

FAR EASTONE TELECOMMUNICATIONS CO., LTD.
CONSOLIDATED BALANCE SHEET
1Q 2006 AND 1Q, 4Q 2005
(In million New Taiwan Dollars)

	1Q 2006		4Q 2005		QoQ		1Q 2005		YoY	
		%		%	Change	%		%	Change	%
Assets										
Cash, Cash Equivalents, and S-T Investment	8,103	8	5,050	5	3054	38	10,805	10	(2,701)	-25
Accounts Receivable	5,901	6	6,514	7	(613)	-10	5,924	5	(22)	0
Prepaid Expenses	1,045	1	721	1	323	31	1,654	2	(610)	-37
Other Current Assets	2,734	3	2,801	3	(66)	-2	2,924	3	(190)	-6
Total Current Assets	17,783	18	15,086	15	2697	15	21,307	19	(3,523)	-17
	0				0					
Long Term Investment	736	1	921	1	(185)	-25	670	1	66	10
	0				0					
Properties	116,200	117	114,965	115	1236	1	106,036	96	10,164	10
Less Accumulated Depreciation	61,406	62	58,427	59	2979	5	50,012	45	11,395	23
Construction in Progress and Advance Equip.	4,676	5	4,955	5	(279)	-6	8,780	8	(4,104)	-47
Net Properties	59,470	60	61,493	62	(2023)	-3	64,804	59	(5,335)	-8
	0				0					
Other Assets	21,624	22	21,924	22	(301)	-1	23,294	21	(1,670)	-7
Total Assets	99,612	100	99,424	100	188	0	110,074	100	(10,462)	-10
	0				0					
Liabilities										
Short Term Debts	329	0	296	0	33	10	2,741	2	(2,412)	-88
Accounts Payable and Other Payables	5,884	6	6,271	6	(387)	-7	7,731	7	(1,847)	-24
Accrued Expenses and Other Current Liabilities	8,796	9	8,952	9	(155)	-2	9,280	8	(484)	-5
Current Portion of Long Term Liabilities	3,037	3	3,117	3	(80)	-3	4,370	4	(1,333)	-31
Total Current Liabilities	18,046	18	18,635	19	(590)	-3	24,123	22	(6,077)	-25
	0				0					
Long Term Liabilities	216	0	433	0	(217)	-101	3,550	3	(3,334)	-94
Other Long Term payable	3,656	4	5,725	6	(2069)	-57	6,619	6	(2,962)	-45
Total Long Term Liabilities	3,872	4	6,159	6	(2286)	-59	10,168	9	(6,296)	-62
	0				0					
Other Liabilities	394	0	407	0	(13)	-3	361	0	33	9
Total Liabilities	22,312	22	25,201	25	(2889)	-13	34,652	31	(12,340)	-36
	0				0					
Shareholder's Equity										
Capital Stock	38,727	39	38,727	39	0	0	38,727	35	0	0
Capital Stock to be Issued	0	0	0	0	0	0	0	0	0	0
Capital Surplus	15,004	15	15,004	15	0	0	14,993	14	11	0
Legal Reserve	4,102	4	4,102	4	0	0	2,697	2	1,404	52
Retain Earnings	18,547	19	15,386	15	3162	17	17,865	16	682	4
Cumulative Translation Adjustments	-71	0	2	0	(73)	103	1	0	(72)	-8,921
Minority Interest	992	1	1,003	1	(11)	-1	1,139	1	(147)	-13
Total Shareholder's Equity	77,300	78	74,223	75	3078	4	75,422	69	1,878	2
Total Liabilities and Shareholder's Equity	99,612	100	99,424	100	188	0	110,074	100	(10,462)	-10

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 INCOME STATEMENT
1Q 2006 and 1Q, 4Q 2005
(In Million New Taiwan Dollars)

	1Q 2006		4Q 2005		QoQ %		1Q 2005		YoY %	
		% of Sales		% of Sales	Change	%		% of Sales	Change	%
Equipment Revenue	2,215	13	1,954	11	260	13	2,056	12	159	8
Service Revenue	15,394	87	15,791	89	(397)	-3	15,371	88	23	0
Total Operating Revenue	17,608	100	17,745	100	(137)	-1	17,426	100	182	1
Cost of Good Sold	9,402	53	9,544	54	(142)	-1	8,716	50	686	8
Gross Profit	8,206	47	8,201	46	5	0	8,710	50	(504)	-6
Operating Expenses										
Selling and Marketing Expenses	2,627	15	2,516	14	111	4	2,209	13	418	19
General and administrative	1,425	8	1,598	9	(173)	-11	1,687	10	(262)	-16
Research and development	63	0	93	1	(29)	-32	84	0	(21)	-25
Operating Income	4,090	23	3,994	23	97	2	4,730	27	(640)	-14
EBITDA	7,226		7,400	42	(174)	-2	7,875	45	(649)	-8
Service EBITDA	7,454		7,711	43	(257)	-3	8,000	46	(546)	-7
EBITDA Margin (%)	41.0		41.7				45.2			0
Service EBITDA Margin (%)	48.4		48.8				52.0			0
Net Non Operating Income (Loss)	(156)	-1	(263)	-1	107	-41	(101)	-1	(55)	54
Consolidated Earnings before Income Tax	3,934	22	3,730	21	204	5	4,629	27	(695)	-15
Income Tax Expense	783	4	621	4	162	26	844	5	(61)	-7
Consolidated Income before Minority Interest	3,151	18	3,109	18	42	1	3,784	22	(633)	-17
Minority Interest	11	0	13	0	(3)	-20	11	0	(0)	-2
Net Income	3,162	18	3,122	18	39	1	3,795	22	(634)	-17
EPS--3,873 mn shrs (NT\$)	0.82		0.81				0.98			

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.

(3) 1Q 2006 net income adjusted up by new accounting principle of NT\$89,000.



FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
1Q 2006 and 1Q, 4Q 2005
(In Million New Taiwan Dollars)

	<u>1Q 2006</u>	<u>4Q 2005</u>	<u>1Q 2005</u>
Consolidated net income	3,151	3,109	3,795
Depreciation and amortization (excluding 3G concession)	2,953	3,223	3,020
Amortization of 3G concession	183	183	122
Other cash provided by / (used in) operation	1,194	2,229	1,540
<u>Net cash provided by / (used in) operating activities</u>	<u>7,481</u>	<u>8,744</u>	<u>8,476</u>
Capex	1,935	1,724	1,638
% of service revenue	13	11	11
<u>Free Cash Flow</u>	<u>5,545</u>	<u>7,020</u>	<u>6,839</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 Service (Holding) Ltd.

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