

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
 4Q 2007, FY2007 AND 3Q, 4Q 2008, FY2008
 (In Million New Taiwan Dollars)

	3Q 2008		4Q 2008		QoQ %		4Q 2007		YoY %		FY2007	FY2008
		% of Sales		% of Sales	Change	%		% of Sales	Change	%		
Equipment Revenue	1,301	8	942	6	(359)	-28	1,703	10	(761)	-45	5,517	5,199
Service Revenue	14,439	92	14,127	94	(312)	-2	14,557	90	(431)	-3	58,520	57,319
Total Operating Revenue	15,740	100	15,069	100	(671)	-4	16,260	100	(1,191)	-7	64,037	62,518
Cost of Good Sold	8,455	54	7,956	53	(499)	-6	8,712	54	(755)	-9	33,549	33,219
Gross Profit	7,285	46	7,112	47	(173)	-2	7,548	46	(436)	-6	30,488	29,299
Operating Expenses												
Selling and Marketing Expenses	2,496	16	2,519	17	23	1	2,829	17	(310)	-11	10,060	10,044
General and administrative	983	6	1,218	8	235	24	1,058	7	160	15	5,077	4,760
Research and development	40	0	25	0	(15)	-38	77	0	(53)	-68	299	154
Operating Income	3,765	24	3,350	22	(415)	-11	3,584	22	(233)	-7	15,052	14,341
EBITDA	6,674		6,268		(406)	-6	6,586	41	(318)	-5	27,060	25,983
EBITDA Margin (%)	42		42				41				42	42
Service EBITDA Margin (%)	47		46				47				48	46
Net Non Operating Income (Loss)	(319)	(2)	(320)	(2)	(1)	0	(229)	(1)	(91)	39	(490)	(1,017)
Consolidated Earnings before Income Tax	3,447	22	3,030	20	(416)	-12	3,355	21	(324)	-10	14,563	13,324
Income Tax Expense	851	5	752	5	(99)	-12	734	5	18	2	3,141	3,302
Consolidated Income before Minority Interest	2,596	16	2,279	15	(317)	-12	2,620	16	(342)	-13	11,422	10,022
Minority Interest	33	0	37	0	4	13	75	0	(37)	-50	197	139
Net Income	2,629	17	2,316	15	(313)	-12	2,695	17	(379)	-14	11,619	10,161
EPS--3,873 mn shrs for 2007 (NT\$)	0.81		0.71		(0.10)	-12	0.70		0.01	2	3.00	3.12
3,259 mn shrs for 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 4Q 2007 AND End 3Q, 4Q 2008
 (In million New Taiwan Dollars)

Assets	3Q 2008		4Q 2008		QoQ		4Q 2007		YoY	
		%		%	Change	%		%	Change	%
Cash, and Cash Equivalents	6,375	7	7,236	8	861	13	10,278	11	(3,042)	(30)
Accounts Receivable	6,525	7	6,181	7	(344)	(5)	6,507	7	(326)	(5)
Prepaid Expenses	822	1	696	1	(126)	(15)	706	1	(10)	(1)
Other Current Assets	3,575	4	3,909	4	335	9	3,235	3	675	21
Total Current Assets	17,296	20	18,022	20	726	4	20,726	21	(2,704)	(13)
Long Term Investment	6,258	7	6,114	7	(145)	(2)	7,043	7	(929)	(13)
Properties	128,718	146	129,838	147	1,119	1	124,665	129	5,173	4
Less Accumulated Depreciation	87,255	99	89,290	101	2,034	2	79,672	83	9,618	12
Construction in Progress and Advance Equip.	4,032	5	4,881	6	849	21	3,936	4	945	24
Net Properties	45,494	52	45,428	51	(66)	(0)	48,929	51	(3,500)	(7)
Other Assets	19,161	22	18,934	21	(227)	(1)	19,730	20	(796)	(4)
Total Assets	88,210	100	88,499	100	288	0	96,427	100	(7,929)	(8)
Short Term Debts	4,443	5	1,689	2	(2,754)	(62)	269	0	1,420	528
Accounts Payable and Other Payables	4,550	5	7,644	9	3,093	68	4,705	5	2,939	62
Accrued Expenses and Other Current Liabilities	7,011	8	5,667	6	(1,343)	(19)	7,489	8	(1,822)	(24)
Current Portion of Long Term Liabilities	1,200	1	238	0	(962)	(80)	2,670	3	(2,432)	(91)
Total Current Liabilities	17,205	20	15,239	17	(1,966)	(11)	15,133	16	105	1
Long Term Liabilities	179	0	19	0	(160)	(89)	57	0	(38)	(67)
Other Long Term payable	8	0	8	0	0	0	17	0	(8)	(50)
Total Long Term Liabilities	187	0	27	0	(160)	(85)	74	0	(46)	(63)
Other Liabilities	833	1	991	1	159	19	805	1	186	23
Total Liabilities	18,224	21	16,257	18	(1,967)	(11)	16,012	17	245	2
Capital Stock	32,585	37	32,585	37	0	0	40,330	42	(7,745)	(19)
Capital Stock to be Issued	0	0	0	0	0	0	0	0	0	0
Capital Surplus	19,487	22	19,487	22	0	0	19,487	20	0	0
Legal Reserve	8,051	9	8,051	9	0	0	6,889	7	1,162	17
Retain Earnings	8,879	10	11,195	13	2,316	26	12,612	13	(1,418)	(11)
Cumulative Translation Adjustments	(8)	(0)	(22)	(0)	(14)	174	15	0	(37)	(244)
Minority Interest	992	1	945	1	(47)	(5)	1,081	1	(136)	(13)
Total Shareholder's Equity	69,986	79	72,241	82	2,256	3	80,415	83	(8,174)	(10)
Total Liabilities and Shareholder's Equity	88,210	100	88,499	100	288	0	96,427	100	(7,929)	(8)

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
1-4Q 2008
(In Million New Taiwan Dollars)

	<u>1Q 2008</u>	<u>2Q 2008</u>	<u>3Q 2008</u>	<u>4Q 2008</u>
Consolidated net income	2,395	2,752	2,596	2,279
Depreciation and amortization (excluding 3G)	2,707	2,743	2,727	2,735
Amortization of 3G concession	183	183	183	183
Other cash provided by / (used in) operation	1,635	-1,134	-550	1,796
<u>Net cash provided by / (used in) operating activities</u>	<u>6,920</u>	<u>4,544</u>	<u>4,954</u>	<u>6,992</u>
Capex	1,235	1,551	2,322	2,363
% of service revenue	9	11	16	17
<u>Free Cash Flow</u>	<u>5,685</u>	<u>2,993</u>	<u>2,633</u>	<u>4,629</u>

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