

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

	2Q 2005		3Q 2005		QoQ	
		%		%	Change	%
Assets						
Cash, Cash Equivalents, and S-T Investment	13,402	12	1,297	1	-12,105	-90
Accounts Receivable	6,268	6	7,571	8	1,303	21
Prepaid Expenses	1,146	1	1,165	1	19	2
Other Current Assets	2,462	2	2,496	3	34	1
Total Current Assets	23,278	21	12,528	13	-10,749	-46
Long Term Investment	1,163	1	1,116	1	-46	-4
Properties	107,377	97	113,298	116	5,921	6
Less Accumulated Depreciation	52,793	48	55,480	57	2,687	5
Construction in Progress and Advance Equip.	8,563	8	4,020	4	-4,543	-53
Net Properties	63,147	57	61,838	63	-1,310	-2
Other Assets	22,776	21	22,374	23	-402	-2
Total Assets	110,364	100	97,856	100	-12,507	-11
Liabilities						
Short Term Debts	266	0	2,667	3	2,400	901
Accounts Payable and Other Payables	17,189	16	5,589	6	-11,600	-67
Accrued Expenses and Other Current Liabilities	8,410	8	8,811	9	400	5
Current Portion of Long Term Liabilities	5,134	5	2,538	3	-2,596	-51
Total Current Liabilities	31,000	28	19,604	20	-11,395	-37
Long Term Liabilities	4,942	4	143	0	-4,799	-97
Other Long Term payable	6,619	6	6,589	7	-30	0
Total Long Term Liabilities	11,561	10	6,732	7	-4,829	-42
Other Liabilities	389	0	410	0	21	5
Total Liabilities	42,949	39	26,746	27	-16,203	-38
Shareholder's Equity						
Capital Stock	38,727	35	38,727	40	0	0
Capital Stock to be Issued	0	0	0	0	0	0
Capital Surplus	15,000	14	15,000	15	0	0
Legal Reserve	4,102	4	4,102	4	0	0
Retain Earnings	8,472	8	12,263	13	3,792	45
Cumulative Translation Adjustments	-5	0	-11	0	-6	119
Minority Interest	1,120	1	1,030	1	-90	-8
Total Shareholder's Equity	67,414	61	71,110	73	3,696	5
Total Liabilities and Shareholder's Equity	110,364	100	97,856	100	-12,507	-11

Note: (1) 3Q 2005 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
For The Three Months Ended June 30 and September 30, 2005
(In Million New Taiwan Dollars)

	2Q 2005		3Q 2005		QoQ %	
		% of Sales		% of Sales	Change	%
Equipment Revenue	2,213	12	2,158	12	(55)	(2)
Service Revenue	15,934	88	16,436	88	502	3
Total Operating Revenue	18,147	100	18,594	100	447	2
Cost of Good Sold	9,107	50	9,464	51	358	4
Gross Profit	9,040	50	9,130	49	89	1
Operating Expenses						
Selling and Marketing Expenses	2,214	12	2,379	13	164	7
General and administrative	1,785	10	1,808	10	22	1
Research and development	96	1	85	0	(11)	(12)
Operating Income	4,944	27	4,858	26	(86)	(2)
EBITDA	8,130		8,200		70	1
Service EBITDA	8,218		8,399		181	2
EBITDA Margin (%)	44.8		44.1			
Service EBITDA Margin (%)	51.6		51.1			
Net Non Operating Income (Loss)	(47)	0	(258)	(1)	(211)	448
Consolidated Earnings before Income Tax	4,897	27	4,601	25	(297)	(6)
Income Tax Expense	907	5	834	4	(73)	(8)
Consolidated Income before Minority Interest	3,990	22	3,766	20	(224)	(6)
Minority Interest	18	0	25	0	7	38
Net Income	4,008	22	3,792	20	(217)	(5)
EPS--3,873 mn shrs (NT\$)	1.04		0.98			

Note: (1) 3Q 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 STATEMENT OF CASH FLOW
For The Six Months Ended June 30 and September 30, 2005
(In Million New Taiwan Dollars)

	<u>2Q 2005</u>	<u>3Q 2005</u>	<u>QoQ</u>	
			Change	%
Consolidated net income	7,774	11,540	3,766	48
Depreciation and amortization (excluding 3G concession)	6,026	9,185	3,159	52
Amortization of 3G concession	304	487	183	60
Other cash provided by / (used in) operation	835	(449)	(1,284)	(154)
<u>Net cash provided by / (used in) operating activities</u>	<u>14,636</u>	<u>20,763</u>	<u>6,127</u>	<u>42</u>
Capex	2,391	4,444	2,053	86
% of service revenue	7.7%	9.5%		
<u>Free Cash Flow</u>	<u>12,245</u>	<u>16,319</u>	<u>4,074</u>	<u>33</u>

Note: (1) 3Q 2005 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