



FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES  
**CONSOLIDATED INCOME STATEMENT**  
 3Q 2007 AND 2Q, 3Q 2008  
 (In Million New Taiwan Dollars)

	2Q 2008		3Q 2008		QoQ %		3Q 2007		YoY %	
		% of Sales		% of Sales	Change	%		% of Sales	Change	%
Equipment Revenue	1,430	9	1,301	8	(128)	-9	1,308	8	(7)	-1
Service Revenue	14,422	91	14,439	92	16	0	14,899	92	(460)	-3
Total Operating Revenue	15,852	100	15,740	100	(112)	-1	16,207	100	(467)	-3
Cost of Good Sold	8,398	53	8,455	54	57	1	8,362	52	93	1
Gross Profit	7,454	47	7,285	46	(169)	-2	7,844	48	(560)	-7
Operating Expenses										
Selling and Marketing Expenses	2,382	15	2,496	16	114	5	2,545	16	(49)	-2
General and administrative	1,261	8	983	6	(278)	-22	1,406	9	(422)	-30
Research and development	44	0	40	0	(5)	-10	69	0	(29)	-42
Operating Income	3,765	24	3,765	24	(0)	0	3,825	24	(60)	-2
EBITDA	6,691		6,674		(17)	0	6,841		(167)	-2
EBITDA Margin (%)	42		42				42			
Service EBITDA Margin (%)	47		47				47			
Net Non Operating Income (Loss)	(101)	(1)	(319)	(2)	(218)	217	(126)	(1)	(193)	154
Consolidated Earnings before Income Tax	3,665	23	3,447	22	(218)	-6	3,699	23	(253)	-7
Income Tax Expense	913	6	851	5	(61)	-7	818	5	33	4
Consolidated Income before Minority Interest	2,752	17	2,596	16	(157)	-6	2,881	18	(286)	-10
Minority Interest	36	0	33	0	(3)	-10	77	0	(44)	-57
Net Income	2,789	18	2,629	17	(160)	-6	2,958	18	(330)	-11
EPS--3,873 mn shrs for 2007 (NT\$)	0.86		0.81		(0.05)	-6	0.76		0.04	6
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 3Q 2007 AND End 2Q, 3Q 2008  
 (In million New Taiwan Dollars)

Assets	2Q 2008		3Q 2008		QoQ		3Q 2007		YoY	
		%	0	%	Change	%		%	Change	%
Cash, and Cash Equivalents	9,548	10	6,375	7	(3,172)	(33)	6,749	8	(374)	(6)
Accounts Receivable	6,422	7	6,525	7	103	2	6,049	7	476	8
Prepaid Expenses	654	1	822	1	168	26	894	1	(73)	(8)
Other Current Assets	3,559	4	3,575	4	15	0	3,347	4	228	7
<b>Total Current Assets</b>	<b>20,183</b>	<b>22</b>	<b>17,296</b>	<b>20</b>	<b>(2,887)</b>	<b>(14)</b>	<b>17,039</b>	<b>19</b>	<b>257</b>	<b>2</b>
Long Term Investment	6,613	7	6,258	7	(355)	(5)	1,061	1	5,197	490
Properties	127,482	138	128,718	146	1,237	1	123,532	140	5,187	4
Less Accumulated Depreciation	84,783	92	87,255	99	2,472	3	77,265	88	9,990	13
Construction in Progress and Advance Equip.	3,191	3	4,032	5	841	26	3,707	4	324	9
Net Properties	45,889	50	45,494	52	(395)	(1)	49,974	57	(4,479)	(9)
Other Assets	19,379	21	19,161	22	(218)	(1)	19,913	23	(752)	(4)
<b>Total Assets</b>	<b>92,064</b>	<b>100</b>	<b>88,210</b>	<b>100</b>	<b>(3,854)</b>	<b>(4)</b>	<b>87,986</b>	<b>100</b>	<b>224</b>	<b>0</b>
Short Term Debts	385	0	4,443	5	4,059	1,056	207	0	4,236	2,046
Accounts Payable and Other Payables	15,069	16	4,550	5	(10,519)	(70)	4,237	5	314	7
Accrued Expenses and Other Current Liabilities	7,122	8	7,011	8	(111)	(2)	7,604	9	(593)	(8)
Current Portion of Long Term Liabilities	1,200	1	1,200	1	0	0	2,370	3	(1,170)	(49)
Total Current Liabilities	23,776	26	17,205	20	(6,571)	(28)	14,418	16	2,787	19
Long Term Liabilities	38	0	179	0	140	369	67	0	112	168
Other Long Term payable	8	0	8	0	(0)	(0)	1,244	1	(1,235)	(99)
Total Long Term Liabilities	46	0	187	0	140	302	1,310	1	(1,123)	(86)
Other Liabilities	848	1	833	1	(15)	(2)	544	1	289	53
<b>Total Liabilities</b>	<b>24,670</b>	<b>27</b>	<b>18,224</b>	<b>21</b>	<b>(6,446)</b>	<b>(26)</b>	<b>16,272</b>	<b>18</b>	<b>1,952</b>	<b>12</b>
Capital Stock	32,585	35	32,585	37	0	0	38,727	44	(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	22	0	0	15,034	17	4,454	30
Legal Reserve	8,051	9	8,051	9	0	0	6,889	8	1,162	17
Retain Earnings	6,250	7	8,879	10	2,628	42	9,917	11	(1,039)	(10)
Cumulative Translation Adjustments	9	0	(8)	(0)	(17)	(185)	(8)	(0)	(0)	3
Minority Interest	1,011	1	992	1	(19)	(2)	1,155	1	(164)	(14)
<b>Total Shareholder's Equity</b>	<b>67,394</b>	<b>73</b>	<b>69,986</b>	<b>79</b>	<b>2,592</b>	<b>4</b>	<b>71,714</b>	<b>82</b>	<b>(1,728)</b>	<b>(2)</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>92,064</b>	<b>100</b>	<b>88,210</b>	<b>100</b>	<b>(3,854)</b>	<b>(4)</b>	<b>87,986</b>	<b>100</b>	<b>224</b>	<b>0</b>

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

(2) Based on the new regulation, starting from 2005, the consolidated entities add Arcoa, KGE.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 2007 AND 1-3Q 2008**  
(In Million New Taiwan Dollars)

	<u>3Q 2007</u>	<u>1Q 2008</u>	<u>2Q 2008</u>	<u>3Q 2008</u>
Consolidated net income	2,881	2,395	2,752	2,596
Depreciation and amortization (excluding 3G	2,833	2,707	2,743	2,727
Amortization of 3G concession	183	183	183	183
Other cash provided by / (used in) operation	-280	1,635	-1,134	-550
<b><u>Net cash provided by / (used in) operating activities</u></b>	<b><u>5,617</u></b>	<b><u>6,920</u></b>	<b><u>4,544</u></b>	<b><u>4,954</u></b>
Capex	1,227	1,235	1,551	2,322
% of service revenue	8	9	11	16
<b><u>Free Cash Flow</u></b>	<b><u>4,390</u></b>	<b><u>5,685</u></b>	<b><u>2,993</u></b>	<b><u>2,633</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, KGEEx.com, KGT International Holdings, E. Word  
(3) Free Cash Flow = Operation Cash Flow - Capex