



FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
2Q 2008 AND 1Q, 2Q 2009
(In Million New Taiwan Dollars)

	1Q 2009		2Q 2009		QoQ %		2Q 2008		YoY %	
		% of Sales		% of Sales	Change	%		% of Sales	Change	%
Equipment Revenue	1,250	8	1,334	9	83	7	1,430	9	(96)	-7
Service Revenue	13,631	92	13,714	91	84	1	14,422	91	(708)	-5
Total Operating Revenue	14,881	100	15,048	100	167	1	15,852	100	(804)	-5
Cost of Good Sold	8,252	55	8,483	56	231	3	8,398	53	85	1
Gross Profit	6,629	45	6,565	44	(64)	-1	7,454	47	(889)	-12
Operating Expenses										
Selling and Marketing Expenses	2,447	16	2,610	17	162	7	2,382	15	227	10
General and administrative	1,072	7	1,011	7	(61)	-6	1,261	8	(250)	-20
Research and development	24	0	24	0	0	0	44	0	(20)	-46
Operating Income	3,086	21	2,920	19	(166)	-5	3,765	24	(845)	-22
EBITDA	6,033	41	5,870	39	(162)	-3	6,691	42	(821)	-12
EBITDA Margin (%)	41		39				42			
Service EBITDA Margin (%)	46		44				47			
Net Non Operating Income (Loss)	(64)	(0)	119	1	183	-285	(101)	(1)	219	-218
Consolidated Earnings before Income Tax	3,022	20	3,039	20	17	1	3,665	23	(626)	-17
Income Tax Expense	751	5	753	5	2	0	913	6	(160)	-18
Consolidated Income before Minority Interest	2,271	15	2,287	15	15	1	2,752	17	(466)	-17
Minority Interest	30	0	22	0	(9)	-28	36	0	(15)	-41
Net Income	2,301	15	2,308	15	7	0	2,789	18	(481)	-17
EPS-- 3,259 mn shrs (NT\$)	0.71		0.71		0.00	0	0.86		(0.15)	-17

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 2008 AND End 1Q, 2Q 2009
 (In million New Taiwan Dollars)

Assets	1Q 2009		2Q 2009		QoQ		2Q 2008		YoY	
		%		%	Change	%		%	Change	%
Cash, and Cash Equivalents	9,654	11	11,294	13	1,641	17	9,548	10	1,747	18
Accounts Receivable	5,940	7	6,262	7	322	3	6,422	7	(160)	(2)
Prepaid Expenses	609	1	583	1	(25)	(0)	654	1	(70)	(11)
Other Current Assets	4,277	5	4,451	5	174	2	3,559	4	892	25
Total Current Assets	20,479	23	22,591	25	2,112	22	20,183	22	2,408	12
Long Term Investment	6,411	7	6,467	7	56	1	6,613	7	(146)	(2)
Properties	130,810	146	132,691	148	1,881	19	127,482	138	5,209	4
Less Accumulated Depreciation	91,807	102	94,362	105	2,555	26	84,783	92	9,579	11
Construction in Progress and Advance Equip.	4,561	5	3,579	4	(982)	(10)	3,191	3	388	12
Net Properties	43,565	49	41,908	47	(1,657)	(17)	45,889	50	(3,981)	(9)
Other Assets	19,158	21	18,938	21	(220)	(2)	19,379	21	(441)	(2)
Total Assets	89,613	100	89,904	100	291	3	92,064	100	(2,160)	(2)
Short Term Debts	531	1	451	1	(81)	(1)	385	0	66	17
Accounts Payable and Other Payables	7,844	9	14,601	16	6,757	70	15,069	16	(468)	(3)
Accrued Expenses and Other Current Liabilities	5,299	6	5,795	6	496	5	7,122	8	(1,327)	(19)
Current Portion of Long Term Liabilities	238	0	238	0	0	0	1,200	1	(962)	(80)
Total Current Liabilities	13,913	16	21,085	23	7,172	74	23,776	26	(2,691)	(11)
Long Term Liabilities	10	0	0	0	(10)	(0)	38	0	(38)	(100)
Other Long Term payable	0	0	0	0	0	0	8	0	(8)	(100)
Total Long Term Liabilities	10	0	0	0	(10)	(0)	46	0	(46)	(100)
Other Liabilities	1,119	1	1,062	1	(57)	(1)	848	1	214	25
Total Liabilities	15,041	17	22,147	25	7,106	74	24,670	27	(2,523)	(10)
Capital Stock	32,585	36	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	9,067	10	1,016	11	8,051	9	1,016	13
Retain Earnings	13,496	15	5,664	6	(7,832)	(81)	6,250	7	(586)	(9)
Cumulative Translation Adjustments	52	0	74	0	22	0	9	0	65	690
Minority Interest	901	1	879	1	(22)	(0)	1,011	1	(132)	(13)
Total Shareholder's Equity	74,572	83	67,757	75	(6,815)	(71)	67,394	73	363	1
Total Liabilities and Shareholder's Equity	89,613	100	89,904	100	291	3	92,064	100	(2,160)	(2)

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
1-4Q 2008 AND 1-2Q 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>	<u>2Q 2009</u>
Consolidated net income	2,395	2,752	2,596	2,279	2,271	2,287
Depreciation and amortization (excluding 3G)	2,707	2,743	2,727	2,735	2,764	2,767
Amortization of 3G concession	183	183	183	183	183	183
Other cash provided by / (used in) operation	1,635	-1,134	-550	1,796	1,096	-1,097
<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>	<u>6,314</u>	<u>4,139</u>
Capex	1,235	1,551	2,322	2,363	1,575	1,691
% of service revenue	9	11	16	17	12	12
<u>Free Cash Flow</u>	<u>5,685</u>	<u>2,993</u>	<u>2,633</u>	<u>4,629</u>	<u>4,739</u>	<u>2,448</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