

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
2Q 2007 AND 1Q, 2Q 2008
(In Million New Taiwan Dollars)

	1Q 2008		2Q 2008		QoQ %		2Q 2007		YoY %	
		% of Sales		% of Sales	Change	%		% of Sales	Change	%
Equipment Revenue	1,526	10	1,430	9	(96)	-6	1,188	8	242	20
Service Revenue	14,331	90	14,422	91	91	1	14,605	92	(183)	-1
Total Operating Revenue	15,858	100	15,852	100	(6)	0	15,794	100	58	0
Cost of Good Sold	8,409	53	8,398	53	(12)	0	8,215	52	183	2
Gross Profit	7,448	47	7,454	47	6	0	7,579	48	(125)	-2
Operating Expenses										
Selling and Marketing Expenses	2,647	17	2,382	15	(264)	-10	2,241	14	142	6
General and administrative	1,297	8	1,261	8	(36)	-3	1,305	8	(43)	-3
Research and development	45	0	44	0	(0)	-1	87	1	(43)	-49
Operating Income	3,460	22	3,765	24	306	9	3,946	25	(180)	-5
EBITDA	6,350		6,691		341	5	6,954		(263)	-4
EBITDA Margin (%)	40		42				44			
Service EBITDA Margin (%)	45		47				49			
Net Non Operating Income (Loss)	(278)	(2)	(101)	(1)	177	-64	(73)	(0)	(27)	37
Consolidated Earnings before Income Tax	3,182	20	3,665	23	483	15	3,873	25	(208)	-5
Income Tax Expense	786	5	913	6	126	16	820	5	92	11
Consolidated Income before Minority Interest	2,395	15	2,752	17	357	15	3,052	19	(300)	-10
Minority Interest	32	0	36	0	4	12	19	0	18	96
Net Income	2,428	15	2,789	18	361	15	3,071	19	(282)	-9
EPS--3,873 mn shrs for 2007 (NT\$)	0.72		0.86		0.14	19	0.79		0.06	8
3,378 mn shrs for 1Q 2008 (NT\$)										
3,259 mn shrs for 2Q 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 2Q 2007 AND End 1Q, 2Q 2008
 (In million New Taiwan Dollars)

Assets	1Q 2008		2Q 2008		QoQ		2Q 2007		YoY	
		%		%	Change	%		%	Change	%
Cash, and Cash Equivalents	8,628	9	9,548	10	919	11	15,325	16	(5,777)	(38)
Accounts Receivable	6,061	7	6,422	7	361	6	6,061	6	362	6
Prepaid Expenses	804	1	654	1	(150)	(19)	738	1	(85)	(11)
Other Current Assets	3,411	4	3,559	4	149	4	3,011	3	548	18
Total Current Assets	18,904	20	20,183	22	1,279	7	25,135	26	(4,952)	(20)
Long Term Investment	6,755	7	6,613	7	(142)	(2)	606	1	6,007	992
Properties	125,821	136	127,482	138	1,661	1	122,218	127	5,263	4
Less Accumulated Depreciation	82,263	89	84,783	92	2,520	3	74,579	78	10,204	14
Construction in Progress and Advance Equip.	3,566	4	3,191	3	(375)	(11)	2,742	3	449	16
Net Properties	47,123	51	45,889	50	(1,235)	(3)	50,381	52	(4,492)	(9)
Other Assets	19,526	21	19,379	21	(146)	(1)	20,034	21	(655)	(3)
Total Assets	92,308	100	92,064	100	(244)	(0)	96,156	100	(4,092)	(4)
Short Term Debts	1,611	2	385	0	(1,227)	(76)	222	0	163	73
Accounts Payable and Other Payables	5,212	6	15,069	16	9,857	189	16,004	17	(934)	(6)
Accrued Expenses and Other Current Liabilities	7,461	8	7,122	8	(339)	(5)	7,418	8	(297)	(4)
Current Portion of Long Term Liabilities	2,000	2	1,200	1	(800)	(40)	2,370	2	(1,170)	(49)
Total Current Liabilities	16,285	18	23,776	26	7,491	46	26,014	27	(2,238)	(9)
Long Term Liabilities	48	0	38	0	(10)	(20)	76	0	(38)	(50)
Other Long Term payable	8	0	8	0	(0)	(0)	1,249	1	(1,241)	(99)
Total Long Term Liabilities	56	0	46	0	(10)	(17)	1,325	1	(1,279)	(96)
Other Liabilities	887	1	848	1	(40)	(4)	420	0	428	102
Total Liabilities	17,228	19	24,670	27	7,442	43	27,759	29	(3,089)	(11)
Capital Stock	32,585	35	32,585	35	0	0	38,727	40	(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	21	0	0	15,004	16	4,483	30
Legal Reserve	6,889	7	8,051	9	1,162	17	6,889	7	1,162	17
Retain Earnings	15,040	16	6,250	7	(8,790)	(58)	6,959	7	(709)	(10)
Cumulative Translation Adjustments	31	0	9	0	(21)	(69)	1	0	9	1,344
Minority Interest	1,047	1	1,011	1	(37)	(3)	817	1	193	24
Total Shareholder's Equity	75,079	81	67,394	73	(7,686)	(10)	68,397	71	(1,003)	(1)
Total Liabilities and Shareholder's Equity	92,308	100	92,064	100	(244)	(0)	96,156	100	(4,092)	(4)

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

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FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
2Q 2007 AND 1Q, 2Q 2008
(In Million New Taiwan Dollars)

	<u>2Q 2007</u>	<u>1Q 2008</u>	<u>2Q 2008</u>
Consolidated net income	3,052	2,395	2,752
Depreciation and amortization (excluding 3G	2,826	2,707	2,743
Amortization of 3G concession	183	183	183
Other cash provided by / (used in) operation	-745	1,635	-1,134
<u>Net cash provided by / (used in) operating activities</u>	<u>5,315</u>	<u>6,920</u>	<u>4,544</u>
Capex	929	1,235	1,551
% of service revenue	6	9	11
<u>Free Cash Flow</u>	<u>4,387</u>	<u>5,685</u>	<u>2,993</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