

FAR EASTONE TELECOMMUNICATIONS CO., LTD.
CONSOLIDATED BALANCE SHEET
End 2Q, 3Q 2006 AND 3Q 2005
(In million New Taiwan Dollars)

	3Q 2006		2Q 2006		QoQ		3Q 2005		YoY	
		%		%	Change	%		%	Change	%
Assets										
Cash, and Cash Equivalents	3,144	3	11,038	11	(7,894)	-72	1,297	1	1,847	142
Accounts Receivable	5,941	7	6,153	6	(212)	-3	7,571	8	(1,630)	-22
Prepaid Expenses	947	1	725	1	223	31	1,165	1	(218)	-19
Other Current Assets	3,054	3	2,876	3	178	6	2,496	3	558	22
Total Current Assets	13,086	14	20,792	21	(7,706)	-37	12,528	13	558	4
Long Term Investment	698	1	762	1	(65)	-9	1,116	1	(419)	-38
Properties	119,160	132	116,765	117	2,395	2	113,298	116	5,862	5
Less Accumulated Depreciation	66,623	74	63,974	64	2,650	4	55,480	57	11,143	20
Construction in Progress and Advance Equip.	2,934	3	4,366	4	(1,432)	-33	4,020	4	(1,086)	-27
Net Properties	55,470	61	57,157	57	(1,687)	-3	61,838	63	(6,367)	-10
Other Assets	21,073	23	21,442	21	(369)	-2	22,374	23	(1,301)	-6
Total Assets	90,327	100	100,154	100	(9,827)	-10	97,856	100	(7,529)	-8
Liabilities and Shareholder's Equity										
Liabilities										
Short Term Debts	104	0	148	0	(44)	-30	2,667	3	(2,563)	-96
Accounts Payable and Other Payables	3,867	4	16,545	17	(12,678)	-77	5,589	6	(1,722)	-31
Accrued Expenses and Other Current Liabilities	7,513	8	7,888	8	(374)	-5	8,811	9	(1,298)	-15
Current Portion of Long Term Liabilities	2,960	3	2,960	3	0	0	2,538	3	422	17
Total Current Liabilities	14,444	16	27,541	27	(13,096)	-48	19,604	20	(5,160)	-26
Long Term Liabilities	105	0	114	0	(10)	-8	143	0	(38)	-27
Other Long Term payable	3,703	4	3,747	4	(44)	-1	6,589	7	(2,886)	-44
Total Long Term Liabilities	3,808	4	3,861	4	(54)	-1	6,732	7	(2,924)	-43
Other Liabilities	401	0	399	0	2	0	410	0	(9)	-2
Total Liabilities	18,653	21	31,801	32	(13,148)	-41	26,746	27	(8,093)	-30
Shareholder's Equity										
Capital Stock	38,727	43	38,727	39	0	0	38,727	40	0	0
Capital Stock to be Issued	0	0	0	0	0	0	0	0	0	0
Capital Surplus	15,004	17	15,004	15	0	0	15,000	15	4	0
Legal Reserve	5,573	6	5,573	6	0	0	4,102	4	1,472	36
Retain Earnings	11,507	13	8,155	8	3,353	41	12,263	13	(756)	-6
Cumulative Translation Adjustments	(51)	(0)	(70)	(0)	19	-27	-11	0	(40)	368
Minority Interest	914	1	964	1	(50)	-5	1,030	1	(116)	-11
Total Shareholder's Equity	71,674	79	68,353	68	3,321	5	71,110	73	564	1
Total Liabilities and Shareholder's Equity	90,327	100	100,154	100	(9,827)	-10	97,856	100	(7,529)	-8

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

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
2Q, 3Q 2006 and 3Q 2005
(In Million New Taiwan Dollars)

	3Q 2006		2Q 2006		QoQ %		3Q 2005		YoY %	
		% of Sales		% of Sales	Change	%		% of Sales	Change	%
Equipment Revenue	1,401	9	1,582	9	(180)	-11	2,158	12	(757)	-35
Service Revenue	15,059	91	15,305	91	(247)	-2	16,436	88	(1,377)	-8
Total Operating Revenue	16,460	100	16,887	100	(427)	-3	18,594	100	(2,134)	-11
Cost of Good Sold	8,701	53	8,704	52	(3)	0	9,464	51	(763)	-8
Gross Profit	7,758	47	8,183	48	(424)	-5	9,130	49	(1,371)	-15
Operating Expenses										
Selling and Marketing Expenses	2,170	13	2,281	14	(111)	-5	2,379	13	(209)	-9
General and administrative	1,321	8	1,434	8	(113)	-8	1,808	10	(487)	-27
Research and development	85	1	73	0	12	16	85	0	(0)	0
Operating Income	4,183	25	4,395	26	(212)	-5	4,858	26	(675)	-14
EBITDA	7,345	45	7,527	45	(182)	-2	8,200	44	(855)	-10
Service EBITDA	7,642	46	7,659	45	(17)	0	8,399	45	(757)	-9
EBITDA Margin (%)	45		45				44			
Service EBITDA Margin (%)	51		50				51			
Net Non Operating Income (Loss)	(121)	-1	(128)	-1	7	-5	(258)	-1	137	-53
Consolidated Earnings before Income Tax	4,062	25	4,267	25	(205)	-5	4,601	25	(538)	-12
Income Tax Expense	759	5	813	5	(53)	-7	834	4	(75)	-9
Consolidated Income before Minority Interest	3,303	20	3,454	20	(151)	-4	3,766	20	(464)	-12
Minority Interest	50	0	28	0	22	79	25	0	24	96
Net Income	3,353	20	3,482	21	(129)	-4	3,792	20	(439)	-12
EPS--3,873 mn shrs (NT\$)	0.87		0.90		(0.03)	-3	0.98		(0.11)	-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. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
1Q, 2Q, 3Q 2006 and 3Q 2005
(In Million New Taiwan Dollars)

	<u>1Q 2006</u>	<u>2Q 2006</u>	<u>3Q 2006</u>	<u>3Q 2005</u>
Consolidated net income	3,151	3,454	3,303	3,766
Depreciation and amortization (excluding 3G concession)	2,953	2,949	2,979	3,159
Amortization of 3G concession	183	183	183	183
Other cash provided by / (used in) operation	1,194	(1,466)	(508)	(938)
<u>Net cash provided by / (used in) operating activities</u>	<u>7,481</u>	<u>5,120</u>	<u>5,956</u>	<u>6,170</u>
Capex	1,935	1,225	1,081	2,053
% of service revenue	13	7	7	12
<u>Free Cash Flow</u>	<u>5,545</u>	<u>3,894</u>	<u>4,874</u>	<u>4,117</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, Fai

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