

**Far Eastern New Century Corporation and  
Subsidiaries**

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

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Shareholders  
Far Eastern New Century Corporation

We have reviewed the accompanying consolidated balance sheets of Far Eastern New Century Corporation (the "Company," formerly Far Eastern Textile Ltd.) and subsidiaries as of June 30, 2010 and 2009, 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 for the disclosure 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 disclosed in Note 2 to the consolidated financial statements, the financial statements as of June 30, 2010 and 2009 of some immaterial subsidiaries, with combined total assets that were 48.09% (NT\$138,133,379 thousand) and 48.3% (NT\$129,424,277 thousand), respectively, of the consolidated total assets and with combined total liabilities that were 28.43% (NT\$42,701,221 thousand) and 34.01% (NT\$46,049,077 thousand), respectively, of the consolidated total liabilities, had not been reviewed by independent accountants. In the six months ended June 30, 2010 and 2009, these subsidiaries' combined total net operating revenues were 36.31% (NT\$33,983,099 thousand) and 33.72% (NT\$26,475,211 thousand), respectively, of the consolidated net operating revenues. In addition, as stated in Note 13 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\$25,284,613 thousand and NT\$23,763,994 thousand as of June 30, 2010 and 2009, respectively, had not been reviewed by independent accountants. The Company's equity of NT\$787,519 thousand and NT\$1,108,341 thousand in the gains of these investees was included in the consolidated net incomes for the six months ended June 30, 2010 and 2009, respectively. These investment amounts and other information on the Company's and subsidiaries' investments in Note 34 of the consolidated financial statements were also based on these equity-method investees' unreviewed financial statements.

Based on our reviews, except for the effects that there might have been some adjustments on the consolidated financial statement if the financial statements of the subsidiaries and investees mentioned above had been reviewed by our independent accountant, we are not aware of any material modifications that should be made to the consolidated financial statements of Far Eastern New Century Corporation and subsidiaries 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 4 to the consolidated financial statements, starting on January 1, 2009, the Company and its subsidiaries have adopted the newly revised ROC Statement of Financial Accounting Standards No. 10 - "Inventories." This accounting change resulted in a decrease of NT\$222,095 thousand in the net consolidated income portion that belongs to the parent company and a decrease of NT\$0.0486 in after income tax basic earnings per share for the six months ended June 30, 2009.

Note 31 (j) to the financial statements describes a case related to the Department of Commerce's nullification of Pacific Liu Tung Investment Corporation's (PLT, an equity-method investee of the Company) registration of a capital increase and relevant registrations. The impact of this case on Far Eastern New Century Corporation's controlling interest and several recapitalizations done by the Company and its subsidiaries, which are PLT's investors, will depend on the final judgment of the court.

August 6, 2010

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 consolidated 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 consolidated financial statements shall prevail.*

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**JUNE 30, 2010 AND 2009**

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

**(Reviewed, Not Audited)**

ASSETS	2010		2009		LIABILITIES AND SHAREHOLDERS' EQUITY	2010		2009	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 2 and 5)	\$ 30,566,116	11	\$ 22,533,065	8	Short-term bank loans (Notes 19 and 30)	\$ 25,633,203	9	\$ 22,557,386	8
Financial assets at fair value through profit or loss - current (Notes 2 and 6)	1,492,036	1	732,009	-	Short-term bill payable (Notes 20 and 30)	8,399,762	3	9,832,176	4
Available-for-sale financial assets - current (Notes 2, 7 and 30)	3,090,982	1	3,005,560	1	Financial liabilities at fair value through profit or loss - current (Notes 2 and 6)	117,968	-	153,925	-
Hedging derivative assets - current (Note 2)	-	-	970	-	Hedging derivative liabilities - current (Note 2)	2,800	-	-	-
Bond investments with no active market - current (Notes 2 and 8)	-	-	3,000	-	Notes and accounts payable, net (Note 23)	12,283,162	4	12,496,205	5
Notes and accounts receivable, net (Notes 2, 23 and 30)	25,809,381	9	21,119,570	8	Accounts and notes payable to related parties (Notes 23 and 29)	1,764,650	1	980,248	-
Dividends receivable	2,649,872	1	1,796,728	1	Income tax payable (Notes 2 and 25)	1,692,375	1	1,785,738	1
Accounts and notes receivable from related parties, net (Notes 2, 23 and 29)	1,248,122	-	1,253,282	1	Accrued expenses (Notes 23 and 29)	6,873,593	2	7,278,548	3
Other receivables	522,642	-	753,529	-	Guarantee deposits received - current	522,292	-	649,850	-
Inventories, net (Notes 2, 4 and 9)	14,115,855	5	12,471,479	5	Payables to suppliers of machinery and equipment	1,449,980	1	962,731	-
Available for sale - building and land, net (Notes 2 and 23)	30,339	-	30,339	-	Dividends payable	11,531,470	4	9,140,337	3
Available for construction - land, net (Notes 2, 11, 23 and 30)	620,013	-	620,013	-	Sales revenue received in advance	950,290	-	939,022	-
Construction-in-progress (net of billings on construction-in-progress) (Notes 2, 10, 23 and 30)	7,705,762	3	3,568,595	1	Advances on land and building (Notes 2, 10 and 23)	2,521,280	1	322,685	-
Deferred income taxes - current (Notes 2 and 25)	453,510	-	617,303	-	Revenue received in advance (Note 2)	1,269,149	1	1,270,300	1
Restricted assets (Notes 23 and 30)	2,060,896	1	651,320	-	Billings on construction-in-progress (net of construction-in-progress) (Notes 2, 21, 23 and 29)	353,861	-	142,922	-
Prepayments and other current assets (Notes 2, 10, 23 and 29)	3,823,064	1	4,098,744	2	Current portion of long-term liabilities (Notes 2, 22 and 30)	12,481,434	4	6,758,299	3
					Deferred income tax liabilities - current (Notes 2 and 25)	-	-	35,896	-
<b>Total current assets</b>	<b>94,188,590</b>	<b>33</b>	<b>73,255,506</b>	<b>27</b>	Other current liabilities (Note 29)	3,064,465	1	2,219,655	1
					<b>Total current liabilities</b>	<b>90,911,734</b>	<b>32</b>	<b>77,525,923</b>	<b>29</b>
<b>FUNDS AND INVESTMENTS (Notes 2, 7, 8, 12, 13, 14 and 30)</b>					<b>LONG-TERM LIABILITIES</b>				
Equity-method investments	47,508,392	17	47,136,320	18	Long-term debt, net of current portion (Notes 22 and 30)	36,420,162	13	35,137,634	13
Available-for-sale financial assets - noncurrent	2,384,335	1	1,782,393	1	Bonds payable, net of current portion (Notes 2, 22 and 30)	12,372,718	4	11,911,402	5
Held-to-maturity financial assets - noncurrent	199,616	-	-	-	Lease payable - noncurrent (Note 2)	-	-	195	-
Financial assets carried at cost - noncurrent	2,965,578	1	3,400,230	1	<b>Total long-term liabilities</b>	<b>48,792,880</b>	<b>17</b>	<b>47,049,231</b>	<b>18</b>
Bond investments with no active market - noncurrent	293,454	-	293,454	-	<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 15)</b>	<b>6,310,976</b>	<b>2</b>	<b>6,460,128</b>	<b>2</b>
<b>Total funds and investments</b>	<b>53,351,375</b>	<b>19</b>	<b>52,612,397</b>	<b>20</b>	<b>OTHER LIABILITIES</b>				
					Accrued pension cost (Notes 2 and 28)	1,745,017	1	2,328,399	1
<b>PROPERTIES (Notes 2, 15, 26 and 30)</b>					Guarantee deposits received - noncurrent	469,277	-	342,010	-
Cost					Deferred income tax liabilities - noncurrent (Notes 2 and 25)	351,215	-	70,259	-
Land	7,362,583	3	5,151,404	2	Deferred gains (Notes 2, 15 and 29)	997,991	-	1,051,723	1
Buildings	17,996,237	6	17,787,717	7	Others (Notes 2 and 13)	621,121	-	568,423	-
Machinery and equipment	97,839,904	34	95,070,434	36	<b>Total other liabilities</b>	<b>4,184,621</b>	<b>1</b>	<b>4,360,814</b>	<b>2</b>
Telecommunications equipment	112,038,891	39	108,283,526	40	<b>Total liabilities</b>	<b>150,200,211</b>	<b>52</b>	<b>135,396,096</b>	<b>51</b>
Computer equipment	17,818,699	6	17,260,286	6	<b>SHAREHOLDERS' EQUITY OF PARENT COMPANY</b>				
Leasehold improvements	1,918,242	1	1,854,217	1	Capital stock of parent company - NT\$10.00 par value				
Operating and miscellaneous equipment	6,580,751	2	6,175,593	2	Authorized - 4,950,000 thousand shares				
Total cost	261,555,307	91	251,583,177	94	Issued and outstanding - 4,661,353 thousand shares in 2010; 4,569,954 thousand shares in 2009	46,613,529	16	45,699,538	17
Appreciation	19,013,806	6	19,514,537	7	Stock dividends for distribution	932,270	-	913,991	-
Total cost and appreciation	280,569,113	97	271,097,714	101	Capital surplus:				
Less: Accumulated depreciation	173,093,029	60	160,351,895	60	Additional paid-in capital from share issuance in excess of par value	932,814	1	932,814	1
Less: Accumulated impairment	2,573,665	1	2,443,085	1	From long-term investment	9,293,773	3	8,898,201	3
	104,902,419	36	108,302,734	40	Others	7,672	-	7,672	-
Construction in progress and prepayments for equipment	8,491,191	3	6,698,941	3	Total capital surplus	10,234,259	4	9,838,687	4
<b>Net properties</b>	<b>113,393,610</b>	<b>39</b>	<b>115,001,675</b>	<b>43</b>	Retained earnings:				
					Legal reserve	9,413,371	3	8,602,110	3
<b>INTANGIBLE ASSETS</b>					Special reserve	3,034,766	1	3,034,766	1
Deferred pension costs (Notes 2 and 28)	17,061	-	90,592	-	Unappropriated earnings	7,248,686	3	5,855,765	2
Goodwill (Notes 2 and 16)	11,614,310	4	11,744,107	4	Total retained earnings	19,696,823	7	17,492,641	6
3G license fee (Notes 1, 2 and 17)	6,211,005	2	6,941,712	3	Other shareholders' equity				
Land leasehold rights, net (Notes 2, 26 and 30)	1,309,460	1	1,186,677	-	Cumulative translation adjustments	2,903,699	1	3,799,798	2
Other intangible assets (Notes 2 and 26)	83,935	-	85,575	-	Net loss not recognized as pension cost	(82,007)	-	(652,291)	-
<b>Total intangible assets</b>	<b>19,235,771</b>	<b>7</b>	<b>20,048,663</b>	<b>7</b>	Unrealized gains on financial instruments	1,478,526	1	995,879	-
					Unrealized revaluation increment on properties	8,711,423	3	8,851,437	3
<b>OTHER ASSETS</b>					Total other shareholders' equity	13,011,641	5	12,994,823	5
Nonoperating properties, net (Notes 2 and 30)	3,641,153	1	3,869,749	2	<b>Total shareholders' equity of parent company</b>	<b>90,488,522</b>	<b>32</b>	<b>86,939,680</b>	<b>32</b>
Deferred income taxes - noncurrent (Notes 2 and 25)	918,850	1	1,056,656	1	<b>MINORITY INTEREST</b>	<b>46,574,892</b>	<b>16</b>	<b>45,621,818</b>	<b>17</b>
Refundable deposits (Notes 23 and 29)	421,966	-	461,191	-	<b>Total shareholders' equity</b>	<b>137,063,414</b>	<b>48</b>	<b>132,561,498</b>	<b>49</b>
Restricted assets (Note 30)	421,624	-	409,164	-	<b>TOTAL</b>	<b>\$ 287,263,625</b>	<b>100</b>	<b>\$ 267,957,594</b>	<b>100</b>
Farmland (Note 18)	276,661	-	276,661	-					
Deferred charges, net (Notes 2 and 26)	679,525	-	616,342	-					
Other (Notes 29 and 30)	734,500	-	349,590	-					
<b>Total other assets</b>	<b>7,094,279</b>	<b>2</b>	<b>7,039,353</b>	<b>3</b>					
<b>TOTAL</b>	<b>\$ 287,263,625</b>	<b>100</b>	<b>\$ 267,957,594</b>	<b>100</b>					

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

(With Deloitte & Touche reviewed report dated August 6, 2010)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 29)				
Net sales	\$ 61,851,395	66	\$ 47,960,744	61
Telecommunications service income	26,473,785	28	27,118,874	35
Gain on disposal of investments, net	298,438	-	1,121,180	1
Net construction income	4,390,118	5	1,720,751	2
Other operating income	<u>579,486</u>	<u>1</u>	<u>604,370</u>	<u>1</u>
Total operating revenues	<u>93,593,222</u>	<u>100</u>	<u>78,525,919</u>	<u>100</u>
OPERATING COSTS (Notes 2, 4, 9, 26 and 29)				
Cost of sales	55,428,713	59	43,893,031	56
Cost of telecommunications services	12,995,424	14	13,615,469	17
Construction cost	3,206,403	3	1,633,352	2
Other operating cost	<u>423,420</u>	<u>1</u>	<u>373,535</u>	<u>1</u>
Total operating costs	<u>72,053,960</u>	<u>77</u>	<u>59,515,387</u>	<u>76</u>
GROSS PROFIT EXCLUDING REALIZED CONSTRUCTION INCOME				
	21,539,262	23	19,010,532	24
REALIZED CONSTRUCTION INCOME (Notes 2 and 29)				
	<u>277</u>	<u>-</u>	<u>277</u>	<u>-</u>
GROSS PROFIT				
	<u>21,539,539</u>	<u>23</u>	<u>19,010,809</u>	<u>24</u>
OPERATING EXPENSES (Notes 2, 26 and 29)				
Marketing	7,886,352	9	7,671,892	10
General and administrative	3,879,156	4	3,496,366	4
Research and development	<u>295,188</u>	<u>-</u>	<u>312,711</u>	<u>-</u>
Total operating expenses	<u>12,060,696</u>	<u>13</u>	<u>11,480,969</u>	<u>14</u>
OPERATING INCOME				
	<u>9,478,843</u>	<u>10</u>	<u>7,529,840</u>	<u>10</u>
NONOPERATING INCOME AND GAINS				
Investment income recognized under the equity method, net (Note 2)	941,050	1	2,341,977	3
Dividend income (Note 2)	239,070	-	122,278	-
Interest income (Note 29)	73,594	-	113,768	-
Rental income (Note 29)	38,964	-	33,408	-
Valuation gain on financial assets, net (Notes 2 and 6)	-	-	172,130	-

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
Gain on disposal of properties	\$ -	-	\$ 161,586	-
Other	<u>319,063</u>	<u>1</u>	<u>305,040</u>	<u>1</u>
Total nonoperating income and gains	<u>1,611,741</u>	<u>2</u>	<u>3,250,187</u>	<u>4</u>
<b>NONOPERATING EXPENSES AND LOSSES</b>				
Interest expense (Notes 10, 15 and 29)	523,353	1	902,134	1
Exchange loss, net (Note 2)	100,058	-	143,678	-
Impairment loss on assets (Note 2)	42,726	-	81,034	-
Valuation loss on financial liabilities, net (Notes 2 and 6)	3,253	-	3,429	-
Loss on disposal of properties, net	63,264	-	-	-
Valuation loss on financial assets, net (Notes 2 and 6)	61,419	-	-	-
Other	<u>317,187</u>	<u>-</u>	<u>403,735</u>	<u>1</u>
Total nonoperating expenses and losses	<u>1,111,260</u>	<u>1</u>	<u>1,534,010</u>	<u>2</u>
CONSOLIDATED INCOME BEFORE TAX	9,979,324	11	9,246,017	12
INCOME TAX (Notes 2 and 25)	<u>1,404,943</u>	<u>2</u>	<u>1,803,394</u>	<u>3</u>
NET CONSOLIDATED INCOME	<u>\$ 8,574,381</u>	<u>9</u>	<u>\$ 7,442,623</u>	<u>9</u>
<b>BELONG TO:</b>				
Shareholders of parent company	\$ 5,259,766	6	\$ 4,342,585	5
Minority interest	<u>3,314,615</u>	<u>3</u>	<u>3,100,038</u>	<u>4</u>
	<u>\$ 8,574,381</u>	<u>9</u>	<u>\$ 7,442,623</u>	<u>9</u>
	<b>2010</b>		<b>2009</b>	
	<b>Income Before Income Tax</b>	<b>Net Income</b>	<b>Income Before Income Tax</b>	<b>Net Income</b>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 1.13</u>	<u>\$ 1.13</u>	<u>\$ 0.95</u>	<u>\$ 0.93</u>
Diluted	<u>\$ 1.13</u>	<u>\$ 1.12</u>	<u>\$ 0.95</u>	<u>\$ 0.93</u>

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

(With Deloitte & Touche review report dated August 6, 2010)

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**SIX MONTHS ENDED JUNE 30, 2010 AND 2009**  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)  
(Reviewed, Not Audited)

	Capital Stock Issued and Outstanding		Stock Dividends for Distribution (Note 24)	Capital Surplus (Notes 2 and 24)	Retained Earnings (Notes 2, 24 and 25)				Other Shareholders' Equity				Total Shareholders' Equity	
	Shares in Thousand	Amount			Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Cumulative Translation Adjustments (Note 2)	Net Loss Not Recognized as Pension Cost (Note 2)	Unrealized Gain (Loss) on Financial Instruments (Note 2)	Unrealized Revaluation Increment on Properties (Notes 2 and 15)		Minority Interests
BALANCE, JANUARY 1, 2010	4,661,353	\$ 46,613,529	\$ -	\$ 10,181,403	\$ 8,602,110	\$ 3,034,766	\$ 9,672,105	\$ 21,308,981	\$ 2,490,010	\$ (80,263)	\$ 3,276,309	\$ 8,721,219	\$ 48,996,582	\$ 141,507,770
Appropriation of the 2009 earnings:														
Legal reserve	-	-	-	-	811,261	-	(811,261)	-	-	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	-	-	(6,059,759)	(6,059,759)	-	-	-	-	-	(6,059,759)
Stock dividends - NT\$0.2 per share	-	-	932,270	-	-	-	(932,270)	(932,270)	-	-	-	-	-	-
Balance after appropriations	4,661,353	46,613,529	932,270	10,181,403	9,413,371	3,034,766	1,868,815	14,316,952	2,490,010	(80,263)	3,276,309	8,721,219	48,996,582	135,448,011
Consolidated net income in the six months ended June 30, 2010	-	-	-	-	-	-	5,259,766	5,259,766	-	-	-	-	3,314,615	8,574,381
Adjustments due to changes in investees' equity in equity-method investments	-	-	-	52,856	-	-	120,105	120,105	346,330	(1,744)	(1,695,374)	(9,796)	-	(1,187,623)
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(102,409)	-	-	(102,409)
Change in translation adjustments	-	-	-	-	-	-	-	-	67,359	-	-	-	-	67,359
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	(5,736,305)	(5,736,305)
BALANCE, JUNE 30, 2010	<u>4,661,353</u>	<u>\$ 46,613,529</u>	<u>\$ 932,270</u>	<u>\$ 10,234,259</u>	<u>\$ 9,413,371</u>	<u>\$ 3,034,766</u>	<u>\$ 7,248,686</u>	<u>\$ 19,696,823</u>	<u>\$ 2,903,699</u>	<u>\$ (82,007)</u>	<u>\$ 1,478,526</u>	<u>\$ 8,711,423</u>	<u>\$ 46,574,892</u>	<u>\$ 137,063,414</u>
BALANCE, JANUARY 1, 2009	4,569,954	\$ 45,699,538	\$ -	\$ 10,060,658	\$ 8,196,285	\$ 3,034,766	\$ 6,535,276	\$ 17,766,327	\$ 3,696,557	\$ (656,261)	\$ (866,020)	\$ 8,843,128	\$ 48,270,193	\$ 132,814,120
Appropriation of the 2008 earnings:														
Legal reserve	-	-	-	-	405,825	-	(405,825)	-	-	-	-	-	-	-
Cash dividends - NT\$0.8 per share	-	-	-	-	-	-	(3,655,963)	(3,655,963)	-	-	-	-	-	(3,655,963)
Stock dividends - NT\$0.2 per share	-	-	913,991	-	-	-	(913,991)	(913,991)	-	-	-	-	-	-
Balance after appropriations	4,569,954	45,699,538	913,991	10,060,658	8,602,110	3,034,766	1,559,497	13,196,373	3,696,557	(656,261)	(866,020)	8,843,128	48,270,193	129,158,157
Consolidated net income in the six months ended June 30, 2009	-	-	-	-	-	-	4,342,585	4,342,585	-	-	-	-	3,100,038	7,442,623
Adjustments due to changes in investees' equity in equity-method investments	-	-	-	(148,365)	-	-	(51,367)	(51,367)	231,366	121	1,938,140	8,309	-	1,978,204
Adjustments on shareholders' equity for sale of long-term equity investments	-	-	-	(73,606)	-	-	5,050	5,050	(84,329)	3,849	(12,748)	-	-	(161,784)
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(71,599)	-	-	(71,599)
Changes in unrealized gain on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	-	-	8,106	-	-	8,106
Changes in translation adjustments	-	-	-	-	-	-	-	-	(43,796)	-	-	-	-	(43,796)
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	(5,748,413)	(5,748,413)
BALANCE, JUNE 30, 2009	<u>4,569,954</u>	<u>\$ 45,699,538</u>	<u>\$ 913,991</u>	<u>\$ 9,838,687</u>	<u>\$ 8,602,110</u>	<u>\$ 3,034,766</u>	<u>\$ 5,855,765</u>	<u>\$ 17,492,641</u>	<u>\$ 3,799,798</u>	<u>\$ (652,291)</u>	<u>\$ 995,879</u>	<u>\$ 8,851,437</u>	<u>\$ 45,621,818</u>	<u>\$ 132,561,498</u>

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

(With Deloitte & Touche review report dated August 6, 2010)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 8,574,381	\$ 7,442,623
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	8,067,958	8,718,198
Recovery of the allowance for the decline in inventory	(58,898)	(669,735)
Loss on disposal of deferred charges	758	3,123
Net gain on disposal of investments	(302,108)	(1,126,850)
Provision for doubtful accounts	300,327	150,356
Cash dividends received on equity-method investments	184,221	701,521
Deferred income of hedging derivative financial instruments	1,600	-
Investment income recognized under the equity method, net	(941,050)	(2,341,977)
Impairment loss on assets	42,726	98,850
Loss (gain) on disposal of properties, net	63,264	(161,586)
Deferred constructive income	(277)	(277)
Realized deferred rental income	(26,588)	(26,588)
Accrued pension liabilities	13,040	(241,959)
Deferred income taxes	232,390	512,889
Net changes in operating assets and liabilities		
Financial assets held for trading	299,302	(224,415)
Accounts and notes receivable	(4,304,342)	2,373,952
Dividends receivable	(126,208)	(13,505)
Accounts and notes receivable from related parties	(81,703)	143,066
Other receivables	229,298	794,746
Inventories	(1,983,463)	1,891,264
Construction-in-progress, net	(2,107,146)	(574,565)
Prepayments and other current assets	(422,911)	(1,473,907)
Financial liabilities held for trading	97,218	48,572
Accounts and notes payable	1,115,711	1,168,881
Accounts and notes payable to related parties	(227,558)	(186,388)
Income taxes payable	294,126	(711,637)
Accrued expenses	(486,504)	(537,708)
Sales revenue received in advance	244,256	244,202
Advances on land and building	1,532,462	312,314
Revenue received in advance	61,938	116,174
Billings on construction-in-progress, net	19,187	105,153
Other current liabilities	<u>888,300</u>	<u>943,928</u>
Net cash provided by operating activities	<u>11,193,707</u>	<u>17,478,715</u>

(Continued)



# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2010	2009
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in receivables from related parties	\$ 97,594	\$ (40,084)
Proceeds of the disposal of available-for-sale financial assets	625,485	977,282
Acquisition of available-for-sale financial assets	(1,119,545)	(1,727,497)
Proceeds of the disposal of financial assets carried at cost	240,084	-
Acquisition of financial assets carried at cost	(30,669)	(233,101)
Acquisition of bond investments with no active market	-	(293,454)
Proceeds of the disposal of equity-method investments	654,288	2,085,160
Acquisition of equity-method investments	(983,189)	(710,985)
Proceeds of the disposal of properties	45,021	461,665
Acquisition of properties	(9,738,005)	(4,772,536)
Increase in other intangible assets	(23,849)	-
Decrease in refundable deposits	48,949	23,209
Increase in deferred charges	(94,741)	(75,858)
Increase in restricted assets	(157,469)	(684,482)
(Increase) decrease in other assets	<u>(415,600)</u>	<u>2,154</u>
Net cash used in investing activities	<u>(10,851,646)</u>	<u>(4,988,527)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term bank loans	1,487,065	(5,141,007)
Increase in commercial paper issued	3,300,012	4,598,208
Increase (decrease) in payable to related parties	820,312	(524,066)
Payments of remuneration to directors and supervisors and bonuses to employees	-	(123,814)
Subsidiary's issuance of common stock for cash	-	163,785
Increase (decrease) in long-term bank loans and bonds payable	3,511,144	(10,983,074)
Decrease in guarantee deposits	(40,942)	(40,046)
Decrease in minority interest	(87,992)	(1,280,285)
Decrease in other liabilities	<u>(18,968)</u>	<u>(50,438)</u>
Net cash provided by (used in) financing activities	<u>8,970,631</u>	<u>(13,380,737)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>111,426</u>	<u>410,586</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,424,118	(479,963)
EFFECT OF INCREASE IN SUBSIDIARIES	-	66,494
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>21,141,998</u>	<u>22,946,534</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 30,566,116</u>	<u>\$ 22,533,065</u>

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2010	2009
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest paid	\$ 486,774	\$ 973,844
Less: Capitalized interest	<u>27,528</u>	<u>42,043</u>
Interest paid (excluding capitalized interest)	<u>\$ 459,246</u>	<u>\$ 931,801</u>
Income tax paid	<u>\$ 865,195</u>	<u>\$ 2,260,879</u>
<b>NONCASH FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 12,481,434</u>	<u>\$ 6,758,299</u>

### SUPPLEMENTARY INFORMATION ON SUBSIDIARIES ACQUIRED

In the first quarter of 2009, a Company subsidiary, Yuan Tong Investment Corp., acquired about 70% common equity in Martens Beer (Shanghai) Ltd.

The fair values of the total assets and total liabilities of Martens Beer (Shanghai) Ltd. at the time of acquisition were as follows:

	<b>Amount</b>
Cash and cash equivalents	\$ 66,494
Accounts receivable	4,117
Inventories	312
Other current assets	10,001
Properties, net	1,797
Accounts payable	(4,929)
Accrued expenses	(2,323)
Other current liabilities	<u>(1,349)</u>
Total	74,120
Percentage of ownership acquired	<u>70%</u>
Common equity acquired	51,884
Goodwill	<u>26,382</u>
 Total acquisition cost of Martens Beer (Shanghai) Ltd.	 <u>\$ 78,266</u>
 Total acquisition cost of Martens Beer (Shanghai) Ltd. - cash payment	 <u>\$ 78,266</u>

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

(With Deloitte & Touche review report dated August 6, 2010)

(Concluded)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

(Reviewed, Not Audited)

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### 1. ORGANIZATION AND OPERATIONS

Far Eastern New Century Corporation (FENC or the “Company”; formerly Far Eastern Textile Ltd.), 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 depository receipts (GDRs), which became listed on the Luxembourg Stock Exchange. On October 13, 2009, the shareholders resolved to change their company’s name of Far Eastern Textile Ltd. to Far Eastern New Century Corporation; thus, the original stock symbol of FETL was changed to FENC.

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.

Far EasTone provides 2G (second-generation wireless communications services) by geographical sector under two type I licenses - GSM900 for the northern region of Taiwan and GSM1800 island-wide (“GSM” means global system for mobile communications) - issued by the Directorate General of Telecommunications (DGT) of the ROC. These licenses allow Far EasTone to provide services for 15 years from 1997, with an annual license fee of 2% of total 2G wireless communications service revenues. In 1999, the DGT also issued to Far EasTone a type II license, allowing it to provide Internet and ISR services until December 2012 and requiring it to pay annual license fees based on the regulations for each service. Far EasTone is also licensed to provide local/domestic long-distance land cable leased circuit services for 15 years from January 2003 for an annual license fee of 1% of leased circuit service revenues.

On December 28, 2009, the National Communications Commission (NCC) awarded Far EasTone a six-year WiMAX (worldwide interoperability for microwave access) license in the southern region of Taiwan, and Far EasTone began its commercial operation of WiMAX service. Far EasTone has to pay an annual license fee that is equal to WiMAX service revenues multiplied by the bidding percentage (4.18%), but the annual license fee should not be less than a specified minimum amount.

Far EasTone merged with Yuan-Ze Telecommunications Co., Ltd. (Yuan-Ze Telecom) on May 2, 2005. Earlier, 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.

On June 16, 2009, Far EasTone's shareholders resolved to issue new common shares by private placement to catch up on industry development trends and to meet Far EasTone's future operating needs. However, this private placement was still against the related regulation. Thus, on June 15, 2010, the shareholders again resolved that Far EasTone will issue up to 444,341 thousand common shares by private placement, with a total issuance amount of up to NT\$17,773,641 thousand. The subscriber for these privately placed shares is China Mobile Limited's 100% indirect subsidiary incorporated in the ROC. On June 25, 2010, Far EasTone's board of directors resolved to set the private placement price at NT\$40.00 per share. However, based on certain agreements, if the volume weighted average price of the common shares of Far EasTone within 14 consecutive trading days prior to and including the date on which either China Mobile Limited or Far EasTone sends the notice to the other party of the settlement date of the private placement falls below NT\$35.00 or exceeds NT\$50.00, Far EasTone's board of directors has the authorization of the shareholders' meeting to set a new private placement price per share of Far EasTone, but any upward or downward adjustment should not be more than NT\$5.00 per share of Far EasTone. The private placement will proceed after obtaining the authorities' approval under the related regulation.

KG Telecommunications Co., Ltd. (KG Telecom; formerly Yuan Ho Telecommunications Co., Ltd.), a Far EasTone subsidiary, was incorporated in 2003 to merge with the former KG Telecommunications Co., Ltd. (the former KGT). KG Telecom, through this merger, obtains 2G wireless communications services under a type I license - GSM1800 for the whole region of Taiwan issued by the DGT. The license allows KG Telecom to provide services until 2012, with an annual license fee at 2% of total 2G wireless communications service revenues. In addition, KG Telecom obtains the license from the former KGT, which allows it to provide local/domestic long distance land cable leased circuit services for 15 years, with an annual license fee of 1% of leased circuit service revenues. To integrate the resources and enhance the operating efficiency of Far EasTone and KG Telecom, the boards of directors of both companies resolved their merger on February 26, 2009, with Far EasTone as the survivor entity. On August 28, 2009, the National Communications Commission approved this merger, and the record date of this merger was January 1, 2010. The merger was completed on January 18, 2010 after its registration with the Ministry of Economic Affairs (MOEA).

Q-ware Communication Corp. (Q-ware Com.) was incorporated on February 13, 2007. It mainly provides Type II telecommunications services. In July 2007, Q-ware System Inc. (Q-ware) spun off its WiFly business to Q-ware Com. and then Q-ware Com. got the right to provide WiFly business in Taipei City 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 May 2007 for a fixed annual license fee based on Q-ware Com.'s paid-in capital. In May 2010, Q-ware Com. submitted the application for the extension of this license until May 2013.

ARCOA Communication Co., Ltd. (ARCOA) was incorporated in the ROC on May 4, 1981. ARCOA sells cellular phone units and other telecommunications equipment or accessories and provides related maintenance services. ARCOA's shares have been listed as emerging market stock on the OTC exchange since December 27, 2002. On December 22, 2004, the Board of Directors of ARCOA decided to withdraw its stock from the OTC exchange and became a private company. The DGT issued to ARCOA a Type II license, allowing it to provide mobile virtual network operator services for three years from July 13, 2006 for a fixed annual fee based on ARCOA's paid-in capital. In July 2009, the validity of ARCOA's Type II license was approved to be extended until July 12, 2013.

On August 22, 2007, Far Eastern Electronic Toll Collection Co., Ltd. (FEETC), which is owned by Yuan Tong Investment Corp. (Yuan Tong) and Far EasTone, and the Taiwan Area National Freeway Bureau signed the Electronic Toll Collection BOT Project contract, which allows FEETC to run this project for 18 years and 4 months.

Far Eastern Resources Development Co. (FERD) was a spin-off of the Company's real estate development business. FERD's core business is planning the Group's fixed assets, non-operating assets and farmland for development. As an FENC subsidiary, FERD aims to carry out the following projects:

- a. Taipei Far Eastern Telecom Park Project: FERD has land of approximately 73.7 thousand pings located in Banciao. 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 had been approved by the Urban Planning Commission of the Ministry of the Interior of the ROC and is now under way. As of August 6, 2010, the date of the accompanying accountants' review report, the first building completed had started operations.
- b. The Yilan Jiaosi Resort hotel project: This project involves land rezoning so that industrial/commercial areas can be established. The request for land rezoning and development was approved by the authorities in 2009.

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 the related parties. The shares acquired were as follows:

- a. 63 thousand shares of Far Eastern Apparel (Holding) Ltd. from Yuan Ding Investment Co., Ltd. (YDI) for US\$34,513 thousand, with each share priced at US\$546.09;
- b. 487 thousand shares of F.E.D.P (Holding) Ltd. (FEDP) for US\$49,961 thousand from Yuan Tong, Far Eastern Polychem Industries Ltd. (FEPI), and Far Eastern Polytex (Holding) Limited (Polytex), with each share priced at US\$102.65;
- c. 119 thousand shares of PET Far Eastern (Holding) Ltd. (PETH) for US\$50,945 thousand from Ding Yuan International Investment Corp. (Ding Yuan), FEPI, and a Company-related party, Oriental Union Chemical Corporation (OUCC), with each share priced at US\$426.6.

Except for the Company's acquisition of PETH shares from Ding Yuan and a Company-related party, OUCC, the share acquisitions as of June 30, 2010 disclosed above will have to be approved by the Investment Commission under the MOEA. However, the actual transaction amount will be adjusted at the prevailing net value of the shares of the acquiring or the acquired companies.

FENC and its consolidated subsidiaries (collectively, the "Group") had 21,893 and 20,734 employees as of June 30, 2010 and 2009, respectively.

The intercompany relationships, percentages of ownership and major operations of subsidiaries as of June 30, 2010 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 of fixed asset and rental properties, impairment losses on assets, duty on decommissioned assets, warranty reserve, income tax, pension cost, employee bonus, remuneration to directors and supervisors and so on. 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**

FENC's direct and indirect subsidiaries (i.e., investees with more than 50% of their voting shares owned by FENC) 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 FENC loses control over its subsidiaries during the reporting period, their revenues and expenses generated after the control lose date need not be consolidated.

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

Yuan Cing Infocomm Tech Co., Ltd. (YCIC) was incorporated on December 30, 2009. It is wholly owned by Far EasTone. YCIC produces and sells communications products.

On July 31, 2009, the board of an FENC subsidiary, Far Eastern Industries (Jujiang) Ltd. (FEIJ), decided to liquidate FEIJ, and the government of People's Republic of China approved this liquidation on December 14, 2009. As of December 31, 2009, the liquidation amounts had been returned to the original shareholders.

In February 2009, an FENC subsidiary, Sino Belgium (Holding) Ltd. (Sino), acquired 30% ownership of Martens Beer Trading (Shanghai) Ltd. (Martens Shanghai) from another subsidiary, Far Eastern Industries (Wuxi) Ltd. (FEIW), and then bought the rest of the 70% ownership from the original shareholder, Martens HK Ltd. Thus, the interest of the Company and the subsidiary in Martens Shanghai increased from 30% to 100% and this investee began to be treated as a consolidated entity in March 2009.

In February 2010, the Company acquired 42,347 thousand shares of PETH from a related party, OUCC, for NT\$659,422.5 thousand. Thus, the Group's holding in PETH increased from 87.07% to 100%.

In February 2009, an FENC subsidiary, Sino, issued 2,415 new shares at the par value of US\$2 thousand amounting to NT\$4,830 thousand and another subsidiary, Yuan Tong, did not buy the 2,415 shares. Thus, Yuan Tong's holding in Sino decreased from 100% to 87.5%.

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.

c. All items in the statement of income at the average exchange rates for the periods.

The financial statements of the subsidiaries included in the consolidated financial statements such as YDI, Far EasTone, ARCOA, Q-ware. Com., KGEx.com, FEETC, Far Eastern Construction Co., Ltd. (FECC) and Far Eastern General Contractor Inc. (FEGC) as of June 30, 2010 and 2009 and KG Telecom as of June 30, 2009 (KG Telecom merged with Far EasTone in January 1, 2010; Note 1) had been audited and those of the insignificant subsidiaries had not been reviewed by independent accountants. As of June 30, 2010 and 2009, the total assets of the subsidiaries presented above were 48.09% (NT\$138,133,379 thousand) and 48.3% (NT\$129,424,277 thousand), respectively, of the consolidated assets, and the total liabilities of the subsidiaries presented above were 28.43% (NT\$42,701,221 thousand) and 34.01% (NT\$46,049,077 thousand), respectively, of the consolidated liabilities. The operating revenues of the subsidiaries were 36.31% (NT\$33,983,099 thousand) and 33.72% (NT\$26,475,211 thousand), respectively, of the consolidated operating revenues. The information in Note 34 on the direct and indirect investments related to the insignificant subsidiaries had also not been reviewed by independent accountants.

### **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 one year after the balance sheet date. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the balance sheet date.

All other assets and liabilities are classified as noncurrent.

FECC authorizes constructors to build houses for sale or rent. FEGC 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.

The Company recognizes a financial asset or a financial liability on its balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Company has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

On initial recognition, the financial instruments are measured at fair value and transaction costs are recognized as current expenses. Subsequent changes in fair value are recognized as current gain or loss. Cash dividends received within a year from the investment acquisition date and received in subsequent years are all accounted for as investment income. When the financial instruments are sold, the difference between selling price and book value is 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 regular purchase or sale of financial instruments is recognized or de-recognized using trade date accounting.

The fair values of cotton futures contracts, currency option contracts and forward exchange contracts are determined at their market quotation on the balance sheet date. The fair values of financial instruments with no quoted market prices are determined at estimated prices.

#### **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.

#### **Bond Investments with No Active Market**

Bonds with fixed or determinable payments that are not quoted in an active market are carried at amortized cost. Bonds should be carried at original cost plus transaction cost on initial recognition. Gains or losses are recognized when derecognition is impaired or amortized. All regular way purchases or sales of bonds are recognized and derecognized on a trade date basis.

An impairment loss should be recognized if there is objective evidence that bonds are impaired. The impairment loss is reversed if an increase in the bonds' recoverable amount is due to an event which occurred after the impairment loss was recognized; however, the adjusted carrying amount of the bonds may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the bonds 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 and mobile virtual network operator services, international simple resale services, internet access 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 recharge call 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. The revenues from and cost 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.



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.

Rental revenue is recognized at the time when the most of the services has been provided and the revenue has been realized or realizable.

The Company and Far Eastern Apparel Co., Ltd. (Apparel) 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 a review of the collectibility of accounts receivable. The Group assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables and assessing the value of the collateral provided by customers.

### **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**

Inventory including raw materials, materials, finished products, work-in-process and commodities was generally priced by lower-of-cost-or-market method, and the market prices of materials and raw materials and of finished products and work-in-process were valued at the lower of cost or net realizable value beginning January 1, 2009. Inventory write-downs are made item by item. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

### **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 Far EastOne uses the grant 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, emerging stocks, domestic private mutual funds, and shares from private placement subject to transfer restriction, 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**

FENC'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.

For the subsidiary, FECC, 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.

### **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.

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.

### **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, 3 to 55 years; machinery and equipment, 3 to 20 years; telecommunications equipment, 2 to 15 years; computer equipment, 3 to 10 years; leasehold improvements and operating 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.

The Group estimates the liabilities of dismantling, removing and restoring properties and records these as costs 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, in accordance of the revised ROC Statement of Financial Accounting Standards, 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.

Patent rights and computer software are measured at acquisition cost and amortized using straight-line method over 5 to 10 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 the related regulations, depreciation is calculated using the straight-line method over the estimated useful lives of the properties.

### **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 December 31, 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.

## **Impairment Loss**

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

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

For the purpose of impairment testing, goodwill is allocated to each of the relevant cash-generating units (CGUs) that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually or whenever there is an indication that the CGU may be impaired. If the recoverable amount of the CGU becomes less than its carrying amount, the impairment is allocated to first reduce the carrying amount of the goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU. A reversal of an impairment loss on goodwill is disallowed.

For long-term equity investments on which the Group has significant influence but over which it has no control, the carrying amount (including goodwill) of each investment is compared with its own recoverable amount for the purpose of impairment testing.

## **Deferral of Unrealized Intercompany Profit**

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

## **Exchangeable Bonds**

If bondholders have the right to exchange bonds for the Company's holdings in an agreed target at a fixed price or amount, the exchangeable bonds are measured at the bond issue price after deducting the fair value of embedded derivatives. The liability component of these bonds, which are nonderivative instruments, are measured at amortized cost using the effective interest method (the straight-line method is used if the result of using the effective interest method is not materially different from that of the straight-line method), and the related interest or redemption loss or gain is accounted as part of current year's income. If the bondholders exercise their exchange right before the maturity date, the carrying value of the liability components of the bonds should be adjusted at the fair value of the bonds. The Company uses the aggregate carrying amount of the liability and equity components of the bonds at the time of conversion as a basis to record the transaction on the exchange target. If the bonds are redeemed on the maturity date, the Company should recognize the fair value of embedded derivatives as gain of the current year.

## **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.

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

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.

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 payable are the differences between prior years' actual payments and estimates of tax payable 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 FERD 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.

## Hedging Derivative Financial Instruments

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

### Hedge Accounting

Hedge accounting recognizes the offsetting effects on profit or loss of changes in fair values of the hedging instrument and the hedged item. Some derivative instruments held by the Group are for cash flow hedge purposes. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in shareholders' equity. The amount recognized in shareholders' equity is recognized in profit or loss in the same year or years during which the hedged forecast transaction or an asset or liability arising from the hedged forecast transaction affects profit or loss. If hedging would give rise to a nonfinancial asset or liability, the gains or losses will be recognized as adjustments to the original cost or carrying amount of the hedged asset or liability. However, if all or a portion of a loss recognized in shareholders' equity is not expected to be recovered in the future, the amount that is not expected to be recovered is reclassified into profit or loss.

### Reclassifications

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

## 3. PRO FORMA FINANCIAL INFORMATION

Assuming that the Company and its subsidiaries acquired a majority holding in Martens Shanghai on January 1, 2009, the pro forma financial information of the Company and its subsidiaries for six months ended June 30, 2009 would have been as follows:

(In Thousands, Except Earnings Per Share)

	<b>Six Months Ended June 30, 2009</b>
Operating revenue	\$ 79,565,910
Income before income tax	9,240,935
Net income	7,437,541
Earnings per share (New Taiwan dollars)	0.95

The pro forma financial information above is only for reference. It does not completely represent the financial status of the Company after acquiring a majority stake in Martens Shanghai on January 1, 2009 and the future consolidated financial status.

#### 4. CHANGE IN ACCOUNTING PRINCIPLES

##### Accounting for Inventories

On January 1, 2009, FENC and subsidiaries adopted the newly revised Statement of Financial Accounting Standards No. 10 - "Inventories." The main revisions are (a) inventory is stated at the lower-of-cost or net realizable value method by item, except when the grouping of similar or related items is appropriate; (b) unallocated overheads are recognized as expenses in the period in which they are incurred; and (c) abnormal production costs, inventory write-downs and any reversal of write-downs should be classified as cost of goods sold. This accounting change resulted in decreases of NT\$222,095 thousand in consolidated net income and of NT\$0.0486 in basic earnings per share for the six months ended June 30, 2009.

#### 5. CASH AND CASH EQUIVALENTS

	<u>June 30</u>	
	<b>2010</b>	<b>2009</b>
Cash		
Cash on hand	\$ 23,633	\$ 23,708
Savings and checking accounts	12,599,135	7,821,147
Time deposits: Interest of 0.12%-2.25% in 2010 and 0.05%-6.73% in 2009	<u>10,820,127</u>	<u>8,653,632</u>
	<u>23,442,895</u>	<u>16,498,487</u>
Cash equivalents		
Commercial paper purchased under resell agreements: Yield of 0.23%-0.33% in 2010 and 0.1%-0.15% in 2009	6,835,236	5,036,913
Treasury bills purchased under resell agreements: Yield of 0.26% in 2010 and 0.11%-0.15% in 2009	<u>72,038</u>	<u>839,071</u>
	<u>6,907,274</u>	<u>5,875,984</u>
Management discretionary accounts		
Savings accounts	196,147	143,894
Time deposits: Yield of 0.52% in 2010 and 0.355% in 2009	<u>19,800</u>	<u>14,700</u>
	<u>215,947</u>	<u>158,594</u>
	<u>\$ 30,566,116</u>	<u>\$ 22,533,065</u>

As of June 30, 2010 and 2009, overseas demand deposits were as follows:

	<u>June 30</u>	
	<b>2010</b>	<b>2009</b>
U.S.A. - New York (US\$1,226 thousand in 2010 and US\$19 thousand in 2009)	\$ 39,415	\$ 636
Belgium (US\$1,001 thousand in 2010 and US\$645 thousand in 2009)	32,182	21,162
China-Hong Kong (US\$1 thousand in 2010 and US\$3 thousand in 2009)	<u>32</u>	<u>98</u>
	<u>\$ 71,629</u>	<u>\$ 21,896</u>



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

Financial assets held for trading were as follows:

	<b>June 30</b>	
	<b>2010</b>	<b>2009</b>
<u>Financial assets held for trading</u>		
Open-end mutual funds - beneficiary certificates	\$ 923,366	\$ 352,613
Marketable equity securities	551,845	277,194
Cotton futures contracts	16,825	25,202
Exchangeable bonds collection right	-	77,000
	<u>\$ 1,492,036</u>	<u>\$ 732,009</u>
<u>Financial liabilities held for trading</u>		
Exchangeable bonds redemption rights	\$ 77,250	\$ 23,750
Forward exchange contracts	40,718	39,925
Exchangeable bonds exchange rights	-	90,250
	<u>\$ 117,968</u>	<u>\$ 153,925</u>

YDI, KG Telecom (KG Telecom merged with Far Eastone on January 1, 2010) and Yuan Tong contracted and fully authorized Oriental Securities Investment Advisory Co., Ltd. (trustee) to manage discretionary funds of NT\$300,000 thousand, NT\$350,000 thousand, and NT\$450,000 thousand, respectively, as of June 30, 2010 and 2009. The investment target excluded shares of related parties, shares of domestic companies within the telecommunications industry (except Chunghwa Telecom Co., Ltd.) and their related derivative instruments. Deposits on fully authorized funds were NT\$215,947, thousand and NT\$158,594 thousand as of June 30, 2010 and 2009, respectively, and were classified under cash equivalents (Note 5 to the financial statements).

The Company used cotton futures contracts and forward exchange contracts to hedge the fluctuation of cotton prices and exchange rates on account receivables and payables in the years ended June 30, 2010 and 2009. 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 held for trading.

The main purpose that the Company participated in sell option contracts and nonhedging purpose forward exchange contracts is to profit on royalties and the difference between exchange rate fluctuations for the six months ended June 30, 2010 and 2009.

The Company had no outstanding cotton futures contracts and options as of June 30, 2010 and 2009; while the outstanding forward exchange contracts as of June 30, 2010 and 2009 were as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>June 30, 2010</u>			
Sell	USD/NTD	2010.07.07-2010.10.05	USD34,400/NTD1,080,714
Sell	EUR/USD	2010.07.29-2010.09.29	EUR15,000/USD18,059
<u>June 30, 2009</u>			
Sell	USD/NTD	2009.07.15-2009.09.15	USD73,000/NTD2,376,034
Sell	EUR/USD	2009.07.29-2009.09.29	EUR8,000/USD10,734

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.

In the six months ended June 30, 2010, Far Eastern Investment (Holding) Ltd. (FEIH) engaged in forward exchange contracts not only to hedge against the exchange rate risk on foreign-currency assets and liabilities but also to hedge against the risk on foreign currency investments made on behalf of a related party, Wuhan Far Eastern New Material Ltd., in the six months ended June 30, 2010.

As of June 30, 2010 and 2009, FEIH's outstanding forward exchange contracts were as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>June 30, 2010</u>			
Sell	USD/CAD	2010.07.23-2010.08.25	USD5,000/CAD5,130
<u>June 30, 2009</u>			
Sell	USD/CAD	2009.09.25	USD1,000/CAD1,079

OPTC engaged in forward exchange contracts to hedge against the exchange rate risk on foreign currency assets and liabilities as of June 30, 2010 and 2009. As of June 30, 2010, OPTC had no outstanding forward exchange contract; as of June 30, 2009, OPTC's outstanding forward exchange contracts were as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>June 30, 2009</u>			
Buy	USD/NTD	2009.07.03-2009.07.08	USD7,100/NTD233,965

For the six months ended June 30, 2009, two subsidiaries, FEFC and Yuan Tong, traded forward exchange contracts to hedge against the exchange rate risk on foreign currency assets and liabilities. They had no outstanding contracts as of June 30, 2009.

On the financial assets held for trading, there were net losses of NT\$(65,089) thousand and net gains of NT\$166,460 thousand in the six months ended June 30, 2010 and 2009, respectively. On financial liabilities held for trading, there were net losses of NT\$3,253 thousand and net losses of NT\$3,429 thousand in the six months ended June 30, 2010 and 2009, respectively.

## 7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>June 30</b>	
	<b>2010</b>	<b>2009</b>
Current		
Marketable equity securities	\$ 367,989	\$ 369,612
Open-end mutual funds - beneficiary certificates	2,204,983	2,307,768
Private-placement funds - beneficiary certificates	<u>518,010</u>	<u>328,180</u>
	<u>\$ 3,090,982</u>	<u>\$ 3,005,560</u>
Noncurrent		
Marketable equity securities (Note 13)	<u>\$ 2,384,335</u>	<u>\$ 1,782,393</u>

## 8. BOND INVESTMENTS WITH NO ACTIVE MARKET

	June 30	
	2010	2009
Current		
Bond - Ta Chong Commercial Bank	\$ -	\$ 3,000
Non-current		
Convertible bond - Bockhold N.V.	\$ 293,454	\$ 293,454

On July 16, 2004, ARCOA bought a five-year corporate bond at par value, amounting to NT\$3,000 thousand with coupon interest rate of 2.55%. The interest is payable on July 16 annually. The maturity date of the bond is July 16, 2009. The bond was redeemed at par value on the maturity date.

On February 26, 2009, an FENC subsidiary, Yuan Tong, bought a convertible bond for EUR6,670 thousand issued by Bockhold N.V. The 7.5% interest on this three-year convertible bond was payable semiannually, and this bond can be converted to 933 common stock shares of Bockhold N.V. proportionally. The amount on this liability contract was recognized as bond investment with inactive market.

## 9. INVENTORIES, NET

	June 30	
	2010	2009
Merchandise	\$ 1,042,406	\$ 1,365,192
Finished goods	4,307,339	3,806,701
Work-in-process	1,828,689	1,477,562
Raw materials	5,815,165	4,658,278
Supplies	<u>1,122,256</u>	<u>1,163,746</u>
	<u>\$ 14,115,855</u>	<u>\$ 12,471,479</u>

The allowances for the decline in inventory market value as of the end of 2010 and 2009 were NT\$625,253 thousand and NT\$1,083,135 thousand, respectively.

The costs of goods sold related to the inventory were NT\$55,428,713 thousand in 2010 and NT\$43,893,031 thousand in 2009. The cost of goods sold, as of June 30, 2010 and 2009, included the gains of NT\$58,898 thousand and NT\$669,735 thousand on the recovery of the net realizable value of inventory and these gains resulted from the increasing market prices of inventory.

## 10. CONSTRUCTION-IN-PROGRESS (NET OF BILLINGS ON CONSTRUCTION-IN-PROGRESS)

Construction-in-progress, advances on land and building and deferred marketing expenses of Far Eastern Construction Co., Ltd. as of June 30, 2010 and 2009 were as follows:

Project by Accounting Method	June 30, 2010									
	Contract Price	Estimated Construction Cost	Construction-in-Progress				Deferred Marketing Expense	Billings on Construction-in-progress	Percentage of Completion	Expected Year of Completion
Land			Construction Cost	Recognized Cumulative (Loss) Gain	Total					
<i>Completed-contract method</i>										
Ban Ciao New Section No. 9 (Zhong Ben)	\$ -	\$ -	\$ 710,554	\$ 530,392	\$ -	\$ 1,240,946	\$ -	\$ -	-	2012
<i>Percentage of completion method</i>										
Ban Xin Head Office	2,436,147	2,219,150	-	45,087	207,153	252,240	5,157	1,564,747	92	2010
Yuan Yang California	9,116,210	5,207,620	<u>821,542</u>	<u>105,491</u>	<u>1,034,407</u>	<u>1,961,440</u>	<u>142,916</u>	<u>956,533</u>	44	2011
			<u>\$ 1,532,096</u>	<u>\$ 680,970</u>	<u>\$ 1,241,560</u>	<u>\$ 3,454,626</u>	<u>\$ 148,073</u>	<u>\$ 2,521,280</u>		

Project by Accounting Method	June 30, 2009									
	Contract Price	Estimated Construction Cost	Construction-in-Progress			Total	Deferred Marketing Expense	Billings on Construction-in-progress	Percentage of Completion	Expected Year of Completion
			Land	Construction Cost	Recognized Cumulative (Loss) Gain					
<u>Completed-contract method</u>										
Ban Xin Head Office	\$ -	\$ -	\$ -	\$ 19,585	\$ -	\$ 19,585	\$ 62,045	\$ 322,685	-	2010
Ban Ciao New Section No. 9 (Zhong Ben)	-	-	693,173	389,701	-	1,082,874	-	-	-	2012
			<u>\$ 693,173</u>	<u>\$ 409,286</u>	<u>\$ -</u>	<u>\$ 1,102,459</u>	<u>\$ 62,045</u>	<u>\$ 322,685</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 Stores Ltd. (FEDS). 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, 2010 and 2009, FECC's capitalized interest which generally referred to construction-in-progress and prepaid construction, was NT\$19,428 thousand and NT\$11,013 thousand, respectively. The capitalization rates were 0.4325% to 1.4609% at the end of June 2010 and 0.8979% to 2.6320% at the end of June 2009.

Construction-in-progress (net of billings on construction-in-progress) of FECC as of June 30, 2010 and 2009 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, 2010</u>							
a. Percentage of completion method							
Kaohsiung Rapid Transit	\$ 7,921,849	\$ 7,105,296	\$ 7,899,133	\$ 7,652,433	99	2010	\$ 808,387
Min Yi Camp (1)	395,368	406,531	395,368	390,540	-	2010	(11,163)
Min Yi Camp (2)	484,010	498,016	485,674	481,175	-	2010	(14,006)
Tainan science park - Taipower Company	894,138	1,002,225	820,113	794,945	93	2010	(108,087)
Zhong-Ben	2,568,919	2,618,919	1,246,441	649,434	50	2012	(50,000)
Taichung C709A	2,965,991	2,788,031	1,470,970	1,412,594	50	2011	88,980
Yuan Yang California	2,914,631	2,798,046	1,246,769	-	44	2011	12,268
Ban Xin Head Office	3,687,619	3,458,324	3,386,834	2,143,310	92	2010	204,493
Ban Xin repair	1,701,724	1,605,249	1,191,801	819,569	70	2010	65,517
Banciao Communication	234,286	223,500	206,865	-	88	2010	3,312
Zhong-Long storage	314,931	321,298	314,451	306,852	99	2010	(6,367)
Zhong-Long fireplace	501,908	501,189	498,973	494,894	99	2010	712
			<u>19,163,392</u>	<u>15,145,746</u>			
b. Completed-contract method							
Wu-Yang C904B	-	-	105,268	-	-	2012	-
Wu-Yang C905	-	-	67,311	-	-	2012	-
Wu-Yang C908	-	-	39,053	-	-	2012	-
Flora Exposition	-	-	112,927	95,656	-	2010	-
Lot of O.I.T.	-	-	61,890	59,710	-	2010	-
Zhong-Ben (2)	-	-	996	-	-	2012	-
Miscellaneous	-	-	4,090	2,679	-	2010	-
			<u>391,535</u>	<u>158,045</u>			
			<u>19,554,927</u>	<u>\$ 15,303,791</u>			<u>\$ 994,046</u>
			<u>\$ 4,251,136</u>				

June 30, 2009

a. Percentage of completion method

Kaohsiung Rapid Transit	\$ 7,921,849	\$ 7,105,296	\$ 7,860,176	\$ 7,652,433	99	2010	\$ 808,387
Min Yi Camp (1)	395,368	406,531	395,368	390,540	-	2009	(11,163)
Min Yi Camp (2)	484,010	498,016	485,674	481,175	-	2009	(14,006)
Ban Xin Head Office	3,687,619	3,458,324	2,988,803	1,922,037	83	2010	117,481
Zhong-Ben	1,857,059	1,857,059	607,006	321,523	33	2012	-
Tainan science park - Taipower Company	797,551	911,105	775,157	742,195	98	2009	(113,554)
Yuan-Yang famous Building	154,605	145,854	14,600	-	99	2009	8,664
Zhong-Long storage	327,789	305,339	321,908	264,668	98	2009	22,001
Zhong-Long fireplace	506,861	504,356	491,430	418,949	97	2009	2,430

(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
Taichung C706	\$ 3,018,591	\$ 2,927,665	\$ 1,311,879	\$ 1,243,441	43	2011	\$ 39,098
Taichung C704	2,314,286	2,142,857	43,750	14,566	2	2011	3,429
Ban Xin repair	1,701,724	1,605,249	278,518	164,655	17	2010	10,285
Taichung C709A	2,965,991	2,788,031	347,100	264,777	12	2011	21,355
Banciao Communication	234,286	213,500	91,956	64,802	39	2009	2,828
			<u>16,013,325</u>	<u>13,945,761</u>			
b. Completed-contract method							
Zhong-Long repair	-	-	67,804	60,727	-	2009	-
Yuan-Yang California	-	-	388,476	-	-	2011	-
Flora Exposition	-	-	1,631	-	-	2010	-
Miscellaneous	-	-	11,374	9,986	-	2009	-
			<u>469,285</u>	<u>70,713</u>			
			<u>16,482,610</u>	<u>\$ 14,016,474</u>			<u>\$ 897,235</u>
			<u>\$ 2,466,136</u>				

(Concluded)

## 11. AVAILABLE FOR CONSTRUCTION - LAND

	Area (Square Meters)	June 30	
		2010	2009
Guang Ming Section No. 201, Shi Tuen, Taichung	12,036	\$ 411,629	\$ 411,629
Bai An Section No. 877, Ta Chih, Taipei	472	125,099	125,099
B5 Xin Yi section	199	75,555	75,555
Jen Ai Section No. 732, Taipei	19	<u>7,730</u>	<u>7,730</u>
		<u>\$ 620,013</u>	<u>\$ 620,013</u>

## 12. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	June 30			
	2010		2009	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Listed common stocks				
Far Eastern International Bank (Note 13)	<u>\$ 1,286,376</u>	5	<u>\$ 1,286,376</u>	5
Unlisted common stocks				
Yue Yuan Investment Corp.	637,577	19	637,577	19
Bockhold N.V.	223,533	13	223,533	13
Alberia & Orient Glycol Company Ltd.	124,722	25	155,350	25
Hantech Venture Capital Corp.	104,714	7	104,714	7
Kaohsiung Rapid Transit Corporation	81,429	2	191,549	2
Chung Nan Textile Corp.	81,405	5	81,405	5
Nippon Parison Co., Ltd.	70,035	10	71,729	10
Dah Chung Bills Finance Corp.	30,669	1	-	-
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	-
Others	<u>91,069</u>		<u>91,101</u>	
	<u>1,521,307</u>		<u>1,633,112</u>	

(Continued)

	June 30			
	2010		2009	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
Fund				
Domestic private mutual fund	\$ 150,000		\$ 150,000	
Kai Yung Trust Fund	-		322,847	
	<u>150,000</u>		<u>472,847</u>	
Conversion option embedded into convertible bonds				
Bockhold N.V.	<u>7,895</u>		<u>7,895</u>	
	<u>\$ 2,965,578</u>		<u>\$ 3,400,230</u>	

(Concluded)

The Company and its subsidiaries' investments on securities and funds presented above were evaluated at their acquisition costs because those financial assets were traded at inactive markets and were unable to be measured with their fair values.

Investment in Alberia & Orient Glycol Company Ltd. was accounted for by the cost method since the Group could not exercise significant influence over this investee although the Group owned more than 20% of his investees' voting stock.

In January 2009, an FENC subsidiary, Yuan Tung, acquired 13% equity in Bockhold N.V. for NT\$223,533 thousand and then bought a convertible bond issued by Bockhold N.V. (Note 8) on February 26, 2009. However, since the bond was an investment in an inactive market, it was recognized as a financial asset carried at cost amounting to NT\$7,895 thousand.

Kai Yuang Trust Fund, which was invested in by an FENC subsidiary, FEIH and had been disposed in the first quarter of 2010 with a gain of NT\$104,675 thousand.

Under Interpretation 1998-150 issued by the Accounting Research and Development Foundation, FEGC, the build-operate-transfer (BOT)-chartered investor of Kaohsiung Rapid Transit Corporation (KRTC) should transfer all assets to the government without any condition as well as complete the amortization of this investment by the end of the charter period. KRTC started the construction of its high-speed train system on October 31, 2001 and then began the commercial operation in April 2008. The 36-year charter period will end on December 31, 2037. The investment amortization period, which started in April 2008, will be 29 years and 7 months, and the amortization amounted to NT\$1,946 thousand and NT\$3,380 thousand (both are recognized as impairment loss on assets) for the six months ended June 30, 2010 and 2009, respectively. However, because of low ridership, FEGC recognized impairment losses of NT\$24,939 thousand for the six months ended June 30, 2010 and NT\$79,856 thousand in 2009.

### 13. EQUITY-METHOD INVESTMENTS

	June 30			
	2010		2009	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
With quoted market prices				
Asia Cement Corp.	\$ 12,990,840	25	\$ 13,098,272	24
Far Eastern Department Stores Ltd.	4,328,513	19	3,976,935	18
Oriental Union Chemical Corp.	2,894,441	23	3,046,329	24
Everest Textile Co., Ltd.	<u>878,224</u>	27	<u>1,114,132</u>	27
	<u>21,092,018</u>		<u>21,235,668</u>	
With no quoted market prices				
New Century InfoComm Tech Co.	10,143,185	43	10,096,526	42
Oriental Securities Co., Ltd.	4,259,816	46	4,701,364	46
Yuan Ding Company	4,062,600	50	3,632,454	50
Pacific Liu Tung Investment Corp.	2,809,243	40	2,511,275	40
Far Eastern International Leasing Corp.	2,017,093	34	1,787,607	33
Liquid Air Far East Glycol Ltd.	1,109,964	35	1,045,974	35
Da Ju Fiber Co., Ltd.	422,226	42	203,058	42
Kowloon Cement Corp.	381,662	49	385,310	49
Yuan Ding Leasing Corp.	366,709	46	364,661	46
Yue Ding Industry Co., Ltd.	324,870	29	97,333	28
Freudenberg Far Eastern Spunweb Co., Ltd.	292,981	30	267,592	30
Yue Ming Corp.	54,083	46	58,661	46
Malaysia Garment Manufactures PTE Ltd.	47,409	38	54,570	38
Ding Ding Integrated Marketing Service Co., Ltd.	37,341	15	(153)	15
Ding Ding Hotel Co., Ltd.	30,863	19	34,302	19
Com 2B Corporation	28,231	20	29,748	20
iScreen Corporation	28,098	40	30,086	40
Pacific Petrochemical (Holding) Ltd.	-	-	600,131	25
Far Eastern International Garments	(27,310)	50	(26,946)	50
Cemtex Apparel Inc.	<u>(5,343)</u>	41	<u>(3,569)</u>	41
	26,383,721		25,869,984	
Add: Credit balance on carrying values of long-term investments reclassified to other liabilities	<u>32,653</u>		<u>30,668</u>	
	<u>26,416,374</u>		<u>25,900,652</u>	
	<u>\$ 47,508,392</u>		<u>\$ 47,136,320</u>	

Investments in FEDS, Ding Ding Hotel Co., Ltd. (Ding Ding Hotel) and Ding Ding Integrated Marketing Service Co., Ltd. (DDIMS) as of June 30, 2010 and Far Eastern International Bank (FEIB) as of June 30, 2009 were accounted for by the equity method because of the Group's significant influence over them, even though the Group owned less than 20% of each Investee's voting stock.

The Group committed to provide further financial support to DDIMS, Far Eastern International Garments and Cemtex Apparel Inc. and recognized credit balances on the book values of the related long-term investments, and these balances were recognized under other liabilities - other.

In 2009, the Group bought 7,352 thousand shares of Asia Cement Corporation (ACC) for NT\$219,167 thousand and sold 67,631 thousand ACC shares for NT\$2,215,557 thousand. Thus, the Group's equity interest in ACC decreased from 25.90% to 23.85%. For the six months ended June 30, 2010, the subsidiaries, Yuan Tong, Kai Yuan International Investment Co., Ltd. (Kai Yuan) and Ding Yuan International Investment Co., Ltd. (Ding Yuan), bought 20,325 thousand shares of ACC for NT\$622,532 thousand; thus, the Group's equity in ACC increased from 23.85% to 24.53%.

In 2009, the subsidiaries, YDI and Ding Yuan, bought 12,279 thousand shares of OUCC for NT\$194,978 thousand and sold 10,810 thousand shares for NT\$260,224 thousand. Thus, the Group's equity in OUCC increased from 22.56% to 24.08% and then decreased to 22.74%. For the six months ended June 30, 2010, the subsidiaries, YDI and Kai Yuan, sold 320 thousand shares for NT\$9,241 thousand; the subsidiary, Ding Yuan bought 130 thousand shares of OUCC for NT\$3,172 thousand; thus, the Group's equity in OUCC decreased from 22.74% to 22.72%.

For the six months ended June 30, 2009, the subsidiaries Yuan Tong, Kai Yuan and Ding Yuan sold 16,581 thousand shares of FEDS for NT\$332,929 thousand; thus, the Group's equity in FEDS decreased from 19.58% to 18.18%. From July 1 to December 31, 2009, the subsidiaries YDI bought 2,419 thousand shares of FEDS for NT\$86,231 thousand and the subsidiaries, Yuan Tong and Kai Yuan sold 4,093 thousand shares of FEDS for NT\$316,823, thus, the Group's equity in FEDS decreased from 18.18% to 18.04%. For the six months ended June 30, 2010, the subsidiaries, Yuan Tong, Kai Yuan and Ding Yuan bought 11,020 thousand shares of FEDS for NT\$328,124, thus, the Group's equity in FEDS increased from 18.04% to 18.95%.

In their annual meeting on June 10, 2009, the shareholders of FEIB decided to offset a loss of NT\$4,075,208 thousand through capital reduction on June 30, 2009, which is the base date of the capital reduction. Thus, the Group's holding in FEIB decreased by 65,341 thousand shares.

In 2008, the Group invested in 127,601 thousand shares privately issued by FEIB for NT\$829,407 thousand, and this investment was treated as a transfer of ownership as stated in Section 8 of Article 43 of the ROC Securities and Exchange Act. In addition, FEIB had a board of directors' election on June 10, 2009. FENC and one of its subsidiaries, YDI, lost their three seats in the board, and they no longer had significant control over FEIB when the new board's term began on June 27, 2009. Thus, the Group reclassified the current value of the shares privately issued by FEIB to Financial assets carried at cost, and the rest was reclassified to available-for-sale financial assets - noncurrent.

In 2009, Everest Textile Co., Ltd. (Everest Textile) reacquired its shares from the open market, and this treasury stock transaction caused the Group's holding in this company to increase from 25.99% to 27.07%. In addition, Ding Yuan bought 17 thousand shares of Everest Textile for NT\$97 thousand for the six months ended June 30, 2010.

In 2009, YDI and Kai Yuan acquired 19,001 thousand shares of FEILC's newly issued shares for NT\$190,008 thousand, and their equity in FEILC increased from 33.12% to 33.67%.

In July 2009, an FENC subsidiary, YDI, acquired 5,302 thousand shares of the shares newly issued by Da Ju Fiber Co., Ltd. for NT\$127,258 thousand.

In 2009, Ding Yuan acquired 9,120 thousand shares of the shares newly issued by Yue Ding Industry Co., Ltd. for NT\$91,200 thousand. Thus, the Group's equity in Yue Ding Industry Co. increased from 27.81% to 28.87%.

In order to simplify structure of the investments, the subsidiary, YDI sold 20 thousand shares of Pacific Petrochemical (Holding) Ltd. (PPL) to the related parties of the Company, OUCC, for NT\$645,047 thousand for the six months ended June 30, 2010.



In their annual meeting held on June 5, 2009, the shareholders of New Century InfoComm Tech Co., Ltd. (NCIC) decided to offset a loss of NT\$14,005,510 thousand through capital reduction, with August 1, 2009 as the base date of capital reduction. Thus, the Group's holding of NCIC decreased by 596,147 thousand shares.

To prepare for the era of service convergence, Far EasTone has a long-term strategy to integrate fixed-line and mobile communications. Thus, Far EasTone aims to enhance the business cooperation between its fixed-line and mobile components by group integration to provide more comprehensive telecom services to consumers as well as have long-term synergy in operating costs. To achieve this target, YCIC, a 100% subsidiary of Far EasTone, conducted a tender offer to acquire the common shares of NCIC. On June 25, 2010, YCIC's board of directors resolved to set the tender offer price at NT\$10.93 per share. YCIC planned to acquire 1,904,353 thousand shares. The tender offer period is from June 28, 2010 to August 16, 2010. With Far EasTone's own holding of 695,096 thousand NCIC shares, Far EasTone and YCIC will hold together 100% of NCIC's total issued shares in maximum on the completion of the tender offer. If only a minimum of 389,917 thousand shares, or 15% of current NCIC common shares, is acquired, the conditions of the tender offer are still considered to have been met. To meet YCIC's tender offer payment needs and enhance its working capital, Far EasTone's board of directors resolved that Far EasTone will subscribe for YCIC's shares issued for capital increase at not more than NT\$15,000,000 thousand in cash and will lend to YCIC a maximum of NT\$6,000,000 thousand. Far EasTone's board of directors also approved to authorize the chairman to allow YCIC to make a drawdown on the loan within the approved ceiling of NT\$6,000,000 thousand within one year from the loan grant date.

After the tender offer is completed and if Far EasTone and YCIC have jointly acquired 100% ownership of NCIC, there will be a short-form merger based on Article 19 of the Enterprise Merger and Acquisition Law (EM&A Law) between Far EasTone and YCIC, with Far EasTone as the survivor entity. NCIC will then become Far EasTone's 100% subsidiary. However, if Far EasTone and YCIC do not wholly acquire NCIC's shares, Far EasTone plans to conduct a two-stage merger and acquisition. In the first stage, YCIC will have a share swap with NCIC based on Article 29 of the EM&A Law for NCIC to become a 100% subsidiary of YCIC. In the second stage, Far EasTone will have a cash-out merger with YCIC, with Far EasTone as the survivor entity. NCIC will then become Far EasTone's 100% subsidiary. Under related laws and regulations, this two-stage merger and acquisition has to be approved by the board of directors and/or shareholders' meeting respectively.

The calculation of the gains (losses) on the equity-method investments were based on the audited financial statements of all the listed companies, OSC, PLT and NCIC and the others were based on the unreviewed financial reports. However, on the financial statements of the listed companies that had been audited, such as ACC, FEDS, OUCC and Everest Textile and PLT, the accountants expressed a qualified opinion because some of their investees' financial statements for the six months ended June 30, 2010 and 2009 had not been audited.

The equity-method investments, including the unreviewed investments of the Group, were NT\$25,284,613 thousand and NT\$23,763,994 thousand as of June 30, 2010 and 2009, respectively; the investment incomes were NT\$787,519 thousand and NT\$1,108,341 thousand for the six months ended June 30, 2010 and 2009, respectively.

Market prices of the equity-method investments were as follows:

	<b>As of June 30</b>	
	<b>2010</b>	<b>2009</b>
With quoted market prices	<u>\$ 32,017,829</u>	<u>\$ 35,933,878</u>

The difference between the investment cost and the equity in the investees' net assets resulted from the goodwill and the amortizable assets, which had changes as of June 30, 2010 and 2009, as follows:

	<b>Six Months Ended June 30, 2010</b>			
	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending Balance</b>
Goodwill	\$ 586,438	\$ 219,574	\$ 217	\$ 805,795
Amortizable assets	<u>867,535</u>	<u>12,364</u>	<u>71,692</u>	<u>808,207</u>
	<u>\$ 1,453,973</u>	<u>\$ 231,938</u>	<u>\$ 71,909</u>	<u>\$ 1,614,002</u>

	<b>Six Months Ended June 30, 2009</b>			
	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending Balance</b>
Goodwill	\$ 878,592	\$ 41,402	\$ 39,391	\$ 880,603
Amortizable assets	<u>808,673</u>	<u>196,121</u>	<u>67,021</u>	<u>937,773</u>
	<u>\$ 1,687,265</u>	<u>\$ 237,523</u>	<u>\$ 106,412</u>	<u>\$ 1,818,376</u>

#### 14. HELD-TO-MATURITY FINANCIAL ASSETS - NONCURRENT

	<b>June 30</b>	
	<b>2010</b>	<b>2009</b>
Corporate bonds		
Asia Cement Corporation	<u>\$ 199,616</u>	<u>\$ -</u>

A Company subsidiary, KG Telecom (KG Telecom merged with the subsidiary, Far Eastone, in January 1, 2010; Note 1) bought five-year corporate bonds for NT\$199,540 thousand issued by Asia Cement Corporation with an effective interest rate of 2.004% and coupon interest rate of 1.95%.

#### 15. PROPERTIES

a. Accumulated depreciation consisted of:

	<b>June 30</b>	
	<b>2010</b>	<b>2009</b>
Cost		
Buildings	\$ 7,553,785	\$ 7,016,172
Machinery and equipment	60,614,072	56,432,356
Telecommunications equipment	83,337,866	76,694,055
Computer equipment	14,999,418	14,355,496
Leasehold improvements	1,403,649	1,445,157
Operating and miscellaneous equipment	<u>4,806,292</u>	<u>4,023,733</u>
	<u>172,715,082</u>	<u>159,966,969</u>
Appreciation		
Buildings	207,283	209,772
Machinery and equipment	165,584	170,074
Operating and miscellaneous equipment	<u>5,080</u>	<u>5,080</u>
	<u>377,947</u>	<u>384,926</u>
Total accumulated depreciation	<u>\$ 173,093,029</u>	<u>\$ 160,351,895</u>

b. Accumulated impairment consisted of:

	<b>June 30</b>	
	<b>2010</b>	<b>2009</b>
Buildings	\$ 38,626	\$ 35,619
Machinery and equipment	2,534,918	2,407,345
Operating and miscellaneous equipment	<u>121</u>	<u>121</u>
Total accumulated impairment	<u>\$ 2,573,665</u>	<u>\$ 2,443,085</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 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, Yuan Ding Company (Yuan Ding) constructed a building on this land. The parties further agreed that Yuan 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 Yuan 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, FERD. When the contract described in the preceding paragraph is terminated, the Company and ACC will request Yuan Ding to transfer the property rights on the co-owned building along with the real estate development rights to FERD.

At the end of 2007, FERD 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.

The capitalized interest on properties amounting to NT\$8,100 thousand and NT\$30,015 thousand and the capitalized interest rate was 0.05%-1.69% and 1.00%-6.38% for the six months ended June 30, 2010 and 2009, respectively.

Depreciation expenses for properties were NT\$7,479,526 thousand and NT\$8,071,712 thousand for the six months ended June 30, 2010 and 2009, respectively.

## 16. 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. Goodwill mainly resulted from the mergers and acquisitions of large percentage of ownerships by the subsidiary, Far EasTone.

Under Statement of Financial Accounting Standards No. 35 - "Accounting for Asset Impairment," the Far EasTone and its subsidiaries are divided into several identifiable cash-generating units as follows:

To enhance the operating effectiveness, Far EasTone integrated its telecommunications resources actively in 2009 and 2008. Thus, in 2009, the identifiable cash-generating units were defined as mobile telecommunications service business, telecommunication equipment business and WiFly business, which were divided by distinct business functions.

On December 31, 2009 and 2008, the carrying values of the tangible and intangible assets used by Far EasTone and its subsidiaries were NT\$57,910,640 thousand and NT\$63,927,354 thousand, respectively. Far EasTone's management took the recoverable amounts of core assets and their life uses as a consideration for the cash flow forecast. Therefore, the discount rates on December 31, 2009 are 10.61% for the mobile telecommunications service business, 10.42% for the telecommunication equipment business and 10.00% for WiFly business and the discount rates on December 31, 2008 are 12.64% for mobile telecommunications service business, 16.88% for telecommunication equipment business and 10.00% for WiFly business. The operating revenue forecast was based on the expected future growth rate of the telecom industry along with the prospective advancement of the business.

The principal assumptions and the relevant measurement of the recoverable amounts of Far EasTone and its subsidiaries 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:

There was no significant change in the ratio in 2009 and 2008; this ratio is expected to decrease slightly in future years. Far EasTone's management believed that any reasonable changes in the principal assumptions would not result in the carrying values exceeding the recoverable amounts. Estimated impairment losses of NT\$44,315 thousand for 2009 and NT\$20,000 thousand for 2008 were recorded, respectively. Until June 30, 2010, there were no significant changes showing that goodwill was impaired.

## 17. INTANGIBLE ASSETS - 3G CONCESSION, NET

	<u>Six Months Ended June 30</u>	
	<u>2010</u>	<u>2009</u>
Cost	<u>\$ 10,169,000</u>	<u>\$ 10,169,000</u>
Accumulated amortization		
Beginning balance	3,592,642	2,861,935
Amortization	<u>365,353</u>	<u>365,353</u>
Ending balance	<u>3,957,995</u>	<u>3,227,288</u>
3G concession, net	<u>\$ 6,211,005</u>	<u>\$ 6,941,712</u>

## 18. FARMLAND

	<b>June 30</b>	
	<b>2010</b>	<b>2009</b>
Cost	\$ 232,121	\$ 232,121
Appreciation	<u>44,540</u>	<u>44,540</u>
Total cost and appreciation	<u>\$ 276,661</u>	<u>\$ 276,661</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.

## 19. SHORT-TERM BANK LOANS

	<b>June 30</b>	
	<b>2010</b>	<b>2009</b>
Unsecured bank loans: Interest - 0.5123%- 3.8% in 2010 and 0.55%-5.04% in 2009	\$ 19,971,075	\$ 15,766,920
Secured bank loans: Interest - 0.592%- 4.2% in 2010 and 0.7585%-4.86% in 2009	<u>5,662,128</u>	<u>6,790,466</u>
	<u>\$ 25,633,203</u>	<u>\$ 22,557,386</u>

An FENC subsidiary, Far Eastern Construction Co., Ltd. (FECC), obtained a loan with credit line of NT\$1,000,000 thousand from Taiwan Cooperative Bank for a residential construction named Twin Star Garden Square. The first installment payment was in February 2009, and this loan was fully repaid in December 2009. FECC got another loan with credit line of NT\$430,000 thousand from the Bank of Panhsin, and NT\$ 143,000 thousand had been used as of the end of June 2010.

In addition, on December 17, 2009, FECC got a syndicated loan with credit line of NT\$4,000,000 thousand from Mega International Commercial Bank and three other banks. A lot under development (17 lands in No. 1019 of Shin Ya Section) for a new residential construction named Far Eastern California was pledged for NT\$4,800,000 thousand to the creditor banks to guarantee FECC's debt repayment. The conditions of the loan are presented below:

	<b>Amount Limit</b>	<b>Period</b>	<b>Interest Rate</b>	<b>Remark</b>
A	\$ 1,800,000	Two years from the first drawdown	Interest rate is fixed during the interest period	The entire loan should be used only once, i.e., it cannot be used as a revolving credit during the contract period.
B	2,200,000	Two years from the first drawdown	Interest rate is fixed during the interest period	Multiple drawdowns on the loan are allowed but the loan cannot be used as a revolving credit during the contract period.
	<u>\$ 4,000,000</u>			

## 20. COMMERCIAL PAPER

Commercial paper with one-year maturities were issued at discounts ranging from 0.2% to 2.638% as of June 30, 2010 and from 0.2% to 1.95% as of June 30, 2009.

## 21. BILLINGS ON CONSTRUCTION-IN-PROGRESS (NET OF CONSTRUCTION-IN-PROGRESS)

Billings on construction-in-progress of FEGC were as follows:

Contract Name	Contract Price	Estimated Construction Cost	Construction in Progress	Billings on Construction-in-progress	Percentage of Completion	Expected Completion Year	Recognized Cumulative Construction (Loss) Gain
<u>June 30, 2010</u>							
Percentage of completion method							
Er-chung flood spillway bridge	\$ 136,551	\$ 138,799	\$ 136,378	\$ 136,551	-	2010	\$ (2,248)
Zhong-Long	87,381	80,649	87,148	87,381	99	2010	6,665
Taichung C706	3,018,591	2,927,665	2,220,082	2,355,927	74	2011	67,285
Taichung C704	2,314,286	2,159,356	710,379	843,243	31	2011	48,028
Far Eastern Memorial Hospital (2)	692,381	670,244	<u>24,074</u>	<u>88,011</u>	3	2012	664
			<u>3,178,061</u>	<u>3,511,113</u>			
Completed-contract method							
Manhattan	-	-	<u>90,151</u>	<u>110,960</u>	-	2010	-
			<u>\$ 3,268,212</u>	<u>3,622,073</u>			
				<u>\$ 353,861</u>			<u>\$ 120,394</u>
<u>June 30, 2009</u>							
Percentage of completion method							
Er-chung flood spillway bridge	\$ 136,551	\$ 138,799	\$ 136,128	\$ 136,551	-	2009	\$ (2,248)
Hua Jiang Express	2,415,682	2,373,423	<u>2,264,939</u>	<u>2,402,725</u>	94	2009	39,724
			<u>2,401,067</u>	<u>2,539,276</u>			
Completed-contract method							
Manhattan	-	-	<u>88,552</u>	<u>93,265</u>	-	2009	-
			<u>\$ 2,489,619</u>	<u>2,632,541</u>			
				<u>\$ 142,922</u>			<u>\$ 37,476</u>

## 22. LONG-TERM LIABILITIES

	Due Within One Year	Due After One Year	Total
<u>June 30, 2010</u>			
Long-term debts			
Bank loans	\$ 3,410,033	\$ 34,421,638	\$ 37,831,671
Commercial paper	<u>-</u>	<u>1,998,524</u>	<u>1,998,524</u>
	<u>3,410,033</u>	<u>36,420,162</u>	<u>39,830,195</u>
Bonds payable			
Nonconvertible bonds	6,699,892	12,372,718	19,072,610
Exchangeable bonds	2,500,000	-	2,500,000
Exchangeable bonds discount	<u>(128,491)</u>	<u>-</u>	<u>(128,491)</u>
	<u>9,071,401</u>	<u>12,372,718</u>	<u>21,444,119</u>
	<u>\$ 12,481,434</u>	<u>\$ 48,792,880</u>	<u>\$ 61,274,314</u>

(Continued)

<u>June 30, 2009</u>	<b>Due Within One Year</b>	<b>Due After One Year</b>	<b>Total</b>
Long-term debts			
Bank loans	\$ 2,179,263	\$ 31,868,161	\$ 34,047,424
Commercial paper	<u>1,079,036</u>	<u>3,269,473</u>	<u>4,348,509</u>
	<u>3,258,299</u>	<u>35,137,634</u>	<u>38,395,933</u>
Bonds payable			
Nonconvertible bonds	3,500,000	9,598,225	13,098,225
Exchangeable bonds	-	2,500,000	2,500,000
Exchangeable bonds discount	<u>-</u>	<u>(186,823)</u>	<u>(186,823)</u>
	<u>3,500,000</u>	<u>11,911,402</u>	<u>15,411,402</u>
	<u>\$ 6,758,299</u>	<u>\$ 47,049,036</u>	<u>\$ 53,807,335</u>
			(Concluded)

### Bank Loans

The loan agreements provide for various repayment terms (monthly, quarterly annual or lump sum on maturity), with all payments due by December 2014, and paid New Taiwan dollar or other foreign currencies. Bank interest rates were 0.51% to 3.2% as of June 30, 2010 and 0.6% to 6.966% as of June 30, 2009.

On September 12, 2008, the Company entered into a medium-term syndicated loan agreement with banks led by Hua Nan Commercial Bank. The total loan agreement amounted to NT\$5,700,000 thousand. Under this agreement, the Company should keep its current, liability, tangible asset-equity and EBIT ratios within certain ranges on stand-alone semi-annual and annual reports. The Company's stand-alone financial reports for the six months ended June 30, 2010 and 2009 showed that the Company was in compliance with these ratio requirements.

On July 1, 2008, a Company subsidiary, Sino, reached a medium-term syndicated loan agreement with banks led by Chinatrust Commercial Bank. The total loan agreement amounted to US\$50,000 thousand. Under this agreement, another subsidiary of the Company, Yuan Tong, served as the guarantor of Sino and thus committed to keep its current, liability, tangible asset-equity and EBIT ratios within certain ranges in annual reports. Yuan Tong's stand-alone financial reports of 2009 showed that Yuan Tong was in compliance with these ratio requirements.

On January 4, 2007, the Company's subsidiary, FECC, entered into a NT\$4,000,000 thousand credit agreement with Hua Nan Bank and seven other financial institutions. FECC mortgaged its land of Zhong Ben project (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:

	<b>Credit Line</b>	<b>Period</b>	<b>Interest Rate</b>	<b>Redemption</b>
A	NT\$ 2,000,000 thousand	Three years and six months after use of the credit	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 use of the credit	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 use of the credit	Reference interest rate plus 0.35%-0.40%	Not revolving credit within the period, and redemption at lump sum on maturity

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

On June 15, 2010, a subsidiary, FECC, reduced its credit line by NT\$1,000,000 thousand. Thus, the total credit line decreased to NT\$3,000,000 thousand.

On December 4, 2009, an FENC subsidiary, Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC), got a five-year syndicated loan of NT\$4,200,000 thousand from Mega International Commercial Bank (Mega) and Chinatrust Commercial Bank (Chinatrust). OPTC committed that, during the contract period, its annual financial statements should show its liability ratio is within a certain range. Once OPTC fails to meet its commitment, it should issue new shares for cash, fully repay the loan, or put the liability ratio back within the required range by the end of the next October. Otherwise, OPTC should pay fees monthly at 0.2% of the outstanding amounts per day during the period between the maturity date and one day before the date OPTC meets its commitment and the banks would assess the OPTC's condition to determine the new deadline for the settlement of the principal and the interests.

OPTC's stand-alone financial reports of 2009 showed that OPTC met the liability ratio requirement under its loan contract with Mega and Chinatrust.

### **Commercial Paper**

Commercial paper with one-year maturities had interest rates ranging from 1.053% to 1.988% as of June 30, 2010 and from 0.588% to 2.2% as of June 30, 2009. Under a revolving credit agreement, the commercial paper can be reissued by the Group.

### **Bonds**

#### FENC

FENC issued five-year nonconvertible bonds (the 72nd tranche) on August 13, 2004. The total face value of the bonds is NT\$1,500,000 thousand, with each unit having a face value of NT\$10,000 thousand. These bonds are repayable in lump sum on maturity. Interest is calculated quarterly and paid annually. FENC redeemed these bonds in August 2009.

To hedge against the risk on interest rate fluctuation of nonconvertible bonds (the 72nd tranche), the Company engaged in interest rate swap contracts. This nonconvertible bond had been redeemed by their maturity on August 31, 2009.

The Company issued 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 payable annually.

The Company issued three-year unsecured bonds (the 2nd tranche) 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 payable annually.

The Company issued three-year unsecured bonds (the 1st tranche) on May 28, 2008. 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 payable annually.

The Company made a second issuance of five-year unsecured bonds (the 2nd tranche) 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. Repayable at the end of the third, fourth, and fifth year from the issuance date are 30%, 30% and 40%, respectively, of the total issuance amounts, with 2.83% interest payable annually.



The Company made a third issuance of five-year unsecured bonds (the 3rd tranche) on July 18, 2008. The bonds have an aggregate face value of NT\$1,200,000 thousand, with each unit having a face value of NT\$1,000 thousand. Of the total issuance amounts, 30%, 30%, 40% are repayable at the end of the third, fourth, fifth year, respectively, from the issuance date, with 2.95% interest payable annually.

On October 29, 2009, the Company launched unsecured bonds (the 1st tranche) with an aggregate value of NT\$3,000,000 thousand and a bond par value of NT\$1,000 thousand. These five-year bonds will be repaid at 50% of the aggregate value at the end of the 4th and 5th years, and the simple interest of 1.85% is payable annually.

On May 27, 2010, the Company launched unsecured bonds (the 1st tranche) with an aggregate value of NT\$5,500,000 thousand and a bond par value of NT\$1,000 thousand. These five-year bonds will be repaid at 50% of the aggregate value at the end of the 4th and 5th years, and the simple interest of 1.68% is payable annually.

On June 29, 2010, the Company's board decided to launch unsecured bonds (the 2nd tranche) with an aggregate value of up to NT\$6,000,000 thousand and a bond par value of NT\$1,000 thousand or its multiples. The maturity period is within five years of bond issuance.

On September 14, 2007 the Company issued five-year unsecured exchangeable bonds amounting to NT\$2,500,000 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 6) and liabilities.

Other bond issuance terms are as follows:

a. Exchangeable period:

The bondholders can exchange their bonds for 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 depository 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\$47.7 was unchanged as of June 30, 2010.

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 50% 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. Because the bondholders can apply the put option in 2010, the Company observed Article 2006-290 regulated by Accounting Research and Development Foundation to classify exchangeable bonds as long term liabilities - current portion.

e. As of June 30, 2010, the amount of the outstanding exchangeable bonds, i.e., not yet exchanged into ACC's common shares, was still NT\$2,500,000 thousand.

### YDI

YDI issued five-year nonconvertible bonds (the 9th tranche) on June 10, 2004. These bonds had an aggregate face value of NT\$1,000,000 thousand (Bond A - NT\$500,000 and Bond B - NT\$500,000), with each unit having a face value of NT\$10,000 thousand. These bonds, repayable in lump sum on maturity, had been fully redeemed as of June 30, 2009.

To hedge against the risk adverse interest rate fluctuations of nonconvertible bonds (the 9th tranche), YDI engaged in interest rate swap contracts. These bonds had been fully redeemed by June 30, 2009.

YDI issued five-year nonconvertible bonds (the 2nd tranche) on June 13 to 16, 2005. These bonds had aggregate face values of NT\$2,000,000 thousand (Bond A - NT\$500,000; Bond B - NT\$500,000; Bond C - NT\$500,000; and Bond D - NT\$500,000), with each unit having a face value of NT\$10,000 thousand. These bonds, repayable in lump sum on maturity, had been fully redeemed as of June 30, 2010.

YDI issued three-year nonconvertible bonds (the 3rd tranche) on January 16, 2006. These bonds had aggregate face values of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. These bonds, which were repayable in lump sum on maturity, had been fully redeemed in 2009.

YDI issued three-year nonconvertible bonds (the 4th tranche) on June 22, 2006. These bonds had aggregate face values of NT\$800,000 thousand, with each unit having a face value of NT\$1,000 thousand. These bonds, which were repayable in lump sum on maturity, had been fully redeemed as of June 30, 2009.

YDI issued five-year nonconvertible bonds (the 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%. These bonds are repayable at half of the aggregate face value in the fourth year and the other half in the fifth year after the issuance date, and the simple interest is payable annually from the issuance date.

On August 14, 2009, an FENC subsidiary, YDI, made a domestic private placement of unsecured bonds with an aggregate value of NT\$1,000,000 thousand and a unit par value of NT\$10,000 thousand. These three-year unsecured bonds are repayable in lump sum on maturity, with a 2.00% simple interest payable annually. In 2009, ARCOA, an FENC subsidiary, bought some of YDI's privately placed bonds amounting to NT\$10,000 thousand; this sale was not included in the consolidated financial statements. NCIC, Ltd. bought the largest portion of YDI's privately placed bonds.

### 23. 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:

	<b>June 30, 2010</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<b>Assets</b>			
Notes and accounts receivable	\$ 68,157	\$ 116,032	\$ 184,189
Accounts and notes receivable from related parties	43,050	-	43,050
Available-for-sale - land and building	30,339	-	30,339
Construction in progress, net	2,388,596	5,317,166	7,705,762
Available for construction - land, net	-	620,013	620,013
Prepayments on construction (Note)	3,417	-	3,417
Restricted assets	176,650	387,129	563,779
Refundable deposits - current (Note)	1,442	-	1,442
Refundable deposits - noncurrent	-	5,291	5,291
<b>Liabilities</b>			
Notes and accounts payable	846,540	249,950	1,096,490
Accounts and notes payable to related parties	253,125	-	253,125
Accrued expenses	17,457	20,936	38,393
Advances on land and building	2,521,280	-	2,521,280
Billings on construction-in-progress, net of construction-in-progress	21,215	332,646	353,861
<b>June 30, 2009</b>			
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<b>Assets</b>			
Notes and accounts receivable	\$ 322,398	\$ 38,635	\$ 361,033
Accounts and notes receivable from related parties	2,813	-	2,813
Construction in progress, net	1,631,817	1,936,778	3,568,595
Available-for-sale - land and building	30,339	-	30,339
Available for construction - land	-	620,013	620,013
Prepayments on land (Note)	1,128	-	1,128
Prepayments on construction (Note)	15,729	-	15,729
Restricted assets	361,503	3,500	365,003
Refundable deposits - current (Note)	52,595	-	52,595
Refundable deposits - noncurrent	-	2,743	2,743

(Continued)

	<b>June 30, 2009</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
Liabilities			
Notes and accounts payable	\$ 883,955	\$ -	\$ 883,955
Accounts and notes payable to related parties	251,390	-	251,390
Accrued expenses	10,017	16,703	26,720
Advances on land and building	322,685	-	322,685
Billings on construction-in-progress, net of construction-in-progress	142,922	-	142,922
			(Concluded)

Note: Recognized as prepayments and other current assets in the balance sheets.

## 24. SHAREHOLDERS' EQUITY

Under government regulations, capital surplus from equity-method investments cannot be used to offset a deficit or be capitalized. In addition, capital surplus (including both paid-in capital in excess of par value and that arising from business combination and treasury stock) may be used to offset a deficit or transferred to capital as a stock dividend, with the transfer to be made within prescribed limits only.

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 for shareholders	33.0
c. Bonus for employees	4.0
d. Remuneration for 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, 2010 and 2009, the bonuses to employees were NT\$184,049 thousand and NT\$172,000 thousand, respectively, and the remunerations to directors and supervisors were NT\$138,036 thousand and NT\$129,000 thousand, respectively. 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 a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the day preceding immediately the shareholders' meeting.

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 2009 and 2008 earnings were approved by the shareholders on June 22, 2010 and June 26, 2009, respectively.

	<u>Appropriation and Distribution</u>		<u>Dividend Per Share (Dollars)</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Legal reserve	\$ 811,261	\$ 405,825		
Cash dividend	6,059,759	3,655,963	\$ 1.3	\$ 0.8
Stock dividend	<u>932,270</u>	<u>913,991</u>	0.2	0.2
	<u>\$ 7,803,290</u>	<u>\$ 4,975,779</u>		

The 2009 appropriation of a capital increase of NT\$932,270 thousand from stock dividends was approved by the Financial Supervisory Commission under the Executive Yuan. The Company's board of directors approved August 31, 2010 as the effective date of this capital increase.

The following employee bonuses and the remunerations to directors and supervisors from the 2009 and 2008 earnings were decided by the shareholders at their meetings on June 22, 2010 and June 26, 2009, respectively:

	<u>2009</u>		<u>2008</u>	
	<u>Bonuses to Employees</u>	<u>Remuneration to Directors and Supervisors</u>	<u>Bonuses to Employees</u>	<u>Remuneration to Directors and Supervisors</u>
The amounts approved by shareholders	<u>\$ 300,732</u>	<u>\$ 225,459</u>	<u>\$ 196,557</u>	<u>\$ 147,418</u>
The amounts recognized in financial statement	<u>\$ 300,732</u>	<u>\$ 225,459</u>	<u>\$ 196,557</u>	<u>\$ 147,418</u>

These amounts approved by shareholders were the same as those recognized in the financial report, and the employee bonus was settled in cash.

Information on the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange (<http://mops.tse.com.tw>).

## 25. 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.

The Company and one of its subsidiaries, FERD, are using the linked tax system starting with their 2005 tax filing and their 2004 earnings distribution filing.

a. Income tax components:

	<b>Six Months Ended June 30</b>	
	<b>2010</b>	<b>2009</b>
Income tax expense - current	\$ 1,074,276	\$ 1,193,372
Deferred income tax	232,390	512,889
Previous year's tax expense adjustment	70,211	67,123
Tax separately levied on interest from short-term bills	-	1,181
Additional 10% income tax on unappropriated earnings	41,574	58,136
Effect of adoption of the linked tax system for tax filing	<u>(13,508)</u>	<u>(29,307)</u>
Income tax	<u>\$ 1,404,943</u>	<u>\$ 1,803,394</u>

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

- 1) January 2009 - the amendment of Article 39 of the Income Tax Law, which extends the operating loss carryforward period from 5 years to 10 years;
- 2) March 2009 - the amendment of Article 24 of the Income Tax Law, which requires the profit-seeking enterprise that invests in short-term notes for which the issuance dates are on and after January 1, 2010 to include the related interest income, which was taxed separately prior to January 1, 2010, in its taxable income;
- 3) May 2009 - the amendment of Article 5 of the Income Tax Law, which reduced a profit-seeking enterprise's income tax rate from 25% to 20%, effective January 1, 2010;
- 4) April 2010 - the amendment of Article 10 of the Statute for Industrial Innovation (SII), which allows a profit-seeking enterprise to deduct up to 15% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred, but this deduction should not exceed 30% of the income tax payable for that fiscal year; this incentive is valid from January 1, 2010 to December 31, 2019;
- 5) May 2010 - the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 20% to 17%, effective January 1, 2010.

According to the amendments disclosed above, the Group had recalculated deferred income tax assets and liabilities and recognized the differences from the recalculation as deferred income tax benefits and expenses.

b. Deferred income tax assets (liabilities):

	<b>June 30</b>	
	<b>2010</b>	<b>2009</b>
<b>Current</b>		
Deferred income tax assets		
Bad-debt expense in excess of the tax-deductible amount	\$ 404,495	\$ 478,067
Allowance for losses on inventories	68,235	181,539
Investment tax credits	37,441	6,150
Unrealized contingent construction expenses	3,644	7,082
Unrealized exchange losses	9,018	
Others	<u>31,721</u>	<u>57,934</u>
	554,554	730,772
Less: Valuation allowance	<u>100,831</u>	<u>111,004</u>
	453,723	619,768
Deferred income tax liabilities		
Unrealized exchange gains	<u>213</u>	<u>38,361</u>
Deferred income tax assets, net	<u>\$ 453,510</u>	<u>\$ 581,407</u>
<b>Noncurrent</b>		
Deferred income tax assets		
Depreciation based on differences between financial accounting and tax accounting	\$ 771	\$ 16,738
Accrued pension costs	305,143	382,110
Investment tax credits	229,912	320,215
Cumulative equity in the net loss of investees	366,455	759,589
Loss carryforwards	1,761,816	2,221,270
Realized losses on long-term investments	33,828	39,797
Allowance for assets impairment loss	534,566	711,135
Unrealized losses on disposal of properties	19,976	23,612
Others	<u>143,638</u>	<u>108,849</u>
	3,396,105	4,583,315
Less: Valuation allowance	<u>2,139,848</u>	<u>3,023,128</u>
	1,256,257	1,560,187
Deferred income tax liabilities		
Expected dividend distribution of overseas investee	(17,000)	(20,000)
Goodwill amortization	(605,117)	(553,018)
Cumulative equity in the net gain of investees	(66,057)	-
Others	<u>(448)</u>	<u>(772)</u>
	(688,622)	(573,790)
Deferred income tax assets	<u>\$ 567,635</u>	<u>\$ 986,397</u>
<b>Recognized</b>		
Deferred income tax assets - current	\$ 453,510	\$ 617,303
Deferred income tax liabilities - current	<u>-</u>	<u>(35,896)</u>
	<u>\$ 453,510</u>	<u>\$ 581,407</u>
Deferred income tax assets - noncurrent	\$ 918,850	\$ 1,056,656
Deferred income tax liabilities - noncurrent	<u>(351,215)</u>	<u>(70,259)</u>
	<u>\$ 567,635</u>	<u>\$ 986,397</u>

c. Unused investment tax credits and loss carryforwards as of June 30, 2010:

FENC

<b>Regulatory Basis of Investment Tax Credits</b>	<b>Investment Tax Credit Item</b>	<b>Deductible Amount</b>	<b>Remaining Deductible Amount</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Purchase of automated machinery and equipment	\$ 16,025	\$ 16,025	2011-2013
	Research development	266,627	239,466	2010-2013
	Personnel training	<u>7,869</u>	<u>7,869</u>	2011-2013
		<u>\$ 290,521</u>	<u>\$ 263,360</u>	

ADCast

<b>Regulatory Basis of Tax Credits</b>	<b>Investment Tax Credit Item</b>	<b>Deductible Amount</b>	<b>Remaining Deductible Amount</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Purchase of automated equipment or technology	<u>\$ 264</u>	<u>\$ 2</u>	2010

Q-ware Com.

<b>Regulatory Basis of Tax Credits</b>	<b>Investment Tax Credit Item</b>	<b>Deductible Amount</b>	<b>Remaining Deductible Amount</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Purchase of automated equipment or technology	\$ 140	\$ 140	2010
	Purchase of automated equipment or technology	526	526	2011
		<u>\$ 666</u>	<u>\$ 666</u>	

Oriental Resources Development Ltd.

<b>Regulatory Basis of Tax Credits</b>	<b>Investment Tax Credit Item</b>	<b>Deductible Amount</b>	<b>Remaining Deductible Amount</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Machinery and equipment	\$ 304	\$ 304	2011
	Machinery and equipment	<u>1,546</u>	<u>1,546</u>	2012
		<u>\$ 1,850</u>	<u>\$ 1,850</u>	



OPTC

<b>Regulatory Basis of Tax Credits</b>	<b>Investment Tax Credit Item</b>	<b>Deductible Amount</b>	<b>Remaining Deductible Amount</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Machinery and equipment	\$ 905	\$ 575	2010
	Machinery and equipment	50	50	2011
	Machinery and equipment	<u>850</u>	<u>850</u>	2013
		<u>\$ 1,805</u>	<u>\$ 1,475</u>	

Loss carryforwards as of June 30, 2010 were as follows:

<b>Expiry Year</b>	<b>ARCOA, KGEx.com, ADCast, Q-ware System Inc. and Yuan Cing Infocomm Tech Co., Ltd.</b>	<b>FETC</b>	<b>FECC</b>
2013	\$ 36,272	\$ 12,495	\$ 1,454
2014	49,576	35,218	-
2015	26,328	64,419	-
2016	39,525	178,611	3,871
2017	88,862	129,328	-
2018	72,350	121,867	-
2019	59,251	88,484	-
2020	<u>23,628</u>	<u>-</u>	<u>-</u>
	<u>\$ 395,792</u>	<u>\$ 630,422</u>	<u>\$ 5,325</u>

<b>Expiry Year</b>	<b>OPTC</b>	<b>Oriental Resources Development Ltd.</b>
2013	\$ -	\$ 1,922
2014	-	2,883
2015	-	4,544
2016	72,096	4,050
2017	151,867	3,316
2018	473,260	13,569
2019	-	2,770
2020	<u>-</u>	<u>-</u>
	<u>\$ 697,223</u>	<u>\$ 33,054</u>

d. Information on the Integrated Income Tax System:

	<b>FENC</b>	<b>Fu Kwok Garment Manu- facturing Co., Ltd.</b>	<b>Yuan Cheng Human Resources Consultant Corp.</b>	<b>Ming Ding Corp.</b>	<b>Yuan Ding Investment Co., Ltd.</b>
Year-end balances of imputation credit account (ICA)					
June 30, 2010	<u>\$ 514,872</u>	<u>\$ 22,356</u>	<u>\$ 533</u>	<u>\$ 1,093</u>	<u>\$ 122,341</u>
June 30, 2009	<u>\$ 525,520</u>	<u>\$ 21,220</u>	<u>\$ 1,066</u>	<u>\$ 1,299</u>	<u>\$ 354,630</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2009 (actual)	5.46%	44.65%	33.33%	-	3.00%
2008 (estimated)	32.69%	44.64%	32.93%	-	32.95%
Unappropriated earnings (up to 1997)					
June 30, 2010	<u>\$ 236,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,735</u>
June 30, 2009	<u>\$ 236,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,433</u>	<u>\$ 189,735</u>
Latest year of income tax return that tax authorities had examined and cleared	2005	2006	2007	2006	2008
	<b>Far EasTone</b>	<b>Yuan Faun Ltd.</b>	<b>Far Eastern Apparel Co., Ltd.</b>	<b>KG Telecom</b>	<b>ARCOA</b>
Year-end balances of imputation credit account (ICA)					
June 30, 2010	<u>\$ 2,747,825</u>	<u>\$ 16,501</u>	<u>\$ 23,513</u>		<u>\$ 12,316</u>
June 30, 2009	<u>\$ 3,285,700</u>	<u>\$ 14,918</u>	<u>\$ 23,202</u>	<u>\$ 11,325</u>	<u>\$ 13,521</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2009 (estimated)	26.77%	48.00%	33.33%		10.01%
2008 (actual)	29.45%	-	33.33%	1.15%	33.33%
Unappropriated earnings (up to 1997)					
June 30, 2008	<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	2008	2007	2004	2007
	<b>Kai Yuan International Investment Co. Ltd.</b>	<b>Ding Yuan International Investment Corp.</b>	<b>Yuan Tone Investment Corp.</b>	<b>An Ho Garment Co., Ltd.</b>	<b>Far Eastern Resources Development Co.</b>
Year-end balances of imputation credit account (ICA)					
June 30, 2010	<u>\$ 11,299</u>	<u>\$ 86,221</u>	<u>\$ 126,071</u>	<u>\$ 25,458</u>	<u>\$ 3</u>
June 30, 2009	<u>\$ 21,227</u>	<u>\$ 74,933</u>	<u>\$ 25,199</u>	<u>\$ 41,314</u>	<u>\$ 5</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2009 (estimated)	20.25%	33.33%	-	12.17%	0.01%
2008 (actual)	22.37%	-	-	28.88%	0.60%
Unappropriated earnings (up to 1997)					
June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Latest year of the returns examined and cleared by the tax authorities	2008	2008	2008	2008	2005

	FETC	FECC	FEGC	OPTC	FEFC
Year-end balances of imputation credit account (ICA)					
June 30, 2010	\$ 1,823	\$ 5,201	\$ 77,807	\$ 4,324	\$ 25,924
June 30, 2009	\$ 1,823	\$ 76,315	\$ 37,164	\$ 45,608	\$ 26,877
Creditable tax ratios of imputation tax credits to undistributed earnings					
2009 (estimated)	-	1.87%	33.35%	0.61%	33.33%
2008 (actual)	-	9.88%	9.9%	30.95%	33.33%
Unappropriated earnings (up to 1997)					
June 30, 2010	\$ -	\$ 64,872	\$ -	\$ -	\$ -
June 30, 2009	\$ -	\$ 64,872	\$ -	\$ -	\$ -
Latest year of the returns examined and cleared by the tax authorities	2007	2008	2008	2006	2007

	Yuan Cing Co.	KGEx. Com Co., Ltd.
Year-end balances of imputation credit account (ICA)		
June 30, 2010	\$ 6,140	\$ 3
June 30, 2009	\$ 4,357	\$ -
Creditable tax ratios of imputation tax credits to undistributed earnings		
2009 (estimated)	-	-
2008 (actual)	-	-
Unappropriated earnings (up to 1997)		
June 30, 2010	\$ -	\$ -
June 30, 2009	\$ -	\$ -
Latest year of the returns examined and cleared by the tax authorities	2008	2008

In the six months ended June 30, 2010 and 2009, the companies listed above had no appropriated earnings (2010 - Yuan-Cing Co., Oriental Resources Development Ltd., KGEx.com, Q-ware Com., ADCast Interactive Marketing Co., Ltd. (ADCast), YCIC and FEETC; and 2009 - Yuan Faun Ltd., Yuan-Cing Co., Ltd., Oriental Resources Development Ltd., KGEx.com., Q-ware Com., ADCast, YCIC, Ding Yuan, Yuan Tong, Ming Ding Corp. and FEETC). 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 imputed credit account balance will be used by the Group to allocate tax credits to the respective companies' shareholders.

Based on the Income Tax Law, the imputation tax credits distributed to each shareholder are based on the ICA balance as of the date of dividend distribution. Thus, the estimated creditable ratio for the 2010 earnings appropriation may be adjusted when the imputation credits are distributed. When the distribution ratio for the 2008 earnings appropriation is determined, the actual creditable tax ratio will be disclosed.

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

#### Far EasTone

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 and thus filed appeals for the reexamination of these returns. Nevertheless, Far EasTone accrued the related tax.

KG Telecom (KG Telecom was merged with Far EasTone in January 1, 2010.)

Income tax returns through 2004 of KG Telecom and 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 2001 and 2003 returns and filed appeals for the returns. KG Telecom had filed for the reexamination for the 2004 return and estimated the related tax.

#### ARCOA

Income tax returns through 2004 of ARCOA had been examined by the tax authorities. However, ARCOA disagreed with the tax authorities' assessment of its 2002 return and filed appeals for the reexamination of the returns, and ARCOA had estimated the related tax.

#### OPTC

The tax authorities examined the 2002 income tax return of OPTC and assessed that OPTC's tax exemption claim amounts and investment tax credits should be decreased. The assessment resulted in an increase in tax payable by NT\$23,974 thousand. However, OPTC thought that the rules on which the assessment was based were not in accordance with general accounting principles and tax laws and thus filed appeals for reexamination. In March 2009, the tax authorities declared that OPTC not only had to recognize the investment 2002 tax credits of NT\$8,102 thousand but was also liable for a tax underpayment of NT\$15,873 thousand. Since OPTC still had tax deductibles resulting from certain fiscal losses and investment tax credits, OPTC applied on March 17, 2009 for approval to offset the income tax balance of 2002 against prior years' losses and later got the authorities' approval. Thus, OPTC was longer required to pay the income tax of 2002.

On OPTC's 2003 income tax return, the tax authorities declared in February 2006 that OPTC's operating cost, operating expense, other expenses, interest expense, investment tax credits - researchers' salaries and other reported items should be decreased. This assessment resulted in an increase in tax payable by NT\$7,551 thousand and a decrease in investment tax credits by NT\$3,810 thousand. In addition, the assessment result on the 2002 tax return showed that OPTC should pay NT\$6,556 thousand more. OPTC disagreed with the tax authorities' assessment and thus filed an appeal for reexamination. On August 11, 2008, the tax authorities agreed that OPTC could recognize NT\$5,000 thousand more in operating cost and NT\$3,311 thousand more in transportation expense than the filed amounts but rejected the other items that were reexamined after OPTC's appeal. On September 12, 2008, OPTC filed an appeal on the additional tax payable but the tax authorities again rejected this appeal on March 31, 2009. On April 10, 2009, OPTC filed an administrative suit with the Taiwan High Administrative Court but lost the suit on December 24, 2009. On February 22, 2010, OPTC filed an appeal with the Supreme Administrative Court (SAC), but, as of August 6, 2010, the date of the accompanying independent accountants' review report, the SAC had not handed down its decision. Believing it will win this lawsuit, OPTC did not show the related accrued tax expense in its 2009 financial statements.

On OPTC's 2004 tax return, the tax authorities assessed in March 2007 that OPTC should decrease other expenses, tax-exempt income, investment tax credits - researchers' salaries, investment tax credits - personnel training and other reported items. The assessment resulted in an increase in tax payable by NT\$268,485 thousand and a decrease in investment tax credits by NT\$3,076 thousand. OPTC refused the tax authorities' assessment and filed for reexamination. On June 4, 2009, the tax authorities decided to recover the untaxed income of NT\$905,356 thousand and rejected other items claimed in the reexamination. In addition, OPTC was required to settle an underpayment of NT\$42,146 thousand. OPTC filed an appeal for the reduction of the other tax liabilities but the tax authorities rejected it on October 27, 2009. On December 25, 2009, OPTC filed an administrative suit with the Taiwan High Administrative Court (SAC), but as of August 6, 2010, the date of the accompanying independent accountants' review report, the SAC had not handed down its decision. Believing it will win this lawsuit, OPTC did not show the related accrued tax expense in its 2009 financial statements.

On OPTC's 2005 tax return, the tax authorities assessed in January 2008 that OPTC should decrease other expense, tax-exempt income, investment tax credits - researchers' salaries and other certain reported items. The assessment resulted in decreases in loss carryforward by NT\$13,122 thousand and in investment tax credits by NT\$2,859 thousand. OPTC refused the tax authorities' assessment and filed for a reexamination. On June 4, 2009, the tax authorities rejected the reexamination. OPTC filed an appeal for the reversal of the authorities' decision to cut tax deductibles given its fiscal losses, but the tax authorities rejected the appeal on October 27, 2009. On December 25, 2009, OPTC filed an administrative suit with the Taiwan High Administrative Court (SAC), but as of August 6, 2010, the date of the accompanying independent accountants' review report, the SAC had not handed down its decision. Believing it will win this lawsuit, OPTC did not show the related accrued tax expense in its 2009 financial statements.

On OPTC's 2006 income tax return, the tax authorities declared in December 2008 that OPTC's other expenses should have been cut and that the tax deductibles resulting from fiscal losses should decrease by NT\$11,984 thousand. OPTC refused the tax authorities' assessment and filed for a reexamination. On July 15, 2009, the tax authorities decided not to make the reexamination. OPTC filed an appeal for the reversal of the decision to cut tax deductibles given its fiscal losses but the tax authorities rejected the appeal on October 27, 2009. On December 25, 2009, OPTC filed an administrative suit with the Taiwan High Administrative Court (SAC), but as of August 6, 2010, the date of the accompanying independent accountants' review report, the SAC had not handed down its decision. Nevertheless, OPTC decreased the amount of deferred income tax assets in compliance with the result of the tax examination.

On OPTC's 2007 tax return, the tax authorities declared on July 6, 2009 that OPTC's other expenses should be cut; thus, the tax deductions resulting from the fiscal losses decreased by NT\$9,716 thousand after the tax examination. OPTC refused the tax authorities' assessment and filed for a reexamination. On October 8, 2009, the tax authorities rejected the appeal for reexamination. OPTC filed an appeal for the reversal of the decision to cut tax deductibles given its fiscal losses but the tax authorities rejected the appeal on December 28, 2009. On February 26, 2010, OPTC filed an administrative suit with the Taiwan High Administrative Court (SAC), but as of August 6, 2010, the date of the accompanying independent accountants' review report, the SAC had not handed down its decision. Nevertheless, OPTC decreased the amount of deferred income tax assets in compliance with the result of the tax examination.

Income tax returns through 2008 of KGEx.com, Yuan Cing Co., Q-ware Com., ADcast and Oriental Resources Development Ltd. had been examined and cleared by the tax authorities. YCIC has not filed an income tax return since its incorporation in 2009.

## 26. EMPLOYEE, DEPRECIATION AND AMORTIZATION EXPENSES

	<b>Six Months Ended June 30, 2010</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee expenses			
Salaries	\$ 2,522,623	\$ 2,196,437	\$ 4,719,060
Insurance	128,681	138,001	266,682
Pension	95,820	116,377	212,197
Miscellaneous	<u>214,777</u>	<u>296,707</u>	<u>511,484</u>
	<u>\$ 2,961,901</u>	<u>\$ 2,747,522</u>	<u>\$ 5,709,423</u>
Depreciation	<u>\$ 6,859,852</u>	<u>\$ 619,674</u>	<u>\$ 7,479,526</u>
Amortization	<u>\$ 90,680</u>	<u>\$ 49,551</u>	<u>\$ 140,231</u>

	<b>Six Months Ended June 30, 2009</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee expenses			
Salaries	\$ 2,264,909	\$ 2,125,406	\$ 4,390,315
Insurance	129,279	143,506	272,785
Pension	165,103	137,812	302,915
Miscellaneous	<u>258,832</u>	<u>276,435</u>	<u>535,267</u>
	<u>\$ 2,818,123</u>	<u>\$ 2,683,159</u>	<u>\$ 5,501,282</u>
Depreciation	<u>\$ 7,352,547</u>	<u>\$ 719,165</u>	<u>\$ 8,071,712</u>
Amortization	<u>\$ 82,908</u>	<u>\$ 62,873</u>	<u>\$ 145,781</u>

## 27. EARNINGS PER SHARE

	<u>Amounts (Numerator)</u>		Shares in Thousands (Denominator)	<u>Earnings Per Share (Dollars)</u>	
	Income Before Income Tax	Net Income		Income Before Income Tax	Net Income
<u>Six months ended June 30, 2010</u>					
Basic EPS					
Net income attributable to the parent company's shareholders	\$ 5,283,971	\$ 5,259,766	4,661,353	<u>\$ 1.13</u>	<u>\$ 1.13</u>
Add: Effect of potential dilutive common stock - bonus to employees	<u>-</u>	<u>-</u>	<u>14,895</u>		
Diluted EPS					
Net income attributable to the parent company's shareholders plus effect of potential dilutive common stock	<u>\$ 5,283,971</u>	<u>\$ 5,259,766</u>	<u>4,676,248</u>	<u>\$ 1.13</u>	<u>\$ 1.12</u>
<u>Six months ended June 30, 2009</u>					
Basic EPS					
Net income attributable to the parent company's shareholders	\$ 4,414,519	\$ 4,342,585	4,661,353	<u>\$ 0.95</u>	<u>\$ 0.93</u>
Add: Effect of potential dilutive common stock - bonus to employees	<u>-</u>	<u>-</u>	<u>10,027</u>		
Diluted EPS					
Net income attributable to the parent company's shareholders plus effect of potential dilutive common stock	<u>\$ 4,414,519</u>	<u>\$ 4,342,585</u>	<u>4,671,380</u>	<u>\$ 0.95</u>	<u>\$ 0.93</u>

The pro forma EPS information after making adjustments for 93,227 thousand shares of stock dividends, which are scheduled for distribution on August 31, 2010, is 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 Income Tax</u>	<u>Net Income</u>
<u>Six months ended June 30, 2010</u>					
Basic EPS					
Net income attributable to the parent company's shareholders	\$ 5,283,971	\$ 5,259,766	4,754,580	\$ <u>1.11</u>	\$ <u>1.11</u>
Add: Effect of dilutive potential common stock - bonus to employees	<u>-</u>	<u>-</u>	<u>15,194</u>		
Diluted EPS					
Net income attributable to common shareholders plus effect of potential dilutive common stock	<u>\$ 5,283,971</u>	<u>\$ 5,259,766</u>	<u>4,769,774</u>	<u>\$ 1.11</u>	<u>\$ 1.10</u>
<u>Six months ended June 30, 2009</u>					
Basic EPS					
Net income attributable to the parent company's shareholders	\$ 4,414,519	\$ 4,342,585	4,754,580	\$ <u>0.93</u>	\$ <u>0.91</u>
Add: Effect of dilutive potential common stock - bonus to employees	<u>-</u>	<u>-</u>	<u>10,228</u>		
Diluted EPS					
Net income attributable to the parent company's shareholders plus effect of potential dilutive common stock	<u>\$ 4,414,519</u>	<u>\$ 4,342,585</u>	<u>4,764,808</u>	<u>\$ 0.93</u>	<u>\$ 0.91</u>

The Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Company decides to give a bonus to employees in cash or shares, the Company should presume that the entire amount of the bonus will be settled in shares, and if the shares have a dilutive effect, the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. The dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The weighted average number of shares outstanding for EPS calculation has been retroactively adjusted for stock dividends. This adjustment caused the basic and diluted after income tax EPS for the six months ended June 30, 2009 to decrease from NT\$0.95 to NT\$0.93.

## **28. PENSION PLAN**

- a. Except for the Company, Far EasTone, KG Telecom (KG Telecom merged with Far EasTone in January 1, 2010; Note 1 to the financial statements), Q-Ware Com., ARCOA, Yuan Cing Corp., ADCast, Yuan Faun Ltd., Oriental Resources Development Ltd., Apparel, FERD, Yuan Cheng Human Resources Consultant Corp., Fu-Kwok Knitting & Garment Co., Ltd., FECC, FEGC, FEETC, OPTC and FEFC, the other entities included in the consolidation had no pension plans as of June 30, 2010 and 2009. 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 Company's monthly rate of contributions to the pension fund from July 1, 2005 is at 6% of monthly salaries and wages. The pension costs under the defined contribution plan were NT\$129,298 thousand for six months ended June 30, 2010 and NT\$116,654 for six months ended June 30, 2009. The subsidiary, Far Eastern Tech-Info (Shanghai) Ltd. had recognized pension costs of NT\$2,099 thousand for six months ended June 30, 2010 and NT\$1,807 thousand for six months ended June 30, 2009 under the local government's regulations.
- c. In the six months ended June 30, 2010 and 2009, the Company, Far EasTone, KG Telecom, KGEx.com (KG Telecom merged with Far EasTone in January 1, 2010; Note 1 to the financial statements), ARCOA, Yuan Cing Corp., Yuan Faun Ltd., Oriental Resources Development Ltd., Apparel, FERD, Yuan Cheng Human Resources Consultant Corp., Fu Kwok Garment Manufacturing Co., Ltd., FECC, FEGC, FEETC, OPTC and FEFC had defined benefit pension plans for all regular employees under the Labor Standards Law. These companies' accrued pension costs are calculated at 2% of salaries and wages (i.e., 4% for the Company; 3.4% for Apparel; 6% for Yuan Faun Ltd. and FEFC, 13.5% for OPTC; 0% for Yuan Cheng Human Resources Consultant Corp.), and contributions are appropriated to their respective pension funds, which are administered by pension plan committees and deposited in each committee's name in the Bank of Taiwan. The pension costs of NT\$95,660 thousand and NT\$196,307 thousand as of June 30, 2010 and 2009, respectively, were recognized by the Group, and the Company's pension expenses were NT\$0 and NT\$2,038 thousand for six months ended June 30, 2010 and 2009.

## **29. RELATED-PARTY TRANSACTIONS**

Except for the information disclosed in Notes 10, 13, 14, 15, 22 and 30, the Group's significant transactions with related parties are summarized in the accompanying Schedules C, D, and E.



### 30. ASSETS PLEDGED OR MORTGAGED

The following assets had been pledged or mortgaged as collaterals for short-term bank loans, commercial paper, credit lines, and long-term liabilities or for meeting requirements for certain projects or tariff duties (related information is shown in Notes 19 and 22):

	<b>June 30</b>	
	<b>2010</b>	<b>2009</b>
Available-for-sale financial assets - current	\$ 70,963	\$ 73,728
Available-for-sale financial assets - noncurrent	87,349	61,238
Notes and accounts receivable	915,480	64,012
Construction-in-progress, net	1,532,096	693,173
Available for construction - land	612,283	612,283
Restricted assets - current		
- Pledged certificate of deposits	608,099	406,542
- Others	3,500	3,500
Equity-method investments	3,086,130	3,112,414
Properties, net	28,727,620	29,290,751
Land leasehold rights	815,847	966,564
Nonoperating properties, net	54,791	57,692
Pledged certificate of deposits (included in restricted assets - noncurrent)	<u>421,624</u>	<u>409,164</u>
	<u>\$ 36,935,782</u>	<u>\$ 35,751,061</u>

In April 2004, YDI, a subsidiary of FENC (when it was still named FETL), provided the Taipei District Court with the common shares of Far EasTone as a collateral for the provisional seizure, as demanded by Cathay United Bank, of the property of Pacific SOGO Department Store Co., Ltd. By June 30, 2009, YDI provided 133,312 thousand common shares of Far EasTone to Taipei District Court. YDI had gotten back all of its pledged common shares as of June 30, 2009. Additionally, as of June 30, 2010 and 2009, FENC and some of its subsidiaries had used 245,352 thousand common shares and 266,093 thousand common shares, respectively, of Far EasTone as collaterals for short-term bank loans, commercial paper, long-term liabilities and credit lines of related parties.

### 31. SIGNIFICANT COMMITMENTS AND CONTINGENCIES AS OF JUNE 30, 2010

- a. Unused letters of credit aggregated about NT\$2,693,452 thousand.
- b. Unpaid building construction and fix asset contracts aggregated NT\$3,646,053 thousand, and the Group was under contracts to acquire cellular phone equipment for NT\$793,432 thousand.
- c. The Company was under contracts for unsettled cotton purchase amounting to NT\$536,069 thousand.
- d. Project contracts already signed by FEGC amounted to NT\$30,834,564 thousand.
- e. The Group's guarantees and endorsements for related parties: Schedule G.

- f. The Group's minimum rental payments for land, buildings and cell sites for the next five years under operating lease agreements are summarized as follows:

<b>Period</b>	<b>Amount (Thousands)</b>
July 1, 2009 to December 31, 2010	\$ 1,313,379
January 1, 2010 to December 31, 2011	2,709,807
January 1, 2011 to December 31, 2012	2,765,923
January 1, 2012 to December 31, 2013	2,837,764
January 1, 2013 to December 31, 2014	2,925,105
January 1, 2014 to June 30, 2015	1,450,145

- 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 FENC registered as a property for manufacturing purposes, was being used for general purposes instead and that FENC did not register the change in land use. 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. The Company filed a lawsuit against the authorities on June 1, 2005 and still lost the lawsuit. Thus, the Company already accrued the expense for this case in 2005. On January 18, 2006, the Company filed an appeal with the Taipei High Administrative Court but still lost the lawsuit. The Company appealed to the Supreme Administrative Court (SAC) on January 3, 2007. The SAC rejected this appeal on May 31, 2007. On August 30, 2007, the Company paid the required land tax. Despite this payment, the Company again applied for reexamination on July 13, 2007. On May 27, 2009, the SAC rejected the appeal for a reexamination. Nevertheless, the Company is continuing to look for other ways to assert its rights.
- h. On December 29, 2005, the board of directors of Tai Ya International Telecommunications Co., Ltd. (TYIT) resolved to merge TYIT with Mobitai Communications Ltd. (Mobitai), 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 thousand 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 March 5, 2010, the date of the accompanying independent accountants' report, the lawsuit was pending at the Taipei district court.
- i. Ming-chiung Chang filed an incidental civil suit, in connection with the criminal case of forgery, against Ming-chung Kuo (an FENC employee) and Hua-de Lin, Hung-Long Li and Yung-gi Lai (the fiduciaries of Pacific Liu Tung Investment Co.). Chang claimed that Kuo and Hua-de Lin, Hung-Long Li and Yung-gi Lai colluded and used their positions to carry out transactions that resulted in his losses and asked the Taiwan High Court to declare that the ownership of Pacific Liu Tung Investment held by Far Eastern Department Stores Ltd. (FEDS), FEDS's subsidiaries and the Group was just a fabrication, i.e., it never existed. In October 2009, Chang lost the suit and then appealed to a higher court. In March 25, 2010 the judgment was abandoned by the Supreme Court and returned the case to the Taiwan High Court for reexamination.

- j. The registered capital of Pacific Liu Tung Investment Corporation (PLT, an investee of the Company) was originally NT\$4,010 million, representing 401 million shares with a par value of NT\$10.00. On February 3, 2010, following a letter received from the Taiwan High Prosecutors Office, the Department of Commerce (DOC) of the Ministry of Economic Affairs (MOEA) nullified the following approvals it previously made for PLT: (a) November 13, 2002 - a capital increase and the registration of the amended Articles of Incorporation; (b) May 1, 2003 - a capital increase; (c) August 8, 2005 - registration of the elected board of directors and supervisors; (d) August 3, 2006 - a capital increase; (e) June 6, 2007 - registration of the representatives appointed to PLT's board of directors; (e) July 16, 2008 - registration of the elected board of directors and supervisors; and (f) July 16, 2008 - registration of the elected board of directors and supervisors. As a result of the abovementioned revocation regarding the alteration of the registered capital, PLT's capital has reverted to NT\$10 million, representing 1 million common shares.

On January 27, 2010, PLT filed an administrative appeal with the Taiwan High Prosecutors Office pleading for the revocation of the letter sent to DOC on the registration nullifications and requested the execution to be stayed pending such appeal. Subject to Article 77-8 of the Administrative Appeal Act, the Petitions and Appeals Committee (PAC) of the Executive Yuan made a decision on March 9, 2010 that the case was not entertained on the basis that the letter was not qualified as an administrative disposition and thus beyond the scope of administrative appeal.

Moreover, on February 10, 2010, PLT again filed an administrative appeal with the MOEA pleading for the revocation of the administrative disposition and requested the execution to be stayed pending such appeal. On May 20, 2010, subject to Article 79-1 of the Administrative Appeal Act, PAC dismissed the administrative appeal considering the appeal was unsustainable. Accordingly, on July 26, 2010, PLT filed a suit with the Taipei High Administrative Court. On July 27, 2010, subject to Article 4-3 of the Administrative Procedure Law, FEDS, as an interested party of PLT, filed a suit with the Taipei High Administrative Court as well.

Furthermore, FEDS filed an administrative appeal with the MOEA on February 24, 2010 for the withdrawal of the administrative disposition and requested the execution to be stayed pending such proceedings. On April 14, 2010, subject to Article 77-3 of the Administrative Appeal Act, PAC decided that the case was not entertained because FEDS was not a party to whom an administrative disposition was issued nor an interested party at stake. Thus, FEDS filed a suit with the Taipei High Administrative Court on June 15, 2010.

Also, FEDS filed a suit with the Taipei District Court to confirm the existence of FEDS's right of shareholder in PLT on February 10, 2010. However, FEDS notified the Taipei District Court on June 25, 2010 that FEDS and PLT had agreed to stay the proceeding by consent.

The Company's counsel advised that in the case the DOC has revoked the alteration of the registered capital, the following did not affect the Company's controlling interest in PLT: (a) the status and the decisions of the administrative remedies filed by FEDS and PLT, and (b) the suit in Taipei High Administrative Court stayed the proceeding by consent. Any dispute regarding the Company's interest in PLT should be brought to the court and decided through a civil litigation process. Based on this legal opinion, DOC's decision had no impact on the validity of capital increases made by the Company and its subsidiaries. Thus, the Company still has substantial economic control over PLT.

The aggregate percentage of ownership in PLT by the Company and its subsidiaries has reached 39.68%. Based on the local GAAP, these holdings were recognized by the equity method.

- k. A subsidiary of FENC, FEGC, contracted the Southern Taiwan Science Park (STSP) to do underground cable construction. On June 28, 2007, FEGC's excavating machines were damaged because of unclear blueprints provided by STSP, which did not indicate the pipeline routes clearly. The accident resulted in the suspension of FEGC's construction until the pipes were dug out. As a result of the suspension, additional costs were incurred. FEGC regarded STSP's provision of inaccurate blueprints as a violation of the construction contract and thus filed for conciliation with the Public Construction Commission (PCC) under the Executive Yuan and demanded that STSP compensate FEGC by paying an additional NT\$23,360 thousand. The compensation demanded by FEGC was cut down to NT\$13,797 thousand, but the conciliation still failed because STSP and FEGC failed to reach a consensus. FEGC then filed a suit with the Tainan District Court and the suit was decided to undertake by the court.

Additionally, during the construction period, material costs rose to NT\$300,000 thousand because of adverse economic factors and the rising prices of stainless steel and cable material. Although the contract amount had been adjusted for price inflation, FEGC still incurred a great loss in 2008 and got no indemnification. Thus, in 2008, FEGC again filed for conciliation with the PCC and claimed that STSP should pay NT\$125,100 thousand in damages. However, the conciliation still failed because STSP and FEGC could not reach any compromise. FEGC will file a suit for indemnification to the Tainan District Court after receiving the certification of conciliation failure. In January 2010, Taiwan Professional Civil Engineers Association was authorized by Tainan District Court to evaluate the rationality of the rising material costs but the evaluation report was not yet finished by August 6, 2010. The construction contract further stated that the construction would be started with manual excavation. However, on the request by people living in the vicinity of the construction, STSP instructed FEGC to obtain a third-party notarization unit's evaluation of tunnel construction safety before starting the construction. The evaluation report showed that manual excavation would result in land collapse. In consideration of public safety, FEGC requested STSP to do mechanical excavation instead. But STSP refused the request because of its insistence that the contractor should assume all the responsibility and related expenses for any contract change. Nevertheless, FEGC started the construction with mechanical excavation and incurred an additional operating expense of NT\$14,315 thousand. Thus, FEGC applied for conciliation with the PCC, but the conciliation failed because FEGC and STSP could not reach a compromise. FEGC will file a suit for indemnification with the Tainan District Court after receiving the certification of conciliation failure.

Furthermore, because of several problems involved in the pipe jacking required for this construction, FEGC suggested the change of the construction completion date to April 6, 2009. However, STSP disagreed with this extension and also refused to pay the extra costs of NT\$3,080 thousand for FEGC's removal of the scrap piles and imposed a fine of NT\$39,406 thousand for the construction expiration. Thus, FEGC applied for conciliation with the PCC, but the conciliation failed because FEGC and STSP failed to reach a compromise, FEGC will file a suit for indemnification with the Tainan District Court after receiving the certification of conciliation failure and also asked STSP return all of the extra costs and the fine for the construction expiration totaling to NT\$42,486 thousand.

An additional operating expense of NT\$30,997 thousand was incurred to FEGC due to several new items were added to the construction. However, STSP underpaid the contract amount by NT\$4,121 thousand without a reasonable excuse and rejected FEGC's request for the full payment. In the end, FEGC filed a suit with the Tainan District Court for this dispute.

The original construction period of 840 days was decided and then was extended 601 days due to several imputable incidents (560 days out of 601 days had been approved by STSP and the rest of 41 days was still controversial). However, the extension which had reached 80% of the original construction period incurred the operating expenses totaling to NT\$40,257 thousand, FEGC filed a suit with the Tainan District Court for this dispute.

Overall, FEGC accrued a construction loss of NT\$119,949 thousand in 2008.

- l. An FENC subsidiary, FEGC, Pan Asia Corporation (Pan Asia) and Iwata Chizaki Construction Corporation, Taipei Branch (Iwata) entered into a contract to build “Area CR3 of Kaohsiung Rapid Transit-Red line” (KRT). FEGC claimed that, although the entire construction had been completed and the red line has been operating for two years, it had not received the payment balance of NT\$284,187 thousand. Thus, FEGC, Pan Asia and Iwata filed a suit for indemnification with the Kaohsiung District Court.

FEGC also claimed that, under paragraph No. 20.2 of the contract, KRT should have given a construction payment of NT\$312,844 and paid extra costs such as the management fees of NT\$164,857 thousand resulting from several problems that delayed the completion date for 277 days. Since KRT did not make the foregoing payments, FEGC, Pan Asia and Iwata filed for a conciliation with the Kaohsiung District Court. The result of the conciliation process will depend on the arbitration by the Kaohsiung Rapid Transit Corporation and Kaohsiung City Government.

Moreover, FEGC made these claims in line with KRT’s request for design modifications: (1) FEGC, Pan Asia and Iwata should have included four items in the construction of Stations R8 and R9, which were not in the original construction contract; these four additions entailed a cost increase of NT\$75,205 thousand. (2) FEGC, Pan Asia and Iwata should have added seven items to the construction of Station R8 and Station R7, which were not in the original construction contract. These seven additions entailed an additional cost of NT\$219,730 thousand. (3) FEGC, Pan Asia and Iwata should have included 53 additional items in the constructions of water and electricity facilities, which were not in the original construction contract. These additions entailed an additional cost of NT\$142,082 thousand. KRT, however, refused to modify the original construction contract and also refused to pay all of the above additional costs; thus, FEGC, Pan Asia and Iwata filed a suit for indemnification with the Kaohsiung District Court and the suit was in process.

- m. For the construction Taiwan Power Company (TPC) subcontracted to FEGC, FEGC had to pay a certain fine of NT\$23,000 thousand for a bid deposit call. This fine was based on the Government Procurement Act and TPC’s construction contract. However, FEGC filed an appeal and PCC refused to pay the bid deposit after knowing TPC’s disagreement. On October 24, 2008, PCC rejected the appeal filed by FEGC and instructed the Administrative Enforcement Agency to enforce the related penalty. This case was awaiting the Administrative Enforcement Agency’s decision.
- n. For the construction of the Taipei City Market Administrative Office, which was subcontracted to FEGC, FEGC filed an appeal with the Taipei District Court (TDC) to get the interest of NT\$10,032 thousand resulting from the late construction payment of NT\$150,177 thousand (from September 14, 2007 to January 18, 2009) by the Taipei City Market Administrative Office. However, the Taipei District Court rejected the suit filed by FEGC. FEGC filed an appeal with the Taiwan High Court and the appeal was still under review by the court. The closure of debate had been made by the Taipei District Court on July 14, 2010 and the verdict will be sentenced by the court afterwards.
- o. Far Eastern Electronic Toll Collection Co., Ltd. was entrusted by the Taiwan Area National Freeway Bureau to collect electronic tolls on freeways and to sign a third-party benefit trust contract with Far Eastern International Bank to manage the tolls collected. The trust property for this agreement amounted to NT\$1,039,627 thousand as of June 30, 2010.

## 32. SUBSEQUENT EVENT

On March 24, 2010, the board of YDI, the subsidiary, decided to make the first issuance of five-year unsecured bonds on July 19, 2010. 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. Of the total issuance amounts, 30%, 30%, 40% are repayable at the end of the third, fourth, fifth year from the issuance date, with 1.62% simple interest and paid annually.

### 33. FINANCIAL INSTRUMENTS

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

	June 30			
	2010		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative financial instruments</u>				
Financial assets				
Cash and cash equivalents	\$ 30,566,116	\$ 30,566,116	\$ 22,533,065	\$ 22,533,065
Financial assets at fair value through profit or loss - current	1,475,211	1,475,211	629,807	629,807
Available-for-sale financial assets - current	3,090,982	3,090,982	3,005,560	3,005,560
Bonds investments with no active market - current	-	-	3,000	-
Notes and accounts receivable, net	25,809,381	25,809,381	21,119,570	21,119,570
Dividends receivable	2,649,872	2,649,872	1,796,728	1,796,728
Accounts and notes receivable from related parties, net	1,248,122	1,248,122	1,253,282	1,253,282
Other receivables	467,323	467,323	640,049	640,049
Available-for-sale financial assets - noncurrent	2,384,335	2,384,335	1,782,393	1,782,393
Financial assets carried at cost - noncurrent	2,965,578	-	3,400,230	-
Bond investments with no active market - noncurrent	293,454	-	293,454	-
Held-to-maturity financial assets - noncurrent	199,616	200,923	-	-
Restricted assets (including current portion)	2,482,520	2,482,520	1,060,484	1,060,484
Refundable deposits (including current portion)	423,408	423,408	513,786	513,786
Financial liabilities				
Short-term bank loans	25,633,203	25,633,203	22,557,386	22,557,386
Commercial paper	8,399,762	8,399,762	9,832,176	9,832,176
Notes and accounts payable	12,283,162	12,283,162	12,496,205	12,496,205
Accounts and notes payable to related parties	1,764,650	1,764,650	980,248	980,248
Accrued expense	6,873,593	6,873,593	7,278,548	7,278,548
Dividends payable	11,531,470	11,531,470	9,140,337	9,140,337
Payable to supplies of machinery and equipment	1,449,980	1,449,980	962,731	962,731
Bonds payable (including current portion)	21,444,119	21,663,519	15,411,402	15,569,979
Long-term debt payable (including current portion)	39,830,195	39,830,195	38,395,933	38,395,933
Leases payable (including current portion)	29	29	8,793	8,793
Guarantee deposits received (including current portion)	991,569	991,569	991,860	991,860
<u>Derivative financial instruments</u>				
Cotton futures contracts - FENC	16,825	16,825	25,202	25,202
Forward exchange contracts				
- FENC	(37,082)	(37,082)	(36,870)	(36,870)
- FEIH	(3,636)	(3,636)	(2,091)	(2,091)
- OPTC	-	-	(964)	(964)
Interest rate swap contracts				
- FENC	-	-	450	450
Cross-currency swap contracts				
- Far EasTone	(2,800)	(2,800)	-	-
- KG Telecom (merged with Far EasTone on January 1, 2010)	-	-	520	520
Exchangeable bonds exchange right - FENC	-	-	(90,250)	(90,250)
Exchangeable bonds redemption right - FENC	(77,250)	(77,250)	(23,750)	(23,750)
Exchangeable bonds collection rights - FENC	-	-	77,000	77,000

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

- 1) Short-term instruments: The carrying values of short-term instruments reported in the balance sheet approximate the fair values of these assets because of the short maturities of these instruments, including cash and cash equivalents, notes and accounts receivable-net, dividends receivable, receivable from related parties, Other receivables, restricted assets, short-term bank loans, commercial paper, notes and accounts payable, payable to related parties, accrued expense, dividends payable and payable to supplies of machinery and equipment.
- 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 carried 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 and long-term loans (all including current portion) are measured at the present values of expected cash flows, which are discounted at the interest rates for bank loans with similar maturities. Public traded bonds are measured at traded prices.
  - 5) Refundable deposits and guarantee deposits (including the current portion) receivable are recorded at their carrying values because their fair value 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	
	2010	2009	2010	2009
<u>Derivative financial instruments</u>				
Assets				
Cotton futures contracts				
- FENC	\$ 16,825	\$ 25,202	\$ -	\$ -
Exchangeable bonds collection right				
- FENC	-	-	-	77,000
Interest rate swap				
- FENC	-	-	-	450
Cross-currency swap				
- KG Telecom (merged with Far EasTone on January 1, 2010)	-	-	-	520
Liabilities				
Forward exchange contract				
- FENC	(37,082)	(36,870)	-	-
- FEIH	(3,636)	(2,091)	-	-
- OPTC	-	(964)	-	-
Cross currency swap				
- Far EasTone	-	-	(2,800)	-
Exchangeable bonds exchange right				
- FENC	-	-	-	(90,250)
Exchangeable bonds redemption rights				
- FENC	-	-	(77,250)	(23,750)

d. As of June 30, 2010 and 2009, the financial assets with fair value risk resulted from interest rate fluctuations amounting to NT\$14,613,359 thousand and NT\$13,354,422 thousand, respectively and the financial liabilities with fair value risk resulted from interest rate fluctuations amounting to NT\$77,473,162 thousand and NT\$72,167,001 thousand, respectively. As of June 30, 2010 and 2009, the financial assets with cash flow risk resulted from interest rate fluctuations amounting to NT\$14,408,010 thousand and NT\$9,371,331 thousand, respectively and the financial liabilities with cash flow risk resulted from interest rate fluctuations amounting to NT\$16,950,186 thousand and NT\$15,323,579 thousand, respectively.

e. Financial risks

1) Market risk

Forward exchange contracts and currency option contracts

The Group uses forward exchange contracts and currency option contracts to hedge the effect of adverse exchange rate fluctuations on net assets or net liabilities (Note 6).

Interest rate swap contracts

The Company engaged in interest rate swap contracts to hedge against adverse fluctuations of interest rates of secured unconvertible corporate bonds (the 72nd tranches), and these bonds were all fully repaid in August 2009. YDI engaged in interest rate swap contracts to hedge against adverse interest rate fluctuations of secured unconvertible corporate bonds - 9th tranche. The contracts are settled at net amounts. Thus, the market risk is not material. These bonds had all been redeemed at their full amount by the end of 2009.

Cross-currency swap contracts

For the six months ended June 30, 2010 and 2009, two Company subsidiaries, Far EasTone and KG Telecommunications Co., Ltd. (KG Telecommunications Co., Ltd. merged with Far EasTone on January 1, 2010, with Far EasTone as the survivor entity; Note 1 to the financial statements), engaged in cross-currency swap contracts to hedge against the adverse effects of exchange rate fluctuations (Far EasTone: 2010; KG Telecom: 2009). The gains or losses on the changes in fair values on these contracts will offset the results of the exchange rate fluctuations of the hedged items. Thus, market risk is expected to be immaterial.

Cotton futures contracts

The Group uses cotton futures contracts to hedge fluctuations of cotton prices (Note 6).

Others

Fair values of mutual funds and domestic quoted stocks held by the Group are determined at their quoted prices in an active market; thus, market price fluctuations would cause changes in the fair values of these investments. However, market risk is expected to be immaterial because the performance of these investments was periodically evaluated by the Group.

2) Credit risk

The Group is exposed to credit risk, i.e., counter-parties' default on contracts and the credit risk of the Group is evaluated by the positive fair values of the investments



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 Group has sufficient operating capital to meet cash flow requirements. Thus, the Group does not have liquidity risk. However, financial assets carried at cost and equity-method investments with no quoted prices have no active market; thus, material liquidity risk on these assets and investments is anticipated.

On February 26, 2009, an FENC subsidiary, Yuan Tong bought convertible bonds issued by Bockhold N.V. The purchase amount was recognized as bond investments with no active market; the value of the conversion right was recognized as financial assets carried at cost because of the inactive market. Thus, material liquidity risk on this investment is expected.

The Group invested in active-market shares of listed companies, bonds, and open-end mutual funds. The Group expects that those financial assets can be sold immediately at prices close to their fair values. However, the private fund invested in by the subsidiary, Far EasTone, had no active market; thus, this investment was expected to have material liquidity risks. The subsidiary, ARCOA, also invested in financial bonds and equity instruments with no quoted prices in inactive markets; thus, these investments could expose ARCOA to material liquidity risks.

The FENC's subsidiaries, YDI and Kai-Yuan, participated in private capital equity which FEIB provided. Under the Securities and Exchange Law, Article 43-8 specifies that the privately placed securities are subjected to the restrictions of holding period and trading volume. As a result, liquidity risk on these securities is anticipated.

Two FENC subsidiaries, Far EasTone and KG Telecom (KG Telecom merged with Far EasTone on January 1, 2010, with Far EasTone as the survivor entity; Note 1 to the financial statements), engaged in cross-currency swap contracts for the six months ended June 30, 2010 and 2009 (Far EasTone: 2010; KG Telecom: 2009). These contracts will result in simultaneous cash inflows and outflows that balance each other; thus, the expected cash demand is not significant.

### 4) Cash-flow risk from interest rate fluctuations

An FENC subsidiary, Far EasTone, and its subsidiaries had short-term and long-term debts with floating rates. Interest rate fluctuations might cause cash-flow risks.

### f. Cash flow hedge

The Company's 72nd tranche of secured nonconvertible bonds and YDI's 9th tranche of secured nonconvertible bond may cause material cash flow risks because these instruments have floating interest rates; thus, these companies used interest rate swaps to hedge against the risks.

The Company's 72nd tranche of secured nonconvertible bonds and YDI's 9th tranche of secured nonconvertible bond had been redeemed by August 31, 2009 and June 30, 2009, respectively.

FENC subsidiaries, Far EasTone and KG Telecom (KG Telecom merged with Far EasTone on January 1, 2010, with Far EasTone as the survivor entity; Note 1 to the financial statements) engaged in cross-currency swaps to hedge against risks on cash flow fluctuations on its assets for six months ended June 30, 2010 and 2009 (Far EasTone: 2010; KG Telecom: 2009).

Hedged Items	Designated Financial Instruments	Designated Hedging Instruments		Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
		Fair Value			
		2010	2009		
Bonds with floating interest rate	Interest rate swap - FENC	\$ -	\$ 450	2003-2009	2003-2009
Foreign-currency denominated assets	Cross currency swap - KG Telecom (merged with Far EasTone on January 1, 2010) - Far EasTone	- (2,800)	520 -	2009 2010	2009 2010

### 34. 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: Schedule J (attached)
- 6) Disposal of individual real state at prices of at least NT\$100 million or 20% of the capital stock: N/A
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule K (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule L (attached)
- 9) Names, locations, and related information of investees on which the Company exercises significant influence: Schedule M (attached)
- 10) Derivative financial transactions of investees: Notes 6 and 33

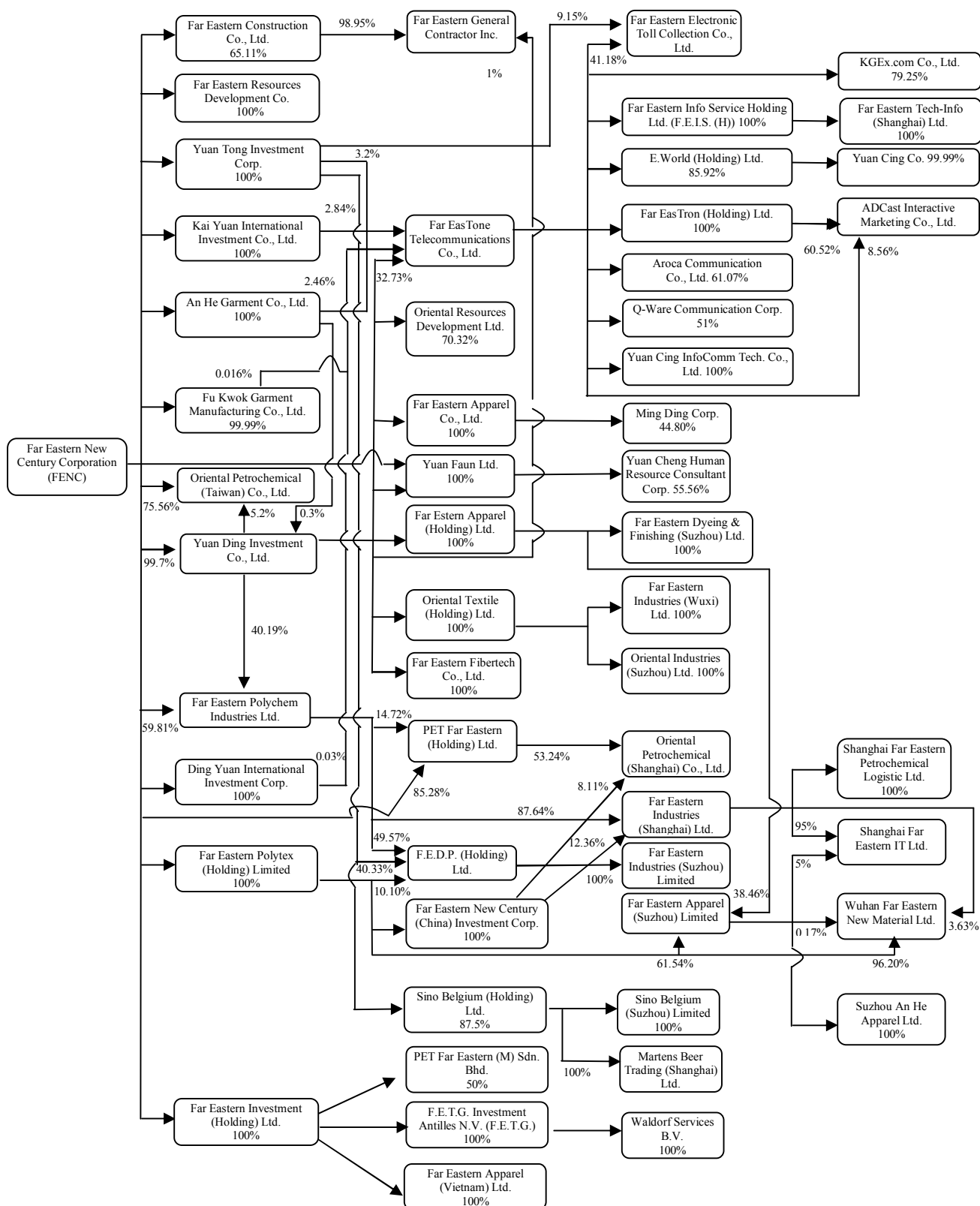
c. Investments in Mainland China

- 1) Investee company name, the description of the primary business activity and products, issued capital, nature of the relationship, capital inflow or outflow, ownership interest, gain or loss on investment, amounts received on investment, and the limitation on investment: Schedule N and N-1 (attached)

- 2) Significant direct or indirect transactions with the investee company, prices, payment terms, and unrealized gain or loss: Note 29 and Schedules K and L (attached)
- d. Additional disclosure for consolidated financial statements:
- 1) Significant intercompany transactions: Schedule O (attached)
  - 2) Reasons, amounts, number of shares held and names of subsidiaries holding FENC's shares: N/A

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP  
JUNE 30, 2010**



**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES****OPERATIONS****JUNE 30, 2010**

<b>Consolidated Entity</b>	<b>Setup Date</b>	<b>Location</b>	<b>Operations</b>
Far Eastern New Century Corporation	1954/01/13	36F., No. 207, Dunhua S. Rd., Sec. 2, 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 Co., Ltd.	1986/11/07	34F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, ROC	Investment.
Kai Yuan International Investment Co., Ltd.	1998/10/06	34F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, ROC	Investment.
Ding Yuan International Investment Corp.	1998/10/02	34F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, ROC	Investment.
Yuan Tong Investment Corp.	1999/12/03	34F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, ROC	Investment.
An He Garment Co., Ltd.	1977/01/24	34F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, ROC	Manufacture and distribution of various knit and woven garments.
Fu Kwok Garment Manufacturing Co., Ltd.	1971/03/06	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	5F., No. 267, Dunhua S. Rd., Sec. 2, Da-an District, Taipei City 106, Taiwan, ROC	Real estate construction and selling.
Far Eastern General Contractor Inc.	1982/10/04	5F., No. 267, Dunhua S. Rd., Sec. 2, Da-an District, Taipei City 106, Taiwan, ROC	Real estate construction and selling.
Far Eastern Resources Development Co.	2003/09/30	34F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, ROC	Real estate construction, industrial park construction and leasing, participating in public infrastructure projects.
Far Eastern Apparel Co., Ltd.	1976/02/27	36F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, ROC	Selling of underwear, sportswear, shirts, towels, fabrics, suits, beddings and casual wear.

(Continued)

<b>Consolidated Entity</b>	<b>Setup Date</b>	<b>Location</b>	<b>Operations</b>
Ming Ding Corp.	1990/08/07	1F., No. 389, Sihchuan Rd., Sec. 1, Banciao City, Taipei County 220, Taiwan, ROC	Selling of underwear, sportswear, shirts, towels, fabrics, suits, beddings and casual wear.
Oriental Resources Development Ltd.	1988/06/27	34F., No. 207, Dunhua S. Rd. Sec. 2, Taipei City 106, Taiwan, ROC	Waste recycling and processing.
Yuan Faun Ltd.	1980/12/13	33F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, ROC	International trading, business consulting, machinery design and installation and computer software.
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.
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. (P.F.E.M.)	1995/07/22	Plo 69, Kawasan Perindustrian Senai 3, 81400 Senai, Johor Bohru, Johor, Malaysia	Manufacture and distribution of PET bottle and PET perform.
F.E.T.G. Investment Antilles N.V. (F.E.T.G)	1989/10/05	Kaya W.F.G Mensing 14, Curacao, Nederlandse Antillen	Investment.
Waldorf Services B.V. (Waldorf)	1990/01/10	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	Investment.
Far Eastern Polytex (Holding) Limited	2006/03/22	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Far Eastern Polychem Industries Ltd. (F.E.P.I.)	1995/04/13	Clarendon House 2 Church street, Hamilton 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.
Far Eastern Apparel (Vietnam) 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.
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 Ltd.	2003/04/15	Mainland China	Computer software programming and MIS maintenance and consultancy.
Far Eastern Apparel (Holding) Ltd. (F.E.A.H)	1996/10/01	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.

(Continued)

<b>Consolidated Entity</b>	<b>Setup Date</b>	<b>Location</b>	<b>Operations</b>
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 Dyeing & Finishing (Suzhou) Ltd.	2003/10/22	Mainland China	Manufacture and distribution of woven, dyed and novelty fabrics, high-value engineered textiles, industrial woven fabrics and scraps.
Oriental Textile (Holding) Ltd. (O.T.(H))	2001/01/10	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Sino Belgium (Holding) Ltd.	2007/08/10	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Sino Belgium (Suzhou) Limited	2007/09/04	Mainland China	Brewer.
Far Eastern New Century (China) Investment Corp.	2007/06/18	Mainland China	Investment.
Far Eastern Industries (Wuxi) Ltd. (F.E.I.W)	2002/06/05	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.
Oriental Industries (Suzhou) Ltd.	2005/06/24	Mainland China	Manufacturing and distribution of PET performs, industrial fabrics and related products.
PET Far Eastern (Holding) Ltd. (PET FE (H))	1996/10/01	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Oriental Petrochemical (Shanghai) Co., Ltd. (O.P.S.C)	2003/01/21	Mainland China	Manufacture and distribution of PTA and its by-products.
F.E.D.P. (Holding) Ltd.	2002/03/20	Clarendon House 2 Church street Hamilton HM 11, Bermuda	Investment.
Far Eastern Industries (Suzhou) Limited	2004/03/22	Mainland China	Manufacture and distribution of polyester chips and partially oriented, fully oriented and polyester yarns.
Shanghai Far Eastern Petrochemical Logistic Ltd.	2006/03/02	Mainland China	Logistic.
Far EasTone Telecommunications Co., Ltd.	1997/04/11	28F., No. 207, Dunhua S. Rd. Sec. 2, Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	Telecommunication
Far Eastern Info Service Holding Ltd. ( F.E.I.S.(H))	2002/07/17	Clarendon House 2 Church Street, Hamilton HM11, Bermuda	International investment holding business.
Far Eastern Tech-Info(Shanghai) Ltd.	2002/11/18	Mainland China	Computer software programming and MIS maintenance and consultancy.

(Continued)

<b>Consolidated Entity</b>	<b>Setup Date</b>	<b>Location</b>	<b>Operations</b>
E.World (Holding) Ltd.	2000/04/07	4F., One Capital Place. P.O. Box 847 G.T., Grand Cayman Island	International investment holding business.
Yuan Cing Co.	2000/08/05	28F., No. 207, Dunhua S. Rd. Sec. 2, Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	Data processing service and retail of computer software.
KGEx.com Co., Ltd.	2000/08/09	4F., No. 468, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Providing Type II communications service.
Far Eastern Electronic Toll Collection Co., Ltd.	2004/04/07	28F., No. 207, Dunhua S. Rd. Sec. 2, Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	Providing services on information software, electronic information, auto controlling equipment engineering.
Aroca Communication Co., Ltd.	1981/05/04	36F., No. 207, Dunhua S. Rd. Sec. 2, Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	Distribution of cellular phones and other communications equipment and accessories and providing related maintenance services.
ADCast Interactive Marketing Co., Ltd.	2000/06/12	1F., No. 220, Gangqian Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Providing services on internet advertisement and marketing.
Far EasTron Holding Ltd.	2005/08/30	Marquee Place, Suite 300, 430 West Bay Road, P.O, Box 30691 SMB, Grand Cayman, Cayman Islands, British West Indies	International investment holding business.
Q-Ware Communication Corp.	2007/02/13	8F., No. 220, Gangqian Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Providing Type II communications service.
Yuan Cing Information Tech Co., Ltd.	2009/12/30	4F., No. 468, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Sale of communication products
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 Fibertech Co., Ltd.	1995/04/10	No. 17, Gongye 5th Rd., Gonyin Industry District Gonyin Township, Taoyuan County 328, Taiwan (R.O.C.)	Manufacture and distribution of nylon-fiber materials.
Oriental Petrochemical (Taiwan) Co., Ltd.	1987/01/26	No. 47, Jingjian 4th Rd., Shuren Village Gonyin Township, Taoyuan County 328, Taiwan (R.O.C.)	Manufacture and distribution of PTA
Martens Beer Trading (Shanghai) Ltd.	2007/10/26	Mainland China	Beer sales

(Concluded)



**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**RELATED PARTIES**

**JUNE 30, 2010**

No.	Related Party	Relationship with Far Eastern New Century Corporation (Note)
1	Oriental Securities Co., Ltd.	a
2	Yuan-Ding Co., Ltd.	a
3	Frendenberg Far Eastern Spunweb Co., Ltd.	a
4	Everest Textile Co., Ltd.	a
5	Pacific Liu Tung Investment Corporation	a
6	Air Liquide Far Eastern Ltd.	a
7	Yue Ding Industry Co., Ltd.	a
8	Far Eastern International Leasing Corp. (FEILC)	a
9	Ding Ding Hotel Co., Ltd.	a
10	Da Ju Fiber Co., Ltd.	a
11	Yuan Ding Leasing Co.	a
12	Yue Ming International Corp.	a
13	Ding Ding Integrated Marketing Service Co., Ltd.	a
14	Malaysia Garment Manufactures Pte. Ltd.	a
15	Far Eastern International Garments Inc.	a
16	Chiahui Power Corporation	b
17	Far Eastern Medical Foundation	b
18	Far Eastern. Y. Z. Hsu Science and Technology Memorial Foundation	b
19	U-Ming Marine Transport Corp.	b
20	Wen Jing Corp.	b
21	New Tranquil Enterprise Ltd.	b
22	Yuan-Ze University	b
23	Oriental Institute of Technology	b
24	Far Eastern Memorial Hospital	b
25	New Century InfoComm Tech Co., Ltd.	a and b
26	Far Eastern Department Stores Co., Ltd.	a and b
27	Oriental Union Chemical Corporation	a and b
28	Asia Cement Corporation	a and b
29	Yu Chang Vocational School	c
30	Vacon Investment Ltd.	c
31	Pacific SOGO Department Stores	d
32	Pacific Petrochemical (Holding) Ltd.	e
33	Far Eastern Recreation Center Employee's Welfare Committee	f
34	Far Eastern Recreation Center Employee's Welfare Committee of FENC-Golf Club	f
35	Oriental Petrochemical (Yangzhou) Corporation	g
36	Hong-Ton Development Corp.	h
37	TECO Electric & Machinery Co., Ltd.	i
38	Systemex Corporation	i

(Continued)

No.	Related Party	Relationship with Far Eastern New Century Corporation (Note)
39	MITAC Inc.	i
40	Telecommunication & Transportation Foundation	j
41	NTT DoCoMo Inc.	k
42	Everest Textile (Shanghai) Ltd.	l
43	Everest Investment (Holding) Ltd.	l
44	Far Eastern Asset Management Co., Ltd.	m
45	Far Eastern International Bank	n
46	Fu Dar Transportation Corporation	o
47	Ya-Li Precast Prestressed Concrete Industries Corp.	o
48	Ya Tung Ready-mixed Concrete Corp.	p
49	Asia Investment Corp.	p
50	Fu Ming Transport Corp.	p
51	Ya Tung Department Store Ltd.	q
52	Far Eastern Ai Mai Company Ltd.	q
53	FEDS Asia Pacific Development Corporation	q
54	Far Eastern Citysuper Ltd.	q
55	Bai Ding Investment Corp.	q
56	Ding Ding Management Consulting Ltd.	r
57	Digital United Inc.	s
58	Information Security Service Digital United Co., Ltd.	t
59	Far Eastern Technical Consultants Co., Ltd.	u

- Note:
- a. Equity-method investee and the holding is less than 50%.
  - b. Same Chairman or general manager.
  - c. The chairman is the relative of the Company's chairman.
  - d. Pacific Liu Tung Investment Corp.'s subsidiary.
  - e. Equity-method investee of equity-method subsidiary as of June 30, 2009 and have been merged by Oriental Union Chemical Corporation in February 2010.
  - f. The chairman of the organization is FENC's senior manager.
  - g. The sub-subsidiary of Oriental Union Chemical Corporation.
  - h. The chairman of the Company is the investee's director.
  - i. Institutional director of Far Eastern Electronic Toll Collection Co., Ltd.
  - j. Far EasTone's donation is over one third of the foundation's fund.
  - k. Director of Far EasTone Telecommunication Co., Ltd.
  - l. Subsidiary of Everest Textile Co., Ltd.
  - m. Far Eastern International Bank is the institutional director of the investee.
  - n. The vice president is the chairman of the Company.
  - o. The subsidiary of Fu Ming Transport Corp.
  - p. The subsidiary of Asia Cement Corporation.
  - q. The subsidiary of Far Eastern Department Stores Co., Ltd.
  - r. The chairman is the Company's vice-chairman.
  - s. The subsidiary of New Century Info Comm Tech Co., Ltd. (it had merged with New Century Info Comm Tech Co., Ltd. as of March 16, 2010).
  - t. The subsidiary of New Century Info Comm Tech Co., Ltd.
  - u. The subsidiary of Yuan Ding Co., Ltd.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES****CONSOLIDATED RELATED-PARTY TRANSACTIONS****SIX MONTHS ENDED JUNE 30, 2010 AND 2009****(In Thousands of New Taiwan Dollars)**

	Notes	2010		2009	
		Amount	%	Amount	%
Operating revenue					
New Century InfoComm Tech Co., Ltd.		\$ 674,789	1	\$ 564,477	1
Others	b.	<u>1,014,934</u>	<u>1</u>	<u>841,614</u>	<u>1</u>
		<u>\$ 1,689,723</u>	<u>2</u>	<u>\$ 1,406,091</u>	<u>2</u>
Operating cost					
Oriental Union Chemical Corporation		\$ 573,911	1	\$ 327,451	1
Others	b.	<u>930,578</u>	<u>1</u>	<u>667,226</u>	<u>1</u>
		<u>\$ 1,504,489</u>	<u>2</u>	<u>\$ 994,677</u>	<u>2</u>
Operating expense					
Ding Ding Integrated Marketing Service Co.		\$ 70,269	1	\$ 80,074	1
Yuan Ding Co., Ltd.		40,186	-	83,139	1
Others	b.	<u>199,726</u>	<u>2</u>	<u>273,206</u>	<u>2</u>
		<u>\$ 310,181</u>	<u>3</u>	<u>\$ 436,419</u>	<u>4</u>
Nonoperating revenue					
New Century Info Comm Tech. Co., Ltd.		\$ 22,402	1	\$ 12,899	-
Others	b.	<u>6,255</u>	<u>-</u>	<u>21,742</u>	<u>1</u>
		<u>\$ 28,657</u>	<u>1</u>	<u>\$ 34,641</u>	<u>1</u>

Note:

- For the relationships between Far Eastern New Century Corporation (FENC) and subsidiaries, please refer to schedule C.
- The transaction amount between related-parties was not over 5% of the total amount of the account.
- The terms of FENC's sales to and purchases from the related parties were the same as those for third parties.
- Two FENC subsidiaries, Yuan-ding Investment Co., Ltd. and Far Eastern Resources Development Co., respectively donated NT\$60,000 thousand and NT\$30,000 thousand to Far Eastern Y.Z. Hsu Science Technology Memorial Foundation (both donations were recognized as non-operating expenses and losses - other expenses) for technological development for the benefit of the general public.

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED RELATED-PARTY TRANSACTIONS**

**SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

**(In Thousands of New Taiwan Dollars)**

	Notes	2010		2009	
		Amount	%	Amount	%
Accounts/notes receivable from related parties					
New Century InfoComm Tech Co., Ltd.		\$ 498,628	40	\$ 296,173	24
Frendenberg Far Eastern Spunweb Co., Ltd.		85,554	7	51,341	4
Far Eastern Department Stores Co., Ltd.		64,159	5	21,577	2
Others	e.	<u>271,116</u>	<u>22</u>	<u>172,046</u>	<u>14</u>
		<u>\$ 919,457</u>	<u>74</u>	<u>\$ 541,137</u>	<u>44</u>
Refundable deposits					
Yuan Ding Co., Ltd.		\$ 33,687	8	\$ 33,304	7
Ding Ding Integrated Marketing Service Co., Ltd.		31,096	7	34,825	8
Others	e.	<u>21,375</u>	<u>5</u>	<u>11,188</u>	<u>2</u>
		<u>\$ 86,158</u>	<u>20</u>	<u>\$ 79,317</u>	<u>17</u>
Accounts and notes payable to related parties					
Ya Tung Ready Mixed Concrete Co., Ltd.		\$ 218,839	12	\$ 246,951	25
New Century InfoComm Tech Co., Ltd.		183,995	10	242,176	25
Oriental Union Chemical Corporation		146,143	8	54,181	6
Others	e.	<u>292,993</u>	<u>17</u>	<u>180,366</u>	<u>18</u>
		<u>\$ 841,970</u>	<u>47</u>	<u>\$ 723,674</u>	<u>74</u>
Lease payable - current (recognized as other current liabilities)					
Far Eastern International Leasing Corp.		<u>\$ -</u>	<u>-</u>	<u>\$ 8,369</u>	<u>95</u>
Accrued expenses					
Others	e.	<u>\$ 57,283</u>	<u>-</u>	<u>\$ 36,668</u>	<u>-</u>
Advance construction receipts					
Far Eastern Department Stores Co., Ltd.		\$ 649,435	3	\$ 321,524	2
Others	e.	<u>246,056</u>	<u>1</u>	<u>74,788</u>	<u>-</u>
		<u>\$ 895,491</u>	<u>4</u>	<u>\$ 396,312</u>	<u>2</u>

(Continued)

	Notes	2010		2009	
		Amount	%	Amount	%
Deferred income					
Rent revenue					
Yuan Ding Co., Ltd.	b.	\$ 633,618	64	\$ 680,263	65
Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation	c.	212,245	21	218,776	21
Sales of lands and buildings					
Oriental Securities Co., Ltd.	d.	115,870	12	116,426	11
Sales of securities					
Far Eastern International Leasing Corp.		24,326	2	24,326	2
Others	e.	<u>11,932</u>	<u>1</u>	<u>11,932</u>	<u>1</u>
		<u>\$ 997,991</u>	<u>100</u>	<u>\$ 1,051,723</u>	<u>100</u>

Financing to related parties:

Six Months Ended June 30, 2010				
	Highest Outstanding Balance	Balance on June 30, 2010	Interest Rate (%)	Interest Revenue
Malaysia Garment Manufactures Pte. Ltd.	\$ 288,665	\$ 288,665	0-1.44571	\$ 743
Yue Ding Industry Co., Ltd.	40,000	40,000	0.93-1.61	223
Da Ju Fiber Co., Ltd.	148,000	-	0.93-1.61	<u>424</u>
		<u>\$ 328,665</u>		<u>\$ 1,390</u>

Six Months Ended June 30, 2009				
	Highest Outstanding Balance	Balance on June 30, 2009	Interest Rate (%)	Interest Revenue
Da Ju Fiber Co., Ltd.	\$ 277,000	\$ 277,000	1.36-2.69	\$ 2,569
Malaysia Garment Manufactures Pte. Ltd.	284,369	275,145	0-2.78917	1,509
Yue Ding Industry Co., Ltd.	160,000	<u>160,000</u>	1.77-2.69	<u>1,613</u>
		<u>\$ 712,145</u>		<u>\$ 5,691</u>

Financing from related parties:

Six Months Ended June 30, 2010				
	Highest Outstanding Balance	Balance on June 30, 2010	Interest Rate (%)	Interest Expense
Pacific Petrochemical (Holding) Ltd.	\$ 662,290	\$ 662,290	-	\$ -
Oriental Petrochemical (Yangzhou) Corp.	260,390	<u>260,390</u>	1.25	<u>73</u>
		<u>\$ 922,680</u>		<u>\$ 73</u>

(Continued)

**Six Months Ended June 30, 2009**

	<b>Highest Outstanding Balance</b>	<b>Balance on June 30, 2009</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Pacific Petrochemical (Holding) Ltd.	\$ 1,356,386	\$ <u>256,574</u>	-	\$ <u>          -</u>

- a. For the relationships between Far Eastern New Century Corporation (FENC) and subsidiaries, please refer to schedule C.
- b. FENC, Asia Cement Corporation and Yuan Ding Co. Ltd. co-own the Metro Tower Building located in Taipei City. Under an agreement, Yuan Ding Co., Ltd. collected rentals from the lessees and then allocated rental incomes proportionally to the Company. The Company was rental-exempt and the deferred income resulted from its 12% of the ownership of the building had been listed to rental incomes. The ownership of the building had been transferred in September 2, 2003; please refer to Note 15 to the financial statements.
- c. The unrealized gain from superficies right Far Eastern Resources Development Co. granted to Far Eastern Y.Z. Science and Technology Memorial Foundation; please refer to Note 15 to the financial statements.
- d. The unrealized gain was from the sale of lands and buildings to Oriental Securities Co., Ltd.
- e. The transaction amount among related-parties was not over 5% of the total amount of the account.
- f. An FENC subsidiary, Far Eastern Resources Development Co., sold land in the Ya-Tung Section of Banciao to Far Eastern Memorial Foundation for \$448,329 thousand for the construction of its new medical building. The gain on this sale was \$331,124 thousand to the subsidiary.
- g. In addition to the share purchase described in Note 14, New Century Info Comm Tech Co., Ltd. bought on August 14, 2009 the corporate bond issued by a Company subsidiary, Yuan Ding Co., Ltd. through private placement for \$990,000 thousand (Note 22 to the financial statements). As of June 30, 2010, the interest payable was \$17,494 thousand and the interest expense was \$9,936 thousand.
- h. Far EastTone bought from FEILC a switch center in Neihu, land in Taichung land for a switch center and an office space in Kaohsiung for \$239,177 thousand (including VAT) based on appraisal reports and market prices. The ownership of these properties had been transferred to Far EastTone as of June 30, 2010.
- i. The terms of sales to and purchases from the related parties were the same as those for third parties.

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED  
SIX MONTHS ENDED JUNE 30, 2010  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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		
Far Eastern Investment (Holding) Ltd.	Flying Dutchman Ltd.	Other receivables	US\$ 1,936	US\$ 1,936	0%-1.44571%	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 4,524,426 (Note C)	\$ 22,622,131 (Note G)
	Waldorf Services B.V.	Receivables from affiliates	US\$ 800	US\$ 800	-	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	22,622,131 (Note G)
	F.E.T.G. Investment Antilles N.V.	"	US\$ 6,292	US\$ 3,017	1.44571%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	22,622,131 (Note G)
	Oriental Textile (Holding) Ltd.	"	US\$ 50,000	US\$ 39,500	1.44571%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	22,622,131 (Note G)
	PET Far Eastern (Holding) Ltd.	"	US\$ 10,066	US\$ 5,000	1.44571%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	22,622,131 (Note G)
	Malaysia Garment Manufactures Pte. Ltd.	"	US\$ 3,786	US\$ 3,786	0%-1.44571%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	22,622,131 (Note G)
	PET Far Eastern (M) Sdn. Bhd.	"	MYR 19,206	MYR 19,206	1.44571%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	22,622,131 (Note G)
	Far Eastern Polytex (Holding) Limited	"	US\$ 12,000	US\$ 12,000	1.44571%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	22,622,131 (Note G)
	Far Eastern Apparel (Vietnam) Ltd.	"	US\$ 2,500	US\$ 2,500	-	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	22,622,131 (Note G)
	Far Eastern Polychem Industries Ltd.	"	US\$ 50,000	US\$ 30,900	1.44571%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	22,622,131 (Note G)
	FEDP (Holding) Ltd.	"	US\$ 19,300	US\$ 1,900	1.44571%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	22,622,131 (Note G)
	Ding Yuan International Investment Corp.	Yuan Tong Investment Corp.	Receivables from related parties	90,000	70,000	1.57%-1.63%	2	-	For revolving fund	-	Promissory note	-	121,198 (Note B)
Kai Yuan International Investment Co., Ltd.		"	90,000	90,000	1.61%-1.63%	2	-	For revolving fund	-	Promissory note	-	121,198 (Note B)	1,211,984 (Note E)
An He Garment Co., Ltd.		"	90,000	90,000	1.61%-1.63%	2	-	For revolving fund	-	Promissory note	-	121,198 (Note B)	1,211,984 (Note E)
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	US\$ 98,000	US\$ 98,000	-	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
	Far Eastern Industries (Suzhou) Limited	"	US\$ 10,000	US\$ 10,000	-	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
Far Eastern Apparel (Holding) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Receivables from affiliates	US\$ 13,000	US\$ 13,000	-	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
	Far Eastern Apparel (Suzhou) Limited	"	US\$ 11,900	US\$ 11,900	-	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
	Far Eastern Investment (Holding) Ltd.	"	US\$ 19,400	US\$ 6,400	1.44571%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
F.E.T.G. Investment Antilles N.V.	Waldorf Services B.V.	Receivables from affiliates	US\$ 6,406	US\$ 3,124	1.44571%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
Far Eastern Apparel (Suzhou) Limited	Far Eastern Industries (Wuxi) Ltd.	Other receivables - loan to affiliates	RMB 40,000	RMB 30,000	3%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
	Far Eastern Industries (Suzhou) Limited	Other receivables - loan to affiliates	RMB 20,000	RMB 20,000	3%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)

(Continued)

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		
Waldorf Services B.V.	Malaysia Garment Manufactures Pte. Ltd.	Receivables from affiliates	US\$ 4,600	US\$ 4,600	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 4,524,426 (Note C)	\$ 13,573,278 (Note D)
	Chuang Yuan Co. Ltd.	Other receivables	US\$ 6,380	US\$ 6,380	1.44571%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
Oriental Textile (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd.	Receivables from affiliates	US\$ 49,900	US\$ 39,900	-	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
	Oriental Industries (Suzhou) Ltd.	"	US\$ 20,000	US\$ 20,000	-	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
	Far Eastern Polychem Industries Ltd.	"	US\$ 22,400	US\$ 19,400	1.44571%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Co., Ltd.	Receivables from affiliates	US\$ 27,400	US\$ 27,400	-	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
F.E.D.P. (Holding) Ltd.	Far Eastern Industries (Suzhou) Limited	Receivables from affiliates	US\$ 28,000	US\$ 28,000	-	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
Far Eastern Resources Development Co.	An He Garment Co., Ltd.	Receivables from related parties	400,000	400,000	0.93%-1.61%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Yue Ding Industry Co., Ltd.	"	40,000	40,000	0.93%-1.61%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Da Ju Fiber Co., Ltd.	"	148,000	-	0.93%-1.61%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Yuan Tong Investment Corp.	"	400,000	400,000	0.93%-1.61%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Kai Yuan International Investment Co., Ltd.	"	400,000	300,000	0.93%-1.61%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Yuan Ding Investment Co., Ltd.	"	361,000	-	0.93%-1.61%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited	Receivables from affiliates	US\$ 27,100	US\$ 27,100	-	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
	FEDP (Holding) Ltd.	"	US\$ 7,000	US\$ 7,000	1.44571%	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
	Martens Beers Trading (Shanghai) Co.	"	US\$ 3,600	US\$ 3,600	-	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
Far Eastern Polytex (Holding) Limited	Wuhan Far Eastern New Material Ltd.	Receivables from affiliates	US\$ 12,000	US\$ 12,000	-	2	-	For revolving fund	-	Promissory note	-	4,524,426 (Note C)	13,573,278 (Note D)
Yuan Fuan Ltd.	Yuan Cheng Human Resources Consultant Corp.	Receivables from related parties	5,000	5,000	1.50%	2	-	For revolving fund	-	Promissory note	-	15,413 (Note H)	51,378 (Note F)

- Notes: A. Reasons for financing are as follows:  
1. Business relationship.  
2. For short-term financing.  
B. The upper limit is equivalent to 5% of the net value of the financier as of December 31, 2009.  
C. The upper limit is equivalent to 5% of the net value of FENC as of June 30, 2010.  
D. The upper limit is equivalent to 15% of the net value of FENC as of June 30, 2010.  
E. The upper limit is equivalent to 50% of the audited net value of the financier as of December 31, 2009. If necessary for short-term financing, the upper limit is equivalent to 15%.  
F. The upper limit is equivalent to 50% of the audited net value of the financier as of December 31, 2009. If necessary for short-term financing, the upper limit is equivalent to 30%.  
G. The upper limit is equivalent to 25% of the net value of FENC as of June 30, 2010.  
H. The upper limit is equivalent to 15% of the audited net value of the financier as of December 31, 2009.

(Concluded)



## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED  
SIX MONTHS ENDED JUNE 30, 2010  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 N)	Maximum Collateral/Guarantee Amounts Allowable
	Name	Nature of Relationship						
Far Eastern New Century Corporation	Yuan Ding Investment Co., Ltd.	(Note A)	\$ 45,244,261 (Note G)	\$ 9,747,350	\$ 9,747,350	\$ -	10.77	\$ 90,488,522 (Note H)
Yuan Ding Investment Co., Ltd.	Da Ju Fiber Co., Ltd.	(Note B)	17,128,273 (Note G)	144,000	144,000	-	0.42	34,256,546 (Note H)
	Oriental Resources Development Ltd.	(Note A)	17,128,273 (Note G)	119,000	119,000	-	0.35	34,256,546 (Note H)
	Far Eastern Apparel Co., Ltd.	(Note A)	17,128,273 (Note G)	135,000	135,000	-	0.39	34,256,546 (Note H)
	Oriental Textile (Holding) Ltd.	(Note A)	17,128,273 (Note G)	1,547,760	1,547,760	-	4.52	34,256,546 (Note H)
	Far Eastern Apparel (Holding) Ltd.	(Note A)	17,128,273 (Note G)	902,860	902,860	-	2.64	34,256,546 (Note H)
	Oriental Industries (Suzhou) Ltd.	(Note A)	17,128,273 (Note G)	1,559,425	1,241,433	-	3.62	34,256,546 (Note H)
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	45,244,261 (Note O)	RMB 606,489	RMB 606,489	-	3.21	90,488,522 (Note M)
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note A)	11,811,594 (Note L)	1,481,000	1,481,000	-	37.62	11,811,594 (Note L)
Far Eastern Apparel (Holding) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note A)	45,244,261 (Note O)	US\$ 10,000	US\$ 10,000	-	0.94	90,488,522 (Note M)
	Far Eastern Apparel (Suzhou) Limited	(Note C)	45,244,261 (Note O)	US\$ 10,000	US\$ 10,000	-	0.94	90,488,522 (Note M)
Yuan Tong Investment Corp.	Sino Belgium (Holding) Ltd.	(Note A)	45,244,261 (Note K)	1,612,250	1,612,250	-	1.78	90,488,522 (Note I)
Far EasTone Telecommunications Co., Ltd.	Q-Ware Communication Corp.	(Note A)	33,319,435 (Note G)	149,840	149,840	-	0.22	66,638,870 (Note H)
	KGEx.com Co., Ltd.	(Note A)	33,319,435 (Note G)	45,000	45,000	-	0.07	66,638,870 (Note H)
Far Eastern Apparel (Suzhou) Limited	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	45,244,261 (Note O)	RMB 120,000	RMB 70,000	-	0.37	90,488,522 (Note M)
Far Eastern Industries (Shanghai) Ltd.	Far Eastern Industries (Suzhou) Limited	(Note C)	RMB 1,413,975 (Note P)	RMB 160,000	RMB 110,000	-	0.58	RMB 2,827,949 (Note F)
	Wuhan Far Eastern New Material Ltd.	(Note C)	RMB 1,413,975 (Note P)	RMB 110,000	RMB 80,000	-	0.42	RMB 2,827,949 (Note F)
	Everest Textile (Shanghai) Ltd.	(Note E)	RMB 1,413,975 (Note P)	RMB 80,000	RMB 80,000	-	0.42	RMB 2,827,949 (Note F)
Oriental Textile (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd.	(Note A)	45,244,261 (Note O)	US\$ 3,750	US\$ 11,350	-	1.07	90,488,522 (Note M)
	Oriental Industries (Suzhou) Ltd.	(Note A)	45,244,261 (Note O)	RMB 195,000	RMB 120,000	-	1.68	
				US\$ 69,000	US\$ 48,500	-	4.56	90,488,522 (Note M)
				RMB 50,000	RMB 50,000	-	0.70	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Co., Ltd.	(Note A)	45,244,261 (Note O)	US\$ 28,166	US\$ 22,136	-	0.79	90,488,522 (Note M)
Far Eastern Polytex (Holding) Limited	Far Eastern Apparel (Suzhou) Limited	(Note A)	45,244,261 (Note O)	RMB 30,000	RMB 30,000	-	0.16	90,488,522 (Note M)
Far Eastern Resources Development Co.	Far Eastern New Century Corporation	(Note D)	45,244,261 (Note K)	10,001,748	10,001,748	9,887,598	11.05	90,488,522 (Note I)
Far Eastern New Century (China) Investment Corp.	Oriental Petrochemical (Shanghai) Co., Ltd.	(Note C)	45,244,261 (Note O)	US\$ 1,217	US\$ 1,217	-	0.04	90,488,522 (Note M)
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Limited	(Note A)	45,244,261 (Note O)	RMB 50,000	RMB 50,000	-	0.26	90,488,522 (Note M)
Sino Belgium (Holding) Ltd.	Sino Belgium Beer (Suzhou) Ltd.	(Note A)	45,244,261 (Note O)	US\$ 3,000	US\$ 3,000	-	0.11	90,488,522 (Note M)
Far Eastern Industries (Suzhou) Limited	Oriental Industries (Suzhou) Ltd.	(Note C)	45,244,261 (Note O)	US\$ 6,000	US\$ 6,000	-	0.21	90,488,522 (Note M)
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Limited	(Note C)	45,244,261 (Note O)	RMB 30,000	-	-	-	90,488,522 (Note M)
Wuhan Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	US\$ 20,777 (Note J)	RMB 100,000	-	-	-	US\$ 20,777 (Note J)

(Continued)

- Notes:
- A. Subsidiary with common stock shares held directly or indirectly equivalent to or above 50%.
  - B. Equity-method investees.
  - C. The subsidiary 100% owned by the same parent company with direct and indirect votes.
  - D. Parent company.
  - E. Business relationship.
  - F. Collateral/guarantee is equivalent to 200% of the audited net value of the guarantor as of December 31, 2009.
  - G. Collateral/guarantee is equivalent to 50% of the audited net value of the guarantor as of June 30, 2010.
  - H. Limit is computed using the net value of the guarantor as of June 30, 2010.
  - I. Limit is computed using the audited net value of the parent company as of June 30, 2010.
  - J. Collateral/guarantee is equivalent to 20% of the audited net value of the parent company as of December 31, 2009.
  - K. Collateral/guarantee is equivalent to 50% of the audited net value of FENC as of June 30, 2010.
  - L. Collateral/guarantee is equivalent to 300% of the audited net value of the guarantor as of June 30, 2010.
  - M. Collateral/guarantee is equivalent to the audited net value of Far Eastern New Century Corp. Ltd. as of June 30, 2010
  - N. The ratio calculation is in accordance with the Regulations Governing Loaning of Funds and Marking of Endorsements/Guarantees by Public Companies.
  - O. Collateral/guarantee is equivalent to 50% of the audited net value of Far Eastern New Century Corp. as of June 30, 2010.
  - P. Limit is computed using the audited net value of the guarantor as of December 31, 2009.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES AND INVESTMENTS IN SHARES OF STOCK HELD

JUNE 30, 2010

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

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note	
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value		
Far Eastern New Century Corporation	Asia Cement Corporation	(Note A)	Equity method investments	666,632	\$ 11,200,231	22.33	\$ 18,932,369	22,288 thousand shares pledged or mortgaged as collaterals for loans	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity method investments	203,659	3,658,325	16.80	5,386,753	-	
	Oriental Union Chemical Corporation	(Note A)	Equity method investments	73,833	1,076,519	9.17	1,764,600	-	
	Everest Textile Co., Ltd.	(Note A)	Equity method investments	129	1,147	0.03	783	-	
	Yuan Ding Investment Co., Ltd.	(Note A)	Equity method investments	1,828,323	33,788,886	99.70	34,153,777	-	
	Far Eastern Resources Development Co.	(Note A)	Equity method investments	283,797	16,167,169	100.00	17,519,621	-	
	Yuan Tong Investment Corp.	(Note A)	Equity method investments	705,147	7,278,427	100.00	7,278,405	-	
	Far Eastern Investment (Holding) Ltd.	(Note A)	Equity method investments	1,700	5,496,205	100.00	5,496,205	-	
	Far Eastern Polychem Industries Ltd.	(Note A)	Equity method investments	493,631	4,335,250	59.81	4,335,250	-	
	Kai Yuan International Investment Co., Ltd.	(Note A)	Equity method investments	291,196	4,113,024	100.00	4,114,944	-	
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Equity method investments	337,678	4,470,321	75.56	5,951,264	-	
	Far Eastern Polytex (Holding) Limited	(Note A)	Equity method investments	46	3,557,301	100.00	3,557,301	-	
	Yuan Ding Co., Ltd.	(Note A)	Equity method investments	186,926	3,152,948	37.13	3,279,117	-	
	Far Eastern Construction Co., Ltd.	(Note A)	Equity method investments	154,372	2,508,246	65.11	2,563,510	-	
	Ding Yuan International Investment Corp.	(Note A)	Equity method investments	205,000	2,239,674	100.00	2,239,614	-	
	Oriental Securities Co., Ltd.	(Note A)	Equity method investments	140,278	1,757,765	19.65	1,751,291	40,000 thousand shares pledged or mortgaged as collaterals for loans	
	PET Far Eastern (Holding) Ltd.	(Note A)	Equity method investments	202	3,920,906	85.28	3,920,906	-	
	An He Garment Co., Ltd.	(Note A)	Equity method investments	66,346	1,378,966	100.00	1,447,943	-	
	Pacific Liu Tung Investment Corporation	(Note A)	Equity method investments	67,500	1,254,264	16.83	1,162,759	-	
	Fu Kwok Garment Manufacturing Co., Ltd.	(Note A)	Equity method investments	3,999	131,817	99.99	134,977	-	
	Ding Ding Hotel Co., Ltd.	(Note A)	Equity method investments	5,386	30,863	19.00	30,870	-	
	New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	2,605	25,784	0.10	25,537	-	
	Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,939	53,667	3.73	60,635	-	
	Far Eastern International Bank	(Note C)	Available-for-sale financial assets - noncurrent	60,241	620,481	3.12	620,481	-	
	Yuan Ding Investment Co., Ltd.	Oriental Union Chemical Corporation	(Note A)	Equity method investments	73,454	1,151,943	9.12	1,755,557	-
		Everest Textile Co., Ltd.	(Note A)	Equity method investments	118,869	825,858	25.23	720,348	-
Asia Cement Corporation		(Note A)	Equity method investments	4,135	58,441	0.14	117,422	-	
Far Eastern Department Stores Co., Ltd.		(Note A)	Equity method investments	4,806	127,301	0.40	127,108	-	
Far EasTone Telecommunications Co., Ltd.		(Note A)	Equity method investments	1,066,658	21,766,318	32.73	42,346,307	43,145 thousand shares pledged or mortgaged as collaterals for short-term loans	
Oriental Textile (Holding) Ltd.		(Note A)	Equity method investments	86	5,264,825	100.00	5,264,825	-	
Far Eastern Polychem Industries Ltd.		(Note A)	Equity method investments	331,717	2,913,120	40.19	2,913,120	-	
Oriental Securities Co., Ltd.		(Note A)	Equity method investments	185,247	2,426,145	25.96	2,313,249	112,850 thousand shares pledged or mortgaged as collaterals for short-term loans	
Far Eastern Apparel (Holding) Ltd.		(Note A)	Equity method investments	100	2,115,029	100.00	2,115,029	-	
Liquid Air Far East Glycol Co., Ltd.		(Note A)	Equity method investments	69,115	1,109,964	35.00	1,106,481	-	
New Century InfoComm Tech Co., Ltd.		(Note A)	Equity method investments	100,694	996,518	3.87	989,217	-	
Yuan Ding Co., Ltd.		(Note A)	Equity method investments	64,759	1,089,786	12.86	1,136,092	43,500 thousand shares pledged or mortgaged as collaterals for short-term loans	
Pacific Liu Tung Investment Corporation (Note G)		(Note A)	Equity method investments	59,827	1,025,230	14.92	1,030,757	-	
Far Eastern International Leasing Corp.		(Note A)	Equity method investments	75,269	1,011,641	16.87	1,023,019	-	
Far Eastern Fibertech Co., Ltd.		(Note A)	Equity method investments	66,673	750,642	100.00	746,297	-	

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				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	\$ 366,709	46.20	\$ 368,347	-
	Far Eastern Apparel Co., Ltd.	(Note A)	Equity method investments	19,664	352,151	100.00	373,678	-
	Da Ju Fiber Co., Ltd.	(Note A)	Equity method investments	17,182	510,134	41.86	520,347	-
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Equity method investments	13,053	292,981	29.80	319,412	-
	Oriental Resources Development Ltd.	(Note A)	Equity method investments	21,322	124,171	70.32	128,090	-
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Equity method investments	23,222	298,575	5.20	313,903	-
	Yuan Faun Ltd.	(Note A)	Equity method investments	5,000	99,613	100.00	97,590	-
	Yue Ming Co., Ltd.	(Note A)	Equity method investments	1,280	54,083	45.50	56,112	-
	Far Eastern General Contractor Inc.	(Note A)	Equity method investments	1,205	16,449	1.00	15,176	-
	Far Eastern International Bank	(Note C)	Financial assets carried at cost	66,716	755,313	3.45	683,171	-
	Yue Yuan Investment Co., Ltd.	(Note D)	Financial assets carried at cost	93,959	677,240	19.05	1,450,099	-
	Chung Nan Textile Co., Ltd.	-	Financial assets carried at cost	2,985	81,405	5.27	115,339	-
	Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,688	56,019	3.54	57,554	-
	Taiwan Stock Exchange Corp.	-	Financial assets carried at cost	887	22,493	0.16	44,732	-
	Universal Venture Capital Investment Corp.	-	Financial assets carried at cost	1,400	14,000	1.16	15,315	-
	Overseas Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,000	10,000	1.11	8,722	-
	China Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,287	8,250	0.80	14,083	-
	Nan Shan Insurance Co., Ltd.	-	Financial assets carried at cost	5	221	-	825	-
	Oriental Securities Investment Consultant Co., Ltd.	-	Financial assets carried at cost	1	10	-	11	-
	Hantech Venture Capital Corp.	-	Financial assets carried at cost	914	6,597	9.81	2,984	-
	Dah Chung Bills Finance Corp.	-	Financial assets carried at cost	2,165	30,669	0.50	30,997	-
	DFE DWS Global Multi-asset Income Plus FOF	-	Available-for-sale financial assets - current	5,000	53,700	-	53,700	-
	U-Ming Marine Transport Corp.	(Note B)	Available-for-sale financial assets - noncurrent	2,462	151,659	0.29	151,659	-
	Far Eastern International Bank	(Note C)	Available-for-sale financial assets - noncurrent	15,239	156,966	0.79	156,966	-
	<u>Under asset management contracts (Note E)</u>							
	Asia Cement Corporation	-	Financial assets at fair value through profit or loss - current	500	13,650	-	13,650	-
	DaChan Great Wall Co., Ltd.	-	Financial assets at fair value through profit or loss - current	400	11,220	-	11,220	-
	Formosa Plastics Corporation	-	Financial assets at fair value through profit or loss - current	225	15,300	-	15,300	-
	Formosa chemicals and fibre corportion	-	Financial assets at fair value through profit or loss - current	175	12,968	-	12,968	-
	Grape King Inc.	-	Financial assets at fair value through profit or loss - current	50	2,260	-	2,260	-
	Synnex Technology International Corporation	-	Financial assets at fair value through profit or loss - current	250	17,525	-	17,525	-
	Acer inc.	-	Financial assets at fair value through profit or loss - current	200	15,040	-	15,040	-
	Cannon Inc.	-	Financial assets at fair value through profit or loss - current	250	11,975	-	11,975	-
	Chunghwa Telecom Co., Ltd.	-	Financial assets at fair value through profit or loss - current	100	6,390	-	6,390	-
	Stark Technology inc.	-	Financial assets at fair value through profit or loss - current	475	14,012	-	14,012	-
	I-CHIUN PRECISION INDUSTRY CO., LTD.	-	Financial assets at fair value through profit or loss - current	200	8,460	-	8,460	-
	Highwealth Construction CO., Ltd.	-	Financial assets at fair value through profit or loss - current	250	12,850	-	12,850	-
	Cathay Financial Holdings	-	Financial assets at fair value through profit or loss - current	250	12,012	-	12,012	-
	E Sun Bank	-	Financial assets at fair value through profit or loss - current	100	1,315	-	1,315	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note	
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value		
	Kinsus Interconnect Technology Corp.	-	Financial assets at fair value through profit or loss - current	245	\$ 15,264	-	\$ 15,264	-	
	Dynapack Corp.	-	Financial assets at fair value through profit or loss - current	80	7,240	-	7,240	-	
	TBC Bank	-	Financial assets at fair value through profit or loss - current	950	18,525	-	18,525	-	
	Richtek Technology Corp.	-	Financial assets at fair value through profit or loss - current	20	5,430	-	5,430	-	
	Pou Chen Industries Co., Ltd.	-	Financial assets at fair value through profit or loss - current	500	12,575	-	12,575	-	
	DWS Taiwan Bond Fund	-	Financial assets at fair value through profit or loss - current	1,833	20,499	-	20,499	-	
Far Eastern Investment (Holding) Ltd.	F.E.T.G. Investment Antilles N.V.	(Note A)	Equity method investments	6	US\$ 12,891	100.00	US\$ 12,891	-	
	Filsyn Corporation	(Note A)	Equity method investments	45,066	US\$ -	21.85	PESO (109,690)	-	
	PET F.E. (M) Sdn. Bhd.	(Note A)	Equity method investments	5,000	US\$ 6,348	50.00	US\$ 6,348	-	
	Com2B	(Note A)	Equity method investments	9,000	US\$ 877	20.00	US\$ 877	-	
	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 4,827	100.00	US\$ 4,827	-	
	Opas Fund Segregated Portfolio Company	-	Financial assets carried at cost	-	US\$ 51	34.00	US\$ 51	-	
Ding Yuan International Investment Corp.	Asia Cement Corporation	(Note A)	Equity method investments	11,120	349,144	0.37	315,798	-	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity method investments	3,588	71,073	0.30	94,897	-	
	Everest Textile Co., Ltd.	(Note A)	Equity method investments	8,523	51,219	1.81	51,650	-	
	Oriental Union Chemical Corporation	(Note A)	Equity method investments	9,945	204,378	1.24	237,692	-	
	Far Eastone Telecommunications Co., Ltd.	(Note A)	Equity method investments	920	39,052	0.03	36,510	-	
	Pacific Liu Tung Investment Corporation (Note G)	(Note A)	Equity method investments	9,000	148,555	2.24	155,061	-	
	Yue Ding Industry Co., Ltd.	(Note A)	Equity method investments	9,683	193,765	13.20	118,332	-	
	Far Eastern International Bank	(Note O)	Available-for-sale financial assets - noncurrent	60,899	627,258	3.15	627,258	8,259 thousand shares pledged or mortgaged as collaterals for loans	
	Ya Li Transportation Co., Ltd.	-	Financial assets carried at cost	1,000	16,240	10.00	51,037	-	
	Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Equity method investments	15,627	355,218	0.52	443,804	-
Far Eastone Telecommunications Co., Ltd.		(Note A)	Equity method investments	92,462	2,275,066	2.84	3,670,743	75,784 thousand shares pledged or mortgaged as collaterals for loans	
Oriental Union Chemical Corporation		(Note A)	Equity method investments	25,303	452,239	3.14	604,739	-	
Far Eastern Department Stores Co., Ltd.		(Note A)	Equity method investments	10,680	280,037	0.88	282,497	-	
Kowloon Cement Co., Ltd.		(Note A)	Equity method investments	1,127	381,662	49.00	317,840	-	
Far Eastern International Leasing Corp.		(Note A)	Equity method investments	74,970	1,005,452	16.80	1,018,972	-	
Pacific Liu Tung Investment Corporation (Note G)		(Note A)	Equity method investments	9,000	148,555	2.24	155,061	-	
DWS Taiwan Bond Fund		-	Available-for-sale financial assets - current	5,000	60,550	-	60,550	-	
Yi Jinn Industrial Co., Ltd.		-	Available-for-sale financial assets - noncurrent	15,323	124,574	6.81	124,574	-	
Far Eastern International Bank		(Note O)	Available-for-sale financial assets - noncurrent	35,258	363,159	1.82	363,159	-	
Far Eastern International Bank		(Note O)	Financial assets carried at cost	38,676	414,753	2.00	398,359	-	
Far Eastern Polychem Industries Ltd.		Far Eastern Industries (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	HK\$ 1,468,763	87.64	RMB 1,331,611	-
		PET Far Eastern (Holding) Ltd.	(Note A)	Equity method investments	35	HK\$ 157,540	14.72	US\$ 21,582	-
	FEDP (Holding) Ltd.	(Note A)	Equity method investments	240	HK\$ 175,805	49.57	US\$ 22,580	-	
	Nippon Parison Co., Ltd.	-	Financial assets carried at cost	4	HK\$ 16,941	10	-	-	
Far Eastern Construction Co., Ltd.	U-Ming Marine Transport Corporation	(Note F)	Available-for-sale financial assets - current	1,590	97,931	0.19	97,931	1,152 thousand shares pledged or mortgaged as collaterals for loans	
	Far Eastern General Contractor Inc. Asia Cement Corporation	(Note A) (Note A)	Equity method investments Equity method investments	119,202 15,745	1,452,250 371,376	98.95 0.53	1,501,280 447,154	- -	

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Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Limited Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 15,874	38.46	RMB 106,626	-
		(Note A)	Equity method investments	(Note H)	US\$ 38,171	100.00	RMB 256,428	-
Far Eastern Apparel Co., Ltd.	Ming Ding Corp. Yue Ding Industry Co., Ltd.	(Note A)	Equity method investments	448	6,523	44.80	7,816	-
		(Note A)	Equity method investments	6	50	0.01	83	-
Far Eastern General Contractor Inc.	FSI TC Bond Fund	-	Financial assets at fair value through profit or loss - current	117	20,010	-	20,010	-
	DWS Taiwan Bond Fund	-	Financial assets at fair value through profit or loss - current	2,599	29,070	-	29,070	-
	Hua Nan Phoenix Bond Fund	-	Financial assets at fair value through profit or loss - current	3,210	50,065	-	50,065	-
	TLG Solomon Bond Fund	-	Financial assets at fair value through profit or loss - current	6,624	80,027	-	80,027	-
	Taishin Lucky Fund	-	Financial assets at fair value through profit or loss - current	9,501	101,129	-	101,129	-
	Hua Nan Kirin Fund	-	Financial assets at fair value through profit or loss - current	9,591	110,145	-	110,145	-
	Capital Income Fund	-	Financial assets at fair value through profit or loss - current	6,939	107,101	-	107,101	-
	Mega Diamond Bond Fund	-	Financial assets at fair value through profit or loss - current	15,908	190,134	-	190,134	-
	Union Bond Fund	-	Financial assets at fair value through profit or loss - current	17,042	215,186	-	215,186	-
	U-Ming Marine Transport Corporation	(Note F)	Available-for-sale financial assets - current	746	45,984	0.09	45,984	-
	Kaohsiung Rapid Transit Co., Ltd.	-	Financial assets carried at cost - noncurrent	20,000	81,428	2.00	81,428	-
	Ya Li Precast & Prestressed Concrete Industries Ltd.	(Note I)	Financial assets carried at cost - noncurrent	3,106	25,142	16.03	17,450	-
	Far Eastern Technical Consultants Co., Ltd.	(Note N)	Financial assets carried at cost - noncurrent	450	3,864	9.00	5,442	-
	89-2 Bond Fund	-	Restricted asset	0.004	3,500	-	3,500	-
	F.E.T.G. Investment Antilles N.V.	Waldorf Services B.V.	(Note A)	Equity method investments	2	US\$ 12,789	100.00	US\$ 12,789
Waldorf Services B.V.	Cemtex Apparel Inc. Malaysia Garment Manufactures Pte. Ltd. Far Eastern International Garments Inc. Albert & Orient Glycol Ltd. Filsyn Corporation	(Note A)	Equity method investments	90	US\$ (166)	50.00	PHP (7,543)	-
		(Note A)	Equity method investments	30	US\$ 1,473	37.90	SGD 2,064	-
		(Note A)	Equity method investments	59	US\$ (848)	41.00	PHP (38,558)	-
		-	Financial assets carried at cost	-	US\$ 3,874	25.00	CAD 23,236	-
		-	Financial assets carried at cost	20,513	US\$ -	9.94	PESO (49,900)	-
An He Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd. Asia Cement Corporation Yue Ding Industry Co., Ltd. Pacific Liu Tung Investment Corporation (Note G) Oriental Securities Co., Ltd. Yuan Ding Investment Co., Ltd. Far Eastern International Bank	(Note A)	Equity method investments	80,172	1,822,748	2.46	3,182,812	44,329 thousand shares pledged or mortgaged as collaterals for loans
		(Note A)	Equity method investments	2,760	103,705	0.09	78,395	-
		(Note A)	Equity method investments	11,494	131,055	15.66	140,464	-
		(Note A)	Equity method investments	4,841	84,890	1.21	83,406	-
		(Note A)	Equity method investments	5,000	75,906	0.70	62,437	-
		(Note A)	Equity method investments	5,502	145,542	0.30	152,070	-
		-	Available-for-sale financial assets - noncurrent	15,165	156,197	0.78	156,197	-
		-	Available-for-sale financial assets - noncurrent	15,165	156,197	0.78	156,197	-
Yuan Faun Ltd.	Yi Tong Fiber Co., Ltd. Far Eastern International Bank Yuan Cheng Human Resources Consultant Corp.	(Note I)	Financial assets carried at cost	3,504	28,519	3.563	36,305	-
		(Note O)	Available-for-sale financial assets - noncurrent	3,213	33,099	0.166	33,099	-
		(Note A)	Equity method investments	278	8,388	55.56	8,917	-

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Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note	
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value		
Fu Kwok Garment Manufacturing Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	520	\$ 19,665	0.016	\$ 22,644	520 thousand shares pledged or mortgaged as collaterals for loans	
Yuan Tong Investment Corp.	New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	312,221	3,100,503	12.01	3,466,401	-	
	Pacific Liu Tung Investment Corporation (Note G)	(Note A)	Equity method investments	9,000	148,555	2.24	155,061	-	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	104,216	2,688,937	3.20	4,137,376	78,374 thousand shares pledged or mortgaged as collaterals for loans	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity method investments	35,048	39,284	9.15	44,125	-	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity method investments	6,921	191,777	0.57	183,056	-	
	Oriental Union Chemical Corporation	(Note A)	Equity method investments	439	9,362	0.05	10,501	-	
	Asia Cement Corporation	(Note A)	Equity method investments	16,292	552,725	0.55	462,702	-	
	FEDP (Holding) Ltd.	(Note A)	Equity method investments	196	591,453	40.33	588,505	-	
	Sino Belgium (Holding) Ltd.	(Note A)	Equity method investments	17	534,083	87.50	533,218	-	
	Far Eastern International Bank	(Note O)	Available-for-sale financial assets - noncurrent	14,655	150,943	0.76	150,943	-	
	Bockhold N.V	-	Financial assets carried at cost	1	223,533	12.51	77,757	-	
	Bockhold N.V	-	Financial assets carried at cost	-	7,895	-	-	-	
	Bockhold N.V	-	Bond investments with no active market	-	293,454	-	-	-	
	<u>Under asset management contracts (Note I)</u>								
		Li-Pint Precise Machinery Co., Ltd.	-	Financial assets at fair value through profit or loss - current	963	12,904	-	12,904	-
		Roundtop Machinery Industries Co., Ltd.	-	Financial assets at fair value through profit or loss - current	288	9,360	-	9,360	-
		Taiwan Glass Ind. Corp.	-	Financial assets at fair value through profit or loss - current	637	18,856	-	18,856	-
		Macronix International Co., Ltd.	-	Financial assets at fair value through profit or loss - current	855	18,254	-	18,254	-
		LingSen Precision Industries Ltd.	-	Financial assets at fair value through profit or loss - current	972	19,003	-	19,003	-
		Sunonwealth Electric Machine Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - current	711	18,628	-	18,628	-
		Kindom Construction Corp.	-	Financial assets at fair value through profit or loss - current	524	11,449	-	11,449	-
		Elite Semiconductor Memory Technology Inc.	-	Financial assets at fair value through profit or loss - current	216	12,312	-	12,312	-
		Asia Vital Components Co., Ltd.	-	Financial assets at fair value through profit or loss - current	258	10,036	-	10,036	-
		ShenMao Technology Inc.	-	Financial assets at fair value through profit or loss - current	153	7,757	-	7,757	-
		Gintech Energy Corporation	-	Financial assets at fair value through profit or loss - current	315	26,807	-	26,807	-
		Giga Solution Tech. Co.	-	Financial assets at fair value through profit or loss - current	651	14,940	-	14,940	-
		APAC Opto Electronics INC.	-	Financial assets at fair value through profit or loss - current	275	12,540	-	12,540	-
	Hua Jung Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,216	16,051	-	16,051	-	
	Taiwan Semiconductor Corporation	-	Financial assets at fair value through profit or loss - current	723	17,244	-	17,244	-	
	TUL Corporation	-	Financial assets at fair value through profit or loss - current	459	22,147	-	22,147	-	
	SYSTEX Corporation	-	Financial assets at fair value through profit or loss - current	234	10,039	-	10,039	-	

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Hu Lane Associate Inc.	-	Financial assets at fair value through profit or loss - current	251	\$ 22,239	-	\$ 22,239	-
	PChome Online	-	Financial assets at fair value through profit or loss - current	63	6,962	-	6,962	-
	Contrel Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	693	17,983	-	17,983	-
	Kenmos Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	889	17,513	-	17,513	-
	Kuo Toong International Co., Ltd.	-	Financial assets at fair value through profit or loss - current	133	3,830	-	3,830	-
	Taiwan Sakura Corporation	-	Financial assets at fair value through profit or loss - current	450	10,980	-	10,980	-
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	695,096	6,020,380	26.74	6,020,380	-
	Aroca Communication Co., Ltd.	(Note A)	Equity method investments	82,009	1,138,554	61.07	1,138,554	-
	KGEx.com Co., Ltd.	(Note A)	Equity method investments	89,088	760,641	79.25	760,641	-
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity method investments	157,714	198,562	41.18	198,562	-
	Far Eastern Info Service (Holding) Ltd.	(Note A)	Equity method investments	1	176,250	100.00	176,250	-
	E. World (Holdings) Ltd.	(Note A)	Equity method investments	6,015	74,689	85.92	74,689	-
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Equity method investments	4,725	37,341	15.00	37,341	-
	iScreen Corp.	(Note A)	Equity method investments	4,000	28,098	40.00	28,098	-
	Far EasTron Holding Ltd.	(Note A)	Equity method investments	4,487	26,809	100.00	26,809	-
	ADCast Interactive Marketing Co., Ltd.	(Note A)	Equity method investments	387	3,804	8.56	3,804	-
	Yuan Cing InfoComm Tech. Co., Ltd.	(Note A)	Equity method investments	100	979	100.00	979	-
	Q-ware Communication Co., Ltd.	(Note A)	Other liabilities - others	36,460	(36,475)	51.00	(36,475)	-
	Asia Cement Corporation	-	Available-for-sale financial assets - current	2,030	57,652	-	57,652	-
	Taiwan Glass	-	Available-for-sale financial assets - current	250	7,400	-	7,400	-
	Lingsen Precision Industries, Ltd.	-	Available-for-sale financial assets - current	920	17,986	-	17,986	-
	Stark Technology Inc.	-	Available-for-sale financial assets - current	490	14,455	-	14,455	-
	Da Cin Construction Co., Ltd.	-	Available-for-sale financial assets - current	200	3,750	-	3,750	-
	Shen mao Technology Inc.	-	Available-for-sale financial assets - current	210	10,647	-	10,647	-
	Gintech	-	Available-for-sale financial assets - current	220	18,722	-	18,722	-
	Giga Solution Tech. Co.	-	Available-for-sale financial assets - current	280	6,426	-	6,426	-
Entire Technology Co., Ltd.	-	Available-for-sale financial assets - current	22	4,052	-	4,052	-	
Pacific Hospital Supply Co., Ltd.	-	Available-for-sale financial assets - current	86	6,192	-	6,192	-	
TUL Corporation	-	Available-for-sale financial assets - current	280	13,510	-	13,510	-	
SYSTEX Corporation	-	Available-for-sale financial assets - current	160	6,864	-	6,864	-	
Hu Lane Associate Inc.	-	Available-for-sale financial assets - current	70	6,202	-	6,202	-	
PChome Online	-	Available-for-sale financial assets - current	76	8,398	-	8,398	-	
Contrel Technology Co., Ltd.	-	Available-for-sale financial assets - current	501	13,001	-	13,001	-	
Microelectronics Corp.	-	Available-for-sale financial assets - current	33	925	-	925	-	

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Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Ta Yih Industrial Co., Ltd.	-	Available-for-sale financial assets - current	508	\$ 10,008	-	\$ 10,008	-
	Great China Metal Ind. Co., Ltd.	-	Available-for-sale financial assets - current	232	5,684	-	5,684	-
	Sakura Taiwan Corporation	-	Available-for-sale financial assets - current	500	12,200	-	12,200	-
	DFE DWS Glb Multi Asset Inc Pls FoF	-	Available-for-sale financial assets - current	10,705	114,976	-	114,976	-
	DWS Taiwan Bond Security Investment Trust Fund	-	Available-for-sale financial assets - current	66,895	748,093	-	748,093	-
	Cathay Bond Fund	-	Available-for-sale financial assets - current	1,673	20,026	-	20,026	-
	Global Green Solutions Fund	-	Available-for-sale financial assets - current	4,978	45,499	-	45,499	-
	PCA Well Pool Fund	-	Available-for-sale financial assets - current	19,276	250,557	-	250,557	-
	Prudential Financial Bond Fund	-	Available-for-sale financial assets - current	16,540	250,613	-	250,613	-
	Hua Nan Yung Chong Fund	-	Available-for-sale financial assets - current	16,073	250,650	-	250,650	-
	Opas Fund Segregated Portfolio Tranche B	-	Available-for-sale financial assets - current	10	358,336	-	358,336	-
	Opas Fund Segregated Portfolio Tranche D	-	Available-for-sale financial assets - current	5	159,674	-	159,674	-
	Fuh-Hwa Strategic-Incremental Trust Fund	-	Financial assets measured at cost - noncurrent	14,866	150,000	-	150,000	-
	98 Asia Cement 1	(Note B)	Hold-to-maturity financial assets-non-current	200	199,616	-	200,923	-
Far Eastern Apparel (Suzhou) Limited	Wu Han Far Eastern New Material Ltd.	(Note A)	Equity method investments	(Note H)	RMB 350	0.17	RMB 296	-
	Shanghai Yuanzi Information Co., Ltd.	(Note A)	Equity method investments	(Note H)	RMB 100	5.00	RMB 89	-
	An He Garment (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	RMB 2,143	100.00	RMB 2,287	-
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note A)	Equity method investments	(Note H)	RMB 3,700	3.63	RMB 6,319	-
	Shanghai Yuanzi Information Co., Ltd.	(Note A)	Equity method investments	(Note H)	RMB 1,764	95.00	RMB 1,686	-
	Shanghai Far Eastern Petrochemical Logistic Ltd.	(Note A)	Equity method investments	(Note H)	RMB 5,872	100.00	RMB 6,153	-
Oriental Textile (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 77,675	100.00	RMB 521,753	-
	Oriental Industries (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 86,747	100.00	RMB 582,691	-
PET Far Eastern (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 148,507	53.24	RMB 997,535	-
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Limited	(Note A)	Equity method investments	(Note H)	US\$ 36,836	100.00	RMB 247,429	-
Far Eastern Polytex (Holding) Limited	Wu Han Far Eastern New Material Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 25,124	96.20	RMB 167,463	-
	Far Eastern Apparel (Suzhou) Limited	(Note A)	Equity method investments	(Note H)	US\$ 25,400	61.54	RMB 170,613	-
	FEDP (Holding) Ltd.	(Note A)	Equity method investments	49	US\$ 4,600	10.10	US\$ 4,600	-
	Far Eastern (China) Investment Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 54,948	100.00	RMB 352,641	-
Arcoa Communication Co., Ltd.	<u>Stocks</u> THI Consultants, Inc.	-	Financial assets carried at cost - noncurrent	1,214	13,729	18.32	13,729	-
	VIBO Telecom Inc.	-	Financial assets carried at cost - noncurrent	840	8,400	0.04	8,400	-
	Chunghwa International Communication Network Co., Ltd.	-	Financial assets carried at cost - noncurrent	2,087	6,714	3.98	6,714	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Hotfrog Technology Inc.	-	Financial assets carried at cost - noncurrent	161	\$ 1,618	0.63	\$ 1,618	-
	Prudential Financial Bond Fund	-	Available-for-sale financial assets - current	1,980	30,009	-	30,009	-
	Union Bond Fund	-	Available-for-sale financial assets - current	11,899	150,242	-	150,242	-
	Capital Income Funds	-	Available-for-sale financial assets - current	7,781	120,084	-	120,084	-
	Fuh-Hwa Bond Fund	-	Available-for-sale financial assets - current	6,511	90,088	-	90,088	-
	Fuh-Hwa Global Fund	-	Available-for-sale financial assets - current	1,899	19,896	-	19,896	-
	YDI 98-1	(Note M)	Held-to-maturity financial assets - noncurrent	0.01	10,000	-	10,000	-
Far Eastern Info Service (Holding) Ltd.	<u>Share certificates</u> Far Eastern Tech-info (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 4,873	100.00	US\$ 4,873	-
Far EasTron Holding Ltd.	<u>Stocks</u> ADCast Interactive Marketing Co., Ltd.	(Note A)	Equity method investments	2,734	US\$ 836	60.52	US\$ 836	-
E. World (Holdings) Ltd.	<u>Stocks</u> Yuan Cing Co.	(Note A)	Equity method investments	19,350	US\$ 2,446	99.99	US\$ 2,446	-
Far Eastern New Century (China) Investment Corp.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	RMB 219,138	12.36	RMB 187,799	-
	Oriental Petrochemical (Shanghai) Co., Ltd.	(Note A)	Equity method investments	(Note H)	RMB 115,232	8.11	RMB 151,954	-
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited	(Note A)	Equity method investments	(Note H)	US\$ 20,049	100.00	RMB 134,674	-
	Martens Beers Trading (Shanghai) Co.	(Note A)	Equity method investments	(Note H)	US\$ (802)	100.00	RMB (13,827)	-

- Notes:
- A. Equity-method investee.
  - B. Investor company and investee have the same chairman.
  - C. The deputy chairman of investee is the chairman of FENC.
  - D. The subsidiary of an equity-method investee
  - E. Under assets management contract signed with Oriental Securities Co., Ltd., the trustee sells financial assets in open market by itself.
  - F. The chairman is a member of the holding company's board of directors.
  - G. The holding company opened a trust account in Shanghai Bank on September 26, 2002 to buy equity in Pacific Liu Tung Investment Corporation.
  - H. Private company.
  - I. The holding company is a member of the investee's directors of the board.
  - J. Equity-method investee of FENC.
  - K. All companies are recognized in financial reports not reviewed by the independent accountants during the same period, except for Asia Cement Corporation, Far Eastern Department Stores Co., Ltd., Oriental Union Chemical Corporation, Everest Textile Co., Ltd., Far EasTone Telecommunications Co., Ltd., Yuan Ding Investment Co., Ltd., Far Eastern Construction Co., Ltd., Far Eastern General Contractor Inc., Oriental Securities Co., Ltd., Pacific Liu Tung Investment Corporation, KGEx, com Co., Ltd., Q-Ware Communications Corp., New Century Infocomn Tech Co., Ltd. and Aroca Communication Co., Ltd.
  - L. The chairman is the relative of the holding company's chairman.
  - M. The same parent company.
  - N. The general manager of the holding company is a member of the investee's directors of the board.
  - O. The chairman of the parent company is the deputy chairman of the investee.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK  
 SIX MONTHS ENDED JUNE 30, 2010  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
Far Eastern New Century Corporation	PET Far Eastern (Holding) Ltd.	Equity-method investments	Oriental Union Chemical Corporation and Ding Yuan International Investment Corp.	-	117	\$ 1,996,083	85	\$ 1,318,845	-	\$ -	\$ -	\$ -	\$ 605,978	202	\$ 3,920,906
Yuan Ding Investment Co., Ltd.	Pacific Petrochemical (Holding) Ltd.	Equity-method investments	Oriental Union Chemical Corporation	-	20	709,848	-	-	20	645,047	751,740	(21,451) (Note B)	41,892	-	-
	U-Ming Marine Transport Corp.	Available-for-sale financial assets.	Open market	-	50	3,250	2,412	155,979	-	-	-	-	-	2,462	151,659
Far Eastern General Contractor Inc.	DFE DWS Taiwan Bond Security Investment Trust Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	16,373	183,000	13,773	154,000	153,946	54	-	2,599	29,070
	Invesco ROC Bond Fund	Financial assets at fair value through profit or loss - current	-	-	13,046	200,001	-	-	13,046	200,005	200,001	4	-	-	-
	Taishin Lucky Fund	Financial assets at fair value through profit or loss - current	-	-	9,408	100,001	12,788	136,000	12,695	135,000	134,957	43	-	9,501	101,129
	Shin Kong Chi-Shin Fun	Financial assets at fair value through profit or loss - current	-	-	14,452	214,062	-	-	14,452	214,104	214,062	42	-	-	-
	Mega Diamond Bond Fund	Financial assets at fair value through profit or loss - current	-	-	4,191	50,000	15,908	190,000	4,191	50,013	50,000	13	-	15,908	190,134
	Capital Income Fund	Financial assets at fair value through profit or loss - current	-	-	8,629	133,009	6,939	107,000	8,629	133,033	133,009	24	-	6,939	107,101
	PCA Well Pool Fund	Financial assets at fair value through profit or loss - current	-	-	11,554	150,011	-	-	11,554	150,025	150,011	14	-	-	-
	Union Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	17,042	215,000	-	-	-	-	-	-	17,042

(Continued)

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) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
Yuan Tong Investment Corp.	Far EasTone Telecommunications Co., Ltd.	Equity-method investments	Open market	-	112,002	\$ 3,056,958	-	\$ -	7,786	\$ 295,385	\$ 215,950	\$ 103,569	\$ (152,071)	\$ 104,216	\$ 2,688,937
	Far Eastern Department Stores Co., Ltd.	Equity-method investments	Open market	-	1,685	38,109	5,236	155,491	-	-	-	-	(1,823)	6,921	191,777
	Asia Cement Corporation	Equity-method investments	Open market	-	8,531	331,824	7,761	237,647	-	-	-	-	(16,746)	16,292	552,725
Far EasTone Telecommunications Co., Ltd.	Opas Fund Segregated Portfolio Tranche D	Available-for-sale financial assets.- current	Opas Fund Segregated Portfolio Company	-	-	-	5	158,400	-	-	-	-	-	5	158,400
Ding Yuan International Investment Corp.	Asia Cement Corporation	Equity-method investments	Open market	-	2,806	107,182	8,314	255,787	-	-	-	-	(13,825)	11,120	349,144
	PET Far Eastern (Holding) Ltd.	Equity-method investments	FENC	-	42	724,196	-	-	42	659,422	765,275	(27,575)	41,079	-	-
Kai Yuan International Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Equity-method investments	Open market	-	100,057	2,612,199	-	-	7,595	288,120	201,501	104,731	(135,632)	92,462	2,275,066
	Asia Cement Corporation	Equity-method investments	Open market	-	11,377	241,143	4,250	129,098	-	-	-	-	(15,023)	15,627	355,218
	Far Eastern Department Stores Co., Ltd.	Equity-method investments	Open market	-	5,496	125,275	5,184	156,762	-	-	-	-	(2,000)	10,680	280,037

Notes: A. Shares bought-in include portion appropriated of earnings.

B. This downstream transaction resulted in a deferred disposal loss of \$2,158 thousand.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**REAL ESTATE ACQUIRED AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK  
SIX MONTHS ENDED JUNE 30, 2010  
(In Thousands of New Taiwan Dollars)**

Company Name	Real Estate	Trading Date	Trading Amount	Payment	Related Party	Nature of Relationship	Information of Previous Transfer Between Related Parties				Price Basis of the Transfer	Purpose or Existing Condition	Other Contract Items
							Owner	Nature of Relationship	Date of Previous Estate Transfer	Trading Amount			
Far EasTone Telecommunications Co., Ltd.	Neihu switch center	2010.2.25	\$ 154,100	Fully paid	Far Eastern International Leasing Corp.	Far EasTone's supervisor	San Hsing Construction Co., Ltd.	-	2000.12.16	\$ 130,000	\$160,952 thousand based on DZT's appraisal report	Switch center	-
	Taichung land for switch center	2010.2.25	55,877	Fully paid	Far Eastern International Leasing Corp.	Far EasTone's supervisor	Super Century Information Co., Ltd.	-	2000.5.24	63,277	\$58,093 thousand based on DZT's appraisal report	Switch center	-
	Kaohsiung office space	2010.2.25	29,200	Fully paid	Far Eastern International Leasing Corp.	Far EasTone's supervisor	Durban Group	-	1999.12.21 2000.12.17	27,300 18,600	\$30,071 thousand based on DZT's appraisal report	Switch center	-

## FAR EASTERN NEW CENTURY CORPORATION 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, 2010  
(In Thousands of New Taiwan Dollars)

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	
Far Eastern New Century Corporation	Oriental Union Chemical Corporation	(Note A)	Purchase	\$ 569,907	3	Average 45 days	\$ -	-	\$ -	-	\$ (102,265)	(12)	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note H)	Sales	(242,358)	(1)	45 days	-	-	-	-	85,554	15	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note F)	Purchase	4,620,005	27	45 days	-	-	-	-	(731,622)	(86)	
	Everest Textile Co., Ltd.	(Note A)	Sales	(124,311)	-	30 to 90 days	-	-	25,536	11	10,291	-	
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note F)	Purchase	2,667,537	95	60 days	-	-	-	-	(1,446,880)	(93)	
	Wu Han Far Eastern New Material Ltd.	(Note G)	Purchase	150,041	5	60 days	-	-	-	-	(115,001)	(7)	
	Wu Han Far Eastern New Material Ltd.	(Note G)	Sales	(130,993)	(5)	60 days	-	-	-	-	99,067	11	
Far Eastern General Contractor Inc.	Far Eastern Department Stores Co., Ltd.	(Note B)	Construction income	(248,928)	(9)	30 days	-	-	649,435	3	35,765	17	
	Far Eastern Construction Co., Ltd.	(Note E)	Construction income	(863,582)	(30)	60 days	-	-	3,025,306	14	-	-	
	Ya Tung Ready Mixed Concrete Co., Ltd.	(Note I)	Purchase	302,112	10	45 days	-	-	(135,265)	(44)	(83,574)	(8)	
Far Eastern Apparel (Suzhou) Limited	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note G)	Purchase	283,541	19	60 days	-	-	-	-	(162,651)	(20)	
	An He Garment (Suzhou) Ltd.	(Note F)	Purchase	129,011	7	60 days	-	-	-	-	(25,961)	(3)	
Far EasTone Telecommunications Co., Ltd.	Arcoa Communication Co., Ltd.	(Note F)	Service cost, marketing expense and purchase	1,203,884	6	For contract	-	-	-	-	Accounts payable and accrued expense	(4)	
			Sales revenue and service revenue	(204,100)	(1)	For contract	-	-	-	-	(214,468)	2	
	KGEx.com Co., Ltd.	(Note F)	Operating revenue	(126,290)	-	For contract	-	-	-	-	41,301	1	
	New Century InfoComm Tech Co., Ltd.	(Note A)	Operating revenue	(348,670)	(1)	For contract	-	-	-	-	(Note C)-	-	
	Service cost	379,112	3	For contract	-	-	-	-	-	Accounts payable and accrued expense	(2)		
Arcoa Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating commissions, revenue and service revenue	(1,203,884)	(47)	For contract	-	-	-	-	214,468	66	
			Purchase and service cost	204,100	10	For contract	-	-	-	-	(132,080)	(35)	
KGEx.com Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note D)	Operating revenue	(317,410)	(49)	For contract	-	-	-	-	118,347	53	
	Far EasTone Telecommunications Co., Ltd.	(Note E)	Service cost	126,290	23	For contract	-	-	-	-	(41,301)	(20)	
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note G)	Sales	(676,503)	(5)	120 days	-	-	-	-	403,909	12	
	Far Eastern Industries (Suzhou) Limited	(Note G)	Purchase	189,432	1	90 days	-	-	-	-	(17,560)	-	
	Oriental Petrochemical (Shanghai) Co., Ltd.	(Note G)	Purchase	4,600,520	34	90 days	-	-	(1,915,014)	(100)	(866,682)	(20)	
	Far Eastern Polychem Industries Ltd.	(Note E)	Sales	(2,667,537)	(20)	90 to 120 days	-	-	-	-	1,446,880	44	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note G)	Purchase	854,536	11	90 days	-	-	-	-	(366,064)	(3)	
	Oriental Industries (Suzhou) Ltd.	(Note G)	Purchase	527,170	2	90 days	-	-	-	-	(215,766)	(5)	

(Continued)

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	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note G)	Sales	\$ (156,520)	(1)	90 days	\$ -	-	\$ -	-	\$ 20,524	1	
	Wu Han Far Eastern New Material Ltd.	(Note G)	Purchase	126,981	-	90 days	-	-	-	-	(70,960)	(2)	
Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Far Eastern New Century Corporation	(Note E)	Sales	(4,620,005)	(35)	45 days	-	-	-	-	731,622	19	
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sales	(854,536)	(6)	90 days	-	-	-	-	366,064	10	
	Far Eastern Industries (Suzhou) Limited	(Note G)	Sales	(161,144)	(1)	90 days	-	-	-	-	110,159	3	
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Limited	(Note G)	Purchase	1,669,672	69	90 days	-	-	(425,002)	(100)	(567,449)	(84)	
	Oriental Textile (Holding) Ltd.	(Note E)	Sales	(648,670)	(23)	60 days	-	-	-	-	247,142	24	
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sales	(527,170)	(22)	90 days	-	-	-	-	215,766	21	
Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note F)	Purchase	648,670	64	90 days	-	-	-	-	(247,142)	(61)	
	Far Eastern Industries (Wuxi) Ltd.	(Note F)	Purchase	365,417	36	60 days	-	-	-	-	(158,952)	(39)	
Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Purchase	676,503	85	90 days	-	-	-	-	(403,909)	(69)	
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sales	(126,981)	(14)	90 days	-	-	-	-	70,960	30	
	Far Eastern Polychem Industries Ltd.	(Note G)	Purchase	130,993	14	90 days	-	-	-	-	(99,067)	(7)	
	Far Eastern Polychem Industries Ltd.	(Note G)	Sales	(150,041)	(16)	90 days	-	-	-	-	115,001	49	
Oriental Petrochemicals (Shanghai) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sales	(4,600,520)	(47)	90 days	-	-	1,951,014	65	866,682	80	
	Far Eastern Industries (Suzhou) Limited	(Note G)	Sales	(1,133,722)	(11)	90 days	-	-	407,250	12	219,755	20	
Far Eastern Industries (Suzhou) Limited	Oriental Petrochemicals (Shanghai) Ltd.	(Note G)	Purchase	1,133,722	52	90 days	-	-	(407,250)	(100)	(219,755)	(34)	
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sales	(189,432)	(9)	90 days	-	-	-	-	17,560	2	
	Oriental Industries (Suzhou) Ltd.	(Note G)	Sales	(1,669,672)	(9)	90 days	-	-	425,002	96	567,449	90	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA FAR Eastern Petrochemicals Co., Ltd.")	(Note G)	Purchase	161,144	7	90 days	-	-	-	-	(110,159)	(17)	
Far Eastern Industries (Wuxi) Ltd.	Oriental Textile (Holding) Ltd.	(Note E)	Sales	(365,417)	(26)	60 days	-	-	-	-	158,952	38	
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Limited	(Note G)	Sales	(283,541)	(36)	90 days	-	-	-	-	162,651	52	
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Purchase	156,520	17	60 days	-	-	-	-	(20,524)	(19)	
	Far Eastern Apparel (Holding) Ltd.	(Note E)	Sales	(130,257)	(17)	90 days	-	-	-	-	26,623	8	
An He Garment (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Limited	(Note E)	Sales	(129,011)	(100)	60 days	-	-	-	-	25,961	100	
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note F)	Purchase	716,967	84	30 days	-	-	-	-	-	-	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note F)	Purchase	130,257	100	60 days	-	-	-	-	(26,623)	(100)	

- Notes: A. Equity-method investee.  
B. The chairman of investee is the chairman of FENC.  
C. The interconnection revenues and costs and International phone call service incomes between Far EasTone and NCIC are paid/earned at net amount and are recognized as accounts payable - affiliates.  
D. The investee of the parent company applying equity method.  
E. Parent company.  
F. The subsidiary.  
G. Same ultimate parent company.  
H. The equity method investee held by FENC's equity method subsidiary.  
I. The chairman is the chairman of FENC.  
J. The advance construction receipts Far Eastern General Contractor Inc. received from Far Eastern Department Stores Co., Ltd. and Far Eastern Construction Co., Ltd.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK  
SIX MONTHS ENDED JUNE 30, 2010  
(In Thousands of New Taiwan Dollars)**

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		
Far EasTone Telecommunications Co., Ltd.	Arcoa Communication Co., Ltd.	(Note E)	\$ 134,199	9.54	\$ -	-	\$ 128,754	\$ -
	New Century InfoComm Tech Co., Ltd.	(Note H)	373,755	(Note B)	-	-	259,477	-
Arcoa Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note F)	214,468	10.94	-	-	147,293	-
KGEx.com Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note C)	118,347	5.48	-	-	53,269	-
Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Far Eastern New Century Corporation	(Note F)	731,622	14.15	-	-	731,622	-
	Far Eastern Industries (Shanghai) Ltd.	(Note D)	366,064	2.74	-	-	131,410	-
	Far Eastern Industries (Suzhou) Limited	(Note D)	110,159	4.08	-	-	32,171	-
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note D)	403,909	3.62	-	-	31,543	-
	Far Eastern Polychem Industries Ltd.	(Note F)	1,446,880	3.27	-	-	345,364	-
Oriental Petrochemicals (Shanghai) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note D)	2,817,696	10.76	-	-	2,817,696	-
	Oriental Industries (Suzhou) Ltd.	(Note D)	627,005	9.54	-	-	627,005	-
Far Eastern Industries (Suzhou) Limited	Oriental Industries (Suzhou) Ltd.	(Note D)	992,451	4.02	-	-	260,922	-
Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	(Note F)	247,142	8.40	-	-	-	-
	Far Eastern Industries (Shanghai) Ltd.	(Note D)	215,766	5.90	-	-	-	-
Far Eastern Investment (Holding) Ltd.	Far Eastern Polychem Industries Ltd.	(Note D)	266,110	(Note G)	-	-	-	-
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Limited	(Note D)	162,651	51.91	-	-	-	-
Wu Han Far Eastern New Material Ltd.	Far Eastern Polychem Industries Ltd.	(Note D)	115,001	8.00	-	-	-	-
Far Eastern Industries (Wuxi) Ltd.	Oriental Textile (Holding) Ltd.	(Note F)	158,952	2.33	-	-	-	-

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

Note B: The turnover rate is unavailable because Far EasTone's advances in operating expenses and its receipts from operating revenues receivable from New Century InfoComm Tech Co., Ltd.

Note C: The investee of the parent company applying equity method.

Note D: Same ultimate parent company.

Note E: The subsidiary.

Note F: The parent company.

Note G: The turnover rate is not calculated because the amount is the expense Far Eastern International (Holding) Ltd. paid for Far Eastern Polychem Industries Ltd..

Note H: The investee evaluated by equity method.

Note I: The investee of the parent company applying equity method.



## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2010	December 31, 2009	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern New Century Corporation	Asia Cement Corporation	Taipei, Taiwan	Cement production	\$ 2,652,282	\$ 2,652,282	666,632	22.33	\$ 11,200,231	\$ 3,725,781	\$ 585,296	Gain or loss recognized under the treasury stock method
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	1,254,158	1,254,158	203,659	16.80	3,658,325	701,133	117,790	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	1,176,211	1,176,211	73,833	9.17	1,076,519	954,799	88,858	Including write off by upstream transactions \$1,303
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	1,689	1,689	129	0.03	1,147	(1,302,575)	(391)	
	Yuan Ding Investment Co., Ltd.	Taipei, Taiwan	Investment	100,294	100,294	1,828,323	99.70	33,788,886	1,509,124	1,507,330	Including write off by side-stream transactions \$1,218
	Far Eastern Resources Development Co.	Taipei, Taiwan	Real estate Investment	14,931,733	14,931,733	283,797	100.00	16,167,169	65,950	483,452	Including write off by side-stream transactions \$417,502
	Yuan Tong Investment Corp.	Taipei, Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	7,278,427	(3,355)	(3,355)	
	Far Eastern Investment (Holding) Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	5,833,333	5,833,333	1,700	100.00	5,496,205	227,431	227,431	
	Far Eastern Polychem Industries Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	4,306,228	4,306,228	493,631	59.81	4,335,250	34,423	20,488	Including write off by side-stream transactions \$(101)
	Kai Yuan International Investment Co., Ltd.	Taipei, Taiwan	Investment	999,993	999,993	291,196	100.00	4,113,024	306,168	306,168	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Taoyuan, Taiwan	Petrochemical materials production	4,875,315	4,875,315	337,678	75.56	4,470,321	760,357	595,076	Including write off by upstream transactions \$5,622 and including write off by side-stream transactions \$14,928
	Far Eastern Polytex (Holding) Limited	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	2,984,602	2,984,602	46	100.00	3,557,301	151,497	151,590	Including write off by side-stream transactions \$93
	Yuan Ding Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	857,447	857,447	186,926	37.13	3,152,948	179,542	66,664	
	Far Eastern Construction Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	143,450	143,450	154,372	65.11	2,508,246	933,180	607,593	
	Ding Yuan International Investment Corp.	Taipei, Taiwan	Investment	2,000,062	2,000,062	205,000	100.00	2,239,674	63,990	75,585	Including write off by side-stream transactions \$11,595
	Oriental Securities Co., Ltd.	Taipei, Taiwan	Broker	159,823	159,823	140,278	19.65	1,757,765	(513,869)	(100,975)	
	PET Far Eastern (Holding) Ltd.	Clarendon House, 2 Church St. Hamilton HM 11, Bermuda	Investment	2,827,853	1,509,008	202	85.28	3,920,906	572,820	434,817	Including write off by side-stream transactions \$(22,671) and discount amortization \$3,242
	An He Garment Co., Ltd.	Taipei, Taiwan	Garment production	1,023	1,023	66,346	100.00	1,378,966	113,867	113,867	
	Pacific Liu Tung Investment Corporation	Taipei, Taiwan	Investment	810,000	810,000	67,500	16.83	1,254,264	499,931	84,138	
	Fu Kwok Garment Manufacturing Co., Ltd.	Kaohsiung, Taiwan	Garment production	9,129	9,129	3,999	99.99	131,817	2,894	2,894	
Ding Ding Hotel Co., Ltd.	Taipei, Taiwan	Hotel	249,795	249,795	5,386	19.00	30,863	10,007	1,901		
New Century InfoComm Tech Co., Ltd.	Taipei, Taiwan	Telecommunications	40,560	40,560	2,605	0.10	25,784	(203,386)	(203)		
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	81,967	81,967	4,135	0.14	58,441	3,725,781	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	21,766,318	4,264,333	-	
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	470,103	470,103	118,869	25.23	825,858	(1,302,575)	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	1,130,169	1,132,851	73,454	9.12	1,151,943	954,799	-	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	123,123	123,123	4,806	0.40	127,301	701,133	-	
	Oriental Textile (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Investment	5,606,913	5,861,253	86	100.00	5,264,825	125,048	-	
	Far Eastern Polychem Industries Ltd.	Clarendon House, Hamilton HM11, Bermuda	Investment	1,620,452	1,620,452	331,717	40.19	2,913,120	34,423	-	
	Oriental Securities Co., Ltd.	Taipei, Taiwan	Broker	255,424	253,359	185,247	25.96	2,426,145	(513,869)	-	
	Far Eastern Apparel (Holding) Ltd.	Clarendon House, Hamilton Hm 11, Bermuda	Sale of textile, garments, and clothing	1,955,275	1,858,657	100	100.00	2,115,029	44,502	-	
	Liquid Air Far East Co., Ltd.	Taipei, Taiwan	Industrial gas production and selling	329,814	329,814	69,115	35.00	1,109,964	316,323	-	
	New Century InfoComm Tech Co., Ltd.	Taipei, Taiwan	Telecommunications	1,549,473	1,549,473	100,694	3.87	996,518	(203,386)	-	
	Yuan Ding Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	188,846	188,846	64,759	12.86	1,089,786	179,542	-	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2010	December 31, 2009	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Pacific Liu Tung Investment Corporation (Note C)	Taipei, Taiwan	Investment	\$ 796,491	\$ 796,491	59,827	14.92	\$ 1,025,230	\$ 499,931	\$ -	
	Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing of real estate and movable property, etc.	1,012,057	1,012,057	75,269	16.87	1,011,641	127,881	-	
	Far Eastern Fibertech Co., Ltd.	Taoyuan, Taiwan	Nylon production	585,000	585,000	66,673	100.00	750,642	30,004	-	
	Yuan Ding Leasing Co.	Taipei, Taiwan	Real estate construction and selling	319,380	319,380	36,706	46.20	366,709	14,700	-	
	Far Eastern Apparel Co., Ltd.	Taipei, Taiwan	Sale of textile, garments, and clothing	287,984	287,984	19,664	100.00	352,151	17,332	-	
	Da Ju Fiber Co., Ltd.	Taipei, Taiwan	Polyester production	263,790	263,790	17,182	41.86	510,134	15,575	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taoyuan, Taiwan	Production of nonwoven industrial fabrics	144,797	144,797	13,053	29.80	292,981	127,196	-	
	Oriental Resources Development Ltd.	Taipei, Taiwan	Waste recycling and processing	279,901	279,901	21,322	70.32	124,171	(9,659)	-	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Taoyuan, Taiwan	PTA production and sale	-	-	23,222	5.20	298,575	760,357	-	
	Yuan Faun Ltd.	Taipei, Taiwan	PET bottle production and selling	51,671	51,671	5,000	100.00	99,613	298	-	
	Yue Ming Co., Ltd.	Taipei, Taiwan	Trading	36,482	36,482	1,280	45.50	54,083	3,179	-	
	Far Eastern General Contractor Inc.	Taipei, Taiwan	Real estate construction	14,682	14,682	1,205	1.00	16,449	64,492	-	
	Pacific Petrochemical (Holding) Co., Ltd.	P.O. Box 3140 Tortola British Virgin Islands	Investment	-	681,000	-	-	-	US\$ 13,134	-	It had been sold in February 2010
Far Eastern Investment (Holding) Ltd.	F.E.T.G. Investment Antilles N.V.	Kaya W.F.G. Mensing 14, Curacao, Nederlandse Antillen	Investment	US\$ 6	US\$ 6	6	100.00	US\$ 12,891	US\$ 2,930	-	
	Filsyn Corporation	Unit 8, 5B Pearlbank Centre 146 Valero St. Makati City 1227, Philippines	Polychemical products	PESO 225,324	PESO 225,324	45,066	21.85	US\$ -	PESO (2,257)	-	
	PET F.E. (M) Sdn Bhd.	Plo 69, Kawasan Perindustrian Senai 3, 81400 Senai, Johor Bahru, Johor Malaysia	Bottle production	MYR 8,000	MYR 8,000	Common stock: 5,000 Preferred stock: 3,000	50.00	US\$ 6,348	US\$ 433	-	
	Com 2B	Cayman Islands	E-business	US\$ 3,375	US\$ 3,375	9,000	20.00	US\$ 877	US\$ 7	-	
	Far Eastern Apparel (Vietnam) Ltd.	11 VSIP Street 4, Vietnam Singapore Industrial Park, Thuan An District, Binh Duong Province, Vietnam	Clothing production	US\$ 6,000	US\$ 6,000	(Note B)	100.00	US\$ 4,827	US\$ 162	-	
Ding Yuan International Investment Corp..	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	\$ 50,666	\$ 34,795	3,588	0.30	\$ 71,073	\$ 701,133	-	
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	146,380	146,283	8,523	1.81	51,219	(1,302,575)	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	203,635	200,463	9,945	1.24	204,378	954,799	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	38,457	38,457	920	0.03	39,052	4,264,333	-	
	Pacific Liu Tung Investment Corporation (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	148,555	499,931	-	
	Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Department store operations	95,624	95,624	9,683	13.20	193,765	17,040	-	
	Asia Cement Corporation	Taipei, Taiwan	Cement production	356,498	100,711	11,120	0.37	349,144	3,725,781	-	
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	280,375	151,277	15,627	0.52	355,218	3,725,781	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	1,934,181	2,135,682	92,462	2.84	2,275,066	4,264,333	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	566,438	569,344	25,303	3.14	452,239	954,799	-	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	290,078	133,316	10,680	0.88	280,037	701,133	-	
	Kowloon Cement Co., Ltd.	Hong Kong	Cement production	226,896	226,896	1,127	49.00	381,662	3,066	-	
	Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing	1,026,489	1,026,489	74,970	16.80	1,005,452	127,881	-	
	Pacific Liu Tung Investment Corporation (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	148,555	499,931	-	
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	China	Chemical fiber production	HK\$ 693,257	HK\$ 604,500	(Note B)	87.64	HK\$ 1,468,763	RMB 26,924	-	
	PET Far Eastern (Holding) Ltd.	Claredon House, 2 Charch St. Hamilton HM 11, Bermuda	Investment	US\$ 17,622	US\$ 17,622	35	14.72	HK\$ 157,540	US\$ 17,976	-	
	FEDP (Holding) Ltd.	Claredon House, 2 Charch St. Hamilton HM 11, Bermuda	Investment	US\$ 29,240	US\$ 29,240	240	49.57	HK\$ 175,805	US\$ (2,304)	-	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2010	December 31, 2009	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc. Asia Cement Corporation	Taipei, Taiwan	Construction	\$ 271,587	\$ 271,587	119,202	98.95	\$ 1,452,250	\$ 64,492	\$ -	
		Taipei, Taiwan	Cement production	216,959	216,959	15,745	0.53	371,376	3,725,781	-	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Limited Far Eastern Dyeing & Finishing (Suzhou) Ltd.	China	Garment production	US\$ 10,000	US\$ 10,000	(Note B)	38.46	US\$ 15,874	RMB 14,780	-	
		China	Dyeing and finishing	US\$ 31,000	US\$ 20,000	(Note B)	100.00	US\$ 38,171	RMB 6,028	-	
Far Eastern Apparel Co., Ltd.	Ming Ding Corp. Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Underwear selling	2,174	2,174	448	44.80	6,523	59	-	
		Taipei, Taiwan	Department store operations	29	29	6	0.01	50	17,040	-	
F.E.T.G. Investment Antilles N.V.	Waldorf Services B.V.	Leidesplein 9, 1017 PS Amsterdam, The Netherlands	Investment	US\$ 19	US\$ 19	2	100.00	US\$ 12,789	US\$ (2,936)	-	
Waldorf Services B.V.	Cemtex Apparel Inc.	#100 Marc Alvarez Ave. Talon Las Pinas City Filipino	Clothing O.E.M.	PESO 9,000	PESO 9,000	90	50.00	US\$ (166)	PESO (2,165)	-	
	Malaysia Garment Manufactures Pte. Ltd.	No. 5-9, Little Rd, Singapore (536985)	Garment production	SGD 3,000	SGD 3,000	30	37.90	US\$ 1,473	US\$ 150	-	
	Far Eastern International Garments Inc.	Bldg. #5 Cor. Sirloinand Bagsakan Ave, FTI Taguig, MM Filipino	Garment production	US\$ 290	US\$ 290	59	41.00	US\$ (848)	PESO (979)	-	
An He Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	\$ 1,469,123	\$ 1,469,123	80,172	2.46	\$ 1,822,748	\$ 4,264,333	-	
	Asia Cement Corporation	Taipei, Taiwan	Cement production	99,925	99,925	2,760	0.09	103,705	3,725,781	-	
	Oriental Securities Co., Ltd.	Taipei, Taiwan	Broker	86,200	86,200	5,000	0.70	75,906	(513,869)	-	
	Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Department store operations	111,997	111,997	11,494	15.66	131,055	17,040	-	
	Pacific Liu Tung Investment Corporation (Note C)	Taipei, Taiwan	Investment	67,285	67,285	4,841	1.21	84,890	499,931	-	
	Yuan Ding Investment Co., Ltd.	Taipei, Taiwan	Investment	148,994	148,994	5,502	0.30	145,542	1,509,124	-	
Yuan Faun Ltd.	Yuan Cheng Human Resources Consultant Corp.	Taipei, Taiwan	Personnel recruitment	6,271	6,271	278	55.56	8,388	4,763	-	
Fu Kwok Garment Manufacturing Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	19,663	7,588	520	0.016	19,665	4,264,333	-	
Yuan Tong Investment Corp.	Pacific Liu Tung Investment Corporation (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	148,555	499,931	-	
	New Century InfoComm Tech Co., Ltd.	Taipei, Taiwan	Telecommunications	4,794,137	4,794,137	312,221	12.01	3,100,503	(203,386)	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	2,287,705	2,458,607	104,216	3.2	2,688,937	4,264,333	-	
	Far Eastern Toll Collection Co., Ltd.	Taipei, Taiwan	Electronic toll collection service	350,476	350,476	35,048	9.15	39,284	(80,955)	-	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	189,736	34,245	6,921	0.57	191,777	701,133	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Chemical materials production	9,543	9,543	439	0.05	9,362	954,799	-	
	Asia Cement Corporation	Taipei, Taiwan	Cement production	548,453	310,806	16,292	0.55	552,725	3,725,781	-	
	FEDP (Holding) Ltd.	Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	810,739	810,739	196	40.33	591,453	(73,433)	-	
	Sino Belgium (Holding) Ltd.	Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	1,086,142	1,086,142	17	87.50	534,083	(170,253)	-	
	Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Taiwan	Type I and II telecommunications services	6,422,241	6,395,041	695,096	26.74	6,020,380	(203,386)	-
Arcoa Communication Co., Ltd.		Taiwan	Type II telecommunications services, sales of communications products and office equipment	1,295,035	1,295,035	82,009	61.07	1,138,554	80,832	-	
KGEx com.co., Ltd.		Taiwan	Providing Type II Communication Service	2,355,649	2,355,649	89,088	79.25	760,641	(43,040)	-	
Far Eastern Toll Collection Co., Ltd.		Taiwan	Electronic toll collection service	1,577,140	1,577,140	157,714	41.18	198,562	(80,955)	-	
Far Eastern Info Service (Holding) Ltd.		Bermuda	Investment	92,616	92,616	1	100.00	176,250	13,025	-	
E. World (Holdings) Ltd.		Cayman Islands	Investment	82,883	82,883	6,015	85.92	74,689	3,860	-	
Ding Ding Integrated Marketing Service Co., Ltd.		Taiwan	Marketing	90,000	90,000	4,725	15.00	37,341	(29,989)	-	
iScreen Corp.		Taiwan	Type II Telecommunications services	100,000	100,000	4,000	40.00	28,098	(4,829)	-	
Far EasTron Holding Ltd.		Cayman Islands	Investment	150,000	150,000	4,487	100.00	26,809	787	-	
ADCast Interactive Marketing Co., Ltd.	Taiwan	Internet service	4,652	4,652	387	8.56	3,804	1,502	-		

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2010	December 31, 2009	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Apparel (Suzhou) Limited	Yuan Cing Infocomm Tech Co., Ltd.	Taiwan	Sale of communication products	\$ 1,000	\$ 1,000	100	100.00	\$ 979	\$ (14)	\$ -	
	Q-Ware Communication Corp	Taiwan	Type II Telecommunications services	495,855	495,855	36,460	51.00	(36,475)	(92,241)	-	
	KG Telecommunications Co., Ltd.	Taiwan	Type I Telecommunications services	-	29,629,139	-	-	-	-	-	
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	China	Garment production and sales	RMB 350	RMB 350	(Note B)	0.17	RMB 350	RMB 3,179	-	
	Shanghai Yuan Zi Information Co., Ltd.	China	Software development, equipment maintenance and consulting	RMB 100	RMB 100	(Note B)	5.00	RMB 100	RMB (85)	-	
	An He Garment (Suzhou) Ltd.	China	Garment production	RMB 1,000	RMB 1,000	(Note B)	100.00	RMB 2,143	RMB 295	-	
Oriental Textile (Holding) Ltd.	Wu Han Far Eastern New Material Ltd.	China	Garment production and sales	RMB 6,650	RMB 6,650	(Note B)	3.63	RMB 3,700	RMB 3,179	-	
	Shanghai Yuan Zi Information Co., Ltd.	China	Software development, equipment maintenance and consulting	RMB 1,900	RMB 1,900	(Note B)	95.00	RMB 1,764	RMB (85)	-	
	Shanghai Far Eastern Petrochemical Logistic Ltd.	China	Transportation	RMB 5,000	RMB 5,000	(Note B)	100.00	RMB 5,872	RMB 281	-	
PET Far Eastern (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd.	China	Fiber and textile production	US\$ 59,960	US\$ 59,960	(Note B)	100.00	US\$ 77,675	RMB 35,091	-	
	Oriental Industries (Suzhou) Ltd.	China	Textile production	US\$ 138,000	US\$ 138,000	(Note B)	100.00	US\$ 86,747	RMB (12,876)	-	
FEDP (Holding) Ltd.	Oriental Petrochemical (Shanghai) Co., Ltd.	China	PTA production and sale	US\$ 105,055	US\$ 105,055	(Note B)	53.24	US\$ 148,507	RMB 237,582	-	
Far Eastern Polytex (Holding) Limited	Far Eastern Industries (Suzhou) Limited	China	Garment production	US\$ 49,800	US\$ 49,800	(Note B)	100.00	US\$ 36,836	RMB (15,153)	-	
Far Eastern Info Service (Holding) Ltd.	Wu Han Far Eastern New Material Ltd.	China	Garment production and sales	US\$ 22,000	US\$ 22,000	(Note B)	96.20	US\$ 25,124	RMB 3,179	-	
	Far Eastern Apparel (Suzhou) Limited	China	Garment production	US\$ 16,000	US\$ 16,000	(Note B)	61.54	US\$ 25,400	RMB 14,780	-	
	FEDP (Holding) Ltd.	Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	US\$ 6,408	US\$ 6,408	49	10.10	US\$ 4,600	US\$ (2,304)	-	
	Far Eastern New Century (China) Investment Corp.	Far Eastern New Century (China) Investment Corp.	China	Investment	US\$ 48,000	US\$ 48,000	(Note B)	100.00	US\$ 54,948	RMB (92)	-
Far EasTron Holding Ltd.	Far Eastern Tech-info Ltd. (Shanghai)	China	Information services, software, and internet	US\$ 2,500	US\$ 2,500	(Note B)	100.00	US\$ 4,873	13,187	-	
E. World (Holdings) Ltd.	ADCast Interactive Marketing Co., Ltd.	Taiwan	Internet services	US\$ 4,532	US\$ 4,532	2,734	60.52	US\$ 836	1,502	-	
Far Eastern New Century (China) Investment Corp.	Yuan Cing Co.	Taiwan	Call center services	193,500	193,500	19,350	99.99	US\$ 2,446	3,981	-	
Sino Belgium (Holding) Ltd.	Far Eastern Industries (Shanghai) Ltd.	China	Fiber and silk production	RMB 219,138	RMB 219,138	(Note B)	12.36	RMB 219,138	RMB 26,924	-	
	Oriental Petrochemical (Shanghai) Co., Ltd.	China	PTA production and sale	RMB 115,232	RMB 115,232	(Note B)	8.11	RMB 115,232	RMB 237,582	-	
Far Eastern Construction Co., Ltd.	Sino Belgium (Suzhou) Limited	China	Brewer	US\$ 30,000	US\$ 30,000	(Note B)	100.00	US\$ 20,049	RMB (19,528)	-	
	Martens Beer Trading (Shanghai) Co., Ltd.	China	Beer sale	US\$ 3,633	US\$ 3,633	(Note B)	100.00	US\$ (802)	RMB (9,403)	-	

Notes:

- A. This included 5,000 thousand common shares and 3,000 thousand preferred shares.
- B. This is a private company.
- C. The investor company opened a trust account in Shanghai Bank in Taipei on September 26, 2002 to acquire equity in Pacific Liu Tung Investment Corporation.
- D. The financial information is based on the investees' unreviewed financial statement, except for Asia Cement Corporation, Far Eastern Department Stores Co., Ltd., Oriental Union Chemical Corporation, Everest Textile Co., Ltd., Far EasTone Telecommunication Co., Ltd. Yuan Ding Investment Co., Ltd., Far Eastern Construction Co., Ltd., Far Eastern General Contractor Inc., Oriental Securities Co., Ltd., Pacific Liu Tung Investment Corporation, KGEx.com Co., Ltd., Qware Communication Ltd., New Century InfoComm Tech. Co., Ltd. and Arcoa Communication Co., Ltd.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA  
SIX MONTHS ENDED JUNE 30, 2010

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Accumulated Outflow of Investment from Taiwan as of January 1, 2010	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2010	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of June 30, 2010 (Note B)	Accumulated Inward Remittance of Earnings as of June 30, 2010
				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.	\$ 9,012,754 (RMB 1,880,399)	\$ 3,099,480 793,920 (Note D)	\$ -	\$ -	\$ 3,099,480 793,920 (Note D)	100%	\$ 125,735	\$ 7,282,533	\$ 853,493 (Note C)
Far Eastern Apparel (Suzhou) Limited	Manufacture and distribution of knit garments, woven garments, non-knit garments, non-woven garments and accessories.	980,538 (RMB 204,577)	509,725 501,176 (Note D)	-	-	509,725 501,176 (Note D)	100%	69,024	1,328,805	-
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.	2,307,688 (RMB 481,471)	2,018,430 (Note D)	-	-	2,018,430 (Note D)	100%	163,875	2,500,760	-
Oriental Petrochemical (Shanghai) Co., Ltd.	Manufacture and distribution of PTA and it's by-product.	7,198,461 (RMB 1,501,870)	1,657,304 1,375,680 (Note F)	1,318,844	-	2,976,148 -	61.35%	680,684	5,509,497	-
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Manufacture and distribution of weaving, dyeing & finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps.	1,153,429 (RMB 240,649)	1,342,854 (Note D)	-	-	1,342,854 (Note D)	100%	28,298	1,229,059	-
Far Eastern Industries (Suzhou) Limited	Manufacture and distribution of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	1,890,214 (RMB 394,370)	422,978 666,026 (Note K)	-	-	422,978 666,026 (Note K)	100%	(70,764)	1,185,929	-
Wu Han Far Eastern New Material Ltd.	Manufacture and distribution of PET chips, FET sheets, PET performs and garments and it's by-product.	819,831 (RMB 171,048)	724,110	-	-	724,110	100%	14,845	834,356	-
Oriental Industries (Suzhou) Ltd.	Manufacture and distribution of PET performs and high-value engineered textiles industrial woven fabrics and scraps	\$ 3,772,475 (RMB 787,080)	3,421,559 (Note D)	-	-	3,421,559 (Note D)	100%	(60,132)	2,792,840	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Accumulated Outflow of Investment from Taiwan as of January 1, 2010	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2010	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of June 30, 2010 (Note B)	Accumulated Inward Remittance of Earnings as of June 30, 2010
				Outflow	Inflow					
Far Eastern Industries (Jiujiang) Ltd. (Note M)	Manufacture of cotton yarns, natural fibers and chemical fibers and it's by-product.	\$ -	\$ 258,880 (Note D)	\$ -	\$ 258,880	\$ -	-	\$ -	\$ -	\$ -
Far Eastern New Century (China) Investment Corp.	Investment	1,747,241 (RMB 364,540)	1,577,040	-	-	1,577,040	100%	(430)	1,690,207	-
Sino Belgium (Suzhou) Limited	Brewer	1,047,172 (RMB 218,480)	962,577 (Note J)	-	-	962,577 (Note J)	87.5%	(81,010)	564,805	-
Martens Beer Trading (Shanghai) Co., Ltd.	Beer sales	119,825 (RMB 25,000)	123,565 (Note J)	-	-	123,565 (Note J)	87.5%	(38,423)	(25,830)	-
Far Eastern Tech-info Ltd. (Shanghai) (Note F)	Service of software, data processing, information provider and information integration system service.	80,375 (US\$ 2,500)	92,616 (Note G)	-	-	92,616 (Note G)	41.276%	5,443	64,666 (US\$ 2,011)	-

Accumulated Investment in Mainland China as of June 30, 2010	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$294,520 (Note H)	US\$316,803 (Note I)	(Note M)

Notes:

- A. Recognition of gains/loss was based on unreviewed financial statements of the investee in China.
- B. Recognition of the investment amount was based on the investee's unreviewed financial statements of the investee in China.
- C. This was the amount of cash dividends received by Far Eastern New Century Corporation (the "Company") and Yuan Ding Investment over the years from FEPI.
- D. The amount was remitted by a Company subsidiary, Yuan Ding Investments.
- E. The amount was remitted by two Company subsidiaries, Yuan Ding Investments Co., Ltd. and Ding Yuan International Investment Corp.
- F. Far EasTone's subsidiary.
- G. The amount was remitted by a Company subsidiary, Far EasTone Telecommunications Co., Ltd.
- H. It was the actual amount remitted to Mainland China by FENC.
- I. Investment amounts authorized by the Investment Commission under the Ministry of Economic Affairs.
- J. The amount was remitted by a Company subsidiary, Yuan Tong Investment Corp.
- K. The amount was remitted by a Company subsidiary, Yuan Ding Investment and Yuan Tong Investment Corp.
- L. The liquidation of Far Eastern Industries (Jiujiang) Ltd. was completed in December 2009 and all its capital had been returned to the shareholders. The approval document of No. 09500033740 sent on March 3, 2006 had been eliminated by MOEA in May 18, 2010.
- M. The Company was allowed to invest in Mainland China without the restriction of maximum amount according to MOEA Approval Letter No. 09701098660.
- N. The investment of a subsidiary, Yuan Ding Investment Co., Ltd., was transferred to Oriental Union Chemical Corporation in February 2010; the investment of Ding Yuan International Investment Corp. was transferred to Far Eastern New Century Corporation in February 2010.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE  
 SIX MONTHS ENDED JUNE 30, 2010  
 (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 (USD)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (USD)	Financed from Financial Institutions in Third Area	Investor Company in Third Area Using Its Own Capital to Invest (USD)	
Far Eastern Industries (Shanghai) Ltd.	Far Eastern New Century Corporation	1996.07.09	No. 84015136	Far Eastern Polychem Industries Ltd.	\$ 6,000	\$ 6,000				
	Yuan Ding Investment Co., Ltd.			Far Eastern Polychem Industries Ltd.	24,000	24,000				
	Far Eastern New Century Corporation	2004.12.29	No. 093032400	Far Eastern Polychem Industries Ltd.	1,712		\$ 1,712			
	Far Eastern New Century Corporation	2004.12.30	No. 093032090	Far Eastern Polychem Industries Ltd.	1,540			\$ 1,540		
	Far Eastern New Century Corporation	2004.11.03	No. 093032240	Far Eastern Polychem Industries Ltd.	3,879		3,879			
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032402	Far Eastern Polychem Industries Ltd.	7,014		7,014			
	Yuan Ding Investment Co., Ltd.	2004.11.02	No. 093032239	Far Eastern Polychem Industries Ltd.	15,898		15,898			
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032089	Far Eastern Polychem Industries Ltd.	6,313			6,313		
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	31,779	31,779				
	Far Eastern New Century Corporation	2008.06.27	No. 09700163440	Far Eastern Polychem Industries Ltd.	56,000	56,000				
	Far Eastern New Century Corporation	2008.04.18	No. 09700045490	Far Eastern Polychem Industries Ltd.	4,800	4,800				
	Far Eastern New Century Corporation	2010.04.19	No. 09900142680 (Note D)	Far Eastern Polychem Industries Ltd.	11,500	11,500				
	Far Eastern Apparel (Suzhou) Limited	Yuan Ding Investment Co., Ltd.	1996.10.16	No. 85016219	Far Eastern Apparel (Holding) Ltd.	10,000	10,000			
		Yuan Ding Investment Co., Ltd.	2003.10.30	No. 092033299	Far Eastern Apparel (Holding) Ltd.	5,000	5,000			
Far Eastern New Century Corporation		2006.05.23	No. 09500112650	Far Eastern Polytex (Holding) Limited	11,000	11,000				
Far Eastern New Century Corporation		2008.03.31	No. 09700038490	Far Eastern Polytex (Holding) Limited	5,000	5,000				
Far Eastern Industries (Wuxi) Ltd.	Yuan Ding Investment Co., Ltd.	2002.06.21	No. 091011903	Oriental Textile (Holding) Ltd.	19,960	19,960				
	Yuan Ding Investment Co., Ltd.	2005.11.03	No. 094024169	Oriental Textile (Holding) Ltd.	40,000	40,000				
Oriental Petrochemical (Shanghai) Co., Ltd.	Far Eastern New Century Corporation	2009.11.17	No. 09800408170 (Note B)	Far Eastern Polychem Industries Ltd.	1,228				\$ 1,228	
	Yuan Ding Investment Co., Ltd.	2009.11.17	No. 09800408160 (Note C)	PET Far Eastern (Holding) Ltd.	6,592				6,592	
	Far Eastern New Century Corporation	2008.06.27	No. 09700163430	PET Far Eastern (Holding) Ltd.	49,500	49,500				
	Far Eastern New Century Corporation	2008.04.18	No. 09700045500	Far Eastern Polychem Industries Ltd.	4,800	4,800				
	Far Eastern New Century Corporation	2009.12.25	No. 09800456740	PET Far Eastern (Holding) Ltd.	41,171	41,171				
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2003.10.31	No. 092033525	Far Eastern Apparel (Holding) Ltd.	20,000	20,000				
	Yuan Ding Investment Co., Ltd.	2008.10.13	No. 09700348610	Far Eastern Apparel (Holding) Ltd.	30,000	30,000				
Far Eastern Industries (Suzhou) Limited	Yuan Ding Investment Co., Ltd.	2002.11.26	No. 091035216	Far Eastern Polychem Industries Ltd.	9,352				9,352	
	Far Eastern New Century Corporation	2004.10.11	No. 093025506	FEDP	1,569			1,569		
	Far Eastern New Century Corporation	2004.10.14	No. 093030298	FEDP	713				713	
	Far Eastern New Century Corporation	2007.3.13	No. 09600059830	Far Eastern Polychem Industries Ltd.	5,288	5,288				
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	FEDP	4,524	4,524				
	Yuan Tong Investment Corp.	2007.07.11	No. 09600243260	FEDP	20,000	20,000				
	Far Eastern New Century Corporation.	2008.04.18	No. 09700045510	Far Eastern Polychem Industries Ltd.	4,800	4,800				

(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 (USD)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (USD)	Financed from Financial Institutions in Third Area	Investor Company in Third Area Using Its Own Capital to Invest (USD)
Oriental Industries (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2005.08.01	No. 094015006	Oriental Textile (Holding) Ltd.	\$ 19,800	\$ 19,800			
	Yuan Ding Investment Co., Ltd.	2006.02.09	No. 094037416	Oriental Textile (Holding) Ltd.	30,200	30,200			
	Yuan Ding Investment Co., Ltd.	2007.10.02	No. 09600280400	Oriental Textile (Holding) Ltd.	23,000	23,000			
	Yuan Ding Investment Co., Ltd.	2008.09.01	No. 09700172130	Oriental Textile (Holding) Ltd.	32,500	32,500			
Wu Han Far Eastern New Material Ltd.	Far Eastern New Century Corporation	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Limited	12,000	12,000			
	Far Eastern New Century Corporation	2009.6.29	No. 09800135640	Far Eastern Polytex (Holding) Limited	10,000	10,000			
Far Eastern New Century (China) Investment Corp. (Note A)	Far Eastern New Century Corporation	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Limited	48,000	48,000			
Sino Belgium (Suzhou) Limited	Yuan Tong Investment Corp.	2007.08.02	No. 09600248620	Sino Belgium (Holding) Ltd.	18,000	18,000			
	Yuan Tong Investment Corp.	2008.02.21	No. 09600451060	Sino Belgium (Holding) Ltd.	12,000	12,000			
Martens Beer Trading (Shanghai) Ltd.	Yuan Tong Investment Corp.	2008.12.10	No. 09700456110	Sino Belgium (Holding) Ltd.	3,800	3,800			
Far Eastern Tech-info (Shanghai) Ltd.	Far Eastone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Limited	2,700	2,700			

Notes:

- A. Far Eastern New Century (China) Investment Corp. invested US\$30,000 thousand in Far Eastern Industries (Shanghai) Ltd. and US\$16,000 thousand in Oriental Petrochemical (Shanghai) Co., Ltd.
- B. The document of No. 092035971 has been eliminated and renewed to the document of No. 09800408170.
- C. Document No. 092035970 had been eliminated and replaced with document of No. 09800408160 and then reported NT\$1,561 thousand.
- D. The approved amount of US\$12,000 thousand dated on September 18, 2009 in the document of No. 09800283970 had been changed to US\$11,500 thousand at the time of completing the waiting-for-review process on April 19, 2010.

(Concluded)



## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

(In Thousands of New Taiwan Dollars)

No. (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, 2010 Far Eastern New Century Corporation	Far Eastern Industries (Shanghai) Ltd.	1	Sales	\$ 58,290	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	1	Cost of goods sold	(4,620,005)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	1	Accounts payable	731,622	Based on agreement	-
		Oriental Resources Development Ltd.	1	Cost of goods sold	(71,422)	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	1	Sales	55,014	Based on agreement	-
		Far Eastern Apparel (Vietnam) Ltd.	1	Process expense	(89,371)	Based on agreement	-
		Far Eastern Apparel (Vietnam) Ltd.	1	Accrued expense - outsourced process	38,229	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Sales	29,802	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Process expenses	(309,644)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Accounts receivable	(11,219)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Accrued expense - outsourced process	81,150	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Payment in advance	(291,804)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Accounts payable	170,667	Based on agreement	-
		Far Eastern Construction Co., Ltd.	1	Dividends receivable	(162,092)	Based on agreement	-
		An He Garment Co., Ltd.	1	Dividends receivable	(245,481)	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	1	Dividends receivable	(349,435)	Based on agreement	-
		Ding Yuan International Investment Corp.	1	Dividends receivable	(38,950)	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	1	Dividends receivable	(3,839,479)	Based on agreement	-
		1	Far Eastern Polychem Industries Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(7,295)
Far Eastern Investment (Holding) Ltd.	3			Other payables	996,847	Based on agreement	-
Far Eastern Investment (Holding) Ltd.	3			Accounts payable	256,879	Based on agreement	-
Far Eastern Industries (Suzhou) Limited	3			Other receivables	(322,452)	Based on agreement	-
Oriental Textile (Holding) Ltd.	3			Interest expenses	(149)	Based on agreement	-
Oriental Textile (Holding) Ltd.	3			Other payables	624,733	Based on agreement	-
Wu Han Far Eastern New Material Ltd.	3			Sales	130,993	Based on agreement	-
Wu Han Far Eastern New Material Ltd.	3			Cost of goods sold	(150,041)	Based on agreement	-
Wu Han Far Eastern New Material Ltd.	3			Accounts payable	115,001	Based on agreement	-
Wu Han Far Eastern New Material Ltd.	3	Accounts receivable	(99,067)	Based on agreement	-		
2	Far Eastern Investment (Holding) Ltd.	Far Eastern Apparel (Holding) Ltd.	3	Interest expense	(3,096)	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Other payables	206,056	Based on agreement	-
		F.E.D.P. (Holding) Ltd.	3	Interest revenue	1,271	Based on agreement	-
		F.E.D.P. (Holding) Ltd.	3	Other receivables	(61,190)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	7,295	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other receivables	(996,847)	Based on agreement	-

(Continued)

No. (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 Polychem Industries Ltd.	3	Accounts receivable	\$ (256,879)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest revenue	7,870	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Other receivables	(1,274,846)	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Interest revenue	1,650	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Other receivables	(160,981)	Based on agreement	-
		Far Eastern Polytex (Holding) Limited	3	Interest revenue	2,779	Based on agreement	-
		Far Eastern Polytex (Holding) Limited	3	Other receivables	(392,639)	Based on agreement	-
3	An He Garment Co., Ltd.	Ding Yuan International Investment Corp.	3	Interest expenses	(391)	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Other payables	90,000	Based on agreement	-
		Far Eastern Resources Development Co.	3	Interest expense	(2,293)	Based on agreement	-
		Far Eastern Resources Development Co.	3	Other payables	400,000	Based on agreement	-
		Far Eastone Telecommunication Co., Ltd.	3	Dividends receivable	(224,480)	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Dividends receivable	(11,554)	Based on agreement	-
		Far Eastern New Century Corporation	3	Dividends payable	245,481	Based on agreement	-
4	Far Eastern Apparel (Suzhou) Limited	Far Eastern Apparel (Holding) Ltd.	3	Other payables	383,121	Based on agreement	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Cost of goods sold	(283,541)	Based on agreement	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Accounts payable	162,651	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	3	Interest revenue	1,074	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	3	Other receivables	(143,790)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Other receivables	(95,860)	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	1,361,117	Based on agreement	-
		Far Eastern New Century Corporation	2	Cost of goods Sold	(1,081,275)	Based on agreement	-
		Far Eastern New Century Corporation	2	Accounts receivable	(286,473)	Based on agreement	-
		Far Eastern New Century Corporation	2	Payment in advance	36,673	Based on agreement	-
		Far Eastern New Century Corporation	2	Accounts payable	301,006	Based on agreement	-
5	Far Eastern Industries (Shanghai) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Sales	156,520	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Sales	82,454	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Cost of goods sold	(189,432)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Accounts receivable	(100,091)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Cost of goods sold	(4,600,520)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Accounts payable	866,682	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Notes payable	1,951,014	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Cost of goods sold	(854,536)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Accounts payable	366,064	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Cost of goods sold	(527,170)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Accounts payable	215,766	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Sales	676,503	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Cost of goods sold	(126,981)	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Accounts payable	70,960	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Accounts receivable	(403,909)	Based on agreement	-
		Far Eastern New Centuries	2	Cost of goods sold	(58,290)	Based on agreement	-

(Continued)

No. (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)
6	Pet Far Eastern (M) Sdn. Bhd.	Far Eastern New Centuries	2	Cost of goods sold	\$ (55,014)	Based on agreement	-
7	Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Sales	126,981	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	(676,503)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts payable	403,909	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	(70,960)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Sales	150,041	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Cost of goods sold	(130,993)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Accounts payable	99,067	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Accounts receivable	(115,001)	Based on agreement	-
8	Oriental Petrochemical (Shanghai) Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Sales	4,600,520	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	(866,682)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Notes receivable	(1,951,014)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Sales	1,133,722	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Accounts receivable	(219,755)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Notes receivable	(407,250)	Based on agreement	-
9	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Limited	3	Sales	283,541	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Accounts receivable	(162,651)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	(156,520)	Based on agreement	-
10	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Sales	527,170	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	(215,766)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Cost of goods sold	(1,669,672)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Accounts payable	567,449	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Notes payable	425,002	Based on agreement	-
11	Far Eastern Industries (Suzhou) Limited	Far Eastern Apparel (Suzhou) Limited	3	Other payable	95,860	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	189,432	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	(82,454)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts payable	100,091	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other payables	322,452	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Cost of goods sold	(1,133,722)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Accounts payable	219,755	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Notes payable	407,250	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Cost of goods sold	(161,144)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Accounts payable	110,159	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Sales	1,669,672	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Accounts receivable	(567,449)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Notes receivable	(425,002)	Based on agreement	-
12	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Limited	3	Other receivables	(383,121)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	3,096	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other receivables	(206,056)	Based on agreement	-

(Continued)

No. (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)
13	Oriental Textile (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	\$ (7,870)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	1,274,846	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	149	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other receivables	(624,733)	Based on agreement	-
14	Oriental Resources Development Ltd.	Far Eastern New Century Corporation	2	Sales	71,422	Based on agreement	-
15	Ding Yuan International Investment Corp.	An He Garment Co., Ltd.	3	Interest revenue	391	Based on agreement	-
		An He Garment Co., Ltd.	3	Other receivables	(90,000)	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Interest revenue	391	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Other receivable	(90,000)	Based on agreement	-
		Yuan Tong Investment Corp.	3	Interest revenue	567	Based on agreement	-
		Yuan Tong Investment Corp.	3	Other receivables	(70,000)	Based on agreement	-
		Far Eastone Telecommunication Co., Ltd.	3	Dividends receivable	(2,575)	Based on agreement	-
		Far Eastern New Century Corporation	2	Dividends payable	38,950	Based on agreement	-
16	F.E.D.P. (H) Ltd.	Far Eastern Investment (Holdings) Ltd.	3	Interest expenses	(1,271)	Based on agreement	-
		Far Eastern Investment (Holdings) Ltd.	3	Other payables	61,190	Based on agreement	-
17	Far Eastern Resources Development Co.	An He Garment Co., Ltd.	3	Interest revenue	2,293	Based on agreement	-
		An He Garment Co., Ltd.	3	Other receivables	(400,000)	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Interest revenue	1,986	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Other receivables	(300,000)	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Interest revenue	755	Based on agreement	-
		Yuan Tong Investment Corp.	3	Interest revenue	2,293	Based on agreement	-
		Yuan Tong Investment Corp.	3	Other receivables	(400,000)	Based on agreement	-
18	Oriental Petrochemical (Taiwan) Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Sales	854,536	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	(366,064)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Sales	161,144	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Accounts receivable	(110,159)	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	4,620,005	Based on agreement	-
		Far Eastern New Century Corporation	2	Accounts receivable	(731,622)	Based on agreement	-
19	Yuan Ding Investment Co., Ltd.	Far Eastern Resources Development Co.	3	Interest expenses	(755)	Based on agreement	-
		Far Eastern General Contractor Inc.	3	Dividends receivable	(651)	Based on agreement	-
		Far Eastern New Century Corporation	2	Dividends payable	3,839,479	Based on agreement	-
		An He Garment Co., Ltd.	3	Dividends payable	11,554	Based on agreement	-
20	Yuan Tong Investment Corp.	Ding Yuan International Investment Corp.	3	Interest expenses	(567)	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Other payables	70,000	Based on agreement	-
		Far Eastern Resources Development Co.	3	Interest expenses	(2,293)	Based on agreement	-
		Far Eastern Resources Development Co.	3	Other payables	400,000	Based on agreement	-
		Far Eastern Telecommunication Co., Ltd.	3	Dividends receivable	(291,805)	Based on agreement	-
21	Far Eastern Polytex (Holding) Limited	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(2,779)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	392,639	Based on agreement	-

(Continued)

No. (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)
22	Kai Yuan International Investment Co., Ltd.	Ding Yuan International Investment Corp.	3	Interest expenses	\$ (391)	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Other receivables	90,000	Based on agreement	-
		Far Eastern Resources Development Co.	3	Interest expenses	(1,986)	Based on agreement	-
		Far Eastern Resources Development Co.	3	Other payables	300,000	Based on agreement	-
		Far Eastone Telecommunication Co., Ltd.	3	Dividends receivable	(258,894)	Based on agreement	-
		Far Eastern New Century Corporation	2	Dividends receivable	349,435	Based on agreement	-
23	Far Eastern Industries (Wuxi) Ltd.	Far Eastern Apparel (Suzhou) Limited	3	Interest expenses	(1,074)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Other payables	143,790	Based on agreement	-
24	PET Far Eastern (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(1,650)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	160,981	Based on agreement	-
25	Far Eastern Apparel (Vietnam) Ltd.	Far Eastern New Century Corporation	2	Sales	89,371	Based on agreement	-
		Far Eastern New Century Corporation	2	Accounts receivable	(38,229)	Based on agreement	-
26	Far Eastone Telecommunication Co., Ltd.	An He Garment Co., Ltd.	3	Dividends payable	224,480	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Dividends payable	2,575	Based on agreement	-
		Kai Yuan International Investment Co. Ltd.	3	Dividends payable	258,894	Based on agreement	-
		Yuan Tong Investment Corp.	3	Dividends payable	291,805	Based on agreement	-
27	Far Eastern Construction Co., Ltd.	Far Eastern New Century Corporation	2	Dividends payable	162,092	Based on agreement	-
28	Far Eastern General Contractor Inc.	Yuan Ding Investment Co., Ltd.	3	Dividends payable	651	Based on agreement	-

(Continued)

No. (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	Far Eastern New Century Corporation	Yuan Ding Investment Co., Ltd. Oriental Resources Development Ltd. Far Eastern Apparel (Vietnam) Ltd. Far Eastern Apparel (Vietnam) Ltd. Oriental Petrochemical (Taiwan) Co., Ltd. Oriental Petrochemical (Taiwan) Co., Ltd. Far Eastern Apparel (Suzhou) Limited Far Eastern Apparel (Suzhou) Limited Far Eastern Apparel (Suzhou) Limited Far Eastern Apparel (Suzhou) Limited Far Eastern Apparel (Suzhou) Limited	1 1 1 1 1 1 1 1 1 1 1 1	Dividends receivable	\$ (3,290,980)	Based on agreement	-				
				Cost of goods sold	(69,041)	Based on agreement	-				
				Cost of goods sold	(78,215)	Based on agreement	-				
				Accounts payable	21,028	Based on agreement	-				
				Cost of goods sold	(4,007,805)	Based on agreement	-				
				Accounts payable	694,209	Based on agreement	-				
				Sales	92,884	Based on agreement	-				
				Process expenses	(389,587)	Based on agreement	-				
				Prepaid expenses	(164,381)	Based on agreement	-				
				Accrued process expenses	83,567	Based on agreement	-				
				Accounts receivable	(41,639)	Based on agreement	-				
				1	Kai Yuan International Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd. Far Eastern Resources Development Co. Far Eastern Resources Development Co.	3 3 3	Dividends receivable	(272,964)	Based on agreement	-
								Other payables	70,000	Based on agreement	-
Interest expenses	(533)	Based on agreement	-								
2	Far Eastern Polychem Industries Ltd.	Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern Industries (Suzhou) Limited Oriental Petrochemical (Taiwan) Co., Ltd.	3 3 3 3 3	Other payables	1,640,500	Based on agreement	-				
				Accounts payable	202,098	Based on agreement	-				
				Interest expenses	(24,399)	Based on agreement	-				
				Other receivables	(328,100)	Based on agreement	-				
				Cost of goods sold	(666,948)	Based on agreement	-				
3	Far Eastern Investment (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. PET Far Eastern (Holding) Ltd. PET Far Eastern (Holding) Ltd. Far Eastern Apparel (Holding) Ltd. Far Eastern Apparel (Holding) Ltd.	3 3 3 3 3 3 3 3 3	Accounts receivable	(202,098)	Based on agreement	-				
				Other receivables	(1,640,500)	Based on agreement	-				
				Interest revenue	24,399	Based on agreement	-				
				Interest revenue	3,355	Based on agreement	-				
				Other receivables	(337,943)	Based on agreement	-				
				Other receivables	(377,315)	Based on agreement	-				
				Interest revenue	149	Based on agreement	-				
				Other payables	180,455	Based on agreement	-				
				Interest expenses	(6,487)	Based on agreement	-				
4	An He Garment Co., Ltd.	Far EasTone Telecommunication Co., Ltd. Ding Yuan International Investment Corp. Ding Yuan International Investment Corp. Far Eastern Resources Development Co. Far Eastern Resources Development Co.	3 3 3 3 3	Dividends receivable	(224,480)	Based on agreement	-				
				Other payables	95,000	Based on agreement	-				
				Interest expenses	(802)	Based on agreement	-				
				Other payables	152,000	Based on agreement	-				
				Interest expenses	(2,898)	Based on agreement	-				
5	Yuan Tong Investment Corp.	Far EasTone Telecommunication Co., Ltd. Far Eastern Resources Development Co. Far Eastern Resources Development Co.	3 3 3	Dividends receivable	(313,583)	Based on agreement	-				
				Other payables	198,000	Based on agreement	-				
				Interest expenses	(429)	Based on agreement	-				
6	Far EasTone Telecommunications Co., Ltd.	Kai Yuan International Investment Co., Ltd. An He Garment Co., Ltd. Yuan Tong Investment Corp.	3 3 3	Dividends payable	272,964	Based on agreement	-				
				Dividends payable	224,480	Based on agreement	-				
				Dividends payable	313,583	Based on agreement	-				

(Continued)

No. (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)
7	Far Eastern Apparel (Suzhou) Limited	Far Eastern New Century Corporation	2	Sales	\$ 944,291	Based on agreement	-
		Far Eastern New Century Corporation	2	Cost of goods sold	(647,588)	Based on agreement	-
		Far Eastern New Century Corporation	2	Accounts receivable	(212,470)	Based on agreement	-
		Far Eastern New Century Corporation	2	Accounts payable	334,923	Based on agreement	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Accounts payable	50,392	Based on agreement	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Cost of goods sold	(102,143)	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Other payables	164,050	Based on agreement	-
8	Far Eastern Industries (Shanghai) Ltd.	Oriental Petrochemical (Shanghai) Co., Ltd.	3	Accounts payable	808,961	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Notes payable	1,983,267	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Sales	387,905	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Accounts receivable	(249,481)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Cost of goods sold	(3,781,840)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Accounts payable	93,947	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Notes payable	382,539	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Cost of goods sold	(417,840)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Cost of goods sold	(986,975)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Accounts payable	936,290	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Notes payable	696,854	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Accounts payable	189,712	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Cost of goods sold	(755,908)	Based on agreement	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Sales	63,857	Based on agreement	-
9	PET Far Eastern (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(149)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	377,315	Based on agreement	-
10	Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Accounts payable	249,481	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	(387,905)	Based on agreement	-
11	Oriental Petrochemical (Shanghai) Co., Ltd.	Far Eastern Industries (Shanghai) Ltd	3	Accounts receivable	(808,961)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd	3	Notes receivable	(1,983,267)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Accounts receivable	(272,440)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Notes receivable	544,948	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Sales	1,243,584	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd	3	Sales	3,781,840	Based on agreement	-
12	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Limited	3	Accounts receivable	(50,392)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Sales	102,143	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd	3	Cost of goods sold	(63,857)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Other receivables	(485,588)	Based on agreement	-
13	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Limited	3	Cost of goods sold	(1,370,523)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Accounts payable	270,226	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Notes payable	853,584	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd	3	Notes receivable	(696,854)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd	3	Accounts receivable	(189,712)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd	3	Sales	755,908	Based on agreement	-

(Continued)

No. (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)
14	Far Eastern Industries (Suzhou) Limited	Oriental Industries (Suzhou) Ltd.	3	Sales	\$ 1,370,523	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Accounts payable	272,440	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Cost of goods sold	(1,243,584)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Notes payable	544,948	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Accounts receivable	(270,226)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Notes receivable	(853,584)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd	3	Accounts receivable	(93,947)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd	3	Sales	417,840	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd	3	Notes receivable	(382,539)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other payables	328,100	Based on agreement	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Other payables	485,588	Based on agreement	-
		15	Far Eastern Apparel (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Other receivables	(180,455)
Far Eastern Investment (Holding) Ltd.	3			Interest revenue	6,487	Based on agreement	-
Far Eastern Apparel (Suzhou) Limited	3			Other receivables	(164,050)	Based on agreement	-
16	Oriental Textile (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Other payables	337,943	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(3,355)	Based on agreement	-
17	Oriental Resources Development Ltd.	Far Eastern New Century Corporation	2	Sales	69,041	Based on agreement	-
18	Ding Yuan International Investment Corp.	An He Garment Co., Ltd.	3	Other receivables	(95,000)	Based on agreement	-
		An He Garment Co., Ltd.	3	Interest revenue	802	Based on agreement	-
19	Far Eastern Construction Co., Ltd.	Far Eastern Resources Development Co.	3	Accounts payable	214,771	Based on agreement	-
20	Far Eastern Resources Development Co.	Kai Yuan International Investment Co., Ltd.	3	Other receivables	(70,000)	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Interest revenue	533	Based on agreement	-
		An He Garment Co., Ltd.	3	Other receivables	(152,000)	Based on agreement	-
		An He Garment Co., Ltd.	3	Interest revenue	2,898	Based on agreement	-
		Yuan Tong Investment Corp.	3	Other receivables	(198,000)	Based on agreement	-
		Yuan Tong Investment Corp.	3	Interest revenue	429	Based on agreement	-
		Far Eastern Construction Co., Ltd.	3	Accounts receivable	(214,771)	Based on agreement	-
21	Oriental Petrochemical (Taiwan) Co., Ltd.	Far Eastern New Century Corporation	2	Sales	4,007,805	Based on agreement	-
		Far Eastern New Century Corporation	2	Accounts receivable	(694,209)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd	3	Sales	986,975	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Sales	666,948	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd	3	Accounts receivable	(936,290)	Based on agreement	-
22	Far Eastern Apparel (Vietnam) Ltd.	Far Eastern New Century Corporation	2	Sales	78,215	Based on agreement	-
		Far Eastern New Century Corporation	2	Accounts payable	(21,028)	Based on agreement	-
23	Yuan Ding Investment Co., Ltd.	Far Eastern New Century Corporation	2	Dividends payable	3,290,980	Based on agreement	-

(Continued)



Note A: The numbers of column:

- a. The Company: 0.
- b. Subsidiaries are started at 1 consecutively.

Note B: The relationship:

1. From the Company to subsidiary.
2. From the subsidiary to the Company.
3. Between subsidiaries.

Note C: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of June 30, 2009; while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the year ended June 30, 2010.

(Concluded)