

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
 1Q, 4Q 2007 AND 1Q 2008
 (In Million New Taiwan Dollars)

| | 1Q 2008 | | 4Q 2007 | | QoQ % | | 1Q 2007 | | YoY % | |
|--|---------|------------|---------|------------|--------|-----|---------|------------|--------|-----|
| | | % of Sales | | % of Sales | Change | % | | % of Sales | Change | % |
| Equipment Revenue | 1,526 | 10 | 1,703 | 10 | (177) | -10 | 1,318 | 8 | 208 | 16 |
| Service Revenue | 14,331 | 90 | 14,557 | 90 | (226) | -2 | 14,458 | 92 | (127) | -1 |
| Total Operating Revenue | 15,858 | 100 | 16,260 | 100 | (402) | -2 | 15,776 | 100 | 81 | 1 |
| Cost of Good Sold | 8,409 | 53 | 8,712 | 54 | (302) | -3 | 8,260 | 52 | 149 | 2 |
| Gross Profit | 7,448 | 47 | 7,548 | 46 | (100) | -1 | 7,516 | 48 | (68) | -1 |
| Operating Expenses | | | | | | | | | | |
| Selling and Marketing Expenses | 2,647 | 17 | 2,829 | 17 | (183) | -6 | 2,445 | 15 | 202 | 8 |
| General and administrative | 1,297 | 8 | 1,058 | 7 | 239 | 23 | 1,308 | 8 | (11) | -1 |
| Research and development | 45 | 0 | 77 | 0 | (33) | -42 | 65 | 0 | (20) | -31 |
| Operating Income | 3,460 | 22 | 3,584 | 22 | (124) | -3 | 3,698 | 23 | (238) | -6 |
| EBITDA | 6,350 | | 6,586 | | (236) | -4 | 6,679 | | (329) | -5 |
| EBITDA Margin (%) | 40 | | 41 | | | | 42 | | | |
| Service EBITDA Margin (%) | 45 | | 47 | | | | 48 | | | |
| Net Non Operating Income (Loss) | (278) | (2) | (229) | (1) | (49) | 21 | (61) | (0) | (217) | 353 |
| Consolidated Earnings before Income Tax | 3,182 | 20 | 3,355 | 21 | (173) | -5 | 3,637 | 23 | (455) | -13 |
| Income Tax Expense | 786 | 5 | 734 | 5 | 52 | 7 | 768 | 5 | 18 | 2 |
| Consolidated Income before Minority Interest | 2,395 | 15 | 2,620 | 16 | (225) | -9 | 2,868 | 18 | (473) | -16 |
| Minority Interest | 32 | 0 | 75 | 0 | (42) | -57 | 27 | 0 | 5 | 19 |
| Net Income | 2,428 | 15 | 2,695 | 17 | (267) | -10 | 2,896 | 18 | (468) | -16 |
| EPS--3,873 mn shrs for 2007 (NT\$) | 0.72 | | 0.70 | | 0.02 | 3 | 0.75 | | (0.03) | -4 |
| 3,378 mn shrs for 1Q 2008 (NT\$) | | | | | | | | | | |

Note: (1) All figures are based on audited draft.

(2) Based on the new regulation, starting from 2005, the consolidated entities add Arcoa, KGEx.com, KGT International Holdings, E. Word (Holdings) Ltd, Far Eastern Info Service (Holding) Ltd.

FAR EASTONE TELECOMMUNICATIONS CO., LTD.
 CONSOLIDATED BALANCE SHEET
 End 1Q, 4Q 2007 AND End 1Q 2008
 (In million New Taiwan Dollars)

| Assets | 1Q 2008 | | 1-4Q 2007 | | QoQ | | 1Q 2007 | | YoY | |
|---|---------------|------------|---------------|------------|----------------|------------|---------------|------------|----------------|-------------|
| | | % | | % | Change | % | | % | Change | % |
| Cash, and Cash Equivalents | 8,628 | 9 | 10,278 | 11 | (1,650) | (16) | 11,263 | 12 | (2,635) | (23) |
| Accounts Receivable | 6,061 | 7 | 6,507 | 7 | (446) | (7) | 5,747 | 6 | 314 | 5 |
| Prepaid Expenses | 804 | 1 | 706 | 1 | 98 | 14 | 995 | 1 | (192) | (19) |
| Other Current Assets | 3,411 | 4 | 3,235 | 3 | 176 | 5 | 3,555 | 4 | (145) | (4) |
| Total Current Assets | 18,904 | 20 | 20,726 | 21 | (1,822) | (9) | 21,561 | 23 | (2,658) | (12) |
| Long Term Investment | 6,755 | 7 | 7,043 | 7 | (288) | (4) | 680 | 1 | 6,075 | 893 |
| Properties | 125,821 | 136 | 124,665 | 129 | 1,156 | 1 | 120,641 | 127 | 5,180 | 4 |
| Less Accumulated Depreciation | 82,263 | 89 | 79,672 | 83 | 2,592 | 3 | 71,927 | 76 | 10,336 | 14 |
| Construction in Progress and Advance Equip. | 3,566 | 4 | 3,936 | 4 | (370) | (9) | 3,758 | 4 | (192) | (5) |
| Net Properties | 47,123 | 51 | 48,929 | 51 | (1,805) | (4) | 52,471 | 55 | (5,348) | (10) |
| Other Assets | 19,526 | 21 | 19,730 | 20 | (204) | (1) | 20,359 | 21 | (833) | (4) |
| Total Assets | 92,308 | 100 | 96,427 | 100 | (4,120) | (4) | 95,072 | 100 | (2,764) | (3) |
| Short Term Debts | 1,611 | 2 | 269 | 0 | 1,342 | 499 | 175 | 0 | 1,436 | 819 |
| Accounts Payable and Other Payables | 5,212 | 6 | 4,705 | 5 | 508 | 11 | 5,054 | 5 | 158 | 3 |
| Accrued Expenses and Other Current Liabilities | 7,461 | 8 | 7,489 | 8 | (28) | (0) | 8,005 | 8 | (544) | (7) |
| Current Portion of Long Term Liabilities | 2,000 | 2 | 2,670 | 3 | (670) | (25) | 1,570 | 2 | 430 | 27 |
| Total Current Liabilities | 16,285 | 18 | 15,133 | 16 | 1,152 | 8 | 14,804 | 16 | 1,481 | 10 |
| Long Term Liabilities | 48 | 0 | 57 | 0 | (10) | (17) | 86 | 0 | (38) | (44) |
| Other Long Term payable | 8 | 0 | 17 | 0 | (8) | (50) | 2,107 | 2 | (2,098) | (100) |
| Total Long Term Liabilities | 56 | 0 | 74 | 0 | (18) | (24) | 2,192 | 2 | (2,136) | (97) |
| Other Liabilities | 887 | 1 | 805 | 1 | 82 | 10 | 402 | 0 | 485 | 121 |
| Total Liabilities | 17,228 | 19 | 16,012 | 17 | 1,216 | 8 | 17,399 | 18 | (171) | (1) |
| Capital Stock | 32,585 | 35 | 40,330 | 42 | (7,745) | (19) | 38,727 | 41 | (6,142) | (16) |
| Capital Stock to be Issued | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Surplus | 19,487 | 21 | 19,487 | 20 | 0 | 0 | 15,004 | 16 | 4,483 | 30 |
| Legal Reserve | 6,889 | 7 | 6,889 | 7 | 0 | 0 | 5,573 | 6 | 1,316 | 24 |
| Retain Earnings | 15,040 | 16 | 12,612 | 13 | 2,428 | 19 | 17,563 | 18 | (2,523) | (14) |
| Cumulative Translation Adjustments | 31 | 0 | 15 | 0 | 16 | 103 | (30) | (0) | 61 | (201) |
| Minority Interest | 1,047 | 1 | 1,081 | 1 | (34) | (3) | 836 | 1 | 211 | 25 |
| Total Shareholder's Equity | 75,079 | 81 | 80,415 | 83 | (5,336) | (7) | 77,673 | 82 | (2,593) | (3) |
| Total Liabilities and Shareholder's Equity | 92,308 | 100 | 96,427 | 100 | (4,120) | (4) | 95,072 | 100 | (2,764) | (3) |

Note: (1) All figures are based on audited draft.

(2) Based on the new regulation, starting from 2005, the consolidated entities add Arcoa, KGEx.com, KGT International Holdings, E. Word (Holdings) Ltd, Far Eastern Info Service (Holding) Ltd.

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
1Q, 4Q 2007 AND 1Q 2008
(In Million New Taiwan Dollars)

| | <u>1Q 2007</u> | <u>4Q 2007</u> | <u>1Q 2008</u> |
|---|---------------------|---------------------|---------------------|
| Consolidated net income | 2,868 | 2,620 | 2,395 |
| Depreciation and amortization (excluding 3G | 2,799 | 2,819 | 2,707 |
| Amortization of 3G concession | 183 | 183 | 183 |
| Other cash provided by / (used in) operation | 1,325 | 1,218 | 1,635 |
| <u>Net cash provided by / (used in) operating activities</u> | <u>7,175</u> | <u>6,839</u> | <u>6,920</u> |
| Capex | 1,368 | 2,262 | 1,235 |
| % of service revenue | 9 | 16 | 9 |
| <u>Free Cash Flow</u> | <u>5,807</u> | <u>4,578</u> | <u>5,685</u> |

'1) All figures are based on audited draft.

'2) Based on the new regulation, starting from 2005, the consolidated entities add Arcoa, KGEx.com, KGT International Holdings, E. Word

'3) Free Cash Flow = Operation Cash Flow - Capex