

## TAIWAN POWER COMPANY STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2006 AND 2005

(Dollars and Shares in Thousands, Except Per Share Amounts)

	<u>2006</u>	<u>2005</u>
	<u>Amount</u>	<u>Amount</u>
<b>OPERATING REVENUES</b>		
Sale of electricity	\$ 382,176,350	\$ 359,924,104
Other	7,087,820	6,663,669
Total operating revenues	<u>389,264,170</u>	<u>366,587,773</u>
<b>OPERATING COSTS</b>	<u>375,035,413</u>	<u>346,237,423</u>
<b>GROSS PROFIT</b>	<u>14,228,757</u>	<u>20,350,350</u>
<b>OPERATING EXPENSES</b>		
Marketing	6,645,539	6,861,168
General and administrative	1,364,014	1,412,676
Research and development	2,111,510	2,004,330
Total operating expenses	<u>10,121,063</u>	<u>10,278,174</u>
<b>OPERATING INCOME</b>	<u>4,107,694</u>	<u>10,072,176</u>
<b>NONOPERATING INCOME AND GAINS</b>		
Gain on disposal of property, plant and equipment	1,966,900	58,688
Gain on inventory value recoveries	448,980	-
Gain on sale of scraps	431,593	358,917
Equity in net income of investees, net	69,127	378,991
Dividend revenue	15,483	112,571
Interest	49,943	15,060
Gain on disposal of investments	15,670	417,444
Other	5,480,339	5,043,062
Total nonoperating income and gains	<u>8,478,035</u>	<u>6,384,733</u>
<b>NONOPERATING EXPENSES AND LOSSES</b>		
Interest	9,873,161	8,688,866
Loss on disposal of property, plant and equipment	2,699,150	3,039,545
Foreign exchange loss, net	2,044	6,107
Loss on market price decline of inventory	-	447,508
Other	2,905,185	3,048,842
Total nonoperating expenses and losses	<u>15,479,540</u>	<u>15,230,868</u>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<u>(2,893,811)</u>	<u>1,226,041</u>
<b>INCOME TAX BENEFIT</b>	<u>(2,538,292)</u>	<u>(928,306)</u>
<b>NET INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLE</b>	<u>(355,519)</u>	<u>2,154,347</u>
<b>CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLE (NET OF INCOME TAX OF NT\$45,836 THOUSAND (US\$1,406 THOUSAND))</b>	<u>137,507</u>	<u>-</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (218,012)</u>	<u>\$ 2,154,347</u>
	Loss Before Income Tax	Loss Before Income Tax
	Net Income	Net Income
<b>BASIC NET INCOME (LOSS) PER SHARE</b>	<u>(\$ 0.08) (\$ 0.01)</u>	<u>\$ 0.04 \$ 0.07</u>

Note : statement 2005 examined by Ministry of Audit and reclassified by CPA : statement 2006 examined by CPA.