

FAR EASTONE TELECOMMUNICATIONS CO., LTD.
 CONSOLIDATED BALANCE SHEET
 As of June 30, 2005 and 2004
 (In million New Taiwan Dollars)

Assets	1H 2005		1H 2004		YoY	
		%		%	Change	%
Cash, Cash Equivalents, and S-T Investment	13,402	12	8,841	8	4,561	52
Accounts Receivable	6,268	6	6,842	6	(574)	(8)
Prepaid Expenses	1,146	1	2,225	2	(1,079)	(48)
Other Current Assets	2,462	2	2,428	2	34	1
Total Current Assets	23,278	21	20,336	18	2,942	14
Long Term Investment	1,163	1	1,734	2	(572)	(33)
Properties	107,377	97	103,314	93	4,063	4
Less Accumulated Depreciation	52,793	48	42,558	38	10,235	24
Construction in Progress and Advance Equip.	8,563	8	4,981	4	3,582	72
Net Properties	63,147	57	65,738	59	(2,590)	(4)
Other Assets	22,776	21	23,459	21	(683)	(3)
Total Assets	110,364	100	111,266	100	(903)	(1)
Liabilities						
Short Term Debts	266	0	0	0	266	-
Accounts Payable and Other Payables	17,189	16	9,175	8	8,014	87
Accrued Expenses and Other Current Liabilities	8,410	8	10,103	9	(1,693)	(17)
Current Portion of Long Term Liabilities	5,134	5	8,893	8	(3,759)	(42)
Total Current Liabilities	31,000	28	28,172	25	2,828	10
Long Term Bonds Payable	6,530	6	10,020	9	(3,490)	(35)
Other Long Term Liabilities	5,031	5	13,052	12	(8,021)	(61)
Total Long Term Liabilities	11,561	10	23,072	21	(11,511)	(50)
Other Liabilities	389	0	353	0	36	10
Total Liabilities	42,949	39	51,597	46	(8,647)	(17)
Shareholder's Equity						
Capital Stock	38,727	35	33,919	30	4,808	14
Capital Stock to be Issued	0	0	3,392	3	(3,392)	(100)
Capital Surplus	15,000	14	12,606	11	2,393	19
Legal Reserve	4,102	4	2,697	2	1,404	52
Retain Earnings	8,472	8	7,056	6	1,416	20
Cumulative Translation Adjustments	-5	0	0	0	(5)	3,726
Minority Interest	1,120	1	0	0	1,120	-
Total Shareholder's Equity	67,414	61	59,670	54	7,744	13
Total Liabilities and Shareholder's Equity	110,364	100	111,266	100	(903)	(1)

Note: (1) 1H 2005 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
 For The Three Months Ended March 31 and June 30, 2005
 (In Million New Taiwan Dollars)

	2Q 2005		1Q 2005		QoQ	
		% of Sales		% of Sales	Change	%
Equipment Revenue	2,213	12	2,056	12	157	8
Service Revenue	15,934	88	15,371	88	564	4
Total Operating Revenue	18,147	100	17,426	100	721	4
Cost of Good Sold	9,107	50	8,716	50	390	4
Gross Profit	9,040	50	8,710	50	330	4
Operating Expenses						
Selling and Marketing Expenses	2,214	12	2,209	13	5	0
General and administrative	1,785	10	1,687	10	99	6
Research and development	96	1	84	0	12	15
Operating Income	4,944	27	4,730	27	214	5
EBITDA	8,130		7,875		255	3
Service EBITDA	8,218		8,000		218	3
EBITDA Margin (%)	44.8		45.2			
Service EBITDA Margin (%)	51.6		52.0			
Net Non Operating Income (Loss)	(47)	(0)	(101)	(1)	54	(54)
Consolidated Earnings before Income Tax	4,897	27	4,629	27	269	6
Income Tax Expense	907	5	844	5	63	7
Consolidated Income before Minority Interest	3,990	22	3,784	22	206	5
Minority Interest	18	0	11	0	7	65
Net Income	4,008	22	3,795	22	213	6
EPS--3,873 mn shrs (NT\$)	1.03		0.98			

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FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
For The Six Months Ended June 31, 2005 and 2004
(In Million New Taiwan Dollars)

	1H 2005	1H 2004	YoY	
			Change	%
Consolidated net income	7,774	7,029	745	11
Depreciation and amortization (excluding 3G concession)	6,026	6,211	(185)	(3)
Amortization of 3G concession	304	-		
Other cash provided by / (used in) operation	835	768	68	9
Net cash provided by / (used in) operating activities	14,636	14,009	627	4
Increase in properties	1,135	1,992	(856)	(43)
% of service revenue	7.3%	13.0%	(0)	(44)
Decrease in payable related to acquisition of properties	(1,256)	(1,391)	135	(10)
Free Cash Flow	12,245	10,627	1,619	15

Note: (1) 1H 2005 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