

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES  
**CONSOLIDATED INCOME STATEMENT**  
 4Q 2007, FY2007 AND 3Q, 4Q 2008, FY2008  
 (In Million New Taiwan Dollars)

	3Q 2008		4Q 2008		QoQ %		4Q 2007		YoY %		FY2007	FY2008
		% of Sales		% of Sales	Change	%		% of Sales	Change	%		
Equipment Revenue	1,301	8	942	6	(359)	-28	1,703	10	(761)	-45	5,517	5,199
Service Revenue	14,439	92	14,127	94	(312)	-2	14,557	90	(431)	-3	58,520	57,319
<b>Total Operating Revenue</b>	<b>15,740</b>	<b>100</b>	<b>15,069</b>	<b>100</b>	<b>(671)</b>	<b>-4</b>	<b>16,260</b>	<b>100</b>	<b>(1,191)</b>	<b>-7</b>	<b>64,037</b>	<b>62,518</b>
Cost of Good Sold	8,455	54	7,956	53	(499)	-6	8,712	54	(755)	-9	33,549	33,219
<b>Gross Profit</b>	<b>7,285</b>	<b>46</b>	<b>7,112</b>	<b>47</b>	<b>(173)</b>	<b>-2</b>	<b>7,548</b>	<b>46</b>	<b>(436)</b>	<b>-6</b>	<b>30,488</b>	<b>29,299</b>
<b>Operating Expenses</b>												
Selling and Marketing Expenses	2,496	16	2,519	17	23	1	2,829	17	(310)	-11	10,060	10,044
General and administrative	983	6	1,218	8	235	24	1,058	7	160	15	5,077	4,760
Research and development	40	0	25	0	(15)	-38	77	0	(53)	-68	299	154
<b>Operating Income</b>	<b>3,765</b>	<b>24</b>	<b>3,350</b>	<b>22</b>	<b>(415)</b>	<b>-11</b>	<b>3,584</b>	<b>22</b>	<b>(233)</b>	<b>-7</b>	<b>15,052</b>	<b>14,341</b>
<b>EBITDA</b>	<b>6,674</b>		<b>6,268</b>		<b>(406)</b>	<b>-6</b>	<b>6,586</b>	<b>41</b>	<b>(318)</b>	<b>-5</b>	<b>27,060</b>	<b>25,983</b>
EBITDA Margin (%)	42		42				41				42	42
Service EBITDA Margin (%)	47		46				47				48	46
<b>Net Non Operating Income (Loss)</b>	<b>(319)</b>	<b>(2)</b>	<b>(320)</b>	<b>(2)</b>	<b>(1)</b>	<b>0</b>	<b>(229)</b>	<b>(1)</b>	<b>(91)</b>	<b>39</b>	<b>(490)</b>	<b>(1,017)</b>
<b>Consolidated Earnings before Income Tax</b>	<b>3,447</b>	<b>22</b>	<b>3,030</b>	<b>20</b>	<b>(416)</b>	<b>-12</b>	<b>3,355</b>	<b>21</b>	<b>(324)</b>	<b>-10</b>	<b>14,563</b>	<b>13,324</b>
Income Tax Expense	851	5	752	5	(99)	-12	734	5	18	2	3,141	3,302
<b>Consolidated Income before Minority Interest</b>	<b>2,596</b>	<b>16</b>	<b>2,279</b>	<b>15</b>	<b>(317)</b>	<b>-12</b>	<b>2,620</b>	<b>16</b>	<b>(342)</b>	<b>-13</b>	<b>11,422</b>	<b>10,022</b>
Minority Interest	33	0	37	0	4	13	75	0	(37)	-50	197	139
<b>Net Income</b>	<b>2,629</b>	<b>17</b>	<b>2,316</b>	<b>15</b>	<b>(313)</b>	<b>-12</b>	<b>2,695</b>	<b>17</b>	<b>(379)</b>	<b>-14</b>	<b>11,619</b>	<b>10,161</b>
EPS--3,873 mn shrs for 2007 (NT\$)	0.81		0.71		(0.10)	-12	0.70		0.01	2	3.00	3.12
3,259 mn shrs for 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 4Q 2007 AND End 3Q, 4Q 2008  
 (In million New Taiwan Dollars)

Assets	3Q 2008		4Q 2008		QoQ		4Q 2007		YoY	
		%		%	Change	%		%	Change	%
Cash, and Cash Equivalents	6,375	7	7,236	8	861	13	10,278	11	(3,042)	(30)
Accounts Receivable	6,525	7	6,181	7	(344)	(5)	6,507	7	(326)	(5)
Prepaid Expenses	822	1	696	1	(126)	(15)	706	1	(10)	(1)
Other Current Assets	3,575	4	3,909	4	335	9	3,235	3	675	21
<b>Total Current Assets</b>	<b>17,296</b>	<b>20</b>	<b>18,022</b>	<b>20</b>	<b>726</b>	<b>4</b>	<b>20,726</b>	<b>21</b>	<b>(2,704)</b>	<b>(13)</b>
Long Term Investment	6,258	7	6,114	7	(145)	(2)	7,043	7	(929)	(13)
Properties	128,718	146	129,838	147	1,119	1	124,665	129	5,173	4
Less Accumulated Depreciation	87,255	99	89,290	101	2,034	2	79,672	83	9,618	12
Construction in Progress and Advance Equip.	4,032	5	4,881	6	849	21	3,936	4	945	24
Net Properties	45,494	52	45,428	51	(66)	(0)	48,929	51	(3,500)	(7)
Other Assets	19,161	22	18,934	21	(227)	(1)	19,730	20	(796)	(4)
<b>Total Assets</b>	<b>88,210</b>	<b>100</b>	<b>88,499</b>	<b>100</b>	<b>288</b>	<b>0</b>	<b>96,427</b>	<b>100</b>	<b>(7,929)</b>	<b>(8)</b>
Short Term Debts	4,443	5	1,689	2	(2,754)	(62)	269	0	1,420	528
Accounts Payable and Other Payables	4,550	5	7,644	9	3,093	68	4,705	5	2,939	62
Accrued Expenses and Other Current Liabilities	7,011	8	5,667	6	(1,343)	(19)	7,489	8	(1,822)	(24)
Current Portion of Long Term Liabilities	1,200	1	238	0	(962)	(80)	2,670	3	(2,432)	(91)
<b>Total Current Liabilities</b>	<b>17,205</b>	<b>20</b>	<b>15,239</b>	<b>17</b>	<b>(1,966)</b>	<b>(11)</b>	<b>15,133</b>	<b>16</b>	<b>105</b>	<b>1</b>
Long Term Liabilities	179	0	19	0	(160)	(89)	57	0	(38)	(67)
Other Long Term payable	8	0	8	0	0	0	17	0	(8)	(50)
<b>Total Long Term Liabilities</b>	<b>187</b>	<b>0</b>	<b>27</b>	<b>0</b>	<b>(160)</b>	<b>(85)</b>	<b>74</b>	<b>0</b>	<b>(46)</b>	<b>(63)</b>
Other Liabilities	833	1	991	1	159	19	805	1	186	23
<b>Total Liabilities</b>	<b>18,224</b>	<b>21</b>	<b>16,257</b>	<b>18</b>	<b>(1,967)</b>	<b>(11)</b>	<b>16,012</b>	<b>17</b>	<b>245</b>	<b>2</b>
Capital Stock	32,585	37	32,585	37	0	0	40,330	42	(7,745)	(19)
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	20	0	0
Legal Reserve	8,051	9	8,051	9	0	0	6,889	7	1,162	17
Retain Earnings	8,879	10	11,195	13	2,316	26	12,612	13	(1,418)	(11)
Cumulative Translation Adjustments	(8)	(0)	(22)	(0)	(14)	174	15	0	(37)	(244)
Minority Interest	992	1	945	1	(47)	(5)	1,081	1	(136)	(13)
<b>Total Shareholder's Equity</b>	<b>69,986</b>	<b>79</b>	<b>72,241</b>	<b>82</b>	<b>2,256</b>	<b>3</b>	<b>80,415</b>	<b>83</b>	<b>(8,174)</b>	<b>(10)</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>88,210</b>	<b>100</b>	<b>88,499</b>	<b>100</b>	<b>288</b>	<b>0</b>	<b>96,427</b>	<b>100</b>	<b>(7,929)</b>	<b>(8)</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**  
**1-4Q 2008**  
**(In Million New Taiwan Dollars)**

	<u>1Q 2008</u>	<u>2Q 2008</u>	<u>3Q 2008</u>	<u>4Q 2008</u>
Consolidated net income	2,395	2,752	2,596	2,279
Depreciation and amortization (excluding 3G)	2,707	2,743	2,727	2,735
Amortization of 3G concession	183	183	183	183
Other cash provided by / (used in) operation	1,635	-1,134	-550	1,796
<b><u>Net cash provided by / (used in) operating activities</u></b>	<b><u>6,920</u></b>	<b><u>4,544</u></b>	<b><u>4,954</u></b>	<b><u>6,992</u></b>
Capex	1,235	1,551	2,322	2,363
% of service revenue	9	11	16	17
<b><u>Free Cash Flow</u></b>	<b><u>5,685</u></b>	<b><u>2,993</u></b>	<b><u>2,633</u></b>	<b><u>4,629</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  
(3) Free Cash Flow = Operation Cash Flow - Capex