

EVERGREEN MARINE CORPORATION
NON-CONSOLIDATED FINANCIAL
STATEMENTS AND REPORT OF INDEPENDENT
ACCOUNTANTS
JUNE 30, 2007 AND 2006

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Evergreen Marine Corporation

We have audited the accompanying balance sheet of Evergreen Marine Corporation (the “Company”) as of June 30, 2007, and the related statements of income, of changes in stockholders’ equity and of cash flows for the six-month period then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of all investee companies accounted for under the equity method. These long-term equity investments amounted to 50,455,654 thousand New Taiwan dollars, constituting 60.21% of the total assets as of June 30, 2007, and the related net investment loss was 11,586 thousand New Taiwan dollars for the six-month period then ended. The financial statements of these companies were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to amounts included in the financial statements and information disclosed in Note K relative to these long-term investments, is based solely on the reports of the other auditors. The financial statements of Evergreen Marine Corporation as of and for the six-month period ended June 30, 2006 were audited by other auditors whose report dated August 22, 2006, expressed an unqualified opinion with explanatory paragraph stating that the Company’s investment income accounted for under the equity method for the six-month period ended June 30, 2006 was recognized based on the investees’ financial statements audited by other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Evergreen Marine Corporation as of June 30, 2007, and the results of its operations and its cash flows for the six-month period then ended in conformity with the “Rules Governing Preparation of Financial Statements by Securities Issuers”, “Business Entity Accounting Law”, “Regulations on Business Entity Accounting Handling” and generally accepted accounting principles in the Republic of China.

As discussed in Note C to the financial statements, effective January 1, 2006, the Company adopted SFAS No. 34, "Accounting for Financial Instruments" and No. 36, "Disclosure and Presentation of Financial Instruments".

We have also reviewed the consolidated financial statements of Evergreen Marine Corporation and its subsidiaries as of and for the six-month period ended June 30, 2007. In our report dated August 23, 2007, we issued an unqualified review report with explanatory paragraph on the consolidated financial statements.

PricewaterhouseCoopers
August 23, 2007
Taipei, Taiwan
Republic of China

The accompanying non-consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices utilized in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying non-consolidated financial statements and report of the independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese
EVERGREEN MARINE CORPORATION
BALANCE SHEETS
June 30, 2007 and 2006
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	June 30, 2007	June 30, 2006	LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 2007	June 30, 2006
Current Assets			Current Liabilities		
Cash and cash equivalents (Notes C and D1)	\$5,193,139	\$4,056,072	Short-term loans (Note D13)	\$3,194,000	\$100,000
Financial assets at fair value through profit or loss - current (Notes B, C and D2)	2,123,633	3,728,518	Financial liabilities at fair value through profit or loss - current (Notes B, C and D14)	424,469	115,912
Held-to-maturity financial assets - current (Notes B, C and D3)	-	25,455	Notes payable	9,013	7,164
Derivative financial assets held for hedging - current (Notes B, C and D4)	-	66,820	Accounts payable	1,902,004	2,597,006
Notes receivable, net (Note B)	1,384	23	Accounts payable - related parties (Note E)	549,957	1,036,438
Accounts receivable, net (Notes B and D5)	810,868	1,549,630	Income tax payable (Note B)	440,301	929,671
Accounts receivable - related parties, net (Notes B, D5 and E)	157,273	436,065	Accrued expenses (Notes B, D15 and E)	3,515,199	3,043,302
Other receivables (Notes B and D6)	561,383	307,114	Other payables (Note D16)	1,003,552	5,146,233
Other receivables - related parties (Notes B, D6 and E)	882,196	704,610	Other payables - related parties (Notes D16 and E)	-	1,251,542
Other financial assets - current (Notes B and D7)	106,894	2,814	Long-term liabilities due within one year (Notes B and D17)	2,730,000	5,231,333
Inventories (Notes B and D8)	465,125	570,566	Other current liabilities (Note E)	1,184,863	1,266,440
Prepaid expense	124,611	126,914	Total Current Liabilities	14,953,358	20,725,041
Prepayments	11,126	376			
Deferred income tax assets - current (Notes B and D27)	93,626	19,785	Long-Term Liabilities (Note B)		
Restricted assets - current (Note F)	134,374	133,415	Derivative financial liabilities held for hedging - non current (Notes B, C and D18)	7,752	16,202
Other current assets (Notes D9 and E)	3,268,430	3,903,786	Financial liabilities carried at cost - non current (Notes B, C and D19)	9,004	9,004
Total Current Assets	13,934,062	15,631,963	Corporate bonds payable (Notes B and D20)	2,985,488	4,624,162
			Long-term loans (Note D21)	3,872,833	2,005,667
Funds and Investments (Notes B, C, D10 and E)			Total Long-Term Liabilities	6,875,077	6,655,035
Available-for-sale financial assets-non current	711,860	586,680			
Financial assets carried at cost - non current (Note F)	1,492,397	2,182,966	Other Liabilities		
Debt investments with no active market-non current	11,726	12,709	Accrued pension liability (Note B)	625,987	439,069
Long-term equity investments accounted for under the equity method	58,250,439	57,243,081	Guarantee deposits received	285	125
Other long-term investments	312	312	Deferred income tax liabilities - non-current (Notes B and D27)	1,230,414	1,308,382
Total Funds and Investments	60,466,734	60,025,748	Deferred credits (Note E)	1,318,868	973,247
			Total Other Liabilities	3,175,554	2,720,823
Property, Plant and Equipment (Notes B, D11, E and F)			Total Liabilities	25,003,989	30,100,899
Land	1,998,859	1,998,859			
Buildings	1,512,002	1,511,958	Capital Stock (Note D22)		
Loading/discharging equipment	4,391,778	4,158,619	Common stock	29,234,827	27,251,676
Computer equipment	137,096	136,181	Stock dividends distributable	-	1,907,617
Transportation equipment	12,755,055	16,214,619	Total Capital Stock	29,234,827	29,159,293
Ships and equipment	5,770,086	8,232,438			
Dock facilities	418,813	622,238	Capital Surplus (Note D23)		
Office equipment	216,017	212,393	Paid-in capital in excess of par - common stock	3,416,068	3,353,601
Costs and revaluation increments	27,199,706	33,087,305	Donated capital	372	372
Less: Accumulated depreciation	(18,273,499)	(23,261,529)	Long-term investments	1,515,410	1,491,189
Prepayments for equipment	215,821	475,406	Others	6,713	6,713
Total Property, Plant and Equipment, Net	9,142,028	10,301,182	Total Capital Surplus	4,938,563	4,851,875
Intangible Asset			Retained Earnings (Note D24)		
Deferred pension costs (Note B)	102,808	124,492	Legal reserve	6,484,143	6,442,985
			Special reserve	957,344	957,344
Other Assets			Unappropriated retained earnings	15,091,670	14,067,795
Refundable deposits	36,791	39,531	Total Retained Earnings	22,533,157	21,468,124
Deferred charges (Note B)	64,979	114,079			
Long-term installment receivables (Note D12)	56,298	318,569	Equity Adjustments		
Total Other Assets	158,068	472,179	Cumulative translation adjustments (Note B)	2,212,086	1,059,074
			Net loss not recognized as pension cost (Note B)	(521,237)	(298,003)
			Unrealized gain on available-for-sale financial assets (Notes B and C)	420,604	187,717
			Unrealized gain on cash flow hedge (Notes B and C)	(8,918)	33,107
			Others (Notes B and C)	(9,371)	(6,522)
			Total Equity Adjustments	2,093,164	975,373
			Total Stockholders' Equity	58,799,711	56,454,665
			Commitments and Contingent Liabilities (Note G)		
TOTAL ASSETS	\$83,803,700	\$86,555,564	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$83,803,700	\$86,555,564

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated August 23, 2007.

English Translation of Financial Statements Originally Issued in Chinese
EVERGREEN MARINE CORPORATION
STATEMENTS OF INCOME
For The Six-Month Periods Ended June 30, 2007 and 2006
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share Data)

	June 30, 2007	June 30, 2006
Operating Revenues (Notes B, D25 and E)	\$14,425,051	\$17,763,761
Operating Costs (Notes D26 and E)	(12,335,149)	(15,101,649)
Gross Profit	2,089,902	2,662,112
Operating Expenses (Notes D26 and E)		
General and administrative expenses	(1,095,080)	(1,218,670)
Operating Profit	994,822	1,443,442
Non-Operating Income		
Interest income	111,156	103,979
Investment income accounted for under the equity method (Notes B and D10)	172,153	-
Dividend income	31,762	8,872
Gain on disposal of property, plant and equipment (Notes B and E)	499,326	168,682
Gain on disposal of investments (Note C)	139,295	86,997
Foreign exchange gain (Note B)	104,950	5,474
Rent income (Note E)	38,228	31,435
Gain on valuation of financial liabilities (Note B)	147,031	177,339
Others	60,321	84,609
Total Non-Operating Income	1,304,222	667,387
Non-Operating Expenses		
Interest expense (Note C)	(103,632)	(80,215)
Investment loss accounted for under the equity method (Notes B and D10)	-	(1,761,655)
Loss on disposal of property, plant and equipment (Note B)	(436)	(1,500)
Financing expenses	(17,849)	(26,503)
Loss on impairment (Note B)	(119,000)	-
Loss on valuation of financial assets (Note B)	(56,192)	(64,803)
Others	(1,014)	(3,079)
Total Non-Operating Expenses	(298,123)	(1,937,755)
Income before Income Tax	2,000,921	173,074
Income Tax Expense (Notes B and D27)	(371,209)	(17,871)
Income before Cumulative Effect of Changes in Accounting Principles	1,629,712	155,203
Cumulative Effect of Changes in Accounting Principles (Note C)		
(Net of tax benefit of \$50,937)	-	(96,608)
Net Income	\$1,629,712	\$58,595

Earnings Per Share (after retroactive adjustments) (in dollars) (Notes B and D28)

	Pre tax	After tax	Pre tax	After tax
Basic earnings per share				
Income before Cumulative Effect of Changes in Accounting Principles	\$0.69	\$0.56	\$0.06	\$0.05
Cumulative Effect of Changes in Accounting Principles	-	-	(0.05)	(0.03)
Net Income	\$0.69	\$0.56	\$0.01	\$0.02
Diluted earnings per share				
Income before Cumulative Effect of Changes in Accounting Principles	\$0.65	\$0.53	\$0.06	\$0.05
Cumulative Effect of Changes in Accounting Principles	-	-	(0.05)	(0.03)
Net Income	\$0.65	\$0.53	\$0.01	\$0.02

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated August 23, 2007.

English Translation of Financial Statements Originally Issued in Chinese
EVERGREEN MARINE CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For The Six-Month Periods Ended June 30, 2007 and 2006
(Expressed in Thousands of New Taiwan Dollars)

	<u>Retained Earnings</u>						Cumulative Translation Adjustments	Net Loss not Recognized as Pension Cost	Deferred Credits	Unrealized gain on Available-for- sale Financial Assets	Unrealized gain on Cash flow hedge	Others	Total
	Common Stock	Stock Dividends Distributable	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings							
Balance, January 1, 2006	\$27,075,246	\$-	\$4,640,403	\$5,220,594	\$957,344	\$22,189,422	\$897,009	\$(298,003)	\$43,979	\$-	\$-	\$-	\$60,725,994
The effect due to first time adoption of the newly released SFAS No. 34										72,213	70,806	(6,522)	136,497
Appropriation of 2005 earnings													
Legal reserve				1,222,391		(1,222,391)							-
Stock dividends		1,907,617				(1,907,617)							-
Cash dividends						(4,905,302)							(4,905,302)
Bonuses to employees						(70,000)							(70,000)
Remuneration to directors and supervisors						(60,400)							(60,400)
Conversion of convertible bonds into common stock	176,430		206,049										382,479
Adjustments arising from long-term equity investments accounted for under the equity method													
Adjustments on retained earnings due to changes in percentage of shareholding						(14,512)							(14,512)
Recognition on changes in investees' capital surplus based on percentage of shareholding			1										1
Cumulative translation adjustments							(179,963)						(179,963)
Adjustments on deferred credits and capital surplus			5,422						(43,979)				(38,557)
Unrealized gain on available-for-sale financial assets										99,181			99,181
Unrealized loss on cash flow hedges											(4,857)		(4,857)
Translation adjustments arising from investees' financial statements denominated in foreign currencies							342,028						342,028
Unrealized gain on available-for-sale financial assets										16,323			16,323
Unrealized loss on cash flow hedges											(32,842)		(32,842)
Net income for the six-month period ended June 30, 2006						58,595							58,595
Balance, June 30, 2006	\$27,251,676	\$1,907,617	\$4,851,875	\$6,442,985	\$957,344	\$14,067,795	\$1,059,074	\$(298,003)	\$-	\$187,717	\$33,107	\$(6,522)	\$56,454,665
Balance, January 1, 2007	\$ 29,159,293	\$-	4,876,090	6,442,985	957,344	14,420,781	1,888,153	\$(521,237)	\$-	\$298,864	\$(199,810)	\$(9,371)	57,313,092
Appropriation of 2006 earnings													
Legal reserve				41,158		(41,158)							-
Cash dividends						(877,045)							(877,045)
Bonuses to employees						(33,620)							(33,620)
Remuneration to directors and supervisors						(7,000)							(7,000)
Conversion of convertible bonds into common stock	75,534		62,466										138,000
Adjustments arising from long-term equity investments accounted for under the equity method													
Cumulative translation adjustments							63,946						63,946
Capital surplus			7										7
Unrealized gain on available-for-sale financial assets										35,111			35,111
Unrealized gain on cash flow hedge											318		318
Translation adjustments arising from investees' financial statements denominated in foreign currencies							259,987						259,987
Unrealized gain on available-for-sale financial assets										86,629			86,629
Unrealized gain on cash flow hedges											190,574		190,574
Net income for the six-month period ended June 30, 2007						1,629,712							1,629,712
Balance, June 30, 2007	\$29,234,827	\$-	\$4,938,563	\$6,484,143	\$957,344	\$15,091,670	\$2,212,086	\$(521,237)	\$-	\$420,604	\$(8,918)	\$(9,371)	\$58,799,711

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated August 23, 2007.

English Translation of Financial Statements Originally Issued in Chinese

EVERGREEN MARINE CORPORATION

STATEMENTS OF CASH FLOWS

For The Six-Month Periods Ended June 30, 2007 and 2006

(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2007	June 30, 2006
Cash Flows from Operating Activities		
Net income	\$1,629,712	\$58,595
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of changes in accounting principles for financial instruments	-	96,608
Depreciation	569,988	524,783
Amortization	15,266	31,397
Reclassification of depreciation of dock facilities to operating costs and others	306,186	103,218
Reclassification of amortization of deferred charges to others	24,060	26,788
Net gain on disposal of property, plant and equipment	(498,889)	(167,182)
Excess of equity-accounted investment loss over cash dividends	230,453	2,296,175
Loss on impairment of financial assets carried at cost	119,000	-
Gain on disposal of available-for-sale financial assets	(2,923)	-
Interest amortization of financial assets and unrealized exchange gains	(595)	(1,679)
Interest compensation of convertible bonds	(2,226)	1,624
Decrease in financial assets and liabilities at fair value through profit or loss	1,205,355	1,202,286
Increase in other financial assets	(811)	(2,814)
Decrease in notes and accounts receivable	504,027	522,489
Increase in other receivables	(96,040)	(742,321)
(Increase) decrease in inventories	(45,275)	75,338
Decrease in prepaid expenses and prepayments	182,382	50,268
Net decrease (increase) in agent accounts	200,920	(100,862)
Increase in agency reciprocal accounts	(2,119)	(3,543)
Decrease (increase) in restricted assets	541	(1,365)
Increase in other current assets	(230)	(8,381)
Decrease in refundable deposits	507	129,677
(Decrease) increase in notes and accounts payable	(148,230)	870,179
Decrease in income tax payable	(212,662)	(461,116)
(Decrease) increase in accrued expenses	(364,503)	308,878
Decrease in other payables	(88,098)	(80,191)
Decrease in other current liabilities	(10,238)	(30,800)
Net change in accrued pension liability	23,042	32,118
Net change in deferred income tax assets / liabilities	(32,155)	(955,513)
Net effect on taxes due to changes in accounting principles for financial instruments	-	26,385
Net effect on taxes due to unrealized gain or loss on cash flow hedge	63,525	10,948
Net cash provided by operating activities	<u>3,569,970</u>	<u>3,811,987</u>
Cash Flows from Investing Activities		
Proceeds from capital reduction of investee	3,408	-
Acquisition of long-term equity investment accounted for under the equity method	(180,000)	(697,906)
Proceeds from sale of available-for-sale financial assets - non current	3,180	-
Proceeds from sale of financial assets carried at cost - non current	581,000	-
Acquisition of property, plant and equipment	(394,005)	(1,610,212)
Proceeds from disposal of property, plant and equipment	472,843	892,660
Increase in deferred charges	(22,529)	(61,900)
Decrease in long-term receivables	37,569	43,958
Net cash provided by (used in) investing activities	<u>501,466</u>	<u>(1,433,400)</u>
Cash Flows from Financing Activities		
Increase (decrease) in short-term loans	2,360,000	(1,700,000)
Decrease in short-term bills payable	-	(799,755)
Decrease in long-term loans	(2,190,500)	(524,000)
Decrease in corporate bonds payable	(2,500,100)	-
Decrease in guarantee deposits received	(230)	-
Net cash used in financing activities	<u>(2,330,830)</u>	<u>(3,023,755)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,740,606	(645,168)
Cash and Cash Equivalents, Beginning of Period	3,452,533	4,701,240
Cash and Cash Equivalents, End of Period	<u>\$5,193,139</u>	<u>\$4,056,072</u>
Supplemental Information:		
Interest paid	\$150,177	\$94,940
Less: Interest capitalized	-	-
Interest paid, net of interest capitalized	<u>\$150,177</u>	<u>\$94,940</u>
Income tax paid	<u>\$552,501</u>	<u>\$1,397,165</u>
Financing Activities Not Affecting Cash Flows:		
Long-term liabilities due within one year	<u>\$2,730,000</u>	<u>\$5,231,333</u>
Capitalization of retained earnings	<u>\$-</u>	<u>\$1,907,617</u>
Conversion of convertible bonds into common stock	<u>\$138,000</u>	<u>\$382,479</u>

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

See report of independent accountants dated August 23, 2007.

English Translation of Financial Statements Originally Issued in Chinese

EVERGREEN MARINE CORPORATION

Notes to Financial Statements

June 30, 2007 and 2006

(Expressed in Thousands of New Taiwan dollars, unless otherwise stated)

A. ORGANIZATION AND OPERATIONS

1. Established on September 25, 1968, Evergreen Marine Corporation (the “Company”) is mainly engaged in domestic and international marine transportation, shipping agency services and the distribution of containers.
2. The Company was approved by the Securities and Futures Commission (SFC), Ministry of Finance (MOF) (currently known as the Securities and Futures Bureau (SFB), Financial Supervisory Commission, Executive Yuan) to be a public company on November 2, 1982 and was further approved by the SFC to be a listed company on July 6, 1987. The Company’s shares have been publicly traded on the Taiwan Stock Exchange since September 21, 1987. The Company had 1,414 and 1,373 employees as of June 30, 2007 and 2006, respectively.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in conformity with the “Rules Governing Preparation of Financial Statements by Securities Issuers”, “Business Entity Accounting Law”, “Regulations on Business Entity Accounting Handling” and accounting principles generally accepted in the Republic of China. The Company’s significant accounting polices are summarized below:

1. Classification of current and non-current assets and liabilities

- (1) Current assets are assets generated from operating activities, which are expected to be converted into cash, consumed, or sold during the operating period; held for trading purposes; expected to be converted into cash within one year from the balance sheet date; as well as cash or cash equivalents except those subject to exchange, curtailment or other restrictions due one year after the balance sheet date. All other assets that are not classified as current are non-current assets.
- (2) Current liabilities are liabilities resulting from operating activities, which are expected to be paid off during the operating period; incurred for trading purposes; and expected to be paid back within one year from the balance sheet date. All other liabilities that are not classified as current are non-current liabilities.
- (3) Financial liabilities that expire within 12 months from the balance sheet date which meet the following conditions are classified as non-current liabilities.
 - a. The original contract term exceeds year.
 - b. Intended for long-term refinancing.
 - c. Have completed long-term refinancing and extended the period of liabilities before the balance sheet date, or have the intention to refinance or extend the period of liabilities by one year after balance sheet date.

2. Use of estimates

- (1) In preparation of the financial statements, the Company makes significant accounting estimates and assumptions in accordance with the generally accepted accounting principles. These estimates and assumptions would affect the amounts of assets and liabilities at the balance sheet date, disclosure of contingent assets and liabilities, and the amounts of revenues and expenses for the accounting period. Actual results could differ from those assumptions and estimates.
- (2) Accrued expenses are recorded at the amounts stated in the original supporting documents. Foreign port charges without supporting documents are estimated based on past records and period-end sailing schedules. Differences between the expenses actually incurred in the following year and the estimated accrued expenses are credited or charged to operating costs or expenses in the following year.

3. Cash and cash equivalents

Cash and cash equivalents are cash, unrestricted bank deposits and short-term investments and highly liquid instruments, which are not significantly affected by fluctuations in interest rates and which can be readily converted into cash.

4. Financial assets and financial liabilities

- (1) In accordance with the SFAS No. 34, "Accounting for Financial Instruments", the Company classified financial assets into categories such as, financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets, derivative financial assets for hedge, bonds investment in non-active market, and financial assets carried at cost. The Company classified financial liabilities into categories such as, financial liabilities at fair value through profit or loss, derivative financial liabilities for hedge, and financial liabilities carried at cost. Derivative financial instruments that are not designated as effective hedging instruments are classified as financial assets held for trading and financial liabilities held for trading. On initial recognition, financial assets and financial liabilities are measured at fair value. For financial assets and financial liabilities at fair value through profit or loss which are not measured at fair value, transaction costs that are directly attributable to the acquisition or issuance of liability are capitalized. The Company adopted the trade date accounting for regular purchase or sale. The regular purchase or sale refers to the acquisition or sale of financial assets within a period generally accepted in the market or standardized by regulations.
- (2) After the initial recognition of financial assets, the financial assets are remeasured as follows:

- a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are classified into financial assets held for trading and financial assets designated as at fair value through profit or loss at inception. Fair value of listed and OTC Securities is based on the closing price at the balance sheet date, while the fair value of mutual funds is based on the net asset value at the balance sheet date.

b. Held-to-maturity financial assets

Held-to-maturity financial assets are financial assets with fixed or determinable payments and a fixed maturity that the Company has positive intent and ability to hold to maturity as held-to-maturity financial assets. On subsequent measurement, held-to-maturity financial assets are carried at amortized cost. Any profits or losses incurred due to changes in fair value are recognized in income statement when recognizing impairments or amortization. The amortised cost is calculated as the amount at which the asset is measured at initial recognition minus any repayments of principal, plus or minus the cumulative amortization using the effective interest rate method of the difference between the initial amount and the maturity amount less any reduction for impairment or uncollectibility. While determining cash flows associated with the financial instruments for calculating the effective interest rate, the Company takes into consideration the contract terms of financial instruments including transaction fees paid or received, premiums or discounts and transaction cost.

c. Debt investments with no active market

Debt investments with no active market are financial assets with fixed or determinable payments that are not quoted in active market. Such assets are carried at amortized cost using the effective interest method. Gains or losses are recognized when such investments are derecognized, impaired, or amortized.

d. Available-for-sale financial assets

Available-for-sale financial assets include assets that are available for sale and all other non-derivative financial assets that do not qualify in any of the three categories of financial assets mentioned above. Available-for-sale financial assets are measured at fair value. All changes in fair value, except impairment losses and foreign exchange rate losses for monetary financial assets, are recognized directly in equity until the asset is derecognized. When the financial asset is derecognized, the cumulative gain or loss that was previously recognized in equity is recognized in profit or loss in the income statement.

e. Derivative financial assets held for hedging purposes

Derivative financial assets held for hedging purposes are those that are designated as effective hedging instrument under hedge accounting. On subsequent measurement, derivative financial assets held for hedging purposes are carried at fair value. The fair value of listed stocks is based on the closing price at the balance sheet date. The fair value of open-ended funds is based on the net asset value at the balance sheet date.

f. Financial assets carried at cost

Financial assets carried at cost are those with fair values that can not be reliably measured and are traded in non-active market without public price, and derivative financial instruments linked to and completed by the financial assets.

- (3) The subsequent measurement for financial liabilities is measured at amortized cost. For financial liabilities at fair value through profit or loss and derivatives financial liabilities, the fair value is applied for measurement. For linked derivative financial liabilities that are traded in non-active market without reliable fair value, cost method is applied for measurement. The financial liabilities that are designated as hedging instruments are accounted for using hedge accounting.

5. Derecognition of financial assets and liabilities

- (1) All or part of a financial asset is derecognized when the contractual rights that compose the asset is expired. When all or part of a financial asset is transferred and contractual rights that composes the asset is given up, the cash flow received from the clearing house within a certain limit is treated as sale. When the transfer of financial asset does not qualify as lost of contractual rights, then such transfer of asset is recognized as guaranteed loan. Reacquiring rights of such assets will no longer be accounted as derivative financial assets.
- (2) All or part of a financial liability is derecognized when the obligation specified in the contract binding the financial liability is either discharged, cancelled or expired. Where there has been an exchange between an existing borrower of debt instruments and the Company with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, then the transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any gain or loss from extinguishment of the original financial liability is recognized in the income statement.

6. Allowance for doubtful accounts

The allowance for doubtful accounts is provided based on the collectibility and aging analysis of notes and accounts receivable and other receivables.

7. Inventories

Fuel inventories are physically measured by the crew of each ship and reported back to the Head Office through telegraph for recording purposes at year-end. Valuation of inventories is based on the exchange rate prevailing at the end of the fiscal year.

8. Long-term equity investments accounted for under the equity method

- (1) The equity method is applied where the Company holds more than 20% of the voting shares and can exercise significant influence over the investees. The difference between the investment cost and the stocks' net worth is amortized over five years on a straight-line basis. Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standards No. 5 "Long-term Investments in Equity Securities", the difference between initial investments and the stocks' net worth is no longer amortized. The amortized amount can not be reversed. If the investment cost is higher than the stock's net worth, the unamortized amount is recognized as goodwill. If the investment cost is less than the stock's net worth, the unamortized amount is recognized as deferred liability. Any additional difference is recognized in accordance with the guidelines related to amortization of acquisition cost, as stated in the SFAS No. 25. "Business Combination-Purchase Price Accounting". The unrealized revenue which occurred between the Company and its investee or occurred between investees in the period is eliminated.

- (2) Foreign currency denominated financial statements of overseas subsidiaries and investees are translated into New Taiwan dollars in accordance with the Statement of Financial Accounting Standards (SFAS) No. 14, "Accounting for Foreign Currency Transactions and Translation of Foreign Financial Statements". The translation differences are recorded as "cumulative translation adjustments" under stockholders' equity.
- (3) The Company's consolidated financial statements are prepared in accordance with the SFAS No. 7 "Consolidated Financial Statements". Investee companies of which the Company holds more than 50% voting shares of an investee or the Company holds less than 50% voting shares of an investee, but has effective control over the investee are included in the consolidated financial statements.

9. Property, plant and equipment

- (1) Property, plant and equipment are stated at cost plus capitalized interest and less accumulated depreciation and impairment. Expenditures incurred on major improvements or renewals that will increase the efficiency or prolong the useful lives of the assets are capitalized. Other expenditures related to regular maintenance and repairs are expensed as incurred. Gains or losses on disposal of property, plant and equipment are credited or charged to non-operating income in the year of disposal.
- (2) Depreciation is calculated on a straight-line basis according to the respective assets' useful lives regulated by the Ministry of Finance plus one year for salvage value.
- (3) For ships and equipment that are still in use after expiration of their useful life, depreciation is provided based on the original method and the reassessed useful life and salvage value. For other assets that are still in use after expiration of their useful life, depreciation is provided based on the original method to the extent that the salvage value falls below \$3,000. Where impairment loss is recognized, property, plant and equipment shall be depreciated over their remaining useful life based on their carrying value adjusted for the impairment loss.

10. Asset impairment

- (1) Pursuant to SFAS No. 35, the Company assesses indicators for impairment for all its assets within the scope of SFAS No. 35 at each balance sheet date. If impairment indicators exist, the Company shall then compare the carrying amount with the recoverable amount of the assets or the cash-generating unit ("CGU") and write down the carrying amount to the recoverable amount where applicable. Recoverable amount is the higher of fair value less costs to sell and the value in use. For previously recognized losses, the Company shall assess, on each balance sheet date, whether there is any indication that the impairment loss may no longer exist or may have decreased. If there is any such indication, the Company is required to recalculate the recoverable amount of the asset. If the recoverable amount increases as a result of the increase in the estimated service potential of the assets, the Company shall reverse the impairment loss to the extent that the carrying amount after the reversal would not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the assets in prior years. Impairment loss (reversal) is classified as non-operating losses/ (income).

(2) The Company assesses the financial assets whether there is any objective evidence of impairment within the scope of SFAS No. 35 at each balance sheet date. Impairment calculation and recognition for financial assets with different valuation model is as follows:

a. Financial assets carried at amortized cost

When there is an objective evidence of impairment for financial assets carried at amortized cost, the impairment value is measured as the difference between the carrying amount and the present value of the expected future cash flows discounted at the original effective rate. The carrying amount of the financial assets is reduced through an allowance account, and impairment loss is recognized as profit or loss for the period. If, in a subsequent period, the amount of the impairment loss decreases, and the amount of the impairment loss is clearly due to an event occurring after the initial recognition of impairment, the previously recognized impairment loss shall be reversed through allowance account. However, the carrying value of financial assets shall not be higher than the amortized cost of unrecognized impairment after reversal. The reversed amount shall be recognized in the income statement.

b. Financial assets carried at cost

When there is an objective evidence of impairment for investments in unquoted equity instruments, the impairment loss is recognized as loss for the period. The amount for impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the financial asset's effective interest rate at the time. Reversal of impairment loss recognized is not allowed for these assets.

c. Available-for-sale financial assets

When there is an objective evidence of impairment for available-for-sale financial assets, the cumulative net loss that had been recognized from equity is removed and recognized in profit or loss for the period. The amount to be recognized for impairment is the difference between the acquisition cost (minus principal recovered and any adjustments to amortization) and the current fair value or the recoverable amount with further deduction of the remaining amount of such financial assets after impairment loss has been deducted. The recovery values of available-for-sale financial assets are based on the present value of the expected future cash flows discounted at the similar original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases, such deduction in the amount of impairment loss for available-for-sale equity instruments can not be recognized in the income statement, but rather as adjustments in equity. However, if the subsequent decrease in the amount of the impairment loss is clearly due to an event occurring after the initial recognition of impairment, the previously recognized impairment loss can be reversed through profit or loss.

11. Deferred charges

Deferred charges refer to the expenses incurred for decoration, issuance of corporate bonds, computer software and cable installation. The expenses incurred for decoration are amortized on a straight-line basis over five years, expenses incurred for issuance of corporate bonds are amortized over the issuance period, expenses incurred for issuance of convertible bonds are amortized over the period from the issuance date to the expiry date of the redemption rights and the remaining are amortized over 2-3 years.

12. Convertible bonds

- (1) Pursuant to the newly issued SFAS No. 36 “Disclosure and Presentation of Financial Instruments”, the equity component of the compound financial instrument issued before the effective date (January 1, 2006) should not be separated from such compound instrument. In accordance with guideline stated in the Letter Chi-Mi-Tze No. 78 (95) issued by the Accounting Research and Development Foundation, the embedded derivative instrument that is not composed by equity should be separated with the main contract after judgment, the issuer does not have to separate the derivative component, but must continuously recognize interest compensation and premium or discount. The Company used same accounting method for corporate bonds issued before January 1, 2006. The difference between the issue price and face value of convertible corporate bonds is accounted for as premium or discount which is required to be amortized over the period from the date of issuance to maturity date in accordance with the interest method. Premium or discount on convertible corporate bonds with redemption options is required to be amortized over the period from the date of issuance to the expiry date of the redemption right. The excess of the redemption price over the face value of the convertible bonds is recognized as liability on interest compensation under the interest method during the period from the date of issuance to the expiry date of the redemption right.
- (2) Conversion of convertible bonds is accounted for by the book value method. The unamortized premium or discount, issuance cost, accrued interest payable, interest payable by the bondholders, liability on interest compensation and the face value of the bonds are netted on the date of conversion, and the resulting net amount is reversed accordingly. The excess of the net amount over the par value of the converted stock is recorded as capital surplus.
- (3) Where the bondholders do not exercise the redemption option before it expires, the interest compensation is amortized according to the interest method over the period from the date following the expiry date of the redemption option to the maturity date of the bonds. Where the market price of the stocks that can be converted from the convertible bonds on the expiry date of the redemption option exceeds the redemption price, the interest compensation recognized is reclassified to capital surplus.

13. Pensions

- (1) The Company’s pension plan applies to all permanent employees. For the first fifteen years of service, two points are rewarded for each year of service. For service period exceeding 15 years, one point is rewarded for each additional year of service with a maximum of 45 points allowed. Pensions paid upon retirement are based on the service period and the average monthly salary of the last six months prior to the approval of retirement. The Company’s staff retirement and relief scheme has been revised several times and was approved by the Taipei City Government. The main purpose of the revision is to allow the employees transferred to related companies to apply for pensions as retired employees.
- (2) Pursuant to the letter (91) Fu-Lao-2-Tze 09132271100 issued by the Taipei City Government on May 22, 2002 and the letter (91) Cai-Pei-Kuo-Shui-Shen-1-Tze 091003376 issued by the Taipei National Tax Administration Ministry of Finance (TNTA) on May 31, 2002, the Company revised the contribution rate for pension fund from 10.76% of the total monthly salary to 8.25% starting from March 2002. Pursuant to the letter (92) Bei-Shi-Lao-2-Tze 09232103200 issued by the Taipei City Government and the letter (92) Cai-Pei-Kuo-Shui-Shen-1-Tze 0920046375 issued by the TNTA on May 13, 2003, the contribution rate for pension fund was revised again from 8.25% of the total monthly salary to 9.6% starting from April 2003. The pension fund is deposited with the Central Trust of China in an exclusive account.

- (3) The Labor Pension Act (“the Act”), which adopts a defined contribution scheme, took effect from July 1, 2005. In accordance with the Act, employees of the Company may elect to be subject to either the Act, and maintain their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. For employees subject to the Act, the Company shall make monthly contributions to the employees’ individual pension accounts on a basis no less than 6% of the employees’ monthly wages.
- (4) In accordance with the SFAS No. 18, “Accounting for Pension”, the Company has recognized pension costs based on the actuarial report since 1995. Under the defined benefit pension scheme, net periodic pension cost is contributed based on the actuarial report, which includes current service cost, interest cost, expected rate of return on plan assets, and amortization of unrecognized net transition assets. The part of accumulated benefit obligation which exceeds fair value of pension fund is recorded as minimum pension liability on the balance sheet. Unrecognized net transition assets and net benefit obligation are amortized on a straight-line basis over 15 years. Prior service cost and gain or loss is amortized over the average remaining service period on a straight-line basis. While preparing interim financial statements, the amount of minimum pension liability is adjusted by the difference between net periodic pension cost and contribution. Under the defined benefit pension scheme, contribution is recognized in the year when the expenditures are incurred. The amount of the minimum pension liability does not have to be re-evaluated. In accordance with the SFAS No. 23 “Presentation and Disclosure for Interim Financial Reports”, information related to pension is not disclosed.

14. Revenue recognition

Recognition of revenues is accounted for in accordance with the SFAS No. 32, “Accounting for Revenue Recognition”.

15. Income taxes

- (1) Projected income tax is estimated based on the expected taxable income for the current year. Difference between the estimated tax and the actual tax paid is recorded as an adjustment to income tax expense for the current year. An additional 10% tax is levied on unappropriated retained earnings, which is recorded as income tax expense in the year the tax is levied.
- (2) Inter-period and intra-period income taxes are allocated in accordance with the SFAS No. 22, “Accounting for Income Taxes”. Income tax effects arising from taxable temporary differences are recognized as deferred income tax liabilities. Income tax effects arising from deductible temporary differences, loss carryforwards and income tax credits are recognized as deferred income tax assets and a valuation allowance is provided based on the expected realizability of the deferred income tax assets. In accordance with the “Statute of Income Basic Tax Amount”, effective January 1, 2006, the estimated basic tax amount payable in the future is considered by the Company in evaluating the realizability of deferred income tax assets.
- (3) Income tax credits are accounted for in accordance with the SFAS No. 12, “Accounting for Income Tax Credits” and are recognized in the year the related expenditures are incurred.

16. Basic (diluted) earnings per share

Basic earnings per share is calculated based on the net income (loss) attributed to common stockholders and the weighted-average number of common shares outstanding during the period. Any capital increase (reduction) through cash infusion (withdrawal), treasury stock transactions or other factors that would cause a change in the number of outstanding shares are incorporated in the calculation on a weighted-average basis according to the circulation period. Adjustments are made retroactively to the weighted-average number of outstanding shares if there is any increase (decrease) in the number of outstanding shares which does not result in changes in the stockholders' percentage of equity interest. Where the effective dates of the above-mentioned events fall between the balance sheet date and the issue date of the financial statements, retroactive adjustments are also required. For the purpose of calculating diluted earnings per share, it is assumed that the convertible bonds are converted into the common stock on the date of issuance of the bonds, and the weighted-average number of outstanding shares is adjusted for the dilutive effect of the convertible bonds.

17. Foreign currency transactions

(1) Exchange of foreign currency transactions

Transactions of non-derivative financial instruments denominated in foreign currencies are recorded in New Taiwan dollars translated using the exchange rate on the date of the transaction. Any gain or loss incurred due to different exchange rate applied at the time of the actual exchange or settlement is recognized in the income statement for the current period. The carrying amounts of foreign currency denominated assets and liabilities at the balance sheet date are translated at the exchange rate on that date. In addition, any resulting foreign exchange rate gains or losses are recognized in the income statement for the current period. However, for equity instruments classified under available-for-sale financial assets, foreign exchange rate gain or loss is recognized as an adjustment in equity. Equity instruments accounted for by the cost method are measured at the historical exchange rate on the transaction date. For foreign currency denominated long term investments which are accounted for by the equity method, the measurement is based on the equity reported in the financial statements of the investee companies prepared in foreign currencies adjusted for translations. Foreign exchange rate gain or loss is then recognized as changes in cumulative translation adjustments under equity.

(2) Currency translation basis for foreign subsidiaries

The foreign currency financial statements of the subsidiaries accounted for under the equity method are translated into New Taiwan dollars. All assets and liabilities are translated by the exchange rate at the balance sheet date. Except for the beginning retained earnings which is translated by the exchange rate at the end of prior year, all other equity accounts are translated by the historical rate. The accounts in income statement are translated by the average exchange rate. The difference between the translated amount and the initial cost is recorded as "cumulative translation adjustment" under stockholders' equity.

18. Derivative financial instruments and hedge trading

- (1) Oil swap and interest rate swap are utilized to hedge against fluctuations in interest rates and oil prices. The initial recognition and subsequent valuation of derivative financial instruments are carried at fair value. The assets are recognized for positive fair values, the liabilities are recognized for negative fair value.
- (2) The changes in fair value of derivatives are recognized in the income statement when such instrument does not qualify for hedge accounting.

Hedge relationship is classified into following three categories:

- a. Fair value hedges: to mitigate the risk of changes in the fair value of a recognized asset or liability or unrecognized commitment.
- b. Cash flow hedges: to mitigate the risk of volatility in cash flow. The volatility is attributable to a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction that might affect profit or loss.
- c. Hedge of net investment in a foreign operation: to mitigate the risk of the exchange rate fluctuations associated with net investment in a foreign operation.

The Company used cash flow hedge to avoid the exchange risk arising from existing commitments.

- (3) The hedging relationship, management and strategy are documented at the beginning of a designated hedge. The hedge instruments, related hedge items or transactions and identification of hedged risk, and the method for measuring the hedge effectiveness, are also documented. The Company expects that the hedge could offset the volatility of fair value and cash flow during the period under hedge. The Company also assesses the effectiveness of hedge, and makes sure the hedge is highly effective during the period.
- (4) In the case where the hedge trading meets the criteria of hedge accounting, the accounting for hedging is set forth below:
 - a. Fair value hedge

The fair value hedge is used to mitigate the risk of a fair value change of the recognized assets or liabilities, unrecognized commitment, or designated part of such items, which could arise from certain specific risk and affect income. In a fair value hedge, the gain or loss on the hedged items arising from hedged risks are recognized in the income statement. The gain or loss on derivative financial instruments measured at fair value on the subsequent measurement is also recognized in the income statement.

For the fair value hedge associated with hedged items that are initially measured at amortized cost, the adjustment is amortized under effective interest method by the budging period and recognized in the income statement. The amortization begins either when the adjustment is recognized or when hedge accounting ceases to apply.

For the unrecognized commitment that is designated as a hedge item, the cumulative fair value changes due to hedged risk are classified as assets or liabilities and recognized in the income statement.

The Company discontinues hedge accounting when the hedging instrument is settled, sold, terminated or exercised, no longer qualifies for hedge since it does not meet the criteria of hedge relationship, or when the Company decides to revoke the designation.

b. Cash flow hedge

Cash flow hedge avoids risk of volatility in cash flow arising from specific risks associated with recognized assets or liabilities, or highly expected transaction which will affect income statement. The gain or loss that is attributable to effective hedge is recognized in equity directly and that is attributable to ineffective hedge is recognized in income statement.

In the case where the expected transaction being hedged is likely to result in the recognition of financial assets or financial liabilities, the gain or loss previously recognized directly as adjustments in equity is to be transferred to income statement as profit or loss in the period when such assets or liabilities affect net income. In other case where the expected transaction under hedge is likely to result in the recognition of non-financial assets or non-financial liabilities, the gain or loss previously recognized directly as adjustments in equity for such hedging instrument is treated as valuation adjustments to the book value of such assets or liabilities.

When the occurrence of the expected transaction is deemed unlikely, the accumulated profit or loss previously recognized as adjustments in equity is recognized as profit or loss for the period. When hedging instruments are matured, sold, terminated or executed, or when the Company cancelled designated hedging instruments under initial recognition, the accumulated amount previously recognized directly as adjustments in equity remains in equity as an adjustment item when such expected transaction do occur. However, when such expected transaction is not likely to occur, the accumulated amount is recognized in current income.

c. Hedge of net investment in a foreign operation

Accounting for hedge of net investment in a foreign operation is similar to accounting for cash flow hedge. The hedge instruments are recognized directly in equity when deemed effective and recognized in the income statement when deemed ineffective. Cumulative gains or losses recognized as adjustments in equity are transferred to income statement upon disposal of foreign operation.

C. CHANGES IN ACCOUNTING PRINCIPLES

1. Effective January 1, 2006, the Company adopted the Statement of Financial Accounting Standards (SFAS) No. 34, "Accounting for Financial Instruments" and SFAS No. 36, "Presentation and Disclosure of Financial Instruments". All financial instruments on hand as of the effective date are recognized according to the following:

- (1) Transaction which was designated as a hedge prior to the effective date

For designated hedge transaction prior to the effective date which does not qualify for conditions of an effective hedge accounting is no longer applicable since the effective date. No retroactive adjustment is required for prior year accounting and relative SFAS is to be complied with.

- (2) Accounting for derivative instruments

The Company recognizes all derivative financial instruments either as assets or liabilities at fair value. With the exception of those designated as hedging instruments, the difference between the carrying value and the fair value of all derivative financial instruments is recognized as cumulative effect of changes in accounting principles.

(3) Accounting for financial instruments at fair value through profit or loss and amortized cost

The Company reclassified its financial assets and financial liabilities at fair value and amortized cost according to appropriated categories as of the effective date and measured each at fair value and amortized cost, respectively. Difference between the carrying value and the fair value of the financial instruments at fair value through profit or loss is recognized as cumulative effect of changes in accounting principles. Difference between the carrying value and the fair value of the financial instruments either measured at amortized cost or classified under the available-for-sale financial instruments, and the derivatives which are associated with cash flow hedge or net investment hedge for foreign operation are recognized directly in equity.

(4) Accounting for cash flow hedge

The Company reclassified the deferred income and loss incurred for cash flow hedge before the effective date that still qualify for conditions of an effective hedge since effective date to adjustment item in equity.

(5) Accounting for the non-monetary assets denominated in foreign currency

The Company revalues the costs of its non-monetary assets denominated in foreign currencies originally carried at costs using the prevailing exchange rate at the trade date. Cumulative loss originally recognized in equity is then transferred to other financial assets.

The effects of the above changes in accounting principles on the financial statements of the Company for the six-month period ended June 30, 2006 are set forth as follows:

	Recognized as Cumulative Effect of Changes in Accounting Principles		Recognized as Adjustments in Equity	
	Pre tax	After tax	Pre tax	After tax
Financial assets at fair value through profit or loss-current	\$81,120	\$74,891	\$-	\$-
Derivative financial assets held for hedging-current	-	-	169,983	127,487
Available-for-sale financial assets-non current	-	-	72,213	72,213
Held-to-maturity financial assets-non current	-	-	3,799	2,849
Debt investment with no active market-non current	-	-	(367)	(367)
Financial liabilities at fair value through profit or loss-current	(228,665)	(171,499)	-	-
Derivative financial liabilities held for hedging-non current	-	-	(75,574)	(56,681)
Financial liabilities accounted for by the cost method-non current	-	-	(9,004)	(9,004)
Total	<u><u>\$(147,545)</u></u>	<u><u>\$(96,608)</u></u>	<u><u>\$161,050</u></u>	<u><u>\$136,497</u></u>
Effect to EPS: (In dollars)				
Basic EPS	<u><u>\$(0.05)</u></u>	<u><u>\$(0.03)</u></u>		
Diluted EPS	<u><u>\$(0.05)</u></u>	<u><u>\$(0.03)</u></u>		

2. The difference between initial investment and the net worth of investees' equity for long-term investments under equity method was amortized on a straight line basis over 5 years. Pursuant to the newly revised SFAS No. 5, "Accounting for Long-Term Investment in Equity Securities", effective January 1, 2006, such difference is recognized in accordance with the guidelines related to amortization of acquisition costs, as stated in SFAS No. 25 "Business combination-Purchase Price Accounting". Difference attributable to goodwill is no longer amortized. Such changes in accounting principles had no effect on net income and EPS for the six-month period ended June 30, 2006.
3. Effective January 1, 2007, the Company adopted the Statement of Financial Accounting Standards (SFAS) No. 37, "Accounting for Intangible Assets". Such change in accounting principle had no effect on net income, EPS and total assets as of and for the six-month period ended June 30, 2007.

D. DETAILS OF SIGNIFICANT ACCOUNTS

1. Cash and cash equivalents

	June 30, 2007	June 30, 2006
Cash	\$16,650	\$11,017
Checking accounts	36,912	30,666
Demand deposits	8,655	4,401
Foreign currency deposits	1,676,392	1,148,128
Time deposits (New Taiwan dollars)	2,664,952	7,800
Time deposits (foreign currencies)	810,233	1,610,055
Cash equivalents - reverse repurchase bonds	-	1,262,000
Less: Unrealized foreign exchange loss	(20,655)	(17,995)
Net	<u>\$5,193,139</u>	<u>\$4,056,072</u>

(1) The interest rates on the above time deposits for the six-month periods ended June 30, 2007 and 2006 ranged from 0.52% to 5.25% and 2.06% to 5.37%, respectively.

(2) The interest rate on the reverse repurchase bonds for the six-month period ended June 30, 2006 ranged from 1.42% to 1.49%.

2. Financial assets at fair value through profits or loss

	June 30, 2007	June 30, 2006
Financial assets held for trading :		
Bond investments	\$-	\$3,948
Equity securities	67,210	99,741
Beneficiary certificates	1,463,541	3,038,713
Interest rate swap (IRS)	34,454	30,694
Currency exchange swap (CCS)	11,424	-
Oil swap	16,033	-
Foreign exchange rate option	319	-
Structural financial instruments	542,040	576,645
Equity-linked financial instruments	24,475	49,796
Subtotal	<u>2,159,496</u>	<u>3,799,537</u>
Less: Valuation adjustment	(35,863)	(71,019)
Net	<u>\$2,123,633</u>	<u>\$3,728,518</u>

(1) Effective January 1, 2006, the above financial assets are classified as financial assets held for trading. Under the SFAS No. 34 "Accounting for Financial Instruments", the fair value recognition method resulted in a favorable cumulative effect of changes in accounting principles of \$74,891 (after tax) which was included in the net income for the six-month period ended June 30, 2006.

(2) As of June 30, 2007 and 2006, the outstanding interest rate swap contracts are set forth below:

In thousand dollars

June 30, 2007			June 30, 2006		
Contract Period	Notional Amount	Carrying Value	Contract period	Notional Amount	Carrying Value
08.27.03~08.27.07	USD5,000	\$2,660	08.27.03~08.27.07	USD5,000	\$7,474
05.28.04~09.16.07	USD1,400	737	05.26.04~09.16.07	USD4,000	1,661
05.07.04~05.07.07	USD10,000	-	05.07.04~05.07.07	USD10,000	6
08.27.03~08.27.07	USD7,500	4,013	08.27.03~08.27.07	USD7,500	11,255
03.18.05~03.18.09	USD10,000	7,323	03.16.04~03.16.09	USD10,000	2,894
05.07.04~05.07.07	USD10,000	-	05.07.04~05.07.07	USD10,000	554
03.16.05~03.16.09	USD15,000	10,192	03.16.04~03.16.09	USD15,000	4,022
07.02.04~07.02.09	USD25,000	9,312	04.26.05~04.26.10	USD25,000	2,828
08.19.03~08.19.08	NTD500,000	191	-	-	-
11.18.03~11.18.08	USD20,000	26	-	-	-
Total		<u>\$34,454</u>			<u>\$30,694</u>

(3) As of June 30, 2007 and 2006, the outstanding currency exchange swap contracts are set forth below:

In thousand dollars

June 30, 2007			June 30, 2006		
Contract Period	Notional Amount	Carrying Value	Contract period	Notional Amount	Carrying Value
09.14.06~09.14.07	USD3,000	\$2,434	-	-	\$-
03.22.07~12.20.07	USD3,000	164	-	-	-
03.20.07~12.06.07	USD3,000	381	-	-	-
04.27.07~05.03.08	USD3,000	3,473	-	-	-
06.28.07~12.28.08	USD3,000	4,972	-	-	-
Total		<u>\$11,424</u>			<u>\$-</u>

(4) As of June 30, 2007 and 2006, the outstanding oil swap contracts are set forth below:

In thousand dollars

June 30, 2007			June 30, 2006		
Contract Period	Notional Quantity (Ton)	Carrying Value	Contract Period	Notional Quantity (Ton)	Carrying Value
Oil Swap 09.06~02.09	7,692	\$16,033	-	-	\$-

- (5) As of June 30, 2007 and 2006, the outstanding foreign exchange rate swap contracts are set forth below:

In thousand dollars

June 30, 2007			June 30, 2006		
Contract Period	Notional Amount	Carrying Value	Contract period	Notional Amount	Carrying Value
06.08.07~07.20.07	USD17,000	\$319	-	-	\$-

- (6) As of June 30, 2007 and 2006, the contracts of structural financial instruments and equity-linked notes are set forth below:

In thousand dollars

	June 30, 2007		June 30, 2006	
	Notional Amount	Carrying Value	Notional Amount	Carrying Value
Structural financial instruments	USD12,230/ JPY508,150	\$532,484	USD16,000/ NTD50,000	\$554,074
Equity-linked notes	NTD20,500/ HKD1,000	24,544	NTD50,000	49,943
Total		\$557,028		\$604,017

- (7) As of June 30, 2007 and 2006, the above financial instruments were not pledged as collateral for issuance of commercial papers.

3. Held-to-maturity financial assets-current

	June 30, 2007	June 30, 2006
Bond investments due within one year	\$-	\$25,455

Please refer to Note D.10 for details of the above bond investments.

4. Derivative financial assets for hedging-current

	June 30, 2007			June 30, 2006		
	Contract Period	Notional Amount (tons)	Carrying Value	Contract Period	Notional Amount (tons)	Carrying Value
Oil Swap	-	-	\$-	02.06-07.06	5,000	\$9,613
"	-	-	-	02.06-07.06	5,000	9,291
"	-	-	-	02.06-07.06	5,000	9,659
"	-	-	-	04.06-09.06	15,000	28,604
"	-	-	-	02.06-07.06	5,000	9,653
Total			\$-			\$66,820

- (1) Effective January 1, 2006, the Company recorded those that qualify as effective hedging instrument under the SFAS No. 34 “Accounting for Financial Instruments” at fair value resulting in a favorable unrealized gain of \$127,487 (after tax) which was recognized under equity and was not included in the net income for the six-month period ended June 30, 2006.
- (2) For details on risk management and hedging strategy of the above oil swap, please refer to Note J.

5. Accounts receivable, net

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Non-related parties	\$816,713	\$1,532,451
Less: unrealized foreign exchange loss	(4,268)	18,756
Less: allowance for doubtful accounts	<u>(1,577)</u>	<u>(1,577)</u>
Subtotal	810,868	1,549,630
Related parties	<u>157,273</u>	<u>436,065</u>
Net	<u><u>\$968,141</u></u>	<u><u>\$1,985,695</u></u>

6. Other receivables

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Non-related parties		
Accrued income	\$9,804	\$2,794
Tax refund receivable	19,130	47,595
Accounts receivable from disposal of investment	180,008	50,477
Current portion of long-term installment receivables	256,049	59,521
Others	<u>96,392</u>	<u>146,727</u>
Subtotal	<u>561,383</u>	<u>307,114</u>
Related parties		
Dividend receivable	388,856	531,770
Others	<u>493,340</u>	<u>172,840</u>
Subtotal	<u>882,196</u>	<u>704,610</u>
Total	<u><u>\$1,443,579</u></u>	<u><u>\$1,011,724</u></u>

Please refer to Note D12 for details regarding the current portion of long-term installment receivables.

7. Other financial assets – current

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Future transaction margin	<u>\$106,894</u>	<u>\$2,814</u>

8. Inventories

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Fuel	<u>\$465,125</u>	<u>\$570,566</u>

9. Other current assets

	June 30, 2007	June 30, 2006
Agency accounts	\$3,130,755	\$3,833,158
Agency reciprocal accounts	36,773	29,248
Temporary debits	100,902	41,380
Total	<u>\$3,268,430</u>	<u>\$3,903,786</u>

(1) Agency accounts

The Company has entered into agreements with foreign agents to deal with the port formalities related to foreign ports such as arrival and departure of ships, cargo loading, discharging and forwarding, collection of freight and payment of expenses incurred with foreign ports. The above transactions are booked in the agency accounts.

(2) Agency reciprocal accounts

The Company has been appointed by Evergreen International S.A., Greencompass Marine S.A., Italia Marittima S.P.A. and Hatsu Marine Limited as their agent to pay the petty cash required by their vessels, crew salaries and insurance premiums in Taiwan. The above transactions are booked in the agency reciprocal accounts.

10. Long-term investments

	June 30, 2007	June 30, 2006
Available-for-sale financial assets – non current	\$711,860	\$586,680
Financial assets carried at cost – non current	1,492,397	2,182,966
Debt investment with no active market- non current	11,726	12,709
Long-term equity investment accounted for under the equity method	58,250,439	57,243,081
Other long-term investment	312	312
Total	<u>\$60,466,734</u>	<u>\$60,025,748</u>

(1) Available-for-sale financial assets - non current :

	June 30, 2007		June 30, 2006	
	Amount	Ownership (%)	Amount	Ownership (%)
Central Reinsurance Corp.	\$490,801	8.45	\$490,801	8.45
Fubon Financial Holding Co., Ltd.	<u>7,087</u>	0.04	<u>7,344</u>	0.04
Subtotal	497,888		498,145	
Plus: valuation adjustment	<u>213,972</u>		<u>88,535</u>	
Total	<u>\$711,680</u>		<u>\$586,680</u>	

- a. Effective January 1, 2006, the Company classified the above financial assets as available-for-sale financial assets-non-current at fair value according to the SFAS No. 34 “Accounting for Financial Instruments” resulting in a favorable unrealized gain of \$72,213 (after tax) which was recognized under equity and was not included in the net income for the six-month period ended June 30, 2006.

b. As of June 30, 2007 and 2006, the above financial assets were not pledged as collateral.

(2) Held-to-maturity financial assets – non current

	June 30, 2007			
	Face Value	Period	Interest rate (%)	Amount
Container Terminal Development Bonds	KRW750,000 thousand dollars	11.26.99~11.26.06	8.00	\$-
Add: Unrealized exchange gain				-
Total				-
Less: due within one year				-
Due over one year				\$-
	June 30, 2006			
	Face Value	Period	Interest rate (%)	Amount
Container Terminal Development Bonds	KRW 750,000 thousand dollars	11.26.99~11.26.06	8.00	\$20,472
Add: Unrealized exchange gain				4,983
Total				25,455
Less: due within one year				(25,455)
Due over one year				\$-

a. Effective January 1, 2006, the Company classified the above financial assets as held-to-maturity financial assets - non-current which were adjusted at the prevailing exchange rate on effective date under the SFAS No. 34 "Accounting for Financial Instruments". Such adjustment resulted in a favorable unrealized gain of \$2,849 (after tax) which was recognized under equity and was not included in the net income for the six-month period ended June 30, 2006.

b. As of June 30, 2007 and 2006, the above financial assets were not pledged as collateral.

(3) Financial assets carried at cost - non current:

	June 30, 2007		June 30, 2006	
	Amount	Ownership (%)	Amount	Ownership (%)
Non-listed securities				
Top Logis Inc.	\$22,100	14.79	\$ -	-
Power World Fund Inc.	14,603	5.68	27,272	5.68
Fubon Securities Finance Co., Ltd.	190,322	4.93	190,322	4.93
Linden Technologies, Inc.	15,372	2.53	15,372	2.53
Taiwan HSR Consortium	1,250,000	2.51	1,250,000	2.53
Taiwan Fixed Network Co., Ltd.	-	-	700,000	1.08
Well Long Information Co., Ltd.	-	0.14	-	0.14
Total	\$1,492,397		\$2,182,966	

- a. In April 2007 and July 2006, Power World Fund Inc. (PWF) reduced its capital at a conversion rate of 18.93% and 33.93%, respectively. The amount returned to the stockholders was \$10 (in dollars) par value per share. As a result of the capital reduction, the proceeds received by the Company based on its proportionate equity interest in PWF were \$3,408 and \$9,261, respectively, and the carrying amount of the Company's investment in PWF was written down by \$3,408 and \$9,261, respectively. No gain or loss was incurred.
- b. In April 2007, Taishin International Electricity Co., Ltd. purchased publicly shares of Taiwan Fixed Network Co. Ltd. The Company sold all its shares of Taiwan Fixed Network based on the purchase price of \$8.3 per share. The Company's investment cost was \$700,000, and the purchase price was \$581,000. As a result, a realized impairment loss of \$119,000 was recognized for the six-month period ended June 30, 2007.
- c. On October 4, 2006, the Company's Board of Directors passed a resolution to participate in the issuance of common stocks for cash by Top Logis Inc. and acquired 962 thousand common shares and 1,502 thousand preferred shares at \$2.01 and \$0.4 (in dollars) per share, respectively, resulting to a total investment of \$22,100 which is recorded under financial assets carried at cost.
- d. As of June 30, 2007 and 2006, the above financial assets were not pledged as collateral.

(4) Debt investment with no active market:

Item	Period	Coupon rate	June 30, 2007	June 30, 2006
Convertible Bond – Tuntex (Thailand) Public Company Limited	03.10.05~ 03.10.13	0%	\$11,384	\$12,030
Add: unrealized exchange gain			342	679
Total			\$11,726	\$12,709

- a. In 1997, the Company purchased US\$180 thousand of the convertible bonds issued by Tuntex (Thailand) Public Company Limited (Tuntex). As Tuntex encountered financial difficulties, it defaulted at maturity of the bonds. Accordingly, the Company fully recognized the losses on the bonds in 2001. Tuntex subsequently filed an application to the court for corporate restructuring and reached a consensus with the creditors to reissue the abovementioned bonds. The convertible bonds allocated to the Company were recorded at their face value of THB15,737 thousand (NT\$12,581 thousand), and the Company recognized \$12,581 income under “non-operating income – others” for the six-month period ended June 30, 2006.
- b. Effective January 1, 2006, the Company reclassified the above financial assets as Bond investments with no active market - non-current which was also restated at amortized cost and adjusted by the prevailing exchange rate on the effective date under the SFAS No. 34 “Accounting for Financial Instruments”. Such adjustment resulted in an unfavorable unrealized loss of \$367 (after tax) which was recognized under equity and was not included in the net income for the six-month period ended June 30, 2006.

c. For stock conversion right of the above convertible bonds, please refer to Note D.19.

d. As of June 30, 2007 and 2006, the above financial asset was not pledged as collateral.

(5) Long-term investment under equity method:

	June 30, 2007		June 30, 2006	
	Amount	Ownership (%)	Amount	Ownership (%)
Peony Investment S.A.	\$41,291,153	100.00	\$40,115,161	100.00
Taiwan Terminal Service Co., Ltd.	69,839	55.00	77,051	55.00
Charng Yang Development Co., Ltd.	445,474	40.00	415,336	40.00
Evergreen International Storage and Transport Corporation	7,396,154	39.74	7,271,653	39.74
Evergreen Security Corporation	53,576	31.25	46,240	31.25
EVA Airways Co.	8,665,451	19.37	9,163,493	20.02
Taipei Port Container Terminal Corporation	328,792	20.00	151,870	20.00
Toplogis Technology Corporation	-	-	2,277	25.00
Total	<u>\$58,250,439</u>		<u>\$57,243,081</u>	

a. The initial cost of investments and investment gain (loss) recognized for equity accounted investees of the Company are listed as follows:

	For The Six-Month Periods Ended June 30,			
	2007		2006	
	Initial Cost	Gain (Loss)	Initial Cost	Gain (Loss)
Peony Investment S.A.	\$15,502,739	\$291,687	\$15,502,739	\$(1,661,330)
Taiwan Terminal Service Co., Ltd.	55,000	4,651	55,000	7,086
Charng Yang Development Co., Ltd.	320,000	18,576	320,000	13,340
Evergreen International Storage and Transport Corporation	4,753,514	180,522	4,753,514	57,881
Evergreen Security Corporation	25,000	5,190	25,000	5,412
EVA Airways Co.	9,267,879	(327,039)	9,267,879	(180,909)
Taipei Port Container Terminal Corporation	340,000	(1,434)	160,000	(1,349)
Toplogis Technology Corporation	-	-	10,000	(1,786)
Total	<u>\$30,264,132</u>	<u>\$172,153</u>	<u>\$30,094,132</u>	<u>\$(1,761,655)</u>

b. The investment income recognized for the above investees accounted for under the equity method was based on their financial statements audited by independent auditors for the corresponding periods except for Taiwan Terminal Service Co., Ltd., Evergreen International Storage and Transport Corporation and Taipei Port Container Terminal Corporation. For the six-month periods ended June 30, 2007 and 2006, investment income of \$172,153 and investment loss of \$1,761,655 was recognized, respectively.

- c. On March 1, 2006, the Company's Board of Directors passed a resolution for the Company to infuse additional cash in EVA Airways Co. as a shareholder. The Company subscribed 58,159 thousand shares at \$12 (in dollars) per share amounting to \$697,906. The ownership decreased to 19.37% after the additional cash infusion. Therefore, the retained earnings decreased by \$14,511. As of June 30, 2007 and 2006, percentage of ownership was 19.37% and 20.02%, respectively.
- d. On October 4, 2006, the Company's Board of Directors passed a resolution to sell all shareholdings in Toplogis Technology Corporation at \$2.1 (in dollars) per share. With a disposal price of \$2,100 and a carrying value of \$2,254, the Company incurred an investment loss of \$154.
- e. On April 19, 2007, the Company's Board of Directors passed a resolution for the Company to infuse additional cash in Taipei Port Container Terminal Corporation as a shareholder. The Company subscribed 18,000 thousand shares at \$10 (in dollars) per share amounting to \$180,000. As of June 30, 2007 and 2006, percentage of ownership was 20%.
- f. As of June 30, 2007 and 2006, the above long-term equity investments were not pledged as collateral.

(6) Other long-term investment

	June 30, 2007	June 30, 2006
Membership fee and service charges paid to Marshall golf country club	\$312	\$312

11. Property, plant and equipment, net

	June 30, 2007		
	Cost	Accumulated Depreciation	Balance
Land	\$1,998,859	\$-	\$1,998,859
Buildings	1,512,002	396,119	1,115,883
Loading/discharging equipment	4,391,778	3,034,110	1,357,668
Computer equipment	137,096	91,865	45,231
Transportation equipment	12,755,055	10,472,458	2,282,597
Ships and equipment	5,770,086	4,123,595	1,646,491
Dock facilities	418,813	-	418,813
Office equipment	216,017	155,352	60,665
Subtotal	27,199,706	18,273,499	8,926,207
Prepayments for equipment	215,821	-	215,821
Total	\$27,415,527	\$18,273,499	\$9,142,028

	June 30, 2006		
	Cost	Accumulated Depreciation	Balance
Land	\$1,998,859	\$-	\$1,998,859
Buildings	1,511,958	366,385	1,145,573
Loading/discharging equipment	4,158,619	2,795,066	1,363,553
Computer equipment	136,181	70,749	65,432
Transportation equipment	16,214,619	13,755,176	2,459,443
Ships and equipment	8,232,438	6,126,745	2,105,693
Dock facilities	622,238	-	622,238
Office equipment	212,393	147,408	64,985
Subtotal	33,087,305	23,261,529	9,825,776
Prepayments for equipment	475,406	-	475,406
Total	<u>\$33,562,711</u>	<u>\$23,261,529</u>	<u>\$10,301,182</u>

- (1) Please refer to Note E for details on the related party transactions associated with property, plant and equipment and Note F for details on assets pledged as collateral.
- (2) All the aforementioned ships and equipment have been insured based on the market value of each vessel or the requirement of the creditor banks. As of June 30, 2007 and 2006, the insurance coverage amounted to USD101,000 thousand and USD87,500 thousand, respectively. In addition, the ships were covered by the protection and indemnity insurance with GARD. The indemnity amounts were unlimited except for oil pollution which was limited to USD 8 billion and USD 10 billion as of June 30, 2007 and 2006, respectively.
- (3) The Company's loading/discharging equipment has been covered by the general insurance for construction machinery with insurance coverage amounting to \$2,008,896 and \$1,813,055 as of June 30, 2007 and 2006, respectively. The fire insurance coverage for office equipment was \$1,335,715 and \$1,383,185 as of June 30, 2007 and 2006, respectively. Container facilities were insured with full coverage amounting to USD234,725 thousand and USD260,612 thousand as of June 30, 2007 and 2006, respectively.
- (4) The Company entered into a construction agreement with Kaohsiung Harbor Bureau to complete the extension project of Pier No. 116 of Kaohsiung Harbor. The Company is entitled to use the pier free of charge for 16 years commencing from the date of completion. Upon expiration of the 16-year period, the Company is obliged to return the pier to the Bureau but has the priority to lease the pier. The construction project was reclassified to dock facilities upon its completion on January 1, 1992, and is amortized on a straight-line basis over 16 years with the amortization charged to loading/discharging expenses.
- (5) The Company entered into a construction agreement with Kaohsiung Harbor Bureau to complete the extension project of Piers No. 79~81 of Kaohsiung Harbor. The Company is entitled to use the piers free of charge for 10 years commencing from the date of completion. Upon expiration of the 10-year period, the Company is obliged to return the piers to the Bureau but has the priority to lease the piers. The construction project was reclassified to dock facilities upon its completion in the beginning of 2000, and is amortized on a straight-line basis over 10 years with the amortization charged to loading/discharging expenses.

12. Long-term installment receivables

	June 30, 2007	June 30, 2006
Receivables from sales of vessels	\$328,902	\$403,864
Less: Unrealized foreign exchange loss	(16,555)	(25,774)
Total	312,347	378,090
Less: Current portion	(256,049)	(59,521)
Long-term installment receivables, net	<u>\$56,298</u>	<u>\$318,569</u>

- (1) The above installment receivables were derived from the sale of four vessels, GLEE, GLOW, GRUP and GALT, in 2001 and 2002 with a total price of USD54,648 thousand. The interest charged on the receivables is LIBOR (London InterBank Offered Rate) plus 1.5%. As of June 30, 2007 and 2006, the accrued amount of the receivables was USD9,511 thousand and USD11,676 thousand, respectively.
- (2) As of June 30, 2007, details of the long-term installment receivables to be collected in the following years are as follows (expressed in thousand dollars):

Expiration	Amount
Within 1 year	USD 7,797
1~2 years	1,143
2~3 years	571
Total	<u>USD 9,511</u>

13. Short-term loans

Creditor	Contract Type	Contract Period	June 30, 2007	June 30, 2006
First Bank	Credit Loan	06.25.07~07.02.07	\$85,000	\$-
First Bank	Credit Loan	06.30.06~07.03.06	-	100,000
Taishin Bank	Credit Loan	06.27.07~07.03.07	700,000	-
Hua Nan Bank	Credit Loan	06.26.07~07.02.07	300,000	-
Jihsun Bank	Credit Loan	06.05.07~07.02.07	300,000	-
Tcb-bank	Credit Loan	06.26.07~07.02.07	29,000	-
Tokyo-Mitsubishi	Credit Loan	06.29.07~07.11.07	365,000	-
Tokyo-Mitsubishi	Credit Loan	06.27.07~07.06.07	248,000	-
Tokyo-Mitsubishi	Credit Loan	06.28.07~07.09.07	339,000	-
Tokyo-Mitsubishi	Credit Loan	06.28.07~07.02.07	28,000	-
Taipei Fubon	Credit Loan	06.29.07~07.06.07	500,000	-
Mizuho Bank	Credit Loan	06.29.07~07.09.07	300,000	-
Total			<u>\$3,194,000</u>	<u>\$100,000</u>

As the above short-term loans were all credit loans, none of them was secured with collaterals. The interest rate was 2.20%~2.5% and 1.62% for the six-month periods ended June 30, 2007 and 2006, respectively.

cumulative effect of changes in accounting principles of \$171,499 (after tax) and was included in the net income for the six-month period ended June 30, 2006.

- (2) For the disclosure of interest rate risk, credit risk and fair value of the above derivative financial liabilities, please refer to Note J.

15. Accrued expenses

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Accrued expenses	\$142,866	\$214,162
Estimated accrued expenses	3,362,285	2,807,999
Add: Unrealized foreign exchange loss	10,048	21,141
Total	<u>\$3,515,199</u>	<u>\$3,043,302</u>

The estimated accrued expenses represent the estimated expenses to be incurred with the foreign agents and on the agency services rendered by the Company to the foreign marine transportation companies. The estimated accrued expenses as of December 31, 2006 were \$3,724,730, of which \$2,209,766 was reversed as of June 30, 2007, constituting 59.33% of the estimated amount. The estimated accrued expenses as of December 31, 2005 were \$2,544,448, of which \$2,192,499 was reversed as of June 30, 2006, constituting 86.17% of the estimated amount.

16. Other payables

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Non-related parties		
Accrued expenses	\$2,604	\$4,096
Dividends payable	905,136	4,931,356
Remuneration to directors and supervisors and bonus to employees	40,620	130,400
Others	55,192	80,381
Subtotal	<u>1,003,552</u>	<u>5,146,233</u>
Related party		
Payables on equipment	-	1,251,542
Total	<u>\$1,003,552</u>	<u>\$6,397,775</u>

17. Long-term liabilities due within one year

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Corporate bonds payable	\$1,500,000	\$4,000,000
Long-term bank loans	1,230,000	1,231,333
Total	<u>\$2,730,000</u>	<u>\$5,231,333</u>

18. Derivative financial liabilities for hedging – non current

	<u>June 30, 2007</u>			<u>June 30, 2006</u>		
	Contract period	Notional amount	Carrying value	Contract period	Notional amount	Carrying value
IRS	06.03.03 06.03.08	NTD300,000	\$4,646	06.03.03~ 12.03.08	NTD300,000	\$9,180
"	06.05.03~ 06.05.08	NTD200,000	3,106	06.03.03~ 12.05.08	NTD200,000	6,136
"	-	-	-	08.27.02~ 06.27.07	NTD120,000	886
Total			<u>\$7,752</u>			<u>\$16,202</u>

- (1) Effective January 1, 2006, the Company recorded those that qualify as effective hedging instrument under the SFAS No. 34 "Accounting for Financial Instruments" at fair value resulting in an unfavorable loss of \$56,681 (after tax) which was recognized under equity and was not included in the net income for the six-month period ended June 30, 2006.
- (2) For the disclosure of interest rate risk, credit risk and fair value of the above derivative financial liabilities, please refer to Note J.

19. Financial liabilities carried at cost - non current

	Item	Conversion date	June 30, 2007	June 30, 2006
Stock conversion Right	Tuntex (Thailand) Public Company Limited	03.10.13	\$9,004	\$9,004

The above financial liability is the embedded stock conversion right obtained by the Company through acquisition of convertible corporate bond issued by Tuntex (Thailand) Public Company Limited (TUNTEX) during the first quarter of 2005. As stated in the terms of the agreement, TUNTEX can choose either to pay back by cash at face value of corporate bonds (THB15,737 thousand dollars) or convert to stock on the maturity date. On initial acquisition, such transaction was not recorded separately; however, in accordance with the SFAS No. 34 "Accounting for Financial Instruments" effective January 1, 2006, the initial acquisition amount of convertible bonds was discounted at the effective interest rate, resulting in a present value of THB 11,263 thousand (converted into NTD 9,004 thousand dollars). As a result, an unfavorable unrealized loss of \$9,004 (after tax) was recognized in equity, and was not included in the net income for the six-month period ended June 30, 2006, and subsequently measured at cost using the historical exchange rate.

20. Corporate bonds payable

	June 30, 2007	June 30, 2006
Eighth secured corporate bonds	\$-	\$1,500,000
Ninth secured corporate bonds	-	1,000,000
Tenth secured corporate bonds	-	1,500,000
Eleventh secured corporate bonds	1,500,000	1,500,000
First unsecured convertible bonds	1,634,300	1,634,400
Second unsecured convertible bonds	1,343,800	1,481,800
Add: Accrued interest compensation	7,388	7,962
Subtotal	4,485,488	8,624,162
Less: Current portion	(1,500,000)	(4,000,000)
Non-current portion	\$2,985,488	\$4,624,162

- (1) Please refer to Schedules 1 ~ 2 for details of the terms on the above corporate bonds.
- (2) On January 12, 2004, the Company issued its first unsecured domestic convertible bonds (referred herein as the "Bonds") at face value, totaling \$4 billion. The major terms on the issuance are set forth below:
 - a. Period: 5 years (January 12, 2004 to January 11, 2009)
 - b. Coupon rate: 0% per annum

c. Principal repayment and interest payment

Unless the Bonds are redeemed, repurchased, resold, converted or deregistered before maturity, or other events occur due to regulatory reasons, the principal of the Bonds shall be repaid in lump sum by cash at maturity based on the face value of the Bonds.

d. Collaterals

The Bonds are unsecured. However, if the Company subsequently issues other convertible bonds secured with collaterals, the rights of the bondholders to claim their credits and the collaterals are set at the same rank as the holders of the convertible bonds issued subsequently.

e. Redemption of the Company's option

- (a) During the period from 3 months after the issuance of the Bonds to 40 days before the maturity of the Bonds, if the closing price of the Company's common stock at the Taiwan Stock Exchange is equal to or more than 50% of the conversion price for a period of 30 consecutive trading days, the Company may redeem 100% of the outstanding bonds in cash at the redemption price calculated based on the predetermined yield rate on redemption within 30 trading days after the abovementioned 30 consecutive trading days. The yield rate on redemption is 0.20% per annum during the period from 3 months to 3 years after the Bonds' issuance. During the period from 3 years after the Bonds' issuance to 40 days before the maturity of the Bonds, the Bonds are redeemable at their face value.
- (b) During the period from 3 months after the issuance of the Bonds to 40 days before the maturity of the Bonds, if the total amount of the Bonds outstanding after the conversion by the bondholders is less than \$400 million (10% of the total issued amount), the Company may redeem the outstanding bonds in cash in accordance with the terms stated in Paragraph (a) above.
- (c) When the Company issues its redemption notice, if the bondholders do not reply before the effective redemption date, the Company may convert the bonds held by those bondholders into common stock at the conversion price in effect at the expiration of the notice period.

f. Redemption of the bondholders' option

During the period from 30 days before the 3-year maturity of the Bonds to the date of maturity, the bondholders may require the Company to redeem their bonds in cash at the face value plus interest compensation (i.e. 100.60% of the face value with a yield rate of 0.20% per annum).

g. Terms on conversion

(a) Conversion period

The bondholders may convert the Bonds into the Company's common stock during the period from 3 months after the Bonds are issued to 10 days before the maturity of the Bonds.

The bondholders are prohibited from exercising their conversion right during the period from 3 trading days before the announcement of cash or stock dividends to the date of distribution of the cash or stock dividends.

(b) Conversion price

The conversion price is the lowest of the three average closing prices of the Company's common stock during the 10, 15 and 20 trading days before October 3, 2003 multiplied by 115%. If any cash or stock dividends are distributed before October 3, 2003, the closing price used in the computation of the conversion price must be adjusted for the effect of the dividend distribution. If any cash or stock dividends are distributed during the period from the date on which the conversion price is set to the date on which the Bonds are converted, the conversion price is required to be adjusted in accordance with the adjusting formula specified in the bond agreement. The conversion price at the issuance of the Bonds was set at \$28.60 (in dollars). On June 30, 2007, the adjusted conversion price was \$21.85 (in dollars).

h. Others

(a) Entitlement to cash dividends

The bondholders who request to convert the Bonds on a date which is more than 3 trading days before the announcement of cash dividends are entitled to the cash dividends resolved by the stockholders in the current year.

The bondholders who request to convert the Bonds 3 trading days before the announcement of cash dividends or later are not entitled to the cash dividends resolved by the stockholders in the current year, but are entitled to the cash dividends resolved by the stockholders in the following year.

(b) The affiliated companies of the Company may subscribe the Bonds, but do not have the right to convert the Bonds into the Company's common stock.

(3) On September 6, 2004, the Company issued its second unsecured domestic convertible bonds (referred herein as the "Second Bonds") at face value, totaling \$4.5 billion. The major terms on the issuance are set forth below:

a. Period: 5 years (September 6, 2004 to September 5, 2009)

b. Coupon rate: 0% per annum

c. Principal repayment and interest payment

Unless the Second Bonds are redeemed, repurchased, resold, converted or deregistered before maturity, or other events occur due to regulatory reasons, the principal of the Second Bonds shall be repaid in lump sum by cash at maturity based on the face value of the Second Bonds.

d. Collaterals

The Second Bonds are unsecured. However, if the Company subsequently issues other convertible bonds secured with collaterals, the rights of the holders of the Second Bonds to claim their credits and the collaterals are set at the same rank as the holders of the convertible bonds issued subsequently.

e. Redemption of the Company's option

- (a) During the period from 3 months after the Second Bonds are issued to 40 days before the maturity of the Second Bonds, if the closing price of the Company's common stock at the Taiwan Stock Exchange is equal to or more than 50% of the conversion price for a period of 30 consecutive trading days, the Company may redeem the outstanding bonds in cash at the face value of the Second Bonds within 30 trading days after the abovementioned 30 consecutive trading days.
- (b) During the period from 3 months after the Second Bonds are issued to 40 days before the maturity of the Second Bonds, if the total amount of the Second Bonds outstanding after the conversion by the bondholders is less than \$450 million (10% of the total issued amount), the Company may redeem the outstanding bonds at their face value any time during the 40 days before the maturity of the Second Bonds.
- (c) When the Company issues its redemption notice, if the bondholders do not reply before the effective redemption date, the Company may convert the bonds held by those bondholders into common stock at the conversion price in effect at the expiration of the notice period.

f. Redemption of the bondholders' option

During the period from 30 days before the 3.5-year maturity of the Second Bonds to the date of maturity, the bondholders may require the Company to redeem their bonds in cash at the face value.

g. Terms on conversion

(a) Conversion period

The bondholders may convert the Second Bonds into the Company's common stock during the period from 1 month after the Second Bonds are issued to 10 days before the maturity of the Second Bonds.

The bondholders are prohibited from exercising their conversion right during the period from 3 trading days before the announcement of cash or stock dividends to the date of distribution of the cash or stock dividends.

(b) Conversion price

The conversion price can be any of the three average closing prices of the Company's common stock during the 1, 3 and 5 trading days before August 24, 2004 multiplied by 103%. If any cash or stock dividends are distributed before August 24, 2004, the closing price used in the computation of the conversion price must be adjusted for the effect of the dividend distribution. If any cash or stock dividends are distributed during the period from the date on which the conversion price is set to the date on which the Second Bonds are converted, the conversion price is required to be adjusted in accordance with the adjusting formula specified in the bond agreement. The conversion price at the issuance of the Second Bonds was set at \$28.50 (in dollars). On June 30, 2007, the adjusted conversion price was \$18.27 (in dollars).

h. Entitlement to cash dividends

The bondholders who request to convert the Second Bonds during the period from January 1 of the current year to any date which is more than 3 trading days before the announcement of cash or stock dividends are entitled to the cash or stock dividends resolved by the stockholders in the current year. Conversion of the Second Bonds is prohibited during the period from 3 trading days before the announcement of cash or stock dividends to the ex-dividend date.

The bondholders who request to convert the Second Bonds during the period from the date following the ex-dividend date to December 31 of the current year are not entitled to the cash or stock dividends resolved by the stockholders in the current year, but are entitled to the cash or stock dividends resolved by the stockholders in the following year.

21. Long-term loans

Long-term bank loans:

Creditor	Type	Period	June 30, 2007	June 30, 2006
Bank of Taiwan	Secured	12.17.02 - 08.06.07	\$-	\$297,000
"	"	06.30.06 - 06.30.09	1,066,666	1,600,000
"	Unsecured	06.20.07 - 05.04.12	519,500	-
"	"	09.29.06 - 09.29.09	1,666,667	-
The Export-Import Bank of the Republic of China	"	08.27.02 - 08.27.07	-	120,000
Bank of East Asia	"	01.23.06 - 01.23.09	300,000	300,000
Calyon Corporate and Investment Bank	"	06.06.03 - 06.06.08	-	500,000
"	"	06.06.03~09.29.08	500,000	-
First Commercial Bank	"	06.23.06~07.23.06	-	300,000
Industrial Bank of Taiwan	"	11.11.03 ~ 11.11.07	30,000	120,000
China Development Industry Bank	"	06.29.07~06.29.09	1,000,000	-
Cathay United Bank	"	12.22.06 - 12.22.11	20,000	-
Total			5,102,833	3,237,000
Less: Current portion			(1,230,000)	(1,231,333)
Non-current portion			<u>\$3,872,833</u>	<u>\$2,005,667</u>

The interest rate ranged between 2.18%~3.3605% and 2.075%~2.475% for the six-month periods ended June 30, 2007 and 2006, respectively. Please refer to Note F for details of the collaterals pledged for the above long-term loans.

22. Capital stock

- (1) As of June 30, 2007 and 2006, the Company's authorized capital was \$36,000,000 and \$33,000,000, respectively, and the paid-in capital was \$29,234,827 and \$27,251,676, respectively, divided into 2,923,483 thousand and 2,725,168 thousand shares of common stocks, respectively, with a par value of \$10 per share.

- (2) On June 23, 2006, the Company's stockholders resolved to increase capital by capitalizing \$1,907,617 of retained earnings. Accordingly, 190,762 thousand new shares were issued with a par value of \$10 per share. The Company's capital stock after the capital increase amounted to \$29,159,293. The capital increase was approved by the Financial Supervisory Commission of Executive Yuan on July 12, 2006 as per Letter Jin-Kuan-Zheng-(1)-Zi No. 0950130032 with the effective capital increase date set on August 20, 2006.
- (3) Details of the common stock converted from the unsecured domestic convertible bonds issued by the Company for the six-month periods ended June 30, 2007 and 2006 are set forth below:

	For The Six-Month Periods Ended June 30,			
	2007		2006	
	No. of Shares (in '000)	Amount	No. of Shares (in '000)	Amount
First unsecured convertible bonds	-	\$-	-	\$-
Second unsecured convertible bonds	7,553	75,534	17,643	176,430
Total	7,553	\$75,534	17,643	\$176,430

23. Capital surplus

Under the Company Law, capital surplus arising from share issue premium and endowments received can be capitalized when the Company does not incur losses, provided that the annual amount capitalized shall not exceed 10% of the Company's paid-in capital. The remainder can only be used to offset losses. Additionally, pursuant to the Securities and Exchange Law and the Company Law, capitalization of the capital surplus is not allowed until the following year after the capital surplus is registered. Moreover, capital surplus shall not be used to cover losses unless the legal reserve is insufficient.

24. Appropriation of retained earnings and dividend policy

- (1) The sections of the Company's Articles of Incorporation applicable to the appropriation of the 2005 earnings are as follows:

According to Article 26 of the Company's Articles of Incorporation, if there is any profit for a fiscal year, the Company shall first make provision for income tax, and cover prior years' losses, then appropriate 10% of the residual amount as legal reserve. Dividends shall be proposed by the Board of Directors and resolved by the stockholders. Bonuses paid to employees shall be at least 1% of the total distributed amount and the remuneration paid to the directors and supervisors shall not exceed 5% of the total distribution amount. The Company is currently at the stable growth stage. To facilitate future expansion plans, distribution to stockholders shall be in the form of both cash and stocks with proportions at 0%~50% and 100%~50%, respectively. To maintain the Company's earnings per share at a certain level and in consideration of the impact of stock dividends on the Company's financial performance, the proportions of cash and estimated earnings per share for the year in which the dividends are distributed decrease by more than 20% compared to prior year. The Company can also adjust the cash and stock dividends with proportions at 100%~50% and 0%~50%, respectively, based on the Company's financial situation.

- (2) On June 23, 2006, the Company's board of directors resolved to amend the Company's policy on dividends and distribution of earnings effective 2006. The newly revised policies are as follows:

According to Article 26 of the Company's Articles of Incorporation, if there is any profit for a fiscal year, the Company shall first make provision for income tax, and cover prior years' losses, then appropriate 10% of the residual amount as legal reserve. Dividends shall be proposed by the Board of Directors and resolved by the stockholders. Bonuses paid to employees shall be at least 0.5% of the total distributed amount and the remuneration paid to the directors and supervisors shall not exceed 5% of the total distributed amount. The Company is currently at the stable growth stage. In order to facilitate future expansion plans, dividends to stockholders are distributed mutually in the form of both cash and stocks with the basic principle that the ratio of cash dividends to total stock dividends shall not be lower than 10%.

- (3) Legal reserve

Pursuant to the Company Law, the Company is required to set aside 10% of its annual after-tax net income as legal reserve until the balance of such reserve equals the Company's paid-in capital. Utilization of the legal reserve is limited to offsetting deficits and capital increase. Appropriation of the legal reserve as cash dividends is prohibited.

- (4) Special reserve

If there is any negative stockholders' equity item recorded by the Company, such as unrealized loss on the decline in market value of long-term equity investments and cumulative translation adjustments, the Company is required to set aside an amount equal to the amount of the negative stockholders' equity item as special reserve from the after-tax net income. If the negative stockholders' equity items are subsequently reversed, an amount not exceeding the reversed amount can be appropriated from the special reserve.

- (5) Appropriation of the 2006 and 2005 earnings as resolved by the stockholders on June 27, 2007 and June 23, 2006, respectively, is set forth below:

	Appropriated Earnings		Dividend Per Share (in dollars)	
	2006	2005	2006	2005
Cash dividends to common stockholders	\$877,045	\$4,905,302	\$0.30	\$1.80
Stock dividends to common stockholders	-	1,907,617	-	0.70
Cash bonus to employees	33,620	70,000		
Remuneration to directors and supervisors	7,000	60,400		

- (6) Information relating to the appropriation of the Company's 2006 earnings as proposed by the Board of Directors and resolved by the stockholders in 2007 is published on the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

25. Operating revenues

	For The Six-Month Periods Ended June 30,	
	2007	2006
Marine freight income	\$13,694,113	\$16,093,362
Ship rental income	411,041	1,257,576
Commission income and Agency service income	141,747	154,086
Others	178,150	258,737
Total	<u>\$14,425,051</u>	<u>\$17,763,761</u>

26. Expenses relating to employment, depreciation and amortization

Expenses relating to employment, depreciation and amortization for the six-month periods ended June 30, 2007 and 2006 disclosed by function are as follows:

	For The Six-Month Period Ended June 30, 2007		
	Operating Costs	Operating Expenses	Total
Employment			
Salaries and wages	\$172,427	\$418,050	\$590,477
Labor and health insurance	8,304	26,881	35,185
Pension	26,574	42,000	68,574
Others	11,370	14,405	25,775
Total	<u>\$218,675</u>	<u>\$501,336</u>	<u>\$720,011</u>
Depreciation	<u>\$204,005</u>	<u>\$365,983</u>	<u>\$569,988</u>
Amortization	<u>\$306,186</u>	<u>\$15,266</u>	<u>\$321,452</u>

	For The Six-Month Period Ended June 30, 2006		
	Operating Costs	Operating Expenses	Total
Employment			
Salaries and wages	\$241,839	\$473,243	\$715,082
Labor and health insurance	12,905	25,380	38,285
Pension	36,831	47,911	84,742
Others	15,541	17,789	33,330
Total	<u>\$307,116</u>	<u>\$564,323</u>	<u>\$871,439</u>
Depreciation	<u>\$122,041</u>	<u>\$402,742</u>	<u>\$524,783</u>
Amortization	<u>\$103,218</u>	<u>\$31,397</u>	<u>\$134,615</u>

27. Income tax

(1) The income tax comprises the following:

	For The Six-Month Periods Ended June 30,	
	2007	2006
Income tax expense – current period	\$446,345	\$602,213
Add: 10% tax on unappropriated retained earnings	-	405,820
Tax-exempt investment income	(2,111)	(72,789)
Separate income tax expense	58	-
Adjustments for changes in tax estimates	(104,453)	807
Net change in deferred income tax liabilities /assets	(32,155)	(955,513)
Income tax interest from cumulative effect of changes in accounting principles	-	50,937
Income tax effect arising from equity adjustments	63,525	(13,604)
Income tax expense	<u>\$371,209</u>	<u>\$17,871</u>

(2) Deferred income tax assets and liabilities

	June 30, 2007	June 30, 2006
a. Total deferred income tax liabilities	<u>\$(1,519,860)</u>	<u>\$(1,526,589)</u>
b. Total deferred income tax assets	<u>\$384,209</u>	<u>\$239,099</u>
c. Valuation allowance on deferred income tax Assets	<u>\$(1,137)</u>	<u>\$(1,107)</u>
d. Temporary differences resulting in deferred income tax assets or liabilities:		
Equity-accounted investment income	\$ (6,054,655)	\$ (6,039,537)
Foreign dividends	-	3,255
Unrealized foreign exchange loss	40,231	139,830
Unrealized investment loss	1,300	1,300
Unrealized expenses and losses	3,247	3,129
Pension expense	130,670	67,656
Bad debts	508	-
Loss on valuation of financial assets	-	22,917
Gain on valuation of financial assets	(24,788)	-
Loss on valuation of financial liabilities	358,551	53,149
Gain on valuation of financial assets for hedging	-	(66,820)
Loss on valuation of financial liabilities for hedging	7,752	16,202
Deferred income on disposal of shipping equipment	994,579	648,958

	June 30, 2007	June 30, 2006
e. Deferred income tax assets – current	\$99,822	\$36,490
Valuation allowance – current	-	-
Deferred income tax assets – current, net	99,822	36,490
Deferred income tax liabilities – current	(6,196)	(16,705)
Net of deferred income tax assets and liabilities – current	<u>\$93,262</u>	<u>\$19,785</u>
f. Deferred income tax assets - non-current	\$284,387	\$201,502
Valuation allowance - non-current	(1,137)	(1,107)
Deferred income tax assets - non-current, net	283,250	201,502
Deferred income tax liabilities - non-current	(1,513,664)	(1,509,884)
Net of deferred income tax assets and liabilities – non-current	<u>\$(1,230,414)</u>	<u>\$(1,308,382)</u>

(3) The Company's income tax returns through 2004 have been assessed by the National Tax Administration (NTA).

(4) Imputation tax credit

	June 30, 2007	June 30, 2006
Balance of imputation tax credit account (ICA)	<u>\$2,163,820</u>	<u>\$1,907,546</u>
	2006	2005
Tax credit rate for individual stockholders	<u>24.45%</u>	<u>11.98%</u>

(5) Unappropriated retained earnings

	June 30, 2007	June 30, 2006
1997 and before	\$5,570,596	\$5,570,596
1998 and onwards	7,891,362	8,453,117
Total	<u>\$13,461,958</u>	<u>\$14,023,712</u>

The unappropriated retained earnings represents the accumulated unappropriated retained earnings accounted for in accordance with the Business Entity Accounting Law. Net income for the six-month periods ended June 30, 2007 and 2006 was not included.

28. Earnings per share

(1) Basic earnings per share :

	For The Six-Month Periods Ended June 30,			
	2007		2006	
	Pre Tax	After Tax	Pre Tax	After Tax
Income before cumulative effect of changes in accounting principles	\$2,000,921	\$1,629,712	\$173,074	\$155,203
Cumulative effect of changes in accounting principles	-	-	(147,545)	(96,608)
Net income	<u>\$2,000,921</u>	<u>\$1,629,712</u>	<u>\$25,529</u>	<u>\$58,595</u>

	For The Six-Month Periods Ended June 30,			
	2007		2006	
	Pre tax	After tax	Pre tax	After tax
(In thousand shares)				
Beginning balance of shares outstanding	2,915,929	2,915,929	2,707,525	2,707,525
Capitalization of retained earnings in 2006 (0.07 per share)	-	-	190,154	190,154
Common stock converted from convertible bonds	4,031	4,031	8,968	8,968
Weighted-average number of shares outstanding	<u>2,919,960</u>	<u>2,919,960</u>	<u>2,906,647</u>	<u>2,906,647</u>
Basic earnings per share (in dollars)				
Income before cumulative effect of changes in accounting principles	\$0.69	\$0.56	\$0.06	\$0.05
Cumulative effect of changes in accounting principles	-	-	(0.05)	(0.03)
Net income	<u>\$0.69</u>	<u>\$0.56</u>	<u>\$0.01</u>	<u>\$0.02</u>

(2) Diluted earnings per share:

	For The Six-Month Periods Ended June 30,			
	2007		2006	
	Pre tax	After tax	Pre tax	After tax
Income before cumulative effect of changes in accounting principles	\$2,000,921	\$1,629,712	\$173,074	\$155,203
Dilutive effect of potential common stock to be converted from unsecured domestic convertible bonds	792	594	1,937	1,859
Diluted income before cumulative effect of changes in accounting principles	2,001,713	1,630,306	175,011	157,602
Cumulative effect of changes in accounting principles	-	-	(147,545)	(96,608)
Net income after dilutive effect	<u>\$2,001,713</u>	<u>\$1,630,306</u>	<u>\$27,466</u>	<u>\$60,454</u>
(In thousand shares)				
Beginning balance of shares outstanding	2,915,929	2,915,929	2,707,525	2,707,525
Capitalization of retained earnings in 2006 (0.07 per share)	-	-	201,675	201,675
Common stock converted from convertible bonds	7,553	7,553	17,643	17,643
Potential common stock to be converted from unsecured domestic convertible bonds	148,349	148,349	155,906	155,906
Weighted-average number of shares outstanding	<u>3,071,831</u>	<u>3,071,831</u>	<u>3,082,749</u>	<u>3,082,749</u>
Diluted earnings per share (in dollars)				
Income before cumulative effect of changes in accounting principles	\$0.65	\$0.53	\$0.06	\$0.05
Cumulative effect of changes in accounting principles	-	-	(0.05)	(0.03)
Net income	<u>\$0.65</u>	<u>\$0.53</u>	<u>\$0.01</u>	<u>\$0.02</u>

E. RELATED PARTY TRANSACTIONS

1. Names of the related parties and their relationship with the Company

Related Party	Relationship with the Company
Evergreen International S.A. (EIS)	Major stockholder of the Company
Taiwan Terminal Services Co., Ltd. (TTSC)	Subsidiary of the Company
Peony Investment S.A. (Peony)	Subsidiary of the Company
Evergreen International Storage and Transport Corporation (EITC)	Investee accounted for under the equity method
EVA Airways Corporation (EVA)	Investee accounted for under the equity method
Evergreen Security Corporation (ESRC)	Investee accounted for under the equity method
Chang Yang Development Co., Ltd. (CYD)	Investee accounted for under the equity method
Evergreen International Corporation (EIC)	Investee of the Company's major stockholder
Evergreen State Transport Co., Ltd. (Evergreen State)	Investee of the Company's major stockholder
Evergreen Star Transport Co., Ltd. (Evergreen Star)	Investee of the Company's major stockholder
Evergreen Airline Service Corporation (EAS)	Investee of the Company's major stockholder
Shenzhen Greentrans Transportation Co., Ltd. (SGTC)	Indirect subsidiary of the Company
Vigor Enterprise S.A. (Vigor)	Indirect subsidiary of the Company
Clove Holding Ltd. (Clove)	Indirect subsidiary of the Company
Evergreen Marine (UK) Limited (EMU) (Formerly Hatsu Marine Limited)	Indirect subsidiary of the Company
PT. Multi Bina Transport (MBT)	Indirect subsidiary of the Company
PT. Multi Bina Pura International (MBPI)	Indirect subsidiary of the Company
Greencompass Marine S.A. (GMS)	Indirect subsidiary of the Company
Evergreen Heavy Industrial Co., (Malaysia) Sdn. Bhd. (EHIC(M))	Indirect subsidiary of the Company
Shanghai Jifa Logistics Co., Ltd. (SJL)	Investee of Peony
Ningbo Victory Container Co., Ltd. (NVC)	Investee of Peony
Qingdao Evergreen Container Storage and Transportation Co., Ltd. (QECT)	Investee of Peony
Island Equipment LLC (Island)	Investee of Peony
Whitney Equipment LLC (Whitney)	Investee of Peony
Hemlock Equipment LLC (Hemlock)	Investee of Peony
Taranto Container Terminal S.P.A. (TCT)	Investee of Peony
Italia Marittima S.P.A (ITS)	Investee of Peony
Evergreen Container Terminal (Thailand) (ECTT)	Investee of Peony
Colon Container Terminal S.A. (CCT)	Investee of Peony
PT. Evergreen Shipping Agency (Indonesia) (EMI)	Investee of Peony
Evergreen Shipping Agency (Thailand) Co., Ltd. (EGT)	Investee of Peony
Evergreen Shipping Agency (Singapore) Pte. Ltd. (EGS)	Investee of Peony
Evergreen Shipping Agency (Korea) Corporation (EGK)	Investee of Peony
Evergreen Shipping Agency (India) Pvt. Ltd. (EGI)	Investee of Peony
Gaining Enterprise S.A. (GESA)	Investee of EITC

2. Significant transactions with related parties

(1) Operating revenues from related parties

	For The Six-Month Period Ended June 30, 2007		For The Six-Month Period Ended June 30, 2006	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
EITC	\$51,540	0.36	\$46,654	0.26
EIC	886,490	6.14	-	-
EVA	25	-	-	-
TTSC	1,589	0.01	-	-
ITS	133,827	0.93	974,752	5.49
EMU	57,369	0.40	405,491	2.28
GMS	143,123	0.99	54,430	0.31
EIS	53,691	0.37	38,188	0.21
GESA	12,260	0.09	10,676	0.06
Total	<u>\$1,339,914</u>	<u>9.29</u>	<u>\$1,530,191</u>	<u>8.61</u>

The terms on the above transactions with related parties are not materially different from those with non-related parties.

(2) Expenditures on services rendered by related parties

	For The Six-Month Period Ended June 30, 2007		For The Six-Month Period Ended June 30, 2006	
	Amount	% of Total Operating Costs and Expenses	Amount	% of Total Operating Costs and Expenses
EITC	\$416,040	3.10	\$479,691	2.94
EIC	184,456	1.37	240,861	1.48
TTSC	370,700	2.76	333,839	2.05
ESRC	22,173	0.16	22,999	0.14
EAS	980	0.01	3,583	0.02
EVA	2,505	0.02	5,462	0.03
GESA	893,215	6.65	885,682	5.43
ITS	294,305	2.19	98,052	0.60
EMU	266,623	1.99	445,900	2.73
GMS	214,245	1.60	496,488	3.04
EIS	57,723	0.43	58,342	0.36
EMI	24,387	0.18	26,098	0.16
EGT	24,364	0.18	27,473	0.17
EGS	11,561	0.09	13,727	0.08
EGK	7,136	0.05	10,992	0.07
Total	<u>\$2,790,413</u>	<u>20.78</u>	<u>\$3,149,189</u>	<u>19.30</u>

The terms on the above transactions with related parties are not materially different from those with non-related parties.

(3) Asset transactions

a. Acquisitions of property, plant and equipment

	Items	June 30, 2007	June 30, 2006
EITC	Ships and equipments-CRWN	\$ -	\$409,986
"	Ships and equipments-CHRT	-	397,589
"	Ships and equipments-CNCT	-	423,852
"	Ships and equipments-CRNA	-	412,643
"	Ships and equipments-CNCD	-	415,047
ESRC	Office equipment	-	620
Total		\$ -	\$2,059,737

(a) In order to coordinate adjustments for routes and fleet of ships, the Company's Board of Directors resolved to acquire the Uni-Crown, the Uni-Chart, the Uni-Concert, the Uni-Corona, and the Uni-Concord from related party-EITC, at a total price of USD63,800 thousand. As of December 31, 2006, the ships were delivered and payments were made in full.

(b) The EITC is accounted for under the equity method. According to the regulation, unrealized gain from the above acquisition is eliminated proportionately to the percentage of shareholding. As of June 30, 2007, the unrealized gain amounted to \$205,861 and was recorded as deduction in long-term investment.

b. Sales of property, plant and equipment

	Items	For The Six-Month Period Ended June 30, 2007		For The Six-Month Period Ended June 30, 2006	
		Price	Gain on disposal	Price	Gain on disposal
GMS	Ships and equipments-GRTH	\$-	\$-	\$261,480	\$233,980
"	Ships and equipments-GNTL	-	-	228,207	209,621
"	Ships and equipments-GRDN	-	-	228,382	212,207
ESRC	Office equipment	48	2	-	-
Total		\$48	\$2	\$718,069	\$655,808

(a) In order to coordinate adjustments for routes and fleet of ships, on March 1, 2006, the Company's board of directors resolved to sell the Ever-Growth, the Ever-Gentle, the Ever-Garden, the Ever-Gifted, and the Ever-Govern to indirect subsidiary-Greencompass Marine S.A. for a total price of USD 37,000 thousand. The GRTH, the GNTL, the GRDN, the GIFT, and the GOVN were delivered and full payments were received as of December 31, 2006.

(b) The Company has effective control over GMS which is accounted for under the equity method. According to the regulation, all unrealized gain from the transaction is eliminated. As of June 30, 2007, the unrealized gain of \$994,579 was recorded as other liabilities-deferred debts.

(4) Leases

- a. Rental income (recorded as non-operating income) generated from the operating premises and parking lots leased to the related parties are as follows:

	Lease Property	For The Six-Month Period Ended June 30, 2007		For The Six-Month Period Ended June 30, 2006	
		Amount	% of Total Rental Income	Amount	% of Total Rental Income
EIC	Office buildings	\$36,205	94.71	\$30,169	95.97
"	Transportation equipment	842	2.20	-	-
EVA	Parking lots	144	0.38	144	0.46
ESRC	Parking lots	48	0.12	144	0.46
Total		<u>\$37,239</u>	<u>97.41</u>	<u>\$30,457</u>	<u>96.89</u>

- b. Rent expenses (recorded as general and administrative expenses) incurred for operating premises and parking lots leased from the related parties are as follows:

	Leasehold Property	For The Six-Month Period Ended June 30, 2007		For The Six-Month Period Ended June 30, 2006	
		Amount	% of Total Rental Expenses	Amount	% of Total Rental Expenses
EIC	Office buildings	\$18,378	95.20	\$18,478	93.06
EITC	Office building	608	3.15	677	3.41
EVA	Parking lots	314	1.62	685	3.45
Total		<u>\$19,299</u>	<u>99.97</u>	<u>\$19,840</u>	<u>99.92</u>

- c. Rent expenses incurred for the vessels and slot leased from the related parties are recorded under direct operating costs. Details are set forth below:

	For The Six-Month Period Ended June 30, 2007		For The Six-Month Period Ended June 30, 2006	
	Amount	% of Total Vessel Rental Expenses	Amount	% of Total Vessel Rental Expenses
ITS	\$255,211	9.68	\$21,446	0.70
HML	266,455	10.11	37,925	1.25
GMS	245,564	9.31	505,348	16.63
EIS	57,774	2.19	58,346	1.92
GESA	895,405	33.96	890,756	29.31
EITC	315,499	11.97	390,632	12.85
Total	<u>\$2,035,908</u>	<u>77.22</u>	<u>\$1,904,453</u>	<u>62.66</u>

(5) Receivables from and payables to related parties

The receivables from and payables to related parties bear no interest, and are set forth as follows:

	June 30, 2007		June 30, 2006	
	Amount	% of Account Balance	Amount	% of Account Balance
<u>Accounts receivable</u>				
EIC	\$73,157	7.61	\$92,175	4.64
ITS	27,567	2.85	212,229	10.69
EITC	24,827	2.56	24,480	1.23
GMS	19,816	2.05	10,392	0.52
EIS	7,230	0.75	7,111	0.36
EMU	4,676	0.48	87,722	4.42
GESA	-	-	1,956	0.10
Total	<u>\$157,273</u>	<u>16.30</u>	<u>\$436,065</u>	<u>21.96</u>
<u>Other receivables</u>				
EIS	\$466,627	32.33	\$-	-
EITC	381,664	26.44	387,080	38.26
EIC	17,818	1.23	164,575	16.27
CYD	7,200	0.50	-	-
ITS	6,465	0.45	-	-
CCT	1,487	0.10	2,102	0.21
ECTT	432	0.03	-	-
TTSC	270	0.02	439	0.04
EVA	33	-	150,206	14.85
Other	200	0.01	208	0.02
Total	<u>\$882,196</u>	<u>61.11</u>	<u>\$704,610</u>	<u>69.65</u>
<u>Accounts payable</u>				
EITC	\$11,222	0.46	\$9,815	0.27
TTSC	40,885	1.67	48,656	1.34
EIC	13,659	0.56	1,940	0.05
ESRC	3,884	0.16	1,454	0.04
EVA	225	0.01	1,222	0.03
ITS	365,181	14.89	20,455	0.56
GMS	4,180	0.17	-	-
EMU	46,514	1.89	767,872	21.13
EIS	63,948	2.61	184,484	5.08
Others	259	0.01	540	0.01
Total	<u>\$549,957</u>	<u>22.43</u>	<u>\$1,036,438</u>	<u>28.51</u>
<u>Accrued expenses</u>				
EIC	\$-	-	\$14,005	0.46
<u>Other payables</u>				
EITC	\$-	-	\$1,251,542	19.56

3. Endorsements and guarantees for related parties

Endorsements and guarantees issued by the Company for its related parties are as follows:
(expressed in thousand dollars)

	June 30, 2007		June 30, 2006	
GMS	USD	838,806	USD	206,932
Peony	USD	212,600	USD	-
TCT	USD	77,981	EUR	48,479
EMU	USD	605,719	USD	517,347
CCT	USD	53,000	USD	16,518
Whitney	USD	12,000	USD	7,848
Hemlock	USD	-	USD	41,278
ITS	USD	10,000	USD	-

4. Significant contracts with related parties

- (1) The Company has entered into an agreement with EIC for various consulting services on business management, computer information, and shipping affairs. Except for payments made on behalf of the Company which are charged on actual amounts, the remaining fees are charged on an hourly basis or by cost plus method. The contract took effect on July 1, 1996 and continues to be in effect unless terminated.
- (2) The Company has entered into an agency agreement with EIC. Under the agreement, EIC acts as the Company's agent for cargo forwarding and freight collection since 2002. As of June 30, 2007 and 2006, the amount receivable under the agency agreement was \$73,157 and \$92,175, respectively.
- (3) The Company has entered into an agreement with ESRC. Under the agreement, ESRC shall provide security service in the Taipei office, Kaohsiung office, and container yards. The service fees for Taipei office, Kaohsiung office and container yards were \$940 and \$1,614 for the six-month periods ended June 30, 2007 and 2006, respectively. The fees are paid monthly. For long-term contracts, please refer to Note G.
- (4) The Company has entered into agency agreements with its related parties to manage petty cash required by their vessels, and payments of native crew salaries and insurance premiums in Taiwan. The transactions are recorded under "agency reciprocal accounts". As of June 30, 2007 and 2006, the debit balances of the accounts are as follows:

	June 30, 2007	June 30, 2006
EIS	\$10,721	\$8,175
GMS	15,367	12,274
GESA	5,158	3,945
EMU	5,527	4,854
Total	\$36,773	\$29,248

- (5) The Company has entered into agency agreements with its related parties, whereby the related parties act as the Company's overseas agents to deal with the port formalities related to foreign ports, such as arrival and departure of the Company's ships, cargo stevedoring and forwarding, freight collection and payment of expenses incurred in foreign ports. The transactions are recorded under "agency accounts". As of June 30, 2007 and 2006, the balances of the accounts are as follows:

a. Debit balances of agency accounts

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
GMS	\$877,558	\$492,546
EIC	4,348	91,264
GESA	18,215	-
ITS	1,383,581	1,305,157
EMI	17,547	38,527
EGT	51,319	49,618
EGI	68,259	-
EGS	-	1,312
Total	<u>\$2,420,827</u>	<u>\$1,978,154</u>

b. Credit balances of agency accounts

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
EIS	\$549,254	\$293,334
GESA	-	31,790
EMU	74,611	76,600
EGS	6,972	-
EGK	10,270	-
EGI	-	42,863
Total	<u>\$641,107</u>	<u>\$444,587</u>

- (6) The Company has been commissioned by its related parties to manage their vessel affairs. The management fees are charged monthly and are recorded as operating revenues. Details of the management fees recognized for the six-month periods ended June 30, 2007 and 2006 are as follows:

	<u>For The Six-Month Period Ended June 30, 2007</u>	<u>For The Six-Month Period Ended June 30, 2006</u>
EITC	\$47,406	\$46,654
EIS	53,691	38,188
GMS	65,847	54,430
ITS	639	-
EMU	34,604	24,846
GESA	12,260	10,676
Total	<u>\$214,447</u>	<u>\$174,794</u>

- (7) Please refer to Note G for details of the agreements entered into by the Company with EITC, GESA, GMS, ITS and EIS relating to the long-term leases of ships.

F. PLEDGED ASSETS

1. Restricted assets - current

	Carrying Value		Pledgee	Purpose
	June 30, 2007	June 30, 2006		
Time deposits	\$130,000	\$130,000	Kaohsiung Harbor Bureau	Performance guarantee
"	1,995	1,715	Central Trust of China	"
"	1,220	1,050	Military – Finance Department	"
"	600	600	Kaohsiung Customs Bureau	"
"	559	50	Directorate General of Customs	"
Total	<u>\$134,374</u>	<u>\$133,415</u>		

2. Property, plant and equipment

	Carrying Value		Purpose
	June 30, 2007	June 30, 2006	
Land	\$1,800,093	\$1,800,093	Long-term loans
Buildings	929,853	955,577	"
Transportation equipment	-	258,731	"
Total	<u>\$2,729,946</u>	<u>\$3,014,401</u>	

G. COMMITMENTS AND CONTINGENT LIABILITIES

1. Details of the stand-by letters of credit issued by the banks on behalf of the Company are as follows: (expressed in thousand dollars)

Guarantor	June 30, 2007		June 30, 2006	
Bank of America	USD	5,000	USD	5,000

2. Endorsements and guarantees issued by the Company are as follows: (expressed in thousand dollars)

Companies receiving guarantees	June 30, 2007		June 30, 2006	
GMS	USD	838,806	USD	206,932
Peony	USD	212,600	USD	-
TCT	USD	77,981	USD	48,479
EMU	USD	605,719	USD	517,347
CCT	USD	53,000	USD	16,518
Whitney	USD	12,000	USD	7,848
Hemlock	USD	-	USD	41,278
ITS	USD	10,000	USD	-

3. A former stockholder of the Company sold some of its shares through issuance of global depository receipts (GDRs). The issuance of GDRs was approved by the SEC on June 19, 1996 as per Letter (85) Tai-Cai-Zheng (1) No. 35410. On August 2, 1996, the GDRs were approved by the UK governing authority to be listed on the London Stock Exchange and were issued in Asia, Europe and the US. The initial number of units issued was 5,449,592, representing 54,495,920 shares of the Company's common stock at \$50.50 (in dollars) per share, and the number of supplementary units issued was 817,438. In total, the number of units issued was 6,267,030, representing 62,670,300 shares of the Company's common stock at \$50.50 (in dollars) per share, and the GDRs issued amounted to USD115 million. Another 2,053,122 units, representing 20,531,279 shares of the Company's common stock, were issued during the period from 1997 to June 30, 2007. As of June 30, 2007, 7,798,710 units were redeemed and 521,442 units were outstanding, representing 5,214,479 shares of the Company's common stock.
4. As of June 30, 2007, the medium-term loan facilities granted by the financial institutions with the resolution from the Board of Directors to finance the Company's purchase of new containers and general working capital requirement was \$21,953,141 and the unutilized credits was \$15,713,641.
5. As of June 30, 2007, details of the loading and discharging equipment acquired to support the operations of the No. 4 and No. 5 Container terminal at Kaohsiung Harbor were as follows: (expressed in thousand dollars)

Item	Contract Amount		Amount Paid		Amount Accrued	
Forklift	USD	773	USD	412	USD	361
Freezer	USD	8,101	USD	3,716	USD	4,385

6. As of June 30, 2007, the estimated amounts of rent payable in the following years under the long-term lease agreements entered into by the Company for the rental of ships and equipment are as follows:

Lessor	Amount (in thousand dollars)
EITC	USD 3,312
GESA	178,138
GMS	9,191
ESI	28,785
KSG	1,003
PMSA	1,540
OSIC	1,540
OMTC	2,738
HERM	2,387
PANAG	25,557
ELEPH	3,826
Total	<u>USD 258,017</u>

7. As of June 30, 2007, the estimated amounts of security service in the following years under the long-term contract that the Company entered into with ESRC is \$48,409 thousand.
8. As of June 30, 2007 and 2006, the guaranteed notes issued by the Company for loans borrowed amounted to \$3,079,588 and \$7,256,408, respectively.

H. SIGNIFICANT DISASTER LOSSES

None.

I. SIGNIFICANT SUBSEQUENT EVENTS

None.

J. OTHERS

1. Fair-value information of financial instruments:

	In thousand			
	June 30, 2007		June 30, 2006	
Non-derivative financial instruments	Carrying value	Fair value	Carrying value	Fair value
Assets:				
Cash and cash equivalents	\$5,193,139	\$5,193,139	\$4,056,072	\$4,056,072
Notes and accounts receivable	2,157,055	2,157,055	2,937,921	2,937,921
Financial assets at fair value through profit or loss				
Bonds investments	-	-	3,575	3,575
Equity securities	70,308	70,308	79,446	79,446
Beneficiary certificate	1,434,067	1,434,067	3,010,786	3,010,786
Held-to-maturity financial assets-current	-	-	25,455	25,455
Other financial assets-current	106,894	106,894	2,814	2,814
Restricted assets-current	134,374	134,374	133,415	133,415
Available-for-sale financial assets-non current	711,860	711,860	586,680	586,680
Financial assets carried at cost-non current	1,492,397	1,492,397	2,182,966	2,182,966
Debt investments with no active market-non current	11,726	11,726	12,709	12,709
Long-term receivable including current portion	312,347	312,347	378,090	378,090
Refundable deposit	36,791	36,791	39,531	39,531
Liabilities:				
Short-term debts	3,194,000	3,194,000	100,000	100,000
Short-term bills payable	7,420,026	7,420,026	14,011,356	14,011,356
Notes and accounts payable	4,485,488	4,485,488	8,624,162	8,624,162
Corporate bonds payable (including current portion)				
Long-term loans (including current portion)	5,102,833	5,102,833	3,237,000	3,237,000
Guarantee deposits received	285	285	125	125
Derivative financial instruments				
Assets:				
Interest rate swap (IRS)	34,454	34,454	30,694	30,694
Cross currency swap (CCS)	11,424	11,424	-	-
Oil swap	16,033	16,033	66,820	66,820
Foreigner exchange option (FX Option)	319	319	-	-
Structural and equity-linked financial instruments	557,028	557,028	604,017	604,017

Derivative financial instruments	June 30, 2007		June 30, 2006	
Liabilities:				
Interest rate swap (IRS)	23,966	23,966	63,168	63,168
Cross currency swap (CCS)	166,248	166,248	24,073	24,073
Foreigner exchange option (FX Option)	139,840	139,840	44,862	44,862
Oil swap	102,167	102,167	11	11
Convention right of stock	9,004	9,004	9,004	9,004

2. The following summarizes the methods and assumptions used in estimating the fair value of financial instruments:

- a. The fair values of short-term financial instruments were determined using their carrying value because of the short maturities of these instruments. This method applies to cash and cash equivalents, notes and accounts receivable (payable), refundable deposits, other financial assets, restricted assets, short-term debts, short-term bills payable and guarantee deposits received.
- b. For financial assets at fair value through profit or loss and available-for-sale financial assets with quoted market price available in an active market, the fair value is determined using the quoted market price. When there is no quoted market price for reference, a substitute valuation technique is used to measure the fair value which incorporates all factors that market participants would consider in making estimations and assumptions for setting a price and wherein such information is available to the Company.
- c. Held-to-maturity financial assets are those with fixed or determinable payments and a fixed time-to-maturity which the Company has positive intent and ability to hold. Upon measurement, held-to-maturity financial assets are carried at amortised cost. Any profits or losses incurred due to changes in fair value should be recognized in the income statement when the financial asset is derecognized, impaired or amortized.
- d. Financial assets carried at the cost, consists of unlisted stocks or those not actively traded in an active market. Their fair value could not be measured reliably; hence, such instruments are measured at cost in compliance with applicable accounting standards. For debt investments with no active market, the carrying value is used to estimate its fair value when there is no market price for reference.
- e. Long-term accounts receivable are interest-bearing financial assets with floating interest rate, thus the carrying value is close to the fair value.
- f. Fair values of long-term loans are estimated based on the present values of future cash flows. For bank loans associated with floating interest rate, the carrying value represents its fair value.
- g. Fair values of corporate bonds payable are determined as the quoted market prices when available. When the quoted market prices are not available, fair values are estimated based on financial information or other information.

- h. Financial liabilities carried at costs are equity-linked instruments which are to be settled with equity instruments with no quoted market prices or with fair values that can not be reliably measured. Such instruments are measured at costs in accordance to the rules stipulated in the “Guidelines for Preparation of Financial Statements by Securities Issuers”.
- i. The fair values of derivative financial instruments, except for corporate bonds payable are determined based on the estimated amounts to be received or paid if the Company terminates the contract on the balance sheet date. Unrealized gains or losses arising from unsettled contracts are generally included. Ask price from counterparties are available for reference in setting fair values for the Company’s derivative financial instruments.
3. The fair value of financial assets and liabilities either determined with the quoted market price in the active market or estimated using valuation methods are as follows:

	Quoted market price		Fair value based on estimates	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
<u>Non-derivative financial instruments</u>				
Assets:				
Cash and cash equivalents	\$-	\$-	\$5,193,139	\$4,056,072
Notes and accounts receivable	-	-	2,157,055	2,937,921
Financial assets held for trading				
Bond investments	-	3,575	-	-
Equity securities	70,308	79,446	-	-
Beneficiary certificate	1,434,067	3,010,786	-	-
Held-to-maturity financial assets-current	-	-	-	24,455
Other financial assets-current	-	-	106,894	2,814
Restricted assets-current	-	-	134,374	133,415
Available-for-sale financial assets-non current	711,860	586,680	-	-
Financial assets carried at cost-non current	-	-	1,492,397	2,182,966
Debt investments with no active market-non current	-	-	11,726	12,709
Long-term receivable including current portion	-	-	312,347	378,090
Refundable deposit	-	-	36,791	39,531

	Quoted market price		Fair value based on estimates	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
<u>Non-derivative financial instruments</u>				
Liabilities:				
Short-term debts	-	-	3,194,000	100,000
Notes and accounts payable	-	-	7,420,026	14,011,356
Corporate bonds payable (including current portion)	-	-	4,458,488	8,624,162
Long-term loans (including current portion)	-	-	5,102,833	3,237,000
Guarantee deposits received	-	-	285	125
<u>Derivative financial instruments</u>				
Assets:				
Interest rate swap (IRS)	-	-	34,454	30,694
Cross currency swap (CCS)	-	-	11,424	-
Oil swap	-	-	16,033	66,820
Foreign exchange option (FX Option)	-	-	319	-
Structural and equity-linked financial instruments	-	-	557,028	604,017
Liabilities:				
Interest rate swap (IRS)	-	-	23,966	63,168
Cross currency swap (CCS)	-	-	166,248	24,073
Foreign exchange option (FX Option)	-	-	139,840	44,862
Oil swap	-	-	102,167	11
Conversion of stock	-	-	9,004	9,004

- a. The unrealized profit (loss) that the Company recognized for the six-month periods ended June 30, 2007 and 2006 due to changes in fair value were \$(371,726) and \$124,525, respectively.
- b. As of June 30, 2007 and 2006, the financial assets with potential fair value risk of interest change were \$34,454 and \$2,879,047, respectively, and the financial liabilities were \$23,966 and \$6,220,000, respectively. As of June 30, 2007 and 2006, the financial assets with potential cash flow risk of interest change were \$1,667,388 and \$1,165,914, respectively, and the financial liabilities were \$5,072,833 and \$3,202,241, respectively.

4. Risk Policy and hedging strategy

The financial instruments held by the Company, other than derivative instruments, are composed of cash and cash equivalents, stocks, funds, bank loan, and corporate bonds. Such financial instruments are held for maintaining adequate operating capital. The Company also held other accounts receivable and payable generated from operating activity.

The transactions associated with derivative instruments mainly include interest rate swap and oil swap. The primary objective is to avoid the interest rate risk and fuel price variation arising from operating and financing activities.

The primary risks of financial instruments are cash flow risk associated with interest rate fluctuations exchange rate risk, credit risk, and liquidity risk. The risk management policies are set forth below:

Cash flow risk associated with interest rate variations

The Company's major exposure to cash flow risk associated with interest rate variations comes primarily from long-term financing with floating interest. The Company adopts a combination of fixed and floating interest rates methods in issuance of loans to manage such interest rate risks. In addition, the Company also engages in interest rate swaps to minimize cost of borrowings.

The carrying values of the Company's financial instruments exposed to interest rate are summarized in the order of maturity as follows:

June 30, 2007:

a. Fixed interest rate

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	Over 5 years	Total
Cash and cash equivalents	\$3,472,578	\$-	\$-	\$-	\$-	\$-	\$3,472,578
Short-term debts	(3,194,000)	-	-	-	-	-	(3,194,000)
1.47% Corporate bonds	(1,000,000)	-	-	-	-	-	(1,000,000)
2.18% Bank loan	-	(500,000)	-	-	-	-	(500,000)
2.3757% Bank loan	(30,000)	-	-	-	-	-	(30,000)

b. Floating interest rate

	Within 1 year	1~2 years	2~3 years	3~4 years	4~5 years	Over 5 years	Total
Cash and cash equivalents	\$1,667,388	\$-	\$-	\$-	\$-	\$-	\$1,667,388
\$3 billion Bank loan	-	(300,000)	-	-	-	-	(300,000)
\$13.33 billion Bank loan	(533,333)	(533,333)	-	-	-	-	(1,066,666)
\$20 billion Bank loan	(666,667)	(666,667)	(333,333)	-	-	-	(1,666,667)
Bank loan of Bank of Taiwan	-	(129,875)	(129,875)	(129,875)	(129,875)	-	(519,500)
\$0.2billion Bank loan	-	(5,714)	(5,714)	(5,714)	(2,858)	-	(20,000)
\$10 billion Bank loan	-	(1,000,000)	-	-	-	-	(1,000,000)
Corporate bonds	(500,000)	-	-	-	-	-	(500,000)

The interest of financial instruments associated with the floating interest rates is remeasured within 1 year period and the interest for financial instruments associated with the fixed interest rate is fixed to maturity. The financial instruments not included in the above table are not subject to interest payments and thus, do not have inherent interest rate risk.

Exchange rate risk

Although the Company is exposed to exchange rate risk, the Company has stable cash inflows denominated in foreign currencies for meeting cash outflows denominated in foreign currency due to the fact that the Company operates in international transportation industry. In order to minimize exchange rate risk, the Company also engages in activities, such as borrowing of US dollar loans, etc.

Credit risk

The Company only deals with third parties with good credit standings. In compliance with the Company's policies, strict credit assessment is to be performed by the Company prior to providing credit to customers. The occurrence of bad debts is also minimized by the Company's practices in continuously monitoring and assessing collections on accounts and notes receivables and making adjustments to the credit terms granted for each customer based on the conclusion drawn from such assessment. Moreover, the Company is restricted from engaging in credit trading with other business units operating under other functional currencies unless permission from the highest instruction unit has been received.

Other financial instruments held by the Company are subject to credit risk arising from the failure of counterparty to settle their contractual obligations as and when they fall due. Since the Company only deals with third parties with qualifying credit standings, no collateral is required by the Company which also represents that the maximum credit exposure amount equals to the relative carrying value. The maximum credit exposure amount for various financial assets held by the Company is analyzed below:

Financial instruments	June 30, 2007		June 30, 2006	
	Carrying value	Maximum credit exposure amount	Carrying value	Maximum credit exposure amount
Financial assets at fair value through profit or loss				
Bonds investment	\$-	\$-	\$3,575	\$3,575
Equity securities	70,308	70,308	79,446	79,446
Beneficiary certificates	1,434,067	1,434,067	3,010,786	3,010,786
Interest rate swap(IRS)	34,454	34,454	30,694	30,694
Cross currency swap (CCS)	11,424	11,424	-	-
Oil swap	16,033	16,033	-	-
Other	557,028	557,028	604,017	604,017
Held-to-maturity financial assets-current				
Bonds investment	-	-	25,455	25,455
Derivative financial assets for hedging-current				
Oil swap	-	-	66,820	66,820
Available-for-sale financial assets-non current				
Equity security	711,860	711,860	586,680	586,680
Financial assets carried at cost-non current				
Stocks	1,492,397	1,492,397	2,182,966	2,182,966
Bonds investment with no active market-non current				
Corporate bonds	11,726	11,726	12,709	12,709

Credit risk refers to the risk of counterparty's failure to settle contractual obligations as and when they fall due. The credit risk presented in the above table is the positive net amount of all contracts with positive fair values at the balance sheet date. The credit risk amount presented is the loss that may be incurred by the Company in the case of counterparty's default. Since the counterparties of the Company are business enterprises or financial institutions with good credit rating, the potential credit risk event is remote. In addition, since the Company is not concentrated in transactions with one individual or counterparty, no concentration of credit risk is evident.

Liquidity risk

The Company achieves the objectives of effective use of capital and stabilization of capital by adjusting capital through the use of cash and cash equivalents, financial instruments held for trading, bank loans and corporate bonds, etc. The operating capital of the Company is sufficient in meeting capital on demand; therefore, no significant liquidity risk is expected.

5. Hedging activity

Cash flow hedge

The Company also engages in oil hedging transactions to minimize oil cost arising from variations in oil price. The Company compares the oil price and settles the contracts by cash to offset the oil cost (an expected transaction) and to avoid the cash flow risk from oil price monthly. As of now, the total fair value of oil hedging transaction was 66,820 thousand, the effectiveness of hedging was within a range of 80% to 125%. In addition, the Company holds interest rate swap contracts in avoiding the variation between floating and fixed rate, the effective hedge accounts for 80% to 125%.

Hedged items	Designated hedging instrument Financial instrument designated as hedged instrument	Fair value		Period of cash flow expected	Period of related gain or loss Expected to be recognized
		June 30, 2007	June 30, 2006		
Floating interest debts	Interest rate swap	\$(7,752)	\$(16,202)	'02~'08	'02~'08
Expected oil transaction	Oil swap	-	66,820	'04~'08	'04~'08
	Items		June 30, 2007		June 30, 2006
	Adjustment amount in equity		\$190,574		\$(32,842)
	Adjustment amount from equity to income statement		(190,574)		32,842
	Adjustment amount from equity to non financial assets (liabilities)		-		-

6. Pursuant to the Letter (94) Chi-Mi-Tze No.016 issued by the Accounting Research and Development Foundation, the Company reclassified its financial instruments in accordance with the guidelines of SFAS No. 34, please refer to Note C.2.

K. SUPPLEMENTARY DISCLOSURES

1. Information on significant transactions

- (1) Loans extended by the Company

None.

- (2) Endorsements and guarantees provided by the Company

Please see Schedule 4.

- (3) Marketable securities held by the Company as at June 30, 2007

Please see Schedule 5.

- (4) Acquisition or sale of one specific security with the accumulated amount exceeding \$100 million or 20% of the Company's paid-in capital

Please see Schedule 6.

- (5) Acquisition of real estate properties with an amount exceeding \$100 million or 20% of the Company's paid-in capital

None.

- (6) Disposal of real estate properties with an amount exceeding \$100 million or 20% of the Company's paid-in capital

None.

- (7) Purchases from or sales to related parties exceeding \$100 million or 20% of the Company's paid-in capital

Please see Schedule 7.

- (8) Receivables from related parties exceeding \$100 million or 20% of the Company's paid-in capital

Please see Schedule 8.

- (9) Derivative financial instruments undertaken by the Company

Please see Note J.

2. Information on the investees

- (1) Information on the investees over which the Company can directly or indirectly exercise significant influence or in which the Company has controlling power

Please see Schedule 9.

(2) Significant transactions conducted by the investees in which the Company has direct or indirect controlling power

a. Loans extended by the investees

Please see Schedule 3.

b. Endorsements and guarantees provided by the investees

None.

c. Marketable securities held by the investees as at June 30, 2007

Please see Schedule 5.

d. Acquisition or sale of one specific security with the accumulated amount exceeding \$100 million or 20% of the respective investee's paid-in capital

Please see Schedule 6.

e. Acquisition of real estate properties with an amount exceeding of \$100 million or 20% of the respective investee's paid-in capital

None.

f. Disposal of real estate properties with an amount exceeding \$100 million or 20% of the respective investee's paid-in capital

None.

g. Purchases from or sales to related parties exceeding \$100 million or 20% of the respective investee's paid-in capital

Please see Schedule 7.

h. Receivables from related parties exceeding \$100 million or 20% of the respective investee's paid-in capital

Please see Schedule 8.

i. Derivative financial instruments undertaken by the investees

Please see Schedule 10.

3. Information on Mainland China investments

(1) Details of investments in Mainland China

Please see Schedule 11.

(2) Significant transactions conducted directly or indirectly with the investees in Mainland China

None.

L. SEGMENT INFORMATION

Not applicable to the interim financial reporting.

Evergreen Marine Corporation
Summary of Terms on Corporate Bonds
June 30, 2007

Type of Corporate Bonds	Eleventh Secured Corporate Bonds	First unsecured Convertible Bonds
Date of issuance	Bond A: June 2, 2003~June 6, 2003 Bond B: June 3, 2003~June 5, 2003	January 12, 2004
Face value	NT\$5,000,000	NT\$100,000
Place of issuance	Taiwan	Taiwan
Issue price	Market price	Face value
Principal amount	\$1,500,000,000	\$4,000,000,000
Interest rate	Bond A: 1.47% Bond B: 4%- 6M Libor	0.00%
Period	5 years	5 years
Maturity	Bond A: June 2, 2008~June 6, 2008 Bond B: June 3, 2008~June 5, 2008	January 11, 2009
Guarantor	Bank of Taiwan Land Bank of Taiwan	None
Trustee	International Commercial Bank of China	Hua Nan Bank
Underwriter	FuHwa Securities City Securities Corp.	SinoPac Securities
Lawyer	Chens Law and Patent Office	Chens Law and Patent Office
Certified public accountant	Ernst & Young	Ernst & Young
Principal repayment	Principals of Bonds A and B are to be repaid in lump sum at maturity based on the face value.	Principals of Bonds are to be repaid in lump sum at maturity based on the face value.
Interest payment	Bond A: Simple interest, payable annually Bond B: payable semiannually	None
Principal outstanding	\$1,500,000,000	\$1,634,300,000
Clauses on redemption and early repayment	None	During the 30 days before the bonds are issued for 3 years, the bondholders may exercise their redemption option at a yield rate of 0.20% per annum. When the bonds mature on January 11, 2009, they are redeemed at face value.
Restricted clauses	None	None

Evergreen Marine Corporation
Summary of Terms on Corporate Bonds
June 30, 2007

Type of Corporate Bonds	Second unsecured Convertible Bonds
Date of issuance	September 6, 2004
Face value	NT\$100,000
Place of issuance	Taiwan
Issue price	Face value
Principal amount	NT\$4,500,000,000
Interest rate	0.00%
Period	5 years
Maturity	September 5, 2009
Guarantor	None
Trustee	SinoPac Bank
Underwriter	President Securities
Lawyer	Law office of S.S. Lai
Certified public accountant	Ernst & Young
Principal repayment	Principals of Bonds are to be repaid in lump sum at maturity based on the face value.
Principal outstanding	NT\$1,343,800,000
Clauses on redemption and early repayment	During the 30 days before the bonds are issued for 3.5 years, the bondholders may exercise their redemption option at face value.
Restricted clauses	None

Evergreen Marine Corporation and Subsidiaries
Loans Extended
For The Six-Month Period Ended June 30, 2007
(Expressed in Thousands of Dollars)

Lender	Borrower	Financial Statement Account	Highest Balance	Balance as at June 30, 2007	Interest Rate (%)	Nature of Loan (Note1)	Annual Amount of Transactions with the Borrower	Reason for Short-Term Financing	Allowance for Bad Debts	Collateral		Limit on Loans Extended to a Single Company (Note 2)	Maximum Amount of Loans Allowed to be Extended by the Company or its Subsidiaries (Note 2)
										Item	Value		
Peony Investment S.A.	Evergreen India Pte. Ltd.	Receivables from related parties	USD 1,250	USD 1,250	5.718-5.733	2	USD-	Working capital requirement	USD-	-	USD-	NTD11,734,306	NTD23,468,611
Clove Holding Ltd.	Island Equipment LLC.	"	USD 8,211	USD 8,211	6.36	2	USD-	"	USD-	-	USD-	NTD 11,734,306	NTD23,468,611
Armand Investment N.V.	Armand Estate B.V.	"	USD 2,691	USD 2,691	5.73	2	USD-	"	USD-	-	USD-	NTD11,734,306	NTD 23,468,611
Evergreen Marine (UK) Limited	Island Equipment LLC.	"	USD 3,421	USD 3,421	6.36	2	USD-	"	USD-	-	USD-	NTD 11,734,306	NTD 23,468,611

Note 1: Nature of loans extended

"1" denotes the loans extended to the companies which have transactions with the Company or its subsidiaries. The annual amount of the transactions is stated accordingly.

"2" denotes the loans extended to the companies which require short-term financing. The reason for short-term financing is stated accordingly.

Note 2: Limit on loans extended

1. According to the Company's credit policy, the total amount of loans granted to a single company should not exceed 20% of the net worth stated in the latest financial statements. The calculation is as follows:

The Company: NTS 58,671,528 thousand * 20% = NTS11,734,306 thousand

Peony: US\$1,240,376 thousand * 20% = US\$248,075 thousand

2. According to the Company's credit policy, the total amount of loans granted by the Company or its subsidiaries should not exceed 40% of the net worth stated in the latest financial statements. The calculation is as follows:

The Company: NTS 58,671,528 thousand * 40% = NTS23,468,611 thousand

Evergreen Marine Corporation and Subsidiaries
Endorsements and Guarantees Provided
For The Six-Month Period Ended June 30, 2007
(Expressed in Thousands of Dollars)

Endorser/Guarantor	Endorsee	Nature of Relationship (Note 1)	Limit on Endorsements/Guarantees Provided to a Single Company	Highest Balance	Balance as at June 30, 2007	Amount of Endorsements/Guarantees Secured with Collaterals	Ratio of Accumulated Amount of Endorsements/Guarantees to Net Worth (%)	Maximum Amount of Endorsements/Guarantees Allowed to be Provided by the Company or its Subsidiaries (Note 2)
Evergreen Marine Corporation	Greencompass Marine S.A.	3	\$117,343,056	\$27,638,656 (USD838,806)	\$27,546,387 (USD838,806)	\$-	46.95%	\$146,678,820
Evergreen Marine Corporation	Peony Investment S.A.	2	117,343,056	7,054,281 (USD212,600)	6,981,784 (USD212,600)	-	11.90%	
Evergreen Marine Corporation	Evergreen Marine (UK) Limited	3	117,343,056	20,074,554 (USD605,001)	19,891,820 (USD605,719)	-	33.90%	
Evergreen Marine Corporation	Taranto Container Terminal S.P.A. (Note 3)	1	186,809	2,626,315 (USD79,151)	2,560,911 (USD77,981)	-	4.36%	
Evergreen Marine Corporation	Whitney Equipment LLC.	3	117,343,056	398,172 (USD12,000)	394,080 (USD12,000)	-	0.67%	
Evergreen Marine Corporation	Colon Container Terminal S.A.	6	29,335,764	1,758,593 (USD53,000)	1,740,520 (USD53,000)	-	2.97%	
Evergreen Marine Corporation	Italia Marittima S.P.A	1	916,617	331,180 (USD 10,000)	328,400 (USD10,000)	-	0.56%	

Note 1: Nature of the counterparty's relationship with the Company or its subsidiaries

"1" denotes the endorsements/guarantees provided to the companies which have transactions with the Company or its subsidiaries.

"2" denotes the endorsements/guarantees provided to the subsidiaries of which the Company holds more than 50% of the common stock.

"3" denotes the endorsements/guarantees provided to the investees of which the Company together with its subsidiaries hold more than 50% of the common stock.

"4" denotes the endorsements/guarantees provided to the companies which directly or indirectly hold more than 50% of the Company's common stock.

"5" denotes the endorsements/guarantees provided pursuant to construction contracts.

"6" denotes the endorsements/guarantees provided to joint venture companies based on the Company's or its subsidiaries' proportionate equity interest in the company.

Note 2: According to the Company's credit policy, the total amount of endorsements or guarantees provided by the Company or its subsidiaries should not exceed 250% of the net worth stated in the latest financial statements.

The calculation is as follows:

The Company: NTS\$58,671,528 thousand * 250% = NT\$146,678,820 thousand

Notes 3: The amount of endorsements and guarantees provided by the Company to related enterprise, Taranto Container Terminal S.P.A. (TCT), is in excess of the maximum amount predetermined by the Company's credit policy. The Company has set out an improvement plan to deal with the issue of providing endorsements and guarantees in excess of the maximum limits.

Evergreen Marine Corporation and Subsidiaries
 Marketable Securities Held as at June 30, 2007
 (Expressed in Thousands of Dollars / Thousand Shares)

Investor	Marketable Securities	Relationship with the Company	Financial Statement Account	Balance as at June 30, 2007				Remark
				No. of Shares/Units	Carrying Value	Ownership (%)	Market Value / Net Worth	
Evergreen Marine Corporation	Stocks:							
	Peony Investment S.A.	Subsidiary of the Company	Long-term equity investments accounted for by the equity method	4,765	\$41,291,153	100.00	\$41,291,153	
	Taiwan Terminal Services Co., Ltd.	"	"	5,500	69,839	55.00	69,839	
	Charng Yang Development Co., Ltd.	Investee company accounted for under the equity method	"	34,520	445,474	40.00	445,474	
	Evergreen International Storage and Transport Corp.	"	"	424,062	7,396,154	39.74	7,505,903	
	Evergreen Security Corporation	"	"	4,000	53,576	31.25	53,576	
	EVA Airways Corporation	"	"	750,571	8,665,451	19.37	9,945,069	
	Taipei Port Container Terminal Corporation	"	"	34,000	328,792	20.00	328,792	
	Power World Fund Inc.	None	Financial assets carried at cost - non current	1,460	14,603	5.68	-	Unable to acquire net worth in time
	Fubon Securities Finance Co., Ltd.	"	"	19,717	190,322	4.93	-	"
	Taiwan HSR Consortium	"	"	126,735	1,250,000	2.51	-	"
	Linden Technologies Inc.	"	"	50	15,372	2.53	-	"
	Taiwan Fixed Network Corp.	"	"	-	-	-	-	"
	Well Long Information Co.,Ltd.	"	"	29	-	0.14	-	"
	TopLogis, Inc.	"	"	2,464	22,100	14.79	-	"
	Central Reinsurance Corp.	"	Available-for-sale financial assets - non current	42,232	629,255	8.45	629,255	
	Fubon Financial Holding Co., Ltd.	"	"	2,753	82,604	0.04	82,604	
	China Man-Made Fiber Corporation	"	Financial assets held for trading	22	197	-	197	
	Merry Electronics Co, Ltd	"	"	20	2,400	-	2,400	
	MediaTek Inc.	"	"	20	10,240	-	10,240	
	Power Quotient International Co., Ltd.	"	"	200	6,680	-	6,680	
	Shih Wei Navigation Co., Ltd	"	"	40	1,960	-	1,960	
	Silitech Technology Corporation	"	"	95	16,330	-	16,330	
	Casing Macron Technology Co., Ltd.	"	"	332	20,418	-	20,418	
	FOUNDING CONSTRUCTION DEVELOPMENT CO., LTD.	"	"	34	823	-	823	
	ProMOS Technologies Inc.	"	"	30	414	-	414	
Acme Electronics Corporation	"	"	120	5,796	-	5,796		
LASER TEK TAIWAN CO.,LTD.	"	"	100	5,050	-	5,050		

(Forward)

Evergreen Marine Corporation and Subsidiaries
 Marketable Securities Held as at June 30, 2007
 (Expressed in Thousands of Dollars / Thousand Shares)

Investor	Marketable Securities	Relationship with the Company	Financial Statement Account	Balance as at June 30, 2007				Remark
				No. of Shares/Units	Carrying Value	Ownership (%)	Market Value / Net Worth	
Evergreen Marine Corporation	Mutual Funds:							
	Cathay Global Infrastructure Fund	None	Financial assets held for trading	2,588	\$29,663	-	\$29,663	
	Grand Cathay Luxury and Lifestyle Fund	"	"	4,000	40,120	-	40,120	
	Grand Catchy Fund	"	"	5,663	100,000	-	100,000	
	TIIM US Equity Fund	"	"	1,804	29,459	-	29,459	
	Paradigm Life Style Fund	"	"	1,000	10,260	-	10,260	
	Polaris/P-Shares Taiwan Electronics Tech ETF	"	"	1,500	45,000	-	45,000	
	Polaris Taiwan Finance Fund	"	"	600	9,000	-	9,000	
	PCA Asia Pacific Infrastructure Fund	"	"	3,000	30,420	-	30,420	
	The First Global Investment Trust Global Realty & Infrastructure Fund-Accumulation	"	"	7,000	68,600	-	68,600	
	Allianz Global Investors Global Quantitative Balanced Fund	"	"	4,394	49,517	-	49,517	
	Capital Global REIT Balanced Fund	"	"	2,000	20,020	-	20,020	
	SKIT Global Strategy Balanced Fund	"	"	2,000	19,928	-	19,928	
	Allianz Global Investors Global Quantitative Balanced Fund	"	"	3,000	29,370	-	29,370	
	Grand Cathay Twin-core Global Integration Fund	"	"	2,906	31,156	-	31,156	
	Paradigm Global Portfolio Fund	"	"	2,000	19,780	-	19,780	
	HSBC Global Themes Fund Of Funds	"	"	3,000	31,260	-	31,260	
	Franklin Global Equity Fund of Funds	"	"	5,801	63,624	-	63,624	
	Jih Sun Mortgage Backed Securities Fund	"	"	14,000	136,498	-	136,498	
	THE RSIT Chosen Strategy Fund	"	"	5,000	50,018	-	50,018	
	HUA NAN Private placed Bond Fund NO.1	"	"	2,000	20,248	-	20,248	
	Franklin Templeton Global Bond Fund of Funds	"	"	2,000	65,680	-	65,680	
	Templeton Foreign Equity Series Fund	"	"	33	32,884	-	32,884	
	Skandia Global Bond Fund Class B	"	"	41	16,368	-	16,368	
	Auto-Callable Capital Protected Notes	"	"	10	34,702	-	34,702	
	LBHI Principal Protected Investment Grade Synthetic CDO	"	"	2,000	64,202	-	64,202	
	Alexandra Global Inv. (Asia) B	"	"	39	20,551	-	20,551	
	Global Strategic FX Arbitrage Note(SERIES 2)	"	"	200	65,950	-	65,950	
	CCIB-SPF-A	"	"	1,000	32,741	-	32,741	
	Lydia Capital Alternative Investment Fund,LP	"	"	400	85,384	-	85,384	
AAA SYWG DRAGON FUND	"	"	93	40,896	-	40,896		
Macro Polo Macro Polo Pure China Fund	"	"	4	40,257	-	40,257		
Fidelity India Focus Fund	"	"	17	18,359	-	18,359		
KBC ECO Fund - Water	"	"	1	22,731	-	22,731		
Global Fixed Income Portfolio-B	"	"	5	145,840	-	145,840		
TOPIX BANK ETF	"	"	116	12,485	-	12,485		

(Forward)

Evergreen Marine Corporation and Subsidiaries
Marketable Securities Held as at June 30, 2007
(Expressed in Thousands of Dollars / Thousand Shares)

Investor	Marketable Securities	Relationship with the Company	Financial Statement Account	Balance as at June 30, 2007				Remark
				No. of Shares/Units	Carrying Value	Ownership (%)	Market Value / Net Worth	
Evergreen Marine Corporation	Foreign Corporate Bonds : TUNTEX (THAILAND) PUBLIC COMPANY LIMITED	None	Debt investment with no active market - non current	16	11,726	-	11,726	
Peony Investment S.A.	Greencompass Marine S.A.	Indirect subsidiary of the Company	Long-term equity investments accounted by the equity method	3,535	USD803,067	100.00	USD803,067	
	Vigor Enterprise S.A.	"	"	5	USD561	100.00	USD561	
	Clove Holding Ltd.	"	"	10	USD71,967	100.00	USD71,967	
	Evergreen Heavy Industrial Corp. (M) Berhad	"	"	42,120	USD36,029	84.44	USD36,029	
	PT. Multi Bina Pura International	"	"	68	USD10,369	95.30	USD10,369	
	PT. Multi Bina Transport	"	"	2	USD326	17.39	USD326	
	Armand Investment (Nether Lands) N.V.	"	"	4	USD3,605	70.00	USD3,605	
	Shenzhen Greentrans Transportation Co., Ltd.	"	"	-	USD3,372	55.00	USD3,372	
	Evergreen Marine (UK) Limited	"	"	765	USD98,319	51.00	USD98,319	
Peony Investment S.A.	Luanta Investment (Netherlands) N.V.	Investee company of Peony accounted for under the equity method	"	-	USD17,103	50.00	USD17,103	
	Evergreen Container Terminal (Thailand) Ltd.	"	"	12,250	USD23,800	48.18	USD23,800	
	Shanghai Jifa Logistics Co., Ltd.	"	"	-	USD8,613	21.06	USD8,613	
	Ningbo Victory Container Co., Ltd.	"	"	-	USD2,306	40.00	USD2,306	
	Qingdao Evergreen Container Storage & Transportation Co., Ltd.	"	"	-	USD5,472	40.00	USD5,472	
	Balsam Investment (Nether lands) N.V.	"	"	-	USD144,827	49.00	USD144,827	
	Evergreen Shipping Agency (Singapore) Pte. Ltd.	"	"	383	USD1,544	25.50	USD1,544	
	Evergreen Shipping Agency (Korea) Corporation	"	"	61	USD2,015	50.00	USD2,015	
	Evergreen Shipping Agency (Thailand) Co., Ltd.	"	"	204	USD1,046	25.50	USD1,046	
	PT. Evergreen Shipping Agency Indonesia	"	"	-	USD1,084	25.44	USD1,084	
	Evergreen Shipping Agency (India) Pvt. Ltd.	"	"	5	USD106	49.98	USD106	
	Evergreen Shipping Agency (Australia) Pty. Ltd.	"	"	245	USD133	25.50	USD133	
	Kingtrans International Logistics (Tianjin) Co.,Ltd.	"	"	-	USD2,048	20.00	USD2,048	
	Hutchison Inland Container Depots Limited	None	Financial assets carried at cost -non current	-	USD1,492	7.50	USD1,492	
	South Asia Gateway Terminals	"	"	6,211	USD2,412	5.00	USD2,412	
	Dongbu Pusan Container Terminal Co., Ltd.	"	"	300	USD1,556	15.00	USD1,556	

(Forward)

Evergreen Marine Corporation and Subsidiaries
 Marketable Securities Held as at June 30, 2007
 (Expressed in Thousands of Dollars / Thousand Shares)

Investor	Marketable Securities	Relationship with the Company	Financial Statement Account	Balance as at June 30, 2007				Remark
				No. of Shares/Units	Carrying Value	Ownership (%)	Market Value / Net Worth	
PT. Multi Bina Pura International	PT. Multi Bina Transport	Indirect subsidiary of Peony	Long-term equity investments accounted by the equity method	8	USD1,367	72.95	USD1,367	
Clove Holding Ltd.	Ample Holding LTD.	Indirect subsidiary of Peony	"	9	USD29,561	90.00	USD29,561	
	Classic Outlook Investment Ltd.	Investee company of Clove accounted for under cost method	Financial assets carried at cost-noncurrent	-	USD102,359	2.25	USD102,359	
	Everup profits Ltd.	"	"	-	-	2.25	-	
	Island Equipment LLC	Indirect subsidiary of Peony	Long-term equity investments accounted by the equity method	-	USD837	36.00	USD837	
Ample Holding Ltd.	Colon Container Terminal S.A.	Investee company of Ample accounted for under the equity method	"	22,860	USD64,568	40.00	USD64,568	
Island Equipment LLC	Whitney Equipment LLC	Investee company of Island accounted for under the equity method	"	-	USD767	100.00	USD767	
	Hemlock Equipment LLC	"	"	-	USD1,414	100.00	USD1,414	
Evergreen Marine (UK) Limited	Island Equipment LLC	Indirect subsidiary of Peony	"	-	USD66	15.00	USD66	
	Kingtrans International Logistics (Tianjin) Co.,Ltd.	Investee company of Hatsu accounted for under equity method	"	-	USD2,035	20.00	USD2,035	
Armand Investment (Netherlands) N.V.	Armand Estate (Netherlands) B.V.	Indirect subsidiary of Peony	"	40	USD5,132	100.00	USD5,132	
Armand Estatic (Netherlands)B.V.	Taipei Port Container Terminal	Investee company of Armand Estate B.V. accounted for under the equity method	"	17,000	USD5,006	10.00	USD5,006	
Greencompass Marines S.A.	UBS-Forward Arbitrages Strategy Note	None	Financial assets at fair value through profit or loss-current	50	USD4,636	-	USD4,636	
	Lydia Capital Alternative Investment Fund	"	"	15	USD975	-	USD975	
	Calyon-Dual Currency Deposit	"	"	1	USD2,990	-	USD2,990	
	Global Fixed Income Portfolio-B	"	"	2	USD1,530	-	USD1,530	
	ABN-Yen Structural Deposit	"	"	1	USD4,662	-	USD4,662	
	Barclays-Yen Structural Deposit	"	"	1	USD4,097	-	USD4,097	
	ABN-Yen Structural Deposit	"	"	1	USD4,643	-	USD4,643	

Evergreen Marine Corporation and Subsidiaries
Summary of Significant Transactions on One Specific Security
Exceeding NT\$100 Million or 20 Percent of the Paid-in Capital
For The Six-Month Period Ended June 30, 2007
(Expressed in Thousands of Dollars / Thousand Shares)

Buyer/Seller	Marketable Securities	Financial Statement Account	Counterparty	Related Party	January 1, 2007		Buy		Sell			Gain (Loss) on Disposal	June 30, 2007
					No. of Shares/ Units	Amount (Note)	No. of Shares/ Units	Amount	No. of Shares/ Units	Selling Price	Carrying Value		
Evergreen Marine Corporation	Beneficiary Certificates:												
	POLARIS DI-PO Fund	Financial assets held for trading	Open market transaction	No	9,480	\$105,000	-	-	9,480	\$105,094	\$105,000	\$94	-
	JF(Taiwan) Bond Fund	"	"	"	7,350	112,000	-	-	7,350	112,207	112,000	207	-
	The First Global Investment Trust Global Asset Securitization Balanced Income Fund	"	"	"	-	-	11,000	110,000	11,000	110,000	110,000	-	-
	TIIM High Yield Fund	"	"	"	21,119	262,000	-	-	21,119	262,315	262,000	315	-
	GRAND CATHAY FUND	"	"	"	-	-	5,663	100,000	-	-	-	-	5,663
	Jih Sun Mortgage Backed Securities Fund	"	"	"	-	-	14,000	140,000	-	-	-	-	14,000
	NITC Private Placement Global Fixed Income Arbitrage Fund	"	"	"	10,000	100,000	-	-	10,000	104,051	-	4,051	-
	Truswell Global Fixed Income Fund of Fund	"	"	"	12,000	120,000	-	-	12,000	124,424	120,000	4,424	-
	Global Fixed Income	"	"	"	-	-	5	148,978	-	-	-	-	5
	Portfolio-B												
Greencompass Marine S.A.	Investec Global Energy Fund	"	"	"	17	USD 5,000	-	-	17	USD4,508	USD5,000	USD(492)	-

Note: Initial amount prior to valuation.

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0,2007
Amount
-
-
-
-
100,000
140,000
-
-
148,978
-

Evergreen Marine Corporation and Subsidiaries
Purchases from and Sales to Related Parties
For The Six-Month Period Ended June 30, 2007
(Expressed in Thousands of Dollars)

Purchaser/Seller	Counterparty	Nature of Relationship	Transaction				Reason for Difference in the Terms on Related Party Transactions		Notes/Accounts Receivable (Payable)		Remark
			Purchases / Sales	Amount	% of the Total Purchases / Sales	Credit Term	Unit Price	Credit Term	Balance	% of Total Notes/Accounts Receivable (Payable)	
Evergreen Marine Corporation	Evergreen International Storage & Transport Corp. (EITC)	Investee accounted for by equity method	Purchases	\$416,040	3.10	30-60 days	\$-	-	\$11,222	0.46	
	Evergreen International Corp.	Investee of the Company's major stockholder	Sales	886,490	6.14	30-60 days	-	-	73,157	7.61	
			Purchases	184,456	1.37	30-60 days	-	-	13,659	0.56	
	Taiwan Terminal Services Co., Ltd.	Subsidiary of the Company	Purchases	370,700	2.76	30-60 days	-	-	40,885	1.67	
	Evergreen Marine (UK) Limited	Indirect subsidiary of the Company	Purchases	266,623	1.99	30-60 days	-	-	46,514	1.89	
	Greencompass Marine S.A.	Indirect subsidiary of the Company	Sales	143,123	0.99	30-60 days	-	-	19,816	2.05	
			Purchases	214,245	1.60	30-60 days	-	-	4,180	0.17	
	Gaining Enterprise S.A.	Subsidiary of EITC accounted for by equity method	Purchases	893,215	6.65	30-60 days	-	-	-	-	
Italia Marittmas S.P.A	Investee of the Company's subsidiary with significant influence	Sales	133,827	0.93	30-60 days	-	-	27,567	2.85		
		Purchases	294,305	2.19	30-60 days	-	-	365,181	14.89		
Taiwan Terminal Service Co., Ltd.	Evergreen Marine Corporation	Parent company	Sales	366,731	98.99	30-60 days	-	-	72,850	99.30	
Evergreen Marine (UK) Limited	Evergreen Marine Corporation	Parent company	Sales	GBP3,750	1.08	30-60days	-	-	GBP2,105	3.13	
Greencompass Marine S.A.	Evergreen Marine Corporation	Parent Company	Sales	USD7,871	0.69	30-60days	-	-	-	-	
	Evergreen International S.A.	Related Parties	Sales	USD4,677	0.41	30-60days	-	-	-	-	
			Purchases	USD5,564	0.51	30-60days	-	-	-	-	
Evergreen Heavy Industrial Corp. (M) Berhad	Related Parties	Purchases	USD6,319	0.58	30-60days	-	-	-	-		
Evergreen Heavy Industrial Corp. (M) Berhad	Greencompass Marine S.A.	Related Parties	Sales	RM52,088	28.71	45days	-	-	RM30,579	100.00	
	Evergreen International S.A.	Related Parties	Sales	RM61,822	34.07	45days	-	-	-	-	
	Italia Marittima S.P.A.	Related Parties	Sales	RM67,522	37.22	45days	-	-	-	-	

Evergreen Marine Corporation and Subsidiaries
Receivables from Related Parties
Exceeding NTS\$100 Million or 20 Percent of the Paid-in Capital
For The Six-Month Period Ended June 30, 2007
(Expressed in Thousands of Dollars)

Creditor	Counterparty	Nature of Relationship	Balance as at June 30, 2007	Turnover Rate (No. of Times)	Overdue Receivables		Amount Received Subsequent to the Balance Sheet Date	Allowance for Bad Debts
					Amount	Action Taken		
Evergreen Marine Corporation	Evergreen International Storage & Transport Corp.(EITC)	Investee accounted for by equity method	Accounts receivable - related party 406,491					
	Evergreen International S.A.	Investee of the Company's major stockholder	Accounts receivable - related party 473,857					
Evergreen Marine (UK) Ltd.	Island Equipment LLC	Indirect subsidiary of Peony	Accounts receivable - related party USD3,421		USD -	-	USD -	USD -
Clove Holding Ltd.	Island Equipment LLC.	Indirect subsidiary of Peony	Accounts receivable - related party USD8,211		USD -	-	USD -	USD -
Evergreen Heavy Industrial Corp. (M) Berhad	Greencompass Marine S.A.	Investee of Peony	Accounts receivable RM30,579		RM -	-	RM30,579	RM -

Evergreen Marine Corporation and Subsidiaries
Information on Investee Companies
For The Six-Month Period Ended June 30, 2007
(Expressed in Thousands of Dollars / Thousand Shares)

Investor	Investee	Address	Main Business	Initial Investment Amount		Shares Held as at June 30, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Remark
				Balance as at June 30, 2007	Balance as at January 1, 2007	No. of Shares	Ownership (%)	Carrying Value			
Evergreen Marine Corporation	Peony Investment S.A.	53Rd Street, Urbanizacion Obarrio Torre Swiss Bank, 2nd Floor, Panama	Investment activities	USD 476,500	USD 476,500	4,765	100.00	\$41,291,153	\$283,042	\$291,687	Subsidiary of the Company
	Taiwan Terminal Services Co., Ltd.	2F, No.177, Ssu Wei 4th Rd., Lingya District, Kaohsiung, Taiwan	Loading and discharging operations of container yards	55,000	55,000	5,500	55.00	69,839	9,762	4,651	"
	Chang Yang Development Co., Ltd.	2F, No.369, Jingguo Rd., Taoyuan City, Taoyuan County, Taiwan	Development, rental and sale of residential and commercial buildings	320,000	320,000	34,520	40.00	445,474	46,440	18,576	Investee accounted for by equity method
	Evergreen International Storage and Transport Corporation	No.899, Jingguo Rd., Taoyuan City, Taoyuan County, Taiwan	Container transportation and gas stations	4,753,514	4,753,514	424,062	39.74	7,396,154	395,610	180,522	"
	Evergreen Security Corporation	4&5F, No. 111, Sungjiang Rd., Taipei, Taiwan	General security guards services	25,000	25,000	4,000	31.25	53,576	21,609	5,190	"
	EVA Airways Corporation	11F, No.376, Section 1, Hsinnan Rd., Lu Chu Township, Taoyuan County, Taiwan	International passenger and cargo transportation	9,267,879	9,267,879	750,571	19.37	8,665,451	(1,688,409)	(327,039)	"
	Taipei Port Container Terminal Corporation	6F-1, No.220, Songjiang Rd., Taipei, Taiwan	Container distribution and cargo stevedoring	340,000	160,000	34,000	20.00	328,792	(7,171)	(1,434)	"

(Forward)

Evergreen Marine Corporation and Subsidiaries
Information on Investee Companies
For The Six-Month Period Ended June 30, 2007
(Expressed in Thousands of Dollars / Thousand Shares)

Investor	Investee	Address	Main Business	Initial Investment Amount		Shares Held as at June 30, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Remark
				Balance as at June 30, 2007	Balance as at January 1, 2007	No. of Shares	Ownership (%)	Carrying Value			
Peony Investment S.A.	Greencompass Marine S.A.	53rd Street, Urbanizacion Obarrio Torre Swiss Bank, 2nd Floor, Panama, Republic of Panama	Marine transportation	USD 353,500	USD 353,500	3,535	100.00	USD 803,067	USD 18,090	USD 18,090	Indirect subsidiary of the Company
	Vigor Enterprise S.A.	53rd Street, Urbanizacion Obarrio Torre Swiss Bank, 2nd Floor, Panama, Republic of Panama	Investment holding company	USD 500	USD 500	5	100.00	USD 561	USD 14	USD 14	"
	Clove Holding Ltd.	Craigmuir Chambers, P. O. Box71, Road Town, Tortola, B. V. I.	Investment holding company	USD 10	USD 10	10	100.00	USD 71,967	USD 4,936	USD 4,936	"
	Evergreen Marine (UK) Limited	160 Euston Road, London NW 12 DX, U.K.	Marine transportation	USD 1,503	USD 1,503	765	51.00	USD 98,319	USD 3,135	USD 1,599	"
	Evergreen Heavy Industrial Co. (Malaysia) Berhad	Lot 139, Jalan, Cecair, Phase 2 Free Trade Zone Johor Port Authority, B1700 Pasir Gudang, Johor, Johore Bahru, Malaysia	Container manufacturing	USD 27,295	USD 27,295	42,120	84.44	USD 36,029	USD 2,330	USD 1,968	"
	PT. Multi Bina Pura International	JL Raya Cakung Cilincing, RT, 002-05, Desa Rorotan P.O. Box 6043 Jakarta 14260, Indonesia	Loading and discharging operations of container yards and inland transportation	USD 20,204	USD 20,204	68	95.30	USD 10,369	USD 955	USD 910	"
	PT. Multi Bina Transport	JL Raya Cakung Cilincing, RT, 002-05, Desa Rorotan P.O. Box 6043 Jakarta 14260, Indonesia	Loading and discharging operations of container yards and inland transportation	Rp 1,800,000	Rp 1,800,000	2	17.39	USD 326	USD 273	USD 47	"
	PT. Evergreen Shipping Agency Indonesia	Gedung Pricewaterhouse Coopers 9-10th Floors Jl. H.R. Rasuna said kav. C-03 Jakarta 12920, Indonesia	Shipping agency	USD 258	USD 258	-	25.44	USD 1,084	USD 1,429	USD 364	Investee company of Peony accounted for under equity method
	Luanta Investment (Netherlands) N.V.	21-A Van Engelenweg, Curacao, Netherlands, Antilles	Investment holding company	USD 21,973	USD 21,973	-	50.00	USD 17,103	(USD 2,942)	(USD 1,441)	"
	Balsam Investment (Netherlands) N.V.	21-A Van Engelenweg, Curacao, Netherlands, Antilles	Investment holding company	USD 50,715	USD 50,715	-	49.00	USD 144,827	(USD 41,243)	(USD 20,209)	"
	Shanghai Jifa Logistics Co., Ltd.	12F, Jifa Building, No.4049C, Jungong Rd., Shanghai City	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	USD 6,635	USD 6,635	-	21.06	USD 8,613	USD 381	USD 80	"
	Shenzhen Greentrans Transportation Co., Ltd.	San Jiao Long Warehouse & Storage Zone, Fu Kang Road, Henggang Town, Shenzhen, China	Loading, discharging, storage, repair, cleaning and transportation of containers	USD 3,134	USD 3,134	-	55.00	USD 3,372	(USD 88)	(USD 49)	Indirect subsidiary of the Company
	Qingdao Evergreen Container Storage & Transportation Co., Ltd.	No. 114 Huangho E Rd. Huangdao District Qingdao, China	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	USD 4,447	USD 4,447	-	40.00	USD 5,472	USD 732	USD 293	Investee company of Peony accounted for under equity method
Ningbo Victory Container Co., Ltd.	No.201 Area, Beilun Xiaoshan Industrial Estate, Ningbo Economic and Technical Development Zone, China	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related	USD 1,199	USD 1,199	-	40.00	USD 2,306	USD 626	USD 250	"	

Evergreen Marine Corporation and Subsidiaries
Information on Investee Companies
For The Six-Month Period Ended June 30, 2007
(Expressed in Thousands of Dollars / Thousand Shares)

Investor	Investee	Address	Main Business	Initial Investment Amount		Shares Held as at June 30, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Remark
				Balance as at June 30, 2007	Balance as at January 1, 2007	No. of Shares	Ownership (%)	Carrying Value			
Peony Investment S.A.	Kingstrans International Logistics (Tianjin) Co., Ltd.	The Tienjin harbor protects tax area 120 rooms for nine 90th of roads of sea beaches	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	USD 2,000	USD 1,000	-	20.00	USD 2,048	USD 8	USD 2	Investee company of Peony accounted for under equity method
	Evergreen Container Terminal (Thailand) Ltd.	33/4Moo 1, Chaokhun Tahan Road, Sun District Klong 3, Lat Krabang District, Bangkok 10520	Inland container storage and loading	USD 28,636	USD 28,636	12,250	48.18	USD 23,800	USD 2,411	USD 1,162	"
	Evergreen Shipping Agency (Singapore) Pte. Ltd.	333 Jalan Besar, Singapore 209018	Shipping agency	USD 219	USD 219	383	25.50	USD 1,544	USD 393	USD 100	"
	Evergreen Shipping Agency (Thailand) Co. Ltd.	Green Tower, 24-25th Floors 3656/81 Rama IV Road Klontong Klontoe Bangkok 10110	Shipping agency	USD 238	USD 238	204	25.50	USD 1,046	USD 1,376	USD 351	"
	Evergreen Shipping Agency (Korea) Corp.	15th Fl., Korea Express Center, 83-5, 4-Ka, Jung-Ang Dong Jung-Ku, Pusan, Republic of Korea	Shipping agency	USD 238	USD 238	61	50.00	USD 2,015	USD 301	USD 150	"
	Armand Investment (Netherlands) N.V.	Van Engelenweg 21A Curacao Netherlands Antilles	Investment holding company	USD 3,710	USD 1,750	4	70.00	USD 3,605	(USD 18)	(USD 13)	Indirect subsidiary of the Company
	Evergreen Shipping Agency (India) Pvt. Ltd.	J.N. Heredia Marg Ballard Estate Mumbai 400 038, India	Shipping agency	USD 12	USD 12	5	49.98	USD 106	USD 98	USD 49	Investee company of Peony accounted for under equity method
	Evergreen Shipping Agency (Australia) Pty Ltd.	Level 13.181 Miller Street, North Sydney NSW 2060 Australia	Shipping agency	USD-	USD-	245	25.50	USD 133	USD 369	USD 94	"

Evergreen Marine Corporation
Investments in Mainland China
For The Six-Month Period Ended June 30, 2007
(Expressed in Thousands of Dollars)

Investee in Mainland China	Main Business	Paid-in Capital	Way of Investing in Mainland China (Note 1)	Balance of Investments in Mainland China as at January 1, 2007	Investment Amount Remitted to Mainland China from Taiwan during 1H 2007	Amount Remitted Back to Taiwan from Mainland China during 1H 2007	Balance of Investments in Mainland China as at June 30, 2007	The Company's Direct/ Indirect Ownership in the Investee (%)	Investment Income (Loss) for 1H 2007 (Note 2)	Carrying Value of Investments as at June 30, 2007	Accumulated Amount of Investment Income Remitted Back to Taiwan as at June 30, 2007
Shanghai Jifa Logistics Co., Ltd.	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	RMB271,565	(2)	\$197,040 (USD 6,000)	\$-	\$-	\$197,040 (USD 6,000)	21.06	\$2,635 (USD 80)	\$282,851 (USD 8,613)	\$-
Ningbo Victory Container Co., Ltd.	Inland container transportation, container storage, loading and discharging	RMB24,119	(2)	\$33,431 (USD 1,018)	-	-	33,431 (USD 1,018)	40.00	8,235 (USD 250)	75,729 (USD 2,306)	-
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning and related activities	RMB92,500	(2)	\$146,039 (USD 4,447)	-	-	146,039 (USD 4,447)	40.00	9,651 (USD 293)	179,700 (USD 5,472)	-
Shenzhen Greentrans Transportation Co., Ltd.	Inland container loading, discharging, storage, repair, cleaning and related activities	RMB44,960	(2)	\$102,921 (USD 3,134)	-	-	102,921 (USD 3,134)	55.00	1,614 (USD -49)	110,736 (USD 3,372)	-
Shenzhen Hutchison Inland Container Depots Co., Ltd.	Inland container yard	HKD92,000	(2)	26,485 (HKD 6,304)	-	-	26,485 (HKD 6,304)	6.85	-	26,485 (HKD 6,304)	-
Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Inland container loading, discharging, storage, repair, cleaning and related activities	USD9000	(2)	65,680 (USD 2,000)	65,680 (USD 2,000)	-	131,360 (USD 4,000)	40.00	66 (USD2)	134,119 (USD 4,084)	-

Balance of Investments in Mainland China as at June 30, 2007	Investment Amount Approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Quota of Investments in Mainland China Imposed by the Investment Commission of MOEA	
\$837,276 (USD 18,599) (HKD 6,304)	\$1,185,261 (USD 36,092)	Net worth under \$5,000,000,000 (40%)	\$2,000,000
		Net worth between \$5,000,000,000 and \$10,000,000,000 (30%)	1,500,000
		Net worth over \$10,000,000,000 (20%)	9,759,942
			\$13,259,942

(Net worth of the Company: NTS58,799,711)

Note 1: Investments in Mainland China can be conducted by the following ways:

- (1) Remitting the funds to Mainland China via a third country
- (2) Via a new investee to be set up in a third country
- (3) Via an existing investee set up in a third country
- (4) Investing directly in Mainland China
- (5) Others

Note 2: Investment income (loss) for the year

"(1)" denotes that the investee is still in the start-up stage.

"(2)" denotes the basis on which the investment income (loss) is recognized.

- (a) Based on the investee's financial statements audited by an international accounting firm other than the Company's auditor
- (b) Based on the investee's financial statements audited by the Company's auditor
- (c) Others

Schedule 10

Evergreen Marine Corporation and Subsidiaries—Greencompass Marine S. A.
Derivative financial instrument transactions
June 30, 2007

1. Derivative financial instruments transactions:

- (1) The contract amounts (or notional principal) and credit risk (expressed in thousand dollars)

<u>Financial Instruments</u>	June 30, 2007				June 30, 2006			
	Notional Principal (Contract Amount)		Credit Risk		Notional Principal (Contract Amount)		Credit Risk	
Interest rate swaps (IRS)	USD	64,202	USD	371	USD	113,419	USD	270
Foreign exchange option	USD	6,000	USD	-	EUR	5,000	USD	-
	JPY	400,000	JPY	-	-	-	-	-
	GBP	7,000	GBP	-	-	-	-	-
	EUR	6,000	EUR	-	-	-	-	-

The above credits risk amounts are based on the contracts with positive fair values on the balance sheet date and represent the possible loss that will be incurred by the company in the event of counterparties' default. The counterparties of the Company are all well-known banks with good credit ratings. Thus, the credit risk is assessed to be remote.

- (2) Market risk

The interest rate swaps are utilized to hedge against fluctuations in interest rates. The foreign exchange options are derivative financial instruments which are held for trading. Periodic reviews are conducted for evaluating the level of Subsidiary's exposure to market risk, and a stop-loss mechanism has been established to minimize the impact of market risk on the Subsidiary's operations.

- (3) Liquidity risk, cash flow risk and the amount, timing and uncertainty of demand for future cash flow.

As no principals are exchanged upon settlement of the interest rate swaps and forward exchange options, no significant demand for cash flow is expected. Therefore, the Subsidiary's working capital is assessed to be adequate and no funding risk is dominant. In addition, since the interest rates, exchange rates and prices are predetermined, no significant cash flow risk is expected.

- (4) The types, objectives and strategies of holding derivative financial instruments

The derivative financial instruments undertaken by the Company are held for trading and non-trading purposes. The primary objectives of derivative financial instruments held for non-trading purposes are to mitigate risk of debt obligations and commitments arising from fluctuations in interest rates and exchange rate. The hedging strategy of

the Company focuses on mitigating market price risks. On the other hand, the primary objective of the derivative financial instruments held for trading purposes is to profit from exchange rate and price differentials.

(5) Financial statement disclosures for derivative financial instruments

1) Interest Rate Swaps:

The contracts are settled based on the difference between the spot interest rate and contracted interest rate. The amount received and paid upon settlement is recorded as a deduction from and an addition to the interest expense on shipping finance, respectively.

2) Foreign Exchange Option:

As the Company has actual position in the underlying assets, full settlements are conducted at expiration of the contracts. The difference between the spot exchange rate and the contracted rate is recorded as foreign exchange gain or loss upon settlement.

2. Fair values of financial instruments

Derivative financial instruments	June 30, 2007				June 30, 2006			
	Carrying Value		Fair Value		Carrying Value		Fair Value	
Interest rate swaps	USD	339	USD	339	USD	(69)	USD	(69)
Foreign exchange options	USD	(56)	USD	(56)	USD	(94)	USD	(94)