

**FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENT**  
3Q 2006, and 1-3Q 2007  
(In Million New Taiwan Dollars)

	1Q 2007		2Q 2007		3Q 2007		QoQ %		3Q 2006		YoY %	
		% of Sales		% of Sales		% of Sales	Change	%		% of Sales	Change	%
Equipment Revenue	1,318	8	1,188	8	1,308	8	120	10	1,401	9	(93)	-7
Service Revenue	14,458	92	14,605	92	14,899	92	293	2	15,059	91	(160)	-1
Total Operating Revenue	15,776	100	15,794	100	16,207	100	413	3	16,460	100	(253)	-2
Cost of Good Sold	8,260	52	8,215	52	8,362	52	147	2	8,701	53	(339)	-4
Gross Profit	7,516	48	7,579	48	7,844	48	266	4	7,758	47	86	1
Operating Expenses												
Selling and Marketing Expenses	2,445	15	2,241	14	2,545	16	304	14	2,170	13	375	17
General and administrative	1,308	8	1,305	8	1,406	9	101	8	1,321	8	85	6
Research and development	65	0	87	1	69	0	(18)	-21	85	1	(16)	-19
Operating Income	3,698	23	3,946	25	3,825	24	(121)	-3	4,183	25	(358)	-9
EBITDA	6,679		6,954		6,841		(113)	-2	7,345		(504)	-7
EBITDA Margin (%)	42		44		42				45			
Service EBITDA Margin (%)	48		49		47				51			
Net Non Operating Income (Loss)	(61)	0	(73)	0	(126)	-1	(52)	71	(121)	-1	(5)	4
Consolidated Earnings before Income Tax	3,637	23	3,873	25	3,699	23	(173)	-4	4,062	25	(363)	-9
Income Tax Expense	768	5	820	5	818	5	(2)	0	759	5	58	8
Consolidated Income before Minority Interest	2,868	18	3,052	19	2,881	18	(171)	-6	3,303	20	(421)	-13
Minority Interest	27	0	19	0	77	0	58	312	50	0	27	54
Net Income	2,896	18	3,071	19	2,958	18	(113)	-4	3,353	20	(395)	-12
EPS--3,873 mn shrs (NT\$)	0.75		0.79		0.76		(0.03)	-4	0.87		(0.11)	-12

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 3Q 2006 AND End 1Q, 2Q, 3Q 2007**  
(In million New Taiwan Dollars)

	1Q 2007		2Q 2007		3Q 2007		QoQ		3Q 2006		YoY	
		%		%		%	Change	%		%	Change	%
<b>Assets</b>												
Cash, and Cash Equivalents	11,263	12	15,325	16	6,749	8	(8,576)	(56)	3,144	3	3,605	115
Accounts Receivable	5,747	6	6,061	6	6,049	7	(11)	(0)	5,941	7	108	2
Prepaid Expenses	995	1	738	1	894	1	156	21	947	1	(53)	(6)
Other Current Assets	3,555	4	3,011	3	3,347	4	335	11	3,054	3	292	10
<b>Total Current Assets</b>	<b>21,561</b>	<b>23</b>	<b>25,135</b>	<b>26</b>	<b>17,039</b>	<b>19</b>	<b>(8,096)</b>	<b>(32)</b>	<b>13,086</b>	<b>14</b>	<b>3,953</b>	<b>30</b>
Long Term Investment	680	1	606	1	1,061	1	455	75	698	1	363	52
Properties	120,641	127	122,218	127	123,532	140	1,313	1	119,160	132	4,372	4
Less Accumulated Depreciation	71,927	76	74,579	78	77,265	88	2,687	4	66,623	74	10,642	16
Construction in Progress and Advance Equip.	3,758	4	2,742	3	3,707	4	966	35	2,934	3	773	26
Net Properties	52,471	55	50,381	52	49,974	57	(408)	(1)	55,470	61	(5,497)	(10)
Other Assets	20,359	21	20,034	21	19,913	23	(121)	(1)	21,073	23	(1,160)	(6)
<b>Total Assets</b>	<b>95,072</b>	<b>100</b>	<b>96,156</b>	<b>100</b>	<b>87,986</b>	<b>100</b>	<b>(8,170)</b>	<b>(8)</b>	<b>90,327</b>	<b>100</b>	<b>(2,341)</b>	<b>(3)</b>
<b>Liabilities and Shareholder's Equity</b>												
Short Term Debts	175	0	222	0	207	0	(15)	(7)	104	0	103	99
Accounts Payable and Other Payables	5,054	5	16,004	17	4,237	5	(11,767)	(74)	3,867	4	370	10
Accrued Expenses and Other Current Liabilities	8,005	8	7,418	8	7,604	9	185	2	7,513	8	90	1
Current Portion of Long Term Liabilities	1,570	2	2,370	2	2,370	3	0	0	2,960	3	(590)	(20)
<b>Total Current Liabilities</b>	<b>14,804</b>	<b>16</b>	<b>26,014</b>	<b>27</b>	<b>14,418</b>	<b>16</b>	<b>(11,596)</b>	<b>(45)</b>	<b>14,444</b>	<b>16</b>	<b>(26)</b>	<b>(0)</b>
Long Term Liabilities	86	0	76	0	67	0	(10)	(12)	105	0	(38)	(36)
Other Long Term payable	2,107	2	1,249	1	1,244	1	(6)	(0)	3,703	4	(2,459)	(66)
<b>Total Long Term Liabilities</b>	<b>2,192</b>	<b>2</b>	<b>1,325</b>	<b>1</b>	<b>1,310</b>	<b>1</b>	<b>(15)</b>	<b>(1)</b>	<b>3,808</b>	<b>4</b>	<b>(2,498)</b>	<b>(66)</b>
Other Liabilities	402	0	420	0	544	1	124	30	401	0	144	36
<b>Total Liabilities</b>	<b>17,399</b>	<b>18</b>	<b>27,759</b>	<b>29</b>	<b>16,272</b>	<b>18</b>	<b>(11,487)</b>	<b>(41)</b>	<b>18,653</b>	<b>21</b>	<b>(2,381)</b>	<b>(13)</b>
<b>Shareholder's Equity</b>												
Capital Stock	38,727	41	38,727	40	38,727	44	0	0	38,727	43	0	0
Capital Stock to be Issued	0	0	0	0	0	0	0	0	0	0	0	0
Capital Surplus	15,004	16	15,004	16	15,034	17	30	0	15,004	17	30	0
Legal Reserve	5,573	6	6,889	7	6,889	8	0	0	5,573	6	1,316	24
Retain Earnings	17,563	18	6,959	7	9,917	11	2,958	43	11,507	13	(1,590)	(14)
Cumulative Translation Adjustments	(30)	(0)	1	0	(8)	(0)	(8)	(1,284)	(51)	(0)	43	(85)
Minority Interest	836	1	817	1	1,155	1	338	41	914	1	241	26
<b>Total Shareholder's Equity</b>	<b>77,673</b>	<b>82</b>	<b>68,397</b>	<b>71</b>	<b>71,714</b>	<b>82</b>	<b>3,317</b>	<b>5</b>	<b>71,674</b>	<b>79</b>	<b>40</b>	<b>0</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>95,072</b>	<b>100</b>	<b>96,156</b>	<b>100</b>	<b>87,986</b>	<b>100</b>	<b>(8,170)</b>	<b>(8)</b>	<b>90,327</b>	<b>100</b>	<b>(2,341)</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**  
**3Q 2006, and 1-3Q 2007**  
**(In Million New Taiwan Dollars)**

	<u>3Q 2006</u>	<u>1Q 2007</u>	<u>2Q 2007</u>	<u>3Q 2007</u>
Consolidated net income	3,303	2,868	3,052	2,881
Depreciation and amortization (excluding 3G	2,979	2,799	2,826	2,833
Amortization of 3G concession	183	183	183	183
Other cash provided by / (used in) operation	(508)	1,325	(745)	(280)
<b><u>Net cash provided by / (used in) operating activities</u></b>	<b><u>5,956</u></b>	<b><u>7,175</u></b>	<b><u>5,315</u></b>	<b><u>5,617</u></b>
Capex	1,081	1,368	929	1,227
% of service revenue	7	9	6	8
<b><u>Free Cash Flow</u></b>	<b><u>4,874</u></b>	<b><u>5,807</u></b>	<b><u>4,387</u></b>	<b><u>4,390</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 (Holdings) Ltd, Far Eastern Info Service (Holding) Ltd.

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