

**FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENT**  
**3Q, 4Q 2007, 4Q 2006 AND FY2006, FY2007**  
(In Million New Taiwan Dollars)

	4Q 2007		3Q 2007		QoQ %		4Q 2006		YoY %		FY2007	FY2006	YoY %	
		% of Sales		% of Sales	Change	%		% of Sales	Change	%			Change	%
Equipment Revenue	1,703	10	1,308	8	394	30	1,557	10	145	9	5,517	6,755	(1,237)	-18
Service Revenue	14,557	90	14,899	92	(341)	-2	14,715	90	(157)	-1	58,520	60,472	(1,953)	-3
<b>Total Operating Revenue</b>	<b>16,260</b>	<b>100</b>	<b>16,207</b>	<b>100</b>	<b>53</b>	<b>0</b>	<b>16,272</b>	<b>100</b>	<b>(12)</b>	<b>0</b>	<b>64,037</b>	<b>67,227</b>	<b>(3,190)</b>	<b>-5</b>
Cost of Good Sold	8,712	54	8,362	52	349	4	8,744	54	(33)	0	33,549	35,552	(2,003)	-6
<b>Gross Profit</b>	<b>7,548</b>	<b>46</b>	<b>7,844</b>	<b>48</b>	<b>(296)</b>	<b>-4</b>	<b>7,528</b>	<b>46</b>	<b>21</b>	<b>0</b>	<b>30,488</b>	<b>31,675</b>	<b>(1,187)</b>	<b>-4</b>
<b>Operating Expenses</b>														
Selling and Marketing Expenses	2,829	17	2,545	16	284	11	2,555	16	274	11	10,060	9,633	427	4
General and administrative	1,058	7	1,406	9	(348)	-25	988	6	70	7	5,077	5,168	(91)	-2
Research and development	77	0	69	0	9	13	75	0	3	4	299	296	3	1
<b>Operating Income</b>	<b>3,584</b>	<b>22</b>	<b>3,825</b>	<b>24</b>	<b>(241)</b>	<b>-6</b>	<b>3,910</b>	<b>24</b>	<b>(326)</b>	<b>-8</b>	<b>15,052</b>	<b>16,578</b>	<b>(1,525)</b>	<b>-9</b>
<b>EBITDA</b>	<b>6,586</b>		<b>6,841</b>		<b>(255)</b>	<b>-4</b>	<b>7,140</b>		<b>(554)</b>	<b>-8</b>	<b>27,060</b>	<b>29,238</b>	<b>(2,178)</b>	<b>-7</b>
EBITDA Margin (%)	41		42				44				42	53		
Service EBITDA Margin (%)	47		47				50				48	50		
<b>Net Non Operating Income (Loss)</b>	<b>(229)</b>	<b>(1)</b>	<b>(126)</b>	<b>-1</b>	<b>(104)</b>	<b>83</b>	<b>(45)</b>	<b>0</b>	<b>(185)</b>	<b>415</b>	<b>(490)</b>	<b>(449)</b>	<b>(40)</b>	<b>9</b>
<b>Consolidated Earnings before Income Tax</b>	<b>3,355</b>	<b>21</b>	<b>3,699</b>	<b>23</b>	<b>(345)</b>	<b>-9</b>	<b>3,865</b>	<b>24</b>	<b>(511)</b>	<b>-13</b>	<b>14,563</b>	<b>16,128</b>	<b>(1,565)</b>	<b>-10</b>
<b>Income Tax Expense</b>	<b>734</b>	<b>5</b>	<b>818</b>	<b>5</b>	<b>(84)</b>	<b>-10</b>	<b>756</b>	<b>5</b>	<b>(22)</b>	<b>-3</b>	<b>3,141</b>	<b>3,111</b>	<b>29</b>	<b>1</b>
<b>Consolidated Income before Minority Interest</b>	<b>2,620</b>	<b>16</b>	<b>2,881</b>	<b>18</b>	<b>(261)</b>	<b>-9</b>	<b>3,110</b>	<b>19</b>	<b>(489)</b>	<b>-16</b>	<b>11,423</b>	<b>13,017</b>	<b>(1,595)</b>	<b>-12</b>
<b>Minority Interest</b>	<b>75</b>	<b>0</b>	<b>77</b>	<b>0</b>	<b>(2)</b>	<b>-3</b>	<b>51</b>	<b>0</b>	<b>24</b>	<b>46</b>	<b>197</b>	<b>139</b>	<b>58</b>	<b>42</b>
<b>Net Income</b>	<b>2,695</b>	<b>17</b>	<b>2,958</b>	<b>18</b>	<b>(263)</b>	<b>-9</b>	<b>3,160</b>	<b>19</b>	<b>(466)</b>	<b>-15</b>	<b>11,620</b>	<b>13,157</b>	<b>(1,537)</b>	<b>-12</b>
<b>EPS--3,873 mn shrs (NT\$)</b>	<b>0.70</b>		<b>0.76</b>		<b>(0.07)</b>	<b>-9</b>	<b>0.82</b>		<b>(0.12)</b>	<b>-15</b>	<b>3.00</b>	<b>3.40</b>	<b>(0)</b>	<b>-12</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.  
CONSOLIDATED BALANCE SHEET  
End 3Q, 4Q 2007 AND End 4Q 2006  
(In million New Taiwan Dollars)

Assets	1-4Q 2007		1-3Q 2007		QoQ		1-4Q 2006		YoY	
		%		%	Change	%		%	Change	%
Cash, and Cash Equivalents	10,278	11	6,749	8	3,530	52	7,852	8	2,427	31
Accounts Receivable	6,507	7	6,049	7	458	8	6,096	6	411	7
Prepaid Expenses	706	1	894	1	(188)	(21)	769	1	(63)	(8)
Other Current Assets	3,235	3	3,347	4	(112)	(3)	3,019	3	216	7
<b>Total Current Assets</b>	<b>20,726</b>	<b>21</b>	<b>17,039</b>	<b>19</b>	<b>3,687</b>	<b>22</b>	<b>17,735</b>	<b>19</b>	<b>2,991</b>	<b>17</b>
Long Term Investment	7,043	7	1,061	1	5,982	564	627	1	6,416	1,024
Properties	124,665	129	123,532	140	1,133	1	119,829	128	4,835	4
Less Accumulated Depreciation	79,672	83	77,265	88	2,406	3	69,253	74	10,419	15
Construction in Progress and Advance Equip.	3,936	4	3,707	4	228	6	4,090	4	(154)	(4)
Net Properties	48,929	51	49,974	57	(1,045)	(2)	54,666	58	(5,737)	(10)
Other Assets	19,730	20	19,913	23	(183)	(1)	20,851	22	(1,121)	(5)
<b>Total Assets</b>	<b>96,427</b>	<b>100</b>	<b>87,986</b>	<b>100</b>	<b>8,441</b>	<b>10</b>	<b>93,879</b>	<b>100</b>	<b>2,548</b>	<b>3</b>
Short Term Debts	269	0	207	0	62	30	129	0	140	109
Accounts Payable and Other Payables	4,705	5	4,237	5	468	11	5,395	6	(691)	(13)
Accrued Expenses and Other Current Liabilities	7,489	8	7,604	9	(115)	(2)	7,319	8	170	2
Current Portion of Long Term Liabilities	2,670	3	2,370	3	300	13	2,960	3	(290)	(10)
<b>Total Current Liabilities</b>	<b>15,133</b>	<b>16</b>	<b>14,418</b>	<b>16</b>	<b>715</b>	<b>5</b>	<b>15,803</b>	<b>17</b>	<b>(670)</b>	<b>(4)</b>
Long Term Liabilities	57	0	67	0	(10)	(14)	95	0	(38)	(40)
Other Long Term payable	17	0	1,244	1	(1,227)	(99)	2,793	3	(2,776)	(99)
<b>Total Long Term Liabilities</b>	<b>74</b>	<b>0</b>	<b>1,310</b>	<b>1</b>	<b>(1,236)</b>	<b>(94)</b>	<b>2,888</b>	<b>3</b>	<b>(2,815)</b>	<b>(97)</b>
Other Liabilities	805	1	544	1	261	48	397	0	408	103
<b>Total Liabilities</b>	<b>16,012</b>	<b>17</b>	<b>16,272</b>	<b>18</b>	<b>(260)</b>	<b>(2)</b>	<b>19,089</b>	<b>20</b>	<b>(3,077)</b>	<b>(16)</b>
Capital Stock	40,330	42	38,727	44	1,604	4	38,727	41	1,604	4
Capital Stock to be Issued	0	0	0	0	0	0	0	0	0	0
Capital Surplus	19,487	20	15,034	17	4,454	30	15,004	16	4,483	30
Legal Reserve	6,889	7	6,889	8	0	0	5,573	6	1,316	24
Retain Earnings	12,612	13	9,917	11	2,695	27	14,668	16	(2,055)	(14)
Cumulative Translation Adjustments	15	0	(8)	(0)	23	(297)	(45)	(0)	60	(134)
Minority Interest	1,081	1	1,155	1	(74)	(6)	863	1	218	25
<b>Total Shareholder's Equity</b>	<b>80,415</b>	<b>83</b>	<b>71,714</b>	<b>82</b>	<b>8,701</b>	<b>12</b>	<b>74,790</b>	<b>80</b>	<b>5,625</b>	<b>8</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>96,427</b>	<b>100</b>	<b>87,986</b>	<b>100</b>	<b>8,441</b>	<b>10</b>	<b>93,879</b>	<b>100</b>	<b>2,548</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, 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, 4Q 2007, 4Q 2006 AND FY2006, FY2007  
(In Million New Taiwan Dollars)

	<u>4Q 2006</u>	<u>3Q 2007</u>	<u>4Q 2007</u>	<u>FY 2006</u>	<u>FY 2007</u>
Consolidated net income	3,109	2,881	2,620	13,017	11,422
Depreciation and amortization (excluding 3G	3,048	2,833	2,819	11,929	11,277
Amortization of 3G concession	183	183	183	731	731
Other cash provided by / (used in) operation	1,072	(280)	1,218	292	1,518
<b><u>Net cash provided by / (used in) operating activities</u></b>	<u>7,412</u>	<u>5,617</u>	<u>6,839</u>	<u>25,968</u>	<u>24,947</u>
Capex	1,839	1,227	2,262	6,081	5,786
% of service revenue	12	8	16	10	10
<b><u>Free Cash Flow</u></b>	<u>5,573</u>	<u>4,390</u>	<u>4,578</u>	<u>19,888</u>	<u>19,162</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 (Holdings) Ltd, Far Eastern Info

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