



FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES  
**CONSOLIDATED INCOME STATEMENT**  
 4Q 2008, 1Q 2008 AND 1Q 2009  
 (In Million New Taiwan Dollars)

	4Q 2008		1Q 2009		QoQ %		1Q 2008		YoY %	
		% of Sales		% of Sales	Change	%		% of Sales	Change	%
Equipment Revenue	942	6	1,250	8	308	33	1,526	10	(276)	-18
Service Revenue	14,127	94	13,631	92	(496)	-4	14,331	90	(701)	-5
Total Operating Revenue	15,069	100	14,881	100	(188)	-1	15,858	100	(976)	-6
Cost of Good Sold	7,956	53	8,252	55	295	4	8,409	53	(158)	-2
Gross Profit	7,112	47	6,629	45	(483)	-7	7,448	47	(819)	-11
Operating Expenses										
Selling and Marketing Expenses	2,519	17	2,447	16	(72)	-3	2,647	17	(199)	-8
General and administrative	1,218	8	1,072	7	(146)	-12	1,297	8	(225)	-17
Research and development	25	0	24	0	(1)	-3	45	0	(21)	-46
Operating Income	3,350	22	3,086	21	(264)	-8	3,460	22	(374)	-11
EBITDA	6,268		6,033	41	(235)	-4	6,350	40	(317)	-5
EBITDA Margin (%)	42		41				40			
Service EBITDA Margin (%)	46		46				45			
Net Non Operating Income (Loss)	(320)	(2)	(64)	(0)	256	-80	(278)	(2)	214	-77
Consolidated Earnings before Income Tax	3,030	20	3,022	20	(9)	0	3,182	20	(160)	-5
Income Tax Expense	752	5	751	5	(1)	0	786	5	(36)	-5
Consolidated Income before Minority Interest	2,279	15	2,271	15	(8)	0	2,395	15	(124)	-5
Minority Interest	37	0	30	0	(7)	-19	32	0	(2)	-7
Net Income	2,316	15	2,301	15	(15)	-1	2,428	15	(127)	-5
EPS-- 3,259 mn shrs (NT\$)	0.71		0.71		(0.00)	-1	0.75		(0.04)	-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.  
 CONSOLIDATED BALANCE SHEET  
 End 1Q, 4Q 2008 AND End 1Q 2009  
 (In million New Taiwan Dollars)

Assets	4Q 2008		1Q 2009		QoQ		1Q 2008		YoY	
		%		%	Change	%		%	Change	%
Cash, and Cash Equivalents	7,236	8	9,654	11	2,418	33	8,628	9	1,025	12
Accounts Receivable	6,181	7	5,940	7	(241)	(4)	6,061	7	(121)	(2)
Prepaid Expenses	696	1	609	1	(87)	(13)	804	1	(195)	(24)
Other Current Assets	3,909	4	4,277	5	367	9	3,411	4	866	25
<b>Total Current Assets</b>	<b>18,022</b>	<b>20</b>	<b>20,479</b>	<b>23</b>	<b>2,457</b>	<b>14</b>	<b>18,904</b>	<b>20</b>	<b>1,575</b>	<b>8</b>
Long Term Investment	6,114	7	6,411	7	297	5	6,755	7	(344)	(5)
Properties	129,838	147	130,810	146	972	1	125,821	136	4,989	4
Less Accumulated Depreciation	89,290	101	91,807	102	2,517	3	82,263	89	9,543	12
Construction in Progress and Advance Equip.	4,881	6	4,561	5	(319)	(7)	3,566	4	996	28
Net Properties	45,428	51	43,565	49	(1,864)	(4)	47,123	51	(3,559)	(8)
Other Assets	18,934	21	19,158	21	224	1	19,526	21	(368)	(2)
<b>Total Assets</b>	<b>88,499</b>	<b>100</b>	<b>89,613</b>	<b>100</b>	<b>1,114</b>	<b>1</b>	<b>92,308</b>	<b>100</b>	<b>(2,695)</b>	<b>(3)</b>
Short Term Debts	1,689	2	531	1	(1,158)	(69)	1,611	2	(1,080)	(67)
Accounts Payable and Other Payables	7,644	9	7,844	9	201	3	5,212	6	2,632	50
Accrued Expenses and Other Current Liabilities	5,667	6	5,299	6	(368)	(6)	7,461	8	(2,162)	(29)
Current Portion of Long Term Liabilities	238	0	238	0	0	0	2,000	2	(1,762)	(88)
Total Current Liabilities	15,239	17	13,913	16	(1,326)	(9)	16,285	18	(2,372)	(15)
Long Term Liabilities	19	0	10	0	(10)	(50)	48	0	(38)	(80)
Other Long Term payable	8	0	0	0	(8)	(100)	8	0	(8)	(100)
Total Long Term Liabilities	27	0	10	0	(18)	(65)	56	0	(46)	(83)
Other Liabilities	991	1	1,119	1	127	13	887	1	231	26
<b>Total Liabilities</b>	<b>16,257</b>	<b>18</b>	<b>15,041</b>	<b>17</b>	<b>(1,216)</b>	<b>(7)</b>	<b>17,228</b>	<b>19</b>	<b>(2,187)</b>	<b>(13)</b>
Capital Stock	32,585	37	32,585	36	0	0	32,585	35	0	0
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	21	0	0
Legal Reserve	8,051	9	8,051	9	0	0	6,889	7	1,162	17
Retain Earnings	11,195	13	13,496	15	2,301	21	15,040	16	(1,544)	(10)
Cumulative Translation Adjustments	(22)	(0)	52	0	74	(339)	31	0	21	69
Minority Interest	945	1	901	1	(45)	(5)	1,047	1	(147)	(14)
<b>Total Shareholder's Equity</b>	<b>72,241</b>	<b>82</b>	<b>74,572</b>	<b>83</b>	<b>2,330</b>	<b>3</b>	<b>75,079</b>	<b>81</b>	<b>(508)</b>	<b>(1)</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>88,499</b>	<b>100</b>	<b>89,613</b>	<b>100</b>	<b>1,114</b>	<b>1</b>	<b>92,308</b>	<b>100</b>	<b>(2,695)</b>	<b>(3)</b>

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 AND 1Q 2009**  
**(In Million New Taiwan Dollars)**

	<u>1Q 2008</u>	<u>2Q 2008</u>	<u>3Q 2008</u>	<u>4Q 2008</u>	<u>1Q 2009</u>
Consolidated net income	2,395	2,752	2,596	2,279	2,271
Depreciation and amortization (excluding 3G)	2,707	2,743	2,727	2,735	2,764
Amortization of 3G concession	183	183	183	183	183
Other cash provided by / (used in) operation	1,635	-1,134	-550	1,796	1,096
<b><u>Net cash provided by / (used in) operating activities</u></b>	<b><u>6,920</u></b>	<b><u>4,544</u></b>	<b><u>4,954</u></b>	<b><u>6,992</u></b>	<b><u>6,314</u></b>
Capex	1,235	1,551	2,322	2,363	1,575
% of service revenue	9	11	16	17	12
<b><u>Free Cash Flow</u></b>	<b><u>5,685</u></b>	<b><u>2,993</u></b>	<b><u>2,633</u></b>	<b><u>4,629</u></b>	<b><u>4,739</u></b>

- 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