

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
1Q, 4Q 2006, and 1Q 2007
(In Million New Taiwan Dollars)

	4Q 2006		1Q 2007		QoQ %		1Q 2006		YoY %	
		% of Sales		% of Sales	Change	%		% of Sales	Change	%
Equipment Revenue	1,557	10	1,318	8	(239)	-18	2,215	13	(896)	-40
Service Revenue	14,715	90	14,458	92	(257)	-2	15,394	87	(935)	-6
Total Operating Revenue	16,272	100	15,776	100	(496)	-3	17,608	100	(1,832)	-10
Cost of Good Sold	8,744	54	8,260	52	(484)	-6	9,402	53	(1,142)	-12
Gross Profit	7,528	46	7,516	48	(11)	0	8,206	47	(690)	-8
Operating Expenses										
Selling and Marketing Expenses	2,555	16	2,445	15	(110)	-5	2,627	15	(183)	-7
General and administrative	988	6	1,308	8	320	24	1,425	8	(117)	-8
Research and development	75	0	65	0	(9)	-15	63	0	2	3
Operating Income	3,910	24	3,698	23	(212)	-6	4,090	23	(392)	-10
EBITDA	7,140		6,679		(461)	-7	7,226		(547)	-8
Service EBITDA	7,332		6,890		(443)	-6	7,454		(564)	-8
EBITDA Margin (%)	44		42				41			
Service EBITDA Margin (%)	50		48				48			
Net Non Operating Income (Loss)	(45)	0	(61)	0	(17)	27	(156)	-1	95	-61
Consolidated Earnings before Income Tax	3,865	24	3,637	23	(229)	-6	3,934	22	(297)	-8
Income Tax Expense	756	5	768	5	12	2	783	4	(15)	-2
Consolidated Income before Minority Interest	3,110	19	2,868	18	(241)	-8	3,151	18	(282)	-9
Minority Interest	51	0	27	0	(24)	-86	11	0	17	157
Net Income	3,160	19	2,896	18	(265)	-9	3,162	18	(266)	-8
EPS--3,873 mn shrs (NT\$)	0.82		0.75		(0.07)	-9	0.82		(0.07)	-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.
CONSOLIDATED BALANCE SHEET
End 1Q, 4Q 2006 AND End 1Q 2007
(In million New Taiwan Dollars)

	4Q 2006		1Q 2007		QoQ		1Q 2006		YoY	
		%		%	Change	%		%	Change	%
Assets										
Cash, and Cash Equivalents	7,852	8	11,263	12	3,412	43	7,677	8	3,586	47
Accounts Receivable	6,096	6	5,747	6	(348)	-6	5,901	6	(154)	-3
Prepaid Expenses	769	1	995	1	226	29	1,045	1	(49)	-5
Other Current Assets	3,019	3	3,555	4	537	18	3,161	3	395	12
Total Current Assets	17,735	19	21,561	23	3,826	22	17,783	18	3,778	21
Long Term Investment	627	1	680	1	54	9	736	1	(56)	-8
Properties	119,829	128	120,641	127	812	1	116,200	117	4,441	4
Less Accumulated Depreciation	69,253	74	71,927	76	2,674	4	61,406	62	10,521	17
Construction in Progress and Advance Equip.	4,090	4	3,758	4	(332)	-8	4,676	5	(918)	-20
Net Properties	54,666	58	52,471	55	(2,194)	-4	59,470	60	(6,998)	-12
Other Assets	20,851	22	20,359	21	(492)	-2	21,574	22	(1,215)	-6
Total Assets	93,879	100	95,072	100	1,193	1	99,563	100	(4,491)	-5
Liabilities and Shareholder's Equity										
Short Term Debts	129	0	175	0	46	36	329	0	(153)	-47
Accounts Payable and Other Payables	5,395	6	5,054	5	(341)	-6	5,834	6	(780)	-13
Accrued Expenses and Other Current Liabilities	7,319	8	8,005	8	686	9	8,873	9	(868)	-10
Current Portion of Long Term Liabilities	2,960	3	1,570	2	(1,390)	-47	2,960	3	(1,390)	-47
Total Current Liabilities	15,803	17	14,804	16	(999)	-6	17,996	18	(3,192)	-18
Long Term Liabilities	95	0	86	0	(10)	-10	216	0	(130)	-60
Other Long Term payable	2,793	3	2,107	2	(686)	-25	3,656	4	(1,550)	-42
Total Long Term Liabilities	2,888	3	2,192	2	(696)	-24	3,872	4	(1,680)	-43
Other Liabilities	397	0	402	0	5	1	394	0	8	2
Total Liabilities	19,089	20	17,399	18	(1,690)	-9	22,263	22	(4,863)	-22
Capital Stock	38,727	41	38,727	41	0	0	38,727	39	0	0
Capital Stock to be Issued	0	0	0	0	0	0	0	0	0	0
Capital Surplus	15,004	16	15,004	16	0	0	15,004	15	0	0
Legal Reserve	5,573	6	5,573	6	0	0	4,102	4	1,472	36
Retain Earnings	14,668	16	17,563	18	2,896	20	18,547	19	(984)	-5
Cumulative Translation Adjustments	(45)	(0)	(30)	(0)	14	-32	(71)	0	41	-57
Minority Interest	863	1	836	1	(27)	-3	992	1	(156)	-16
Total Shareholder's Equity	74,790	80	77,673	82	2,883	4	77,300	78	372	0
Total Liabilities and Shareholder's Equity	93,879	100	95,072	100	1,193	1	99,563	100	(4,491)	-5

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 2006, and 1Q 2007
(In Million New Taiwan Dollars)

	<u>1Q 2006</u>	<u>4Q 2006</u>	<u>1Q 2007</u>
Consolidated net income	3,151	3,109	2,868
Depreciation and amortization (excluding 3G	2,953	3,048	2,799
Amortization of 3G concession	183	183	183
Other cash provided by / (used in) operation	1,194	1,072	1,325
<u>Net cash provided by / (used in) operating activities</u>	<u>7,481</u>	<u>7,412</u>	<u>7,175</u>
Capex	1,935	1,839	1,368
% of service revenue	11	12	9
<u>Free Cash Flow</u>	<u>5,545</u>	<u>5,573</u>	<u>5,807</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 (Holdings) Ltd, Far Eastern In

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