

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES  
**CONSOLIDATED INCOME STATEMENT**  
3Q, 4Q 2006, 4Q 2005 and FY2006, FY2005  
(In Million New Taiwan Dollars)

	4Q 2006		3Q 2006		QoQ %		4Q 2005		YoY %		FY2006	FY2005	YoY %	
		% of Sales		% of Sales	Change	%		% of Sales	Change	%			Change	%
Equipment Revenue	1,557	10	1,401	9	156	11	1,954	11	(397)	-20	6,755	8,381	(1,626)	-19
Service Revenue	14,715	90	15,059	91	(344)	-2	15,791	89	(1,076)	-7	60,472	63,531	(3,059)	-5
<b>Total Operating Revenue</b>	<b>16,272</b>	<b>100</b>	<b>16,460</b>	<b>100</b>	<b>(188)</b>	<b>-1</b>	<b>17,745</b>	<b>100</b>	<b>(1,473)</b>	<b>-8</b>	<b>67,227</b>	<b>71,912</b>	<b>(4,685)</b>	<b>-7</b>
Cost of Good Sold	8,744	54	8,701	53	43	0	9,544	54	(800)	-8	35,552	36,831	(1,279)	-3
<b>Gross Profit</b>	<b>7,528</b>	<b>46</b>	<b>7,758</b>	<b>47</b>	<b>(231)</b>	<b>-3</b>	<b>8,201</b>	<b>46</b>	<b>(673)</b>	<b>-8</b>	<b>31,675</b>	<b>35,081</b>	<b>(3,406)</b>	<b>-10</b>
Operating Expenses														
Selling and Marketing Expenses	2,555	16	2,170	13	385	18	2,516	14	39	2	9,633	9,318	315	3
General and administrative	988	6	1,321	8	(333)	-25	1,598	9	(610)	-38	5,168	6,878	(1,710)	-25
Research and development	75	0	85	1	(10)	-12	93	1	(18)	-19	296	358	(62)	-17
<b>Operating Income</b>	<b>3,910</b>	<b>24</b>	<b>4,183</b>	<b>25</b>	<b>(273)</b>	<b>-7</b>	<b>3,994</b>	<b>23</b>	<b>(84)</b>	<b>-2</b>	<b>16,578</b>	<b>18,526</b>	<b>(1,949)</b>	<b>-11</b>
EBITDA	7,140		7,345		(205)	-3	7,400		(260)	-4	29,238	31,604	(2,366)	-7
Service EBITDA	7,332		7,642		(310)	-4	7,711		(379)	-5	30,087	32,328	(2,241)	-7
EBITDA Margin (%)	44		45				42				43	44		
Service EBITDA Margin (%)	50		51				49				50	51		
Net Non Operating Income (Loss)	(45)	0	(121)	-1	76	-63	(263)	-1	219	-83	(449)	(670)	220	-33
Consolidated Earnings before Income Tax	3,865	24	4,062	25	(197)	-5	3,730	21	135	4	16,128	17,857	(1,728)	-10
Income Tax Expense	756	5	759	5	(4)	0	621	4	134	22	3,111	3,207	(96)	-3
Consolidated Income before Minority Interest	3,110	19	3,303	20	(193)	-6	3,109	18	1	0	13,017	14,649	(1,632)	-11
Minority Interest	51	0	50	0	1	2	13	0	38	282	139	68	71	104
<b>Net Income</b>	<b>3,160</b>	<b>19</b>	<b>3,353</b>	<b>20</b>	<b>(192)</b>	<b>-6</b>	<b>3,122</b>	<b>18</b>	<b>38</b>	<b>1</b>	<b>13,157</b>	<b>14,717</b>	<b>(1,561)</b>	<b>-11</b>
EPS--3,873 mn shrs (NT\$)	0.82		0.87		(0.05)	-6	0.81		0.01	1	3.40	3.80	(0.40)	-11

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 2006 AND End 4Q 2005  
(In million New Taiwan Dollars)

	1-4Q 2006		1-3Q 2006		QoQ		1-4Q 2005		YoY	
		%		%	Change	%		%	Change	%
<b>Assets</b>										
Cash, and Cash Equivalents	7,852	8	3,144	3	4,708	150	4,640	5	3,211	69
Accounts Receivable	6,096	6	5,941	7	155	3	6,514	7	(419)	-6
Prepaid Expenses	769	1	947	1	(178)	-19	721	1	48	7
Other Current Assets	3,019	3	3,054	3	(35)	-1	3,210	3	(192)	-6
<b>Total Current Assets</b>	<b>17,735</b>	<b>19</b>	<b>13,086</b>	<b>14</b>	<b>4,649</b>	<b>36</b>	<b>15,086</b>	<b>15</b>	<b>2,649</b>	<b>18</b>
Long Term Investment	627	1	698	1	(71)	-10	921	1	(294)	-32
Properties	119,829	128	119,160	132	669	1	114,965	116	4,865	4
Less Accumulated Depreciation	69,253	74	66,623	74	2,630	4	58,427	59	10,826	19
Construction in Progress and Advance Equip.	4,090	4	2,934	3	1,156	39	4,955	5	(865)	-17
Net Properties	54,666	58	55,470	61	(805)	-1	61,493	62	(6,827)	-11
Other Assets	20,851	22	21,073	23	(222)	-1	21,924	22	(1,073)	-5
<b>Total Assets</b>	<b>93,879</b>	<b>100</b>	<b>90,327</b>	<b>100</b>	<b>3,552</b>	<b>4</b>	<b>99,424</b>	<b>100</b>	<b>(5,545)</b>	<b>-6</b>
<b>Liabilities and Shareholder's Equity</b>										
Short Term Debts	129	0	104	0	25	24	296	0	(167)	-56
Accounts Payable and Other Payables	5,395	6	3,867	4	1,528	40	6,271	6	(876)	-14
Accrued Expenses and Other Current Liabilities	7,319	8	7,513	8	(194)	-3	8,952	9	(1,633)	-18
Current Portion of Long Term Liabilities	2,960	3	2,960	3	0	0	3,117	3	(157)	-5
<b>Total Current Liabilities</b>	<b>15,803</b>	<b>17</b>	<b>14,444</b>	<b>16</b>	<b>1,359</b>	<b>9</b>	<b>18,635</b>	<b>19</b>	<b>(2,832)</b>	<b>-15</b>
Long Term Liabilities	95	0	105	0	(10)	-9	433	0	(338)	-78
Other Long Term payable	2,793	3	3,703	4	(910)	-25	5,725	6	(2,932)	-51
<b>Total Long Term Liabilities</b>	<b>2,888</b>	<b>3</b>	<b>3,808</b>	<b>4</b>	<b>(919)</b>	<b>-24</b>	<b>6,159</b>	<b>6</b>	<b>(3,270)</b>	<b>-53</b>
Other Liabilities	397	0	401	0	(3)	-1	407	0	(10)	-2
<b>Total Liabilities</b>	<b>19,089</b>	<b>20</b>	<b>18,653</b>	<b>21</b>	<b>436</b>	<b>2</b>	<b>25,201</b>	<b>25</b>	<b>(6,112)</b>	<b>-24</b>
Capital Stock	38,727	41	38,727	43	0	0	38,727	39	0	0
Capital Stock to be Issued	0	0	0	0	0	0	0	0	0	0
Capital Surplus	15,004	16	15,004	17	0	0	15,004	15	0	0
Legal Reserve	5,573	6	5,573	6	0	0	4,102	4	1,472	36
Retain Earnings	14,668	16	11,507	13	3,160	27	15,386	15	(718)	-5
Cumulative Translation Adjustments	(45)	(0)	(51)	(0)	6	-12	2	0	(47)	-2,188
Minority Interest	863	1	914	1	(51)	-6	1,003	1	(139)	-14
<b>Total Shareholder's Equity</b>	<b>74,790</b>	<b>80</b>	<b>71,674</b>	<b>79</b>	<b>3,115</b>	<b>4</b>	<b>74,223</b>	<b>75</b>	<b>567</b>	<b>1</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>93,879</b>	<b>100</b>	<b>90,327</b>	<b>100</b>	<b>3,552</b>	<b>4</b>	<b>99,424</b>	<b>100</b>	<b>(5,545)</b>	<b>-6</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 2006, 4Q 2005 and FY 2005, FY 2006**  
**(In Million New Taiwan Dollars)**

	<u>3Q 2006</u>	<u>4Q 2006</u>	<u>4Q 2005</u>	<u>FY 2006</u>	<u>FY 2005</u>
Consolidated net income	3,303	3,109	3,109	13,017	14,649
Depreciation and amortization (excluding 3G	2,979	3,048	3,223	11,929	12,408
Amortization of 3G concession	183	183	183	731	670
Other cash provided by / (used in) operation	-508	1,072	2,492	292	2,273
<b><u>Net cash provided by / (used in) operating activities</u></b>	<b><u>5,956</u></b>	<b><u>7,412</u></b>	<b><u>9,007</u></b>	<b><u>25,968</u></b>	<b><u>30,000</u></b>
Capex	1,081	1,839	1,724	6,081	6,168
% of service revenue	7	12	11	10	10
<b><u>Free Cash Flow</u></b>	<b><u>4,874</u></b>	<b><u>5,573</u></b>	<b><u>7,283</u></b>	<b><u>19,888</u></b>	<b><u>23,832</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