98 0.09 26.50 1.21 0.70	1,816,882 252,371 103,609 99,548 87,247 78,184	5,216,486 113,421 5,171,775 (5,398) 578,042 (679,644)	- - - - - -	(Note D) Including amortized discount of \$544 Including amortized discount of \$47

(Continued)

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
					Jun. 30, 2008	December 31, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
12	Yuan Faun Ltd.	Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	\$ 31,581	\$ 31,298	3,891	0.207	\$ 31,533	\$ 113,421	\$ -	(Note D)
		Yuan Cheng Human Resources Consultant Corp	Taipei, Taiwan	Personnel recruitment	3,203	3,498	111	55.56	3,203	1,298	-	
13	Yuang Tong Investment Corporation	Pacific Liu Tung Investment Co. (Note B)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	153,118	578,042	-	- - - (Note D) - (Note D) - Including amortized discount of \$29 - Gain or loss recognized under the treasury stock method - (Note D) - (Note D)
		New Century Information Communication Co.	Taipei, Taiwan	Telecommunications	5,672,635	5,672,635	480,442	12.01	3,271,696	(1,451,972)	-	
		Far EasTone Telecommunications Co.	Taipei, Taiwan	Telecommunications	1,523,680	1,959,640	91,088	2.80	2,149,100	5,216,486	-	
		Far Eastern Electronic Toll Collection Co., Ltd.	Taipei, Taiwan	Electronic toll collection service	350,476	350,476	35,048	9.15	111,098	(291,259)	-	
		Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	276,581	276,581	17,743	0.94	241,974	113,421	-	
		Far Eastern Department Store	Taipei, Taiwan	Department store operations	1,954	1,954	139	0.01	2,238	185,370	-	
		Oriental Union Chemical Corp.	Taipei, Taiwan	Chemical materials production	9,543	9,543	431	0.05	9,495	1,456,429	-	
		Asia Cement Corporation	Taipei, Taiwan	Cement production	297,092	297,092	7,449	0.27	309,734	5,171,775	-	
FEDP (Holding) Limited	Bermuda	Investment	810,739	810,739	196	40.33	809,927	(17,021)	-			
Sing Belgium (Holding) Limited	Clarendon Z Church Street, Hamiton HM11, Bermuda	Investment	962,577	591,783	15	100.00	929,490	(36,494)	-			
14	Far EasTone Telecommunications Co., Ltd.	KG Telecommunications Co., Ltd.	Taiwan	Type I telecommunications services	29,629,139	29,629,139	1,332,998	100.00	32,374,094	873,845	-	(Note D)
		New Century InfoComm Tech Co., Ltd.	Taiwan	Type I, II telecommunications services	6,062,000	6,062,000	980,315	24.51	5,775,189	(1,451,972)	-	(Note D)
		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	1,023,867	44,172	-	(Note D)
		Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection service	1,577,140	1,577,140	157,714	41.18	525,014	(291,259)	-	(Note D)
		Q-ware Communications Co., Ltd.	Taiwan	Type II telecommunications services	495,855	495,855	36,460	51.00	276,111	(149,004)	-	(Note D)
		Far Eastern Info Service (Holding) Ltd.	Bermuda	Investment	92,616	92,616	1	100.00	146,758	8,261	-	(Note D)
		E. World (Holdings) Ltd.	Cayman Islands	Investment	82,883	82,883	6,015	85.92	63,823	3,264	-	(Note D)
		Far EasTron Holding Ltd.	Cayman Islands	Investment	150,000	150,000	4,487	100.00	28,112	(10,908)	-	(Note D)
		Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	45,000	45,000	4,500	15.00	13,260	(34,313)	-	(Note D)
Far EasTron Co., Ltd.	Taiwan	Internet service	1,000	1,000	100	0.67	160	(10,876)	-	(Note D)		
15	Far Eastern Apparel (Suzhou) Ltd.	Wu Han Far Eastern New Material Ltd.	China	Garment production and sales	RMB 350	RMB 350	(Note A)	0.50	RMB 350	RMB 163	-	(Note D)
		Shanghai Yuan Zi Information Co., Ltd.	China	Software development, equipment maintenance and consulting	RMB 100	RMB 100	(Note A)	5.00	RMB 100	RMB (286)	-	(Note D)
		Suzhou An He Apparel Ltd.	China	Clothing O.E.M.	RMB 100	RMB 100	(Note A)	100.00	RMB 100	RMB 23	-	(Note D)
16	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	China	Garment production and sales	RMB 6,650	RMB 6,650	(Note A)	6.50	RMB 3,700	RMB 163	-	(Note D)
		Shanghai Yuan Zi Information Co., Ltd.	China	Software development, equipment maintenance and consulting	RMB 1,900	RMB 1,900	(Note A)	95.00	RMB 1,676	RMB (286)	-	(Note D)
		Shanghai Far Eastern Petrochemical Logistic Ltd.	China	Logistic	RMB 5,000	RMB 5,000	(Note A)	100.00	RMB 5,381	RMB 52	-	(Note D)
17	Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	China	Fiber and textile production	US\$ 59,960	US\$ 59,960	(Note A)	100.00	US\$ 69,932	RMB 6,110	-	(Note D)
		Oriental Industries (Suzhou) Ltd.	China	Textile production	US\$ 73,000	US\$ 50,000	(Note A)	100.00	US\$ 68,319	RMB (13,582)	-	(Note D)
		Far Eastern Industries (JiuJiang) Ltd.	China	Fiber and textile production	US\$ 1,200	US\$ 1,200	(Note A)	100.00	US\$ 1,139	-	-	(Note D)
18	Pacific Petrochemical (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	China	PTA production and sale	US\$ 50,755	US\$ 50,755	(Note A)	43.20	US\$ 47,893	RMB 55,887	-	(Note D)
19	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	China	PTA production and sale	US\$ 50,755	US\$ 50,755	(Note A)	43.20	US\$ 47,893	RMB 55,887	-	(Note D)
20	FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	China	Fiber, PTA production	US\$ 49,800	US\$ 45,000	(Note A)	100.00	US\$ 43,665	RMB 6,339	-	(Note D)
21	Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd.	China	Garment production and sales	US\$ 12,000	US\$ 12,000	(Note A)	93.00	US\$ 12,597	RMB 163	-	(Note D)
		Far Eastern Apparel (Suzhou) Ltd.	China	Garment production	US\$ 16,000	US\$ 11,000	(Note A)	61.54	US\$ 18,651	RMB 12,942	-	(Note D)
		FEDP Holding Ltd.	Bermuda	Investment	US\$ 6,408	US\$ 6,408	49	10.10	US\$ 7,136	US\$ (549)	-	(Note D)
		Far Eastern (China) Investment Ltd.	China	Investment	US\$ 48,000	US\$ 48,000	(Note A)	100.00	US\$ 44,642	RMB (23,591)	-	(Note D)
22	KG Telecommunications Co., Ltd.	KGEx.com Co., Ltd.	Taiwan	Type II telecommunications services	2,199,200	2,197,794	186,671	74.67	888,914	(69,028)	-	(Note D)
		KGT International Holding Co., Ltd.	British Virgin Islands	Investment	93,976	93,976	50	100.00	69,649	(4,323)	-	(Note D)
		iScreen	Taiwan	Information service	100,000	100,000	4,000	40.00	28,069	3,622	-	
ADCast Interactive Marketing Co., Ltd.	Taiwan	Internet advertisements and marketing	3,652	-	369	20.87	3,341	(1,878)	-			

(Continued)

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
					Jun. 30, 2008	December 31, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
23	Far Eastern Info Service (Holding) Ltd	Far Eastern Tech-info Ltd. (Shanghai)	Shanghai	Computer data providing service	US\$ 2,500	US\$ 2,500	-	100.00	US\$ 4,177	\$ 3,830	\$ -	(Note D)
24	Far EasTron Holding Ltd.	Far EasTron Co., Ltd.	Taiwan	Internet service	US\$ 4,532	US\$ 4,532	14,900	99.33	US\$ 916	(10,876)	-	(Note D)
25	E. World (Holdings) Ltd.	Yuan Cing Co., Ltd.	Taiwan	Call center services	\$ 193,500	\$ 193,500	19,350	99.99	US\$ 2,170	3,823	-	(Note D)
26	KGT International Holding Co., Ltd.	KGEx.com Co., Ltd.	Taiwan	Type II telecommunications services	US\$ 4,822	US\$ 4,822	11,465	4.59	54,595	(69,028)	-	(Note D)
27	Far Eastern (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd. Oriental Petrochemical (Shanghai) Corp.	China China	Fiber and silk production PTA production and sale	RMB 219,138 RMB 103,736	RMB 219,138 RMB 103,736	(Note A) (Note A)	17.60 13.60	RMB 219,138 RMB 103,736	RMB (59,921) RMB 55,887	- -	(Note D) (Note D)
28	Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Ltd.	China	Brewer	US\$ 30,000	US\$ 18,000	-	100.00	US\$ 29,765	RMB -	-	(Note D)
29	Far Eastern Industries (Wuxi) Ltd.	Martens Beer (Shanghai) Ltd.	China	Fiber and silk production	RMB 1,500	RMB 1,500	-	30.00	RMB 1,500	RMB -	-	

Notes:

- A. This is a private company.
- B. 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.
- C. Other than Asia Cement Corporation, Far Eastern Department Store, 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.
- D. The account had been written off. (Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA

SIX MONTHS ENDED JUNE 30, 2008

(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, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2008	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes A and L)	Carrying Value as of June 30, 2008 (Notes B and L)	Accumulated Inward Remittance of Earnings as of June 30, 2008
					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.	\$ 6,131,432 (RMB 1,385,130)		\$ 874,020 793,920 (Note D)	\$ -	\$ -	\$ 874,020 793,920 (Note D)	100.00%	\$ (263,007)	\$ 4,914,274	\$ 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.	905,584 (RMB 204,577)		358,050 501,176 (Note D)	151,450	-	509,500 501,176 (Note D)	100.00%	56,806	991,208	-
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.	2,131,284 (RMB 481,471)		2,018,430 (Note D)	-	-	2,018,430 (Note D)	100.00%	26,817	2,260,125	-
Oriental Petrochemical (Shanghai) Ltd. (OPC)	Manufacture and distribution of PTA and it's by-product.	4,236,600 (RMB 957,075)		1,375,680 (Note E)	-	-	1,375,680 (Note E)	58.51%	140,973	2,142,254	-
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.	732,795 (RMB 165,453)		681,505 (Note D)	-	-	681,505 (Note D)	100.00%	16,840	712,748	-
Far Eastern Industries (Suzhou) Ltd.	Manufacture and distribution of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	1,745,722 (RMB 394,370)		940,708	148,032 (Note J)	-	1,088,740	100.00%	27,823	1,403,226	-
Wu Han Far Eastern New Material Ltd.	Manufacture and distribution of PET chips, FET sheets, PET performs and garments and it's by-product.	454,722 (RMB 102,725)		393,960	-	-	393,960	100.00%	718	437,920	-
Oriental Industries (Suzhou) Ltd.	Manufacture and distribution of PET performs and high-value engineered textiles industrial woven fabrics and scraps	2,501,107 (RMB 565,016)		2,383,021 (Note D)	-	-	2,383,021 (Note D)	100.00%	(59,615)	2,148,014	-

(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, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2008	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes A and L)	Carrying Value as of June 30, 2008 (Notes B and L)	Accumulated Inward Remittance of Earnings as of June 30, 2008
					Outflow	Inflow					
Far Eastern Industries (Jiujiang) Ltd.	Manufacture of cotton yarns, natural fibers and chemical fibers and it's by-product.	\$ 40,598 (RMB 9,171)		\$ 258,880 (Note D)	\$ -	\$ -	\$ 258,880 (Note D)	100.00%	\$ (93)	\$ 40,503	\$ -
Far Eastern (China) Investment Ltd.	Investment	1,613,678 (RMB 364,540)		1,577,040	-	-	1,577,040	100.00%	(103,545)	1,509,251	-
Sino Belgium (Suzhou) Limited	Brewer	967,124 (RMB 218,480)		591,783	370,794 (Note J)	-	962,577	100.00%	-	967,124	-
Far Eastern Tech-info Ltd. (Shanghai) (Note F)	Service of software, data processing, information provider and information integration system service.	75,850 (US\$ 2,500)		92,616 (Note G)	-	-	92,616 (Note G)	100.00%	3,830	126,730 (US\$ 4,177)	-

Accumulated Investment in Mainland China as of June 30, 2008	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$222,249 (Note H)	US\$244,532 (Note I)	NT\$27,523,128 (Note K)

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 was calculated based on the net value derived from reviewed consolidated financial statement as of June 30, 2008.
- L. The amount had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE

SIX MONTHS ENDED JUNE 30, 2008

(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 (US\$)	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area (US\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Industries (Shanghai) Ltd. (FEIS)	Far Eastern Textile Ltd.	1996.07.09	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.	2004.12.29	No. 093032400	Far Eastern Polychem Industries Ltd.	1,712		\$ 1,712		
	Far Eastern Textile Ltd.	2004.12.30	No. 093032090	Far Eastern Polychem Industries Ltd.	1,540			\$ 1,540	
	Far Eastern Textile Ltd.	2004.11.03	No. 093032240	Far Eastern Polychem Industries Ltd.	3,879		3,879		
	Yuan Ding Investment Corp.	2004.12.29	No. 093032402	Far Eastern Polychem Industries Ltd.	7,014		7,014		
	Yuan Ding Investment Corp.	2004.11.02	No. 093032239	Far Eastern Polychem Industries Ltd.	15,898		15,898		
	Yuan Ding Investment Corp.	2004.12.29	No. 093032089	Far Eastern Polychem Industries Ltd.	6,313			6,313	
	Far Eastern Textile Ltd.	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	31,779	31,779			
	Far Eastern Textile Ltd.	2008.06.27	No. 09700163440	Far Eastern Polychem Industries Ltd.	56,000	56,000			
	Far Eastern Apparel (Suzhou) Ltd. (FEAS)	Yuan Ding Investment Corp.	1996.10.16	No. 85016219	Far Eastern Apparel (Holding) Ltd.	10,000	10,000		
Yuan Ding Investment Corp.		2003.10.30	No. 092033299	Far Eastern Apparel (Holding) Ltd.	5,000	5,000			
Far Eastern Textile Ltd.		2006.05.23	No. 09500112650	Far Eastern Polytex (Holding) Limited	11,000	11,000			
Far Eastern Textile Ltd.		2008.03.31	No. 09700038490	Far Eastern Polytex (Holding) Limited	5,000	5,000			
Far Eastern Industries (Wuxi) Ltd. (FEIW)	Yuan Ding Investment Corp.	2002.06.21	No. 091011903	Oriental Textile (Holding) Ltd.	19,960	19,960			
	Yuan Ding Investment Corp.	2005.11.03	No. 094024169	Oriental Textile (Holding) Ltd.	40,000	40,000			
Oriental Petrochemical (Shanghai) Ltd. (OPC)	Yuan Ding Investment Corp.	2003.11.04	No. 092028575	Pacific Petrochemical (Holding) Ltd.	20,000	20,000			
	Ding Yuan International Investment Corp.	2003.02.26	No. 091039560	PET Far Eastern (Holding) Ltd.	20,000	20,000			
	Far Eastern Textile Ltd.	2004.01.14	No. 092035971	Far Eastern Polychem Industries Ltd.	1,228				\$ 1,228
	Yuan Ding Investment Corp.	2004.01.14	No. 092035970	Far Eastern Polychem Industries Ltd.	5,031				5,031
	Far Eastern Textile Ltd.	2008.06.27	No. 09700163430	PET Far Eastern (Holding) Ltd.	49,500	49,500			
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Yuan Ding Investment Corp.	2003.10.31	No. 092033525	Far Eastern Apparel (Holding) Ltd.	20,000	20,000			

(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 (US\$)	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area (US\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Industries (Suzhou) Ltd.	Yuan Ding Investment Corp.	2002.11.26	No. 091035216	Far Eastern Polychem Industries Ltd. F.E.D.P. (Holding) Ltd.	\$ 9,352				\$ 9,352
	Far Eastern Textile Ltd.	2004.10.11	No. 093025506	Far Eastern Polychem Industries Ltd. F.E.D.P. (Holding) Ltd.	1,569			\$ 1,569	
	Far Eastern Textile Ltd.	2004.10.14	No. 093030298	Far Eastern Polychem Industries Ltd. F.E.D.P. (Holding) Ltd.	713				713
	Far Eastern Textile Ltd.	2007.3.13	No. 09600059830	Far Eastern Polytex (Holding) Limited F.E.D.P. (Holding) Ltd.	5,288	\$ 5,288			
	Far Eastern Textile Ltd.	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd. F.E.D.P. (Holding) Ltd.	4,524	4,524			
	Yuang Tong Investment Corp. Far Eastern Textile Ltd.	2007.07.11 2008.04.18	No. 09600243260 No. 09700045510	Far Eastern Polychem Industries Ltd. F.E.D.P. (Holding) Ltd.	20,000 4,800	20,000 4,800			
Oriental Industries (Suzhou) Ltd.	Yuan Ding Investment Corp.	2005.08.01	No. 094015006	Oriental Textile (Holding) Ltd.	19,800	19,800			
	Yuan Ding Investment Corp.	2006.02.09	No. 094037416	Oriental Textile (Holding) Ltd.	30,200	30,200			
	Yuan Ding Investment Corp.	2007.10.02	No. 09600280400	Oriental Textile (Holding) Ltd.	23,000	23,000			
Far Eastern Industries (Jiujiang) Ltd.	Yuan Ding Investment Corp.	2006.03.03	No. 09500033740	Oriental Textile (Holding) Ltd.	8,000	8,000			
Wu Han Far Eastern New Material Ltd.	Far Eastern Textile Ltd.	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Limited	12,000	12,000			
Far Eastern (China) Investment Ltd.	Far Eastern Textile Ltd.	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Limited	48,000	48,000			
Sino Belgium (Suzhou) Ltd.	Yuang Tong Investment Corp.	2007.08.02	No. 09600248620	Sino Belgium (Holding) Limited	18,000	18,000			
	Yuang Tong Investment Corp.	2008.02.21	No. 09600451060	Sino Belgium (Holding) Limited	12,000	12,000			
Far Eastern Tech-info Ltd. (Shanghai)	Far EasTone Telecommunications Corp.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Limited	2,700	2,700			

Note: Far Eastern (China) Investment Ltd. further invested US\$30,000 thousand in Far Eastern Industry (Shanghai) Ltd. in November 2007 and US\$16,000 thousand in Oriental Petrochemical (Shanghai) Corp. in early 2008.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES
SIX MONTHS ENDED JUNE 30, 2008 AND 2007
(In Thousands of New Taiwan Dollars)

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)
0	Six months ended June 30, 2008 Far Eastern Textile Ltd.	Far Eastern Apparel (Suzhou) Ltd.	a	Accounts receivable	\$ (66,687)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	a	Accounts payable	124,304	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	a	Other payable	32,791	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	a	Sales revenue	121,260	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	a	Cost of goods sold	(760,675)	Based on agreement	-
		Yuan Tong Investment Corp.	a	Accounts receivable	(119,831)	Based on agreement	-
		Oriental Resources Development Ltd.	a	Cost of goods sold	(71,630)	Based on agreement	-
		Yuan Tong Investment Corp.	a	Operating expense - rent expense	(22,239)	Based on agreement	-
		Far Eastern Apparel Company	a	Cost of goods sold	(46,537)	Based on agreement	-
		Far Eastern Construction Co., Ltd.	a	Deferred revenue	14,749	Based on agreement	-
		Yuan Ding Investment Corp.	a	Deferred revenue	35,445	Based on agreement	-
		Kai Yuan International Investment Corp.	a	Accounts dividend	(306,002)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	a	Sales revenue	15,451	Based on agreement	-
		Pet Far Eastern(M)Sdn. Bhd.	a	Accounts receivable	(22,786)	Based on agreement	-
		Pet Far Eastern(M)Sdn. Bhd.	a	Sales revenue	45,256	Based on agreement	-
		Far Eastern Construction Co., Ltd.	a	Accounts dividend	(60,842)	Based on agreement	-
		Yuan Ding Investment Corp.	a	Accounts dividend	(7,335,298)	Based on agreement	-
		1	Yuan Ding Investment Corp.	Pacific Petrochemical (Holding) Ltd.	c	Interest revenue	4,050
An Ho Garment Co., Ltd.	c			Interest revenue	4,109	Based on agreement	-
Far Eastern Textile Ltd.	b			Financial assets carried at cost	(35,445)	Based on agreement	-
Pacific Petrochemical (Holding) Ltd.	c			Other receivable	(312,992)	Based on agreement	-
An Ho Garment Co., Ltd.	c			Other receivable	(201,000)	Based on agreement	-
Far Eastern Textile Ltd.	b			Dividend payable	7,335,298	Based on agreement	-
Far Eastern General Contractor Inc.	c			Accounts dividend	(1,862)	Based on agreement	-
2	Kai Yuan International Investment Corp.	Far Eastone Telecommunication Co.	c	Accounts dividend	(263,060)	Based on agreement	-
		Far Eastern Textile Ltd.	b	Dividend payable	306,002	Based on agreement	-
3	Far Eastern Polychem Industries Ltd.	Far Eastern Investment (Holding) Ltd.	c	Other payable	303,400	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	c	Accounts payable	118,587	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	c	Interest expense	(126)	Based on agreement	-
		Far Eastern Textile Ltd.	b	Cost of goods sold	(15,451)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	c	Other receivable	(303,420)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	c	Other receivable	(121,368)	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)
4	Far Eastern Investment (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd.	c	Accounts receivable	\$ (37,912)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	c	Accounts receivable	(118,587)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	c	Other receivable	(303,400)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	c	Interest revenue	126	Based on agreement	-
		Oriental Textile (Holding) Ltd.	c	Other receivable	(611,498)	Based on agreement	-
		Pacific Petrochemical (Holding) Ltd.	c	Other receivable	(536,788)	Based on agreement	-
		Pet Far Eastern(M)Sdn. Bhd.	c	Other receivable	(225,016)	Based on agreement	-
		Pet Far Eastern(M)Sdn. Bhd.	c	Interest revenue	5,459	Based on agreement	-
		Oriental Textile (Holding) Ltd.	c	Interest revenue	5,258	Based on agreement	-
		Sino Belgium (Suzhou) Ltd.	c	Other receivable	(268,808)	Based on agreement	-
		Sino Belgium (Suzhou) Ltd.	c	Interest revenue	13,165	Based on agreement	-
		F.E.T.G. Investment Antilles N.V.	c	Other receivable	(382,710)	Based on agreement	-
		F.E.T.G. Investment Antilles N.V.	c	Interest revenue	11,105	Based on agreement	-
		5	An Ho Garment Co., Ltd.	Yuan Tong Investment Corp.	c	Interest expense	(7,424)
Yuan Tong Investment Corp.	c			Other payable	500,000	Based on agreement	-
Yuan Ding Investment Corp.	c			Interest expense	(4,109)	Based on agreement	-
Ding Yuan International Investment Corp.	c			Other payable	100,000	Based on agreement	-
Ding Yuan International Investment Corp.	c			Interest expense	(1,443)	Based on agreement	-
Far EasTone Telecommunication Co.	c			Accounts dividend	(248,532)	Based on agreement	-
Yuan Ding Investment Corp.	c			Other payable	201,000	Based on agreement	-
6	Yuan Tong Investment Corp.	An Ho Garment Co., Ltd.	c	Interest revenue	7,424	Based on agreement	-
		Far Eastern Textile Ltd.	b	Accounts payable	119,831	Based on agreement	-
		An Ho Garment Co., Ltd.	c	Other receivable	(500,000)	Based on agreement	-
		Far Eastern Textile Ltd.	b	Rent revenue	22,239	Based on agreement	-
		Far EasTone Telecommunication Co.	c	Rent revenue	22,481	Based on agreement	-
		Far EasTone Telecommunication Co.	c	Accounts dividend	(282,373)	Based on agreement	-
		FEDP	c	Other receivable	(340,977)	Based on agreement	-
		FEDP	c	Interest revenue	3,259	Based on agreement	-
7	Far EasTone Telecommunication Co.	Yuan Tong Investment Corp.	c	Dividend payable	282,373	Based on agreement	-
		An Ho Garment Co., Ltd.	c	Dividend payable	248,532	Based on agreement	-
		Kai Yuan International Investment Corp.	c	Dividend payable	263,060	Based on agreement	-
		Ding Yuan International Investment Corp.	c	Dividend payable	1,843	Based on agreement	-
		Yuan Tong Investment Corp.	c	Operating expense - rent expense	(22,481)	Based on agreement	-
8	Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Textile Ltd.	b	Accounts payable	66,687	Based on agreement	-
		Far Eastern Textile Ltd.	b	Accounts receivable	(157,095)	Based on agreement	-
		Far Eastern Textile Ltd.	b	Cost of goods sold	(121,260)	Based on agreement	-
		Far Eastern Textile Ltd.	b	Sales revenue	760,675	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	c	Accounts payable	57,115	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	c	Other payable	124,394	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	c	Cost of goods sold	(113,050)	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)
9	Far Eastern Industries (Shanghai) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	c	Accounts receivable	\$ (973,662)	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	c	Accounts receivable	(554,867)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	c	Cost of goods sold	(4,395,362)	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	c	Sales revenue	474,317	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	c	Notes payable	3,024,402	Based on agreement	-
10	Pacific Petrochemical (Holding) Ltd.	Yuan Ding Investment Corp.	c	Interest expense	(4,050)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	c	Other payable	536,788	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	c	Other receivable	(1,228,770)	Based on agreement	-
		Yuan Ding Investment Corp.	c	Other payable	312,992	Based on agreement	-
11	PET Far Eastern (Holding) Ltd.	Far Eastern Apparel (Holding) Ltd.	c	Other payable	485,440	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	c	Interest expense	(303)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	c	Other receivable	(1,228,770)	Based on agreement	-
12	Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Investment (Holding) Ltd.	c	Other payable	225,016	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	c	Interest expense	(5,459)	Based on agreement	-
		Far Eastern Textile Ltd.	b	Cost of goods sold	(45,256)	Based on agreement	-
		Far Eastern Textile Ltd.	b	Accounts payable	22,786	Based on agreement	-
13	Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	c	Accounts payable	554,867	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	c	Cost of goods sold	(474,317)	Based on agreement	-
14	Oriental Petrochemical (Shanghai) Ltd.	Far Eastern Industries (Shanghai) Ltd.	c	Accounts payable	973,662	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	c	Accounts receivable	(290,980)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	c	Notes receivable	(226,506)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	c	Sales revenue	1,192,035	Based on agreement	-
		Shanghai YuanHua Logistic Corporation	c	Accounts receivable	(39,161)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	c	Sales revenue	4,395,362	Based on agreement	-
		Pacific Petrochemical (Holding) Ltd.	c	Other payable	1,228,770	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	c	Notes receivable	(3,024,402)	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	c	Other payable	1,228,770	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	c	Other payable	121,368	Based on agreement	-
15	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	c	Accounts receivable	(57,115)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	c	Sales revenue	113,050	Based on agreement	-
16	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	c	Cost of goods sold	(2,178,009)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	c	Accounts payable	374,613	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	c	Notes payable	512,829	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)
17	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	c	Sales revenue	\$ 2,178,009	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	c	Accounts payable	290,980	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	c	Notes payable	226,506	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	c	Cost of goods sold	(1,192,035)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	c	Accounts receivable	(374,613)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	c	Notes receivable	(512,829)	Based on agreement	-
		Sino Belgium (Suzhou) Ltd.	c	Accounts receivable	(29,301)	Based on agreement	-
		FEDP	c	Other payable	873,792	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	c	Other payable	303,420	Based on agreement	-
18	F.E.T.G. Investment Antilles N.V.	Waldorf Services B.V.	c	Interest revenue	11,232	Based on agreement	-
		Waldorf Services B.V.	c	Other receivable	(385,834)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	c	Other payable	382,710	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	c	Interest expense	(11,105)	Based on agreement	-
19	Waldorf Services B.V.	F.E.T.G. Investment Antilles N.V.	c	Interest expense	(11,232)	Based on agreement	-
		F.E.T.G. Investment Antilles N.V.	c	Other payable	385,834	Based on agreement	-
20	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	c	Other receivable	(124,394)	Based on agreement	-
		PET Far Eastern Holding Ltd.	c	Other receivable	(485,440)	Based on agreement	-
		PET Far Eastern Holding Ltd.	c	Interest revenue	303	Based on agreement	-
		Yuan Ding Investment Corp.	c	Other payable	295,142	Based on agreement	-
21	Shanghai YuanHua Logistic Corporation	Oriental Petrochemical (Shanghai) Ltd.	c	Accounts payable	39,161	Based on agreement	-
22	Oriental Textile (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	c	Other payable	611,498	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	c	Interest expense	(5,258)	Based on agreement	-
23	Oriental Resources Development Ltd.	Far Eastern Textile Ltd.	b	Sales revenue	71,630	Based on agreement	-
24	Sino Belgium (Suzhou) Ltd.	Far Eastern Investment (Holding) Ltd.	c	Other payable	268,808	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	c	Interest expense	(13,165)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	c	Accounts payable	29,301	Based on agreement	-
25	Ding Yuan Investment Corp.	Far Eastone Telecommunication Co.	c	Accounts dividend	(1,843)	Based on agreement	-
		An Ho Garment Co., Ltd.	c	Other receivable	(100,000)	Based on agreement	-
		An Ho Garment Co., Ltd.	c	Interest revenue	1,443	Based on agreement	-
26	FEDP	Far Eastern Industries (Suzhou) Ltd.	c	Other receivable	(873,792)	Based on agreement	-
		Yuan Tong Investment Corp.	c	Other payable	340,977	Based on agreement	-
		Yuan Tong Investment Corp.	c	Interest expense	(3,259)	Based on agreement	-
27	Far Eastern Apparel Company	Far Eastern Textile Ltd.	b	Sales revenue	46,537	Based on agreement	-
28	Far Eastern Industries (Wuxi) Ltd.	Far Eastern Investment (Holding) Ltd.	c	Accounts payable	37,912	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)
29	Far Eastern General Contractor Inc.	Yuan Ding Investment Corp. Far Eastern Construction Co., Ltd.	c	Dividend payable	\$ 1,862	Based on agreement	-
			c	Dividend payable	18,420	Based on agreement	-
30	Far Eastern Construction Co., Ltd.	Far Eastern Textile Ltd. Far Eastern Textile Ltd. Far Eastern General Contractor Inc.	b	Dividend payable	60,842	Based on agreement	-
			b	Rental assets	(14,749)	Based on agreement	-
			c	Accounts dividend	(18,420)	Based on agreement	-
31	F.E.D.P	Far Eastern Industries (Suzhou) Ltd. Yuang Tong Investment Corp. Yuang Tong Investment Corp.	c	Other receivable	(873,792)	Based on agreement	-
			c	Other payable	340,977	Based on agreement	-
			c	Interest expense	(3,259)	Based on agreement	-
0	<u>Six months ended June 30, 2007</u> Far Eastern Textile Ltd.	Taiwan Recycling Corp. Far Eastern Apparel (Suzhou) Ltd. Far Eastern Apparel (Suzhou) Ltd. Far Eastern Apparel (Suzhou) Ltd. Far Eastern Apparel (Suzhou) Ltd. Far Eastern Apparel (Holding) Company Far Eastern Construction Co., Ltd. Yuan Ding Investment Corp.	a	Cost of goods sold	(75,408)	Based on agreement	-
			a	Accounts receivable	(53,838)	Based on agreement	-
			a	Cost of goods sold	(144,953)	Based on agreement	-
			a	Sales revenue	90,106	Based on agreement	-
			a	Cost of goods sold	(219,572)	Based on agreement	-
			a	Deferred revenue	14,749	Based on agreement	-
			a	Deferred revenue	35,445	Based on agreement	-
1	Yuan Ding Investment Corp.	Yuan Tong Investment Corp. Yuan Tong Investment Corp. Far Eastern Textile Ltd. An Ho Garment Co., Ltd. An Ho Garment Co., Ltd.	c	Other receivable	(440,000)	Based on agreement	-
			c	Interest revenue	11,336	Based on agreement	-
			b	Financial assets carried at cost	(35,445)	Based on agreement	-
			c	Other receivable	(800,000)	Based on agreement	-
			c	Interest revenue	11,312	Based on agreement	-
2	Far Eastern Investment (Holding) Ltd.	PET Far Eastern (Holding) Ltd. PET Far Eastern (Holding) Ltd. PET Far Eastern (Holding) Ltd. Far Eastern Polychem Industries Ltd. Far Eastern Polychem Industries Ltd. Far Eastern Polychem Industries Ltd. Oriental Textile (Holding) Ltd. Oriental Textile (Holding) Ltd. Pacific Petrochemical (Holding) Ltd. Pet Far Eastern (M) Sdn. Bhd. Pet Far Eastern (M) Sdn. Bhd. F.E.T.G. Investment Antilles N.V. F.E.T.G. Investment Antilles N.V. Waldorf Services B.V. Waldorf Services B.V. Waldorf Services B.V. Fashionline Saigon Ltd.	c	Other receivable	(126,236)	Based on agreement	-
			c	Interest revenue	3,593	Based on agreement	-
			c	Accounts receivable	(61,030)	Based on agreement	-
			c	Other receivable	(1,585,253)	Based on agreement	-
			c	Interest revenue	23,791	Based on agreement	-
			c	Accounts receivable	(53,298)	Based on agreement	-
			c	Other receivable	(657,848)	Based on agreement	-
			c	Interest revenue	1,388	Based on agreement	-
			c	Accounts receivable	(34,223)	Based on agreement	-
			a	Other receivable	(240,743)	Based on agreement	-
			a	Interest revenue	6,776	Based on agreement	-
			a	Other receivable	(501,093)	Based on agreement	-
			a	Interest revenue	13,567	Based on agreement	-
			a	Other receivable	(281,807)	Based on agreement	-
			a	Interest revenue	2,275	Based on agreement	-
			a	Accounts payable	172,810	Based on agreement	-
			a	Other receivable	(26,288)	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 Polychem Industries Ltd.	Far Eastern Investment (Holding) Ltd.	c	Other payable	\$ 1,585,253	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	c	Interest expense	(23,791)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	c	Accounts payable	53,298	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	c	Cost of goods sold	(35,063)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	c	Accounts receivable	(328,600)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	c	Accounts payable	35,063	Based on agreement	-
4	Far Eastern Construction Co., Ltd.	Far Eastern Textile Ltd.	b	Rental assets	(14,749)	Based on agreement	-
5	Far Eastern Apparel (Holding) Company	Far Eastern Apparel (Suzhou) Ltd.	c	Cost of goods sold	(219,572)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	c	Sales revenue	145,778	Based on agreement	-
		Far Eastern Textile Ltd.	b	Sales revenue	219,572	Based on agreement	-
6	An Ho Garment Co., Ltd.	Far Eastern Resources Development Co., Ltd.	c	Other payable	435,000	Based on agreement	-
		Far Eastern Resources Development Co., Ltd.	c	Interest expense	(3,140)	Based on agreement	-
		Yuan Ding Investment Corp.	c	Other payable	800,000	Based on agreement	-
		Yuan Ding Investment Corp.	c	Interest expense	(11,312)	Based on agreement	-
7	Yuan Tong Investment Corp.	Yuan Ding Investment Corp.	c	Other payable	440,000	Based on agreement	-
		Yuan Ding Investment Corp.	c	Interest expense	(11,336)	Based on agreement	-
8	Far EasTone Telecommunication Co.	Far Eastern Resources Development Co., Ltd.	c	Operating expense - rent expense	(24,748)	Based on agreement	-
		Far Eastern Electronic Toll Collection Co., Ltd.	c	Other receivable	(50,000)	Based on agreement	-
		Far Eastern Electronic Toll Collection Co., Ltd.	c	Interest revenue	1,028	Based on agreement	-
		Far Eastern Electronic Toll Collection Co., Ltd.	c	Accounts receivable	(94,537)	Based on agreement	-
9	Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Apparel (Holding) Company	c	Sales revenue	219,572	Based on agreement	-
		Far Eastern Apparel (Holding) Company	c	Cost of goods sold	(145,778)	Based on agreement	-
		Far Eastern Textile Ltd.	b	Accounts payable	53,838	Based on agreement	-
		Far Eastern Textile Ltd.	b	Cost of goods sold	(90,106)	Based on agreement	-
		Far Eastern Textile Ltd.	b	Sales revenue	14,495	Based on agreement	-
		Far Eastern Textile Ltd.	b	Accounts receivable	(220,065)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	c	Cost of goods sold	(54,294)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	c	Accounts payable	51,537	Based on agreement	-
10	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	c	Sales revenue	556,001	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	c	Accounts receivable	(259,937)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	c	Cost of goods sold	(975,354)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	c	Notes payable	623,006	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	c	Accounts payable	158,861	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	c	Accounts payable	118,922	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	c	Notes payable	3,710,534	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	c	Cost of goods sold	(3,512,219)	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)
11	Pacific Petrochemical (Holding) Ltd.	Far Eastern Investment (Holding) Ltd. Oriental Petrochemical (Shanghai) Ltd.	c a	Accounts payable Other receivable	34,223 (492,900)	Based on agreement Based on agreement	- -
12	PET Far Eastern (Holding) Ltd.	Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. Oriental Petrochemical (Shanghai) Ltd.	c c c a	Interest expense Other payable Accounts payable Other receivable	(3,593) 126,236 61,030 (492,900)	Based on agreement Based on agreement Based on agreement Based on agreement	- - - -
13	Far Eastern Resources Development Co., Ltd.	An Ho Garment Co., Ltd. An Ho Garment Co., Ltd. Far EasTone Telecommunication Co.	c c c	Other receivable Interest revenue Other revenue	(435,000) 3,140 24,748	Based on agreement Based on agreement Based on agreement	- - -
14	Far Eastern Electronic Toll Collection Co., Ltd.	Far EasTone Telecommunication Co. Far EasTone Telecommunication Co. Far EasTone Telecommunication Co.	c c c	Other payable Interest expense Accounts payable	50,000 (1,028) 94,537	Based on agreement Based on agreement Based on agreement	- - -
15	Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd.	b b	Other payable Interest expense	240,743 (6,776)	Based on agreement Based on agreement	- -
16	Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd.	c c	Cost of goods sold Accounts payable	(556,001) 259,937	Based on agreement Based on agreement	- -
17	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.	c c c c c c c c b	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 Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - - - - -
18	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Apparel (Suzhou) Ltd.	c c	Sales revenue Accounts receivable	54,294 (51,537)	Based on agreement Based on agreement	- -
19	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Suzhou) Ltd.	c c	Accounts payable Cost of goods sold	130,142 (115,806)	Based on agreement Based on agreement	- -
20	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.	c c c c c c	Notes payable Accounts payable Cost of goods sold Sales revenue Sales revenue Notes receivable	894,246 233,191 (1,175,014) 37,719 975,354 (623,006)	Based on agreement Based on agreement Based on agreement 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)
		Far Eastern Industries (Shanghai) Ltd.	c	Accounts receivable	\$ (158,861)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	c	Sales revenue	35,063	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	c	Accounts payable	328,600	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	c	Accounts receivable	(35,063)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	c	Sales revenue	115,806	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	c	Accounts receivable	(130,142)	Based on agreement	-
21	F.E.T.G. Investment Antilles N.V.	Far Eastern Investment (Holding) Ltd.	b	Other payable	501,093	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	b	Interest expense	(13,567)	Based on agreement	-
		Waldorf Services B.V.	c	Other receivable	(506,970)	Based on agreement	-
		Waldorf Services B.V.	c	Interest revenue	13,723	Based on agreement	-
22	Waldorf Services B.V.	Far Eastern Investment (Holding) Ltd.	b	Other payable	281,807	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	b	Interest expense	(2,275)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	b	Accounts receivable	(172,810)	Based on agreement	-
		F.E.T.G. Investment Antilles N.V.	c	Other payable	506,970	Based on agreement	-
		F.E.T.G. Investment Antilles N.V.	c	Interest expense	(13,723)	Based on agreement	-
23	Oriental Textile (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	c	Cost of goods sold	(37,719)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	c	Other payable	657,848	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	c	Interest expense	(1,388)	Based on agreement	-
24	Fashionline Saigon Ltd.	Far Eastern Investment (Holding) Ltd.	b	Other payable	26,288	Based on agreement	-
25	Taiwan Recycling Corp.	Far Eastern Textile Ltd.	b	Sales revenue	75,408	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)