

FAR EASTONE TELECOMMUNICATIONS CO., LTD.
CONSOLIDATED BALANCE SHEET
1Q, 2Q 2006 AND 2Q 2005
(In million New Taiwan Dollars)

	2Q 2006		1Q 2006		QoQ		2Q 2005		YoY	
		%		%	Change	%		%	Change	%
Assets										
Cash, and Cash Equivalents	11,038	11	7,677	8	3,361	44	12,593	11	(1,554)	-12
Accounts Receivable	6,153	6	5,901	6	252	4	6,268	6	(114)	-2
Prepaid Expenses	725	1	1,045	1	(320)	-31	1,146	1	(422)	-37
Other Current Assets	2,876	3	3,161	3	(284)	-9	3,271	3	(395)	-12
Total Current Assets	20,792	21	17,783	18	3,009	17	23,278	21	(2,486)	-11
Long Term Investment	762	1	736	1	26	4	1,163	1	(400)	-34
Properties	116,765	117	116,200	117	565	0	107,377	97	9,387	9
Less Accumulated Depreciation	83,974	64	61,406	62	2,567	4	52,793	48	11,180	21
Construction in Progress and Advance Equip.	4,366	4	4,676	5	(310)	-7	8,563	8	(4,197)	-49
Net Properties	57,157	57	59,470	60	(2,312)	-4	63,147	57	(5,990)	-9
Other Assets	21,442	21	21,624	22	(182)	-1	22,776	21	(1,334)	-6
Total Assets	100,154	100	99,612	100	541	1	110,364	100	(10,210)	-9
Liabilities										
Short Term Debts	148	0	329	0	(181)	-55	266	0	(118)	-44
Accounts Payable and Other Payables	16,545	17	5,884	6	10,661	181	17,189	16	(644)	-4
Accrued Expenses and Other Current Liabilities	7,888	8	8,796	9	(908)	-10	8,410	8	(523)	-6
Current Portion of Long Term Liabilities	2,960	3	3,037	3	(77)	-3	5,134	5	(2,174)	-42
Total Current Liabilities	27,541	27	18,046	18	9,495	53	31,000	28	(3,459)	-11
Long Term Liabilities	114	0	216	0	(102)	-47	4,942	4	(4,828)	-98
Other Long Term payable	3,747	4	3,656	4	91	2	6,619	6	(2,871)	-43
Total Long Term Liabilities	3,861	4	3,872	4	(11)	0	11,561	10	(7,699)	-67
Other Liabilities	399	0	394	0	5	1	389	0	10	2
Total Liabilities	31,801	32	22,312	22	9,489	43	42,949	39	(11,148)	-26
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	15,000	14	4	0
Legal Reserve	5,573	6	4,102	4	1,472	36	4,102	4	1,472	36
Retain Earnings	8,155	8	18,547	19	(10,393)	-56	8,472	8	(317)	-4
Cumulative Translation Adjustments	(70)	(0)	(71)	(0)	1	-2	-5	0	(65)	1,302
Minority Interest	964	1	992	1	(28)	-3	1,120	1	(156)	-14
Total Shareholder's Equity	68,353	68	77,300	78	(8,947)	-12	67,414	61	939	1
Total Liabilities and Shareholder's Equity	100,154	100	99,612	100	541	1	110,364	100	(10,210)	-9

Note: (1) All figures are based on audited draft.

(2) Based on the new regulation, starting from 2005, the consolidated entities add Arco, 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, 2Q 2006 and 2Q 2005
(In Million New Taiwan Dollars)

	2Q 2006		1Q 2006		QoQ %		2Q 2005		YoY %	
		% of Sales		% of Sales	Change	%		% of Sales	Change	%
Equipment Revenue	1,582	9	2,215	13	(633)	-29	2,213	12	(631)	-29
Service Revenue	15,305	91	15,394	87	(88)	-1	15,934	88	(629)	-4
Total Operating Revenue	16,887	100	17,608	100	(721)	-4	18,147	100	(1,260)	-7
Cost of Good Sold	8,704	52	9,402	53	(698)	-7	9,107	50	(402)	-4
Gross Profit	8,183	48	8,206	47	(24)	0	9,040	50	(858)	-9
Operating Expenses										
Selling and Marketing Expenses	2,281	14	2,627	15	(347)	-13	2,214	12	66	3
General and administrative	1,434	8	1,425	8	9	1	1,785	10	(351)	-20
Research and development	73	0	63	0	10	15	96	1	(23)	-24
Operating Income	4,395	26	4,090	23	305	7	4,944	27	(550)	-11
EBITDA	7,527		7,226		301	4	8,130		(603)	-7
Service EBITDA	7,659		7,454		205	3	8,218		(559)	-7
EBITDA Margin (%)	44.6		41.0				44.8			
Service EBITDA Margin (%)	50.0		48.4				51.6			
Net Non Operating Income (Loss)	(128)	-1	(156)	-1	28	-18	(47)	0	(81)	172
Consolidated Earnings before Income Tax	4,267	25	3,934	22	333	8	4,897	27	(630)	-13
Income Tax Expense	813	5	783	4	30	4	907	5	(95)	-10
Consolidated Income before Minority Interest	3,454	20	3,151	18	303	10	3,990	22	(536)	-13
Minority Interest	28	0	11	0	17	161	18	0	9	51
Net Income	3,482	21	3,162	18	320	10	4,008	22	(526)	-13
EPS--3,873 mn shrs (NT\$)	0.90		0.82		0.08	10	1.04		(0.14)	-13

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) 1Q 2005 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, 2Q 2006 and 2Q 2005
(In Million New Taiwan Dollars)

	<u>1Q 2006</u>	<u>2Q 2006</u>	<u>2Q 2005</u>
Consolidated net income	3,151	3,454	3,990
Depreciation and amortization (excluding 3G concession)	2,953	2,949	3,003
Amortization of 3G concession	183	183	183
Other cash provided by / (used in) operation	1,194	-1,466	-904
<u>Net cash provided by / (used in) operating activities</u>	<u>7,481</u>	<u>5,120</u>	<u>6,271</u>
Capex	1,935	1,225	780
% of service revenue	13	7	4
<u>Free Cash Flow</u>	<u>5,545</u>	<u>3,894</u>	<u>5,594</u>

Note: (1) All figures are based on audited draft.

(2) Based on the new regulation, starting from 2005, the consolidated entities add Arcoa, KGEEx.com, KGT International Holdings, E. Word (Holdings) Ltd, Far Eastern Info Service (Holding) Ltd.

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