

October 31, 2007	<u>TWM consolidated¹</u>					
	NT\$bn	<u>1-3Q07</u>	<u>YoY</u>	<u>3Q07</u>	<u>QoQ</u>	<u>YoY</u>
	Revenue	48.78	10%	17.61	6%	17%
	EBITDA	22.81	13%	8.05	3%	15%
	Operating Income	16.35	14%	5.75	2%	14%
	Non-op. Income (Expense)	(0.68)	NM	(0.66)	2696%	NM
	Pre-tax Income	15.67	3%	5.09	-9%	-18%
	(Less Tax)	(3.86)	99%	(1.30)	-7%	69%
	(Less Minority Interest)	(0.09)	100%	(0.07)	519%	NM
	Net Income	11.72	-11%	3.72	-11%	-32%
	EPS (NT\$)	2.84	6%	1.02	-3%	-8%
	EBITDA margin	46.75%	+1.17pps	45.71%	-1.16pps	-0.80pps
	Operating margin	33.51%	+1.09pps	32.67%	-0.98pps	-0.86pps
	1. Consolidation of TFN figures starts from April 17, 2007					
Topics in This Report	Highlights of 3Q and YTD Results					
• Revenue Analysis	We posted a 6% and 2% growth in consolidated revenue and EBIT respectively QoQ. 3Q revenue reached 102% of the forecast, attributable to all three major business divisions' better-than-expected operating results. EBIT for both mobile and cable business had good YoY growth in 3Q. Fixed-line business turned operating profit positive during the period. Despite pull-in of some NT\$439mn of 4Q's asset write-offs in 3Q and rising corporate tax, our net income came in on target and reached 103% of guidance.					
• EBIT Analysis	Year to 3Q results show that we were still able to grow our mobile EBITDA and EBIT in a saturated market. Mobile EBIT was up 6% YoY; fixed-line business had an 88% reduction in operating loss; cable MSO showed a 17% YoY growth in EBIT. With the contribution of fixed-line and cable TV business, our first three quarter revenue and EBITDA were both up compared to levels when we operated as a pure mobile player.					
• Income Statement Analysis	Event Updates					
• Cash Flow Analysis	<ul style="list-style-type: none"> • Received Securities and Futures Bureau's (SFB) approval for capital reduction on Oct. 17. • The board today (Oct.31, 2007) set the record date for capital reduction on Dec.1, 2007 and we estimate the cash payment date to be Feb. 20, 2008. • Received NCC approval on Oct. 25 for TIT's cash merger with TFN. • As of Oct. 31, 2007, TIT owned 86.22% of TFN, up from 84.6% in 2Q. • To spend no more than US\$5.3m of cash acquiring Hurray! Times to enrich TWM's value-added service offerings. • Acquired a 52.35% stake in TTN from PCCW as of Oct. 5; expect to have around 96% of stake in TTN by Nov. 					
• Balance Sheet Analysis	Management Remark					
• Forecast	We have finally obtained the approval from NCC for TIT/TFN merger. The kick-off time for triple play is expected for 1Q08. Business-wise, the synergies from the acquisition have bode well for Taiwan Mobile's growth ahead. On the finance front, the lower-than-expected asset write-down in 2007 will make room for us to distribute more dividend to the shareholders. Again, we reiterate our commitment to enhancing shareholder value as always.					
• Management Remark	The information contained in this presentation, including all forward-looking information, is subject to change without notice, whether as a result of new information, future events or otherwise, and Taiwan Mobile Co., Ltd. (the "Company") undertakes no obligation to update or revise the information contained in this presentation. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is the information intended to be a complete statement of the Company, markets or developments referred to in this presentation.					
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I. Revenue Analysis

Table 1. Key Operational Data

Revenue (NT\$m)	3Q07	2Q07	3Q06	QoQ	YoY
Wireless¹	15.22	14.80	15.03	3%	1%
-Voice	13.94	13.62	13.99	2%	0%
-VAS	1.19	1.11	0.95	7%	26%
Fixed-line	2.08	1.92	1.80	9%	16%
- Voice	1.36	1.30	1.25	5%	9%
- Data	0.64	0.54	0.47	19%	36%
Cable MSO	1.01	1.01	0.93	1%	9%
- Pay-TV & Others	0.94	0.94	0.88	0%	7%
- Broadband	0.07	0.07	0.05	8%	38%

1. Lawsuit settlement received from Chughnwa Telecom amounted to NT\$226mn and NT\$212mn in 3Q07 and 3Q06, respectively.

	3Q07	2Q07	3Q06	QoQ	YoY
Mobile Subscribers (K)	6,228	6,202	6,134	0%	2%
-Postpaid	5,702	5,696	5,656	0%	1%
-Prepaid	526	506	478	4%	10%
Monthly Churn	1.7%	1.6%	1.9%		
MOU (bn)	3.65	3.63	3.56	1%	3%
ARPM (NT\$)	4.08	4.06	4.14	1%	-1%
Cable MSO Subscribers (K)	517	510	494	1%	5%

	3Q07	2Q07	3Q06	QoQ	YoY
Wireless					
ARPU (NT\$)	799	794	800	1%	0%
-Postpaid	828	809	833	2%	-1%
-Prepaid	630	616	562	2%	12%
MOU (minute)	196	196	193	0%	1%
Cable MSO					
Blended ARPU (NT\$)	658	661	633	-1%	4%
Pay-TV ARPU (NT\$)	606	609	593	0%	2%
Broadband ARPU (NT\$)	457	470	476	-3%	-4%

Revenue Analysis

3Q mobile service revenue grew by 1% YoY and thus gained more market share at expense of our closest competitor. This was credited to 1) increasing minutes of use, 2) 22% YoY pre-paid revenue increase, and 3) 26% YoY rise in value-added services.

The 16% YoY growth in fixed-line revenue came from 9% and 36% YoY increase in voice and data revenue, respectively, in 3Q07. Excluding revenue derived from TWM, fixed-line reported a 5% YoY revenue growth mainly aided by 22% data increase in the quarter.

MSO's revenue growth momentum remained healthy at 9% YoY, credited to 5% addition in total number of subscribers and rising broadband and channel leasing revenue. We note that cable broadband's revenue growth in 3Q07 came from 44% YoY rise in internet broadband subscriber number, despite a small dip in broadband ARPU.

II. EBIT Analysis

Table 2. EBIT Breakdown

NT\$bn	3Q07	2Q07	3Q06	QoQ	YoY
EBITDA					
Wireless	7.15	7.13	6.99	0%	2%
Fixed-line	0.38	0.29	0.18	30%	107%
Cable MSO	0.52	0.53	0.50	-2%	5%
Margin					
Wireless	47.0%	48.2%	46.5%		
Fixed-line	18.3%	15.2%	10.2%		
Cable MSO	51.7%	53.0%	53.2%		
D&A¹					
Wireless	2.05	2.00	1.95	3%	5%
Fixed-line	0.36	0.36	0.55	0%	-34%
Cable MSO	0.12	0.12	0.14	1%	-12%
EBIT					
Wireless	5.09	5.13	5.04	-1%	1%
Fixed-line	0.02	(0.07)	(0.36)	NM	NM
Cable MSO	0.40	0.42	0.36	-3%	12%

1. Excluding depreciation savings due to negative goodwill amortisation

Table 3. Non-operating Item

NT\$bn	3Q07	2Q07	3Q06	QoQ	YoY
Non-Operating	(0.66)	(0.02)	1.20	2696%	NM
-Net Interest Expense	(0.23)	(0.20)	(0.05)	19%	347%
- Write-off (Loss)	(0.70)	(0.23)	(1.18)	201%	-41%
-Other Non-ops.	0.27	0.40	2.44	-32%	-89%

EBIT Analysis

Mobile's EBITDA margin increased than a year ago, due to better bad debt controls. Mobile's YoY selling expense increase reflected rising spending on customer retentions and expanding pre-paid customer base.

Fixed-line business saw continuous EBITDA margin expansion in 3Q both QoQ and YoY. The increase is attributable to better product mix with rising data business exposure, less marketing spending and better G&A expense controls.

EBITDA margin of the cable TV business in 3Q07 was slightly down QoQ, mainly due to a one-off adjustment in 2Q07 and continuous rise in marketing expenses arising from 1) expanding sales force, 2) commission for cracking down piracy viewers, 3) call center manpower to reduce calling-blocked rate, and 4) more intensive cable broadband sales incentive. That said, its EBITDA still showed a healthy 5% YoY increase in 3Q07.

As shown in table 2, depreciation & amortization edged up for mobile division due to continuous 3G infrastructure roll-outs. In contrast, fixed-line had a noticeable reduction in D&A, following its major asset impairment in 2006 year-end.

Accordingly, EBIT for both mobile and cable business had good YoY growth in 3Q. Fixed-line business turned operating profit positive during the period.

Non-Operating Item Analysis

Net interest expense increased in the quarter due to a combined NT\$3.3bn increase in gross debts from 2Q07. 3Q06 was a high base due to dividend and disposal gain of NT\$2.1bn from CHT.



III. Income Statement Analysis

Table 4. Income Statement

NT\$bn	3Q07	2Q07	3Q06
Revenue	17.61	16.69	15.03
Operating Cost	7.78	7.36	6.31
Operating Expenses	4.08	3.71	3.68
EBITDA	8.05	7.82	6.99
Operating Income	5.75	5.61	5.04
Non-op. Income (Expense)	(0.66)	(0.02)	1.20
Pre-tax Income	5.09	5.59	6.24
Pre-tax Income -recurring	5.77	5.82	5.36
(Less Tax)	(1.30)	(1.39)	(0.77)
(Minority Interest)	(0.07)	(0.01)	0.00
Net Income - Attributed to the Parent	3.72	4.19	5.48
EPS (NT\$)	1.02	1.05	1.11

Table 5. TWM Consolidated Results vs. Forecast

NT\$bn	3Q07 Actual	3Q07 Forecast	% of Forecast Achieved
Revenue	17.61	17.23	102%
Operating Income	5.75	5.20	111%
Pre-tax Income	5.09	4.77	107%
(Less Tax)	(1.30)	(1.13)	115%
Net Income - Attributed to the Parent	3.72	3.60	103%
EPS (NT\$)	1.02	1.00	102%
EBITDA	8.05	7.55	107%
EBITDA margin	45.7%	43.8%	

Income Statement Analysis

Compared to last quarter, TWM posted 6% and 2% growth in total revenue and EBIT respectively, credited to satisfactory sequential growth in all three businesses.

3Q revenue reached 102% of the forecast, attributable to better-than-expected operating results and a NT\$226mn lawsuit settlement received from CHT. Aided by better-than-expected G&A expense controls, the EBIT was higher than the guidance.

Recurring pre-tax income in 3Q07 grew 8% from a year ago. Nevertheless, the rising corporate tax in 2007 led to the 69% YoY increase in income tax in 3Q07 and a lower net profit. Despite pull-in of some NT\$439mn of 4Q's asset write-offs in 3Q, our net income came in on target and reached 103% of guidance.

IV. Cash Flow Analysis

Table 6. Cash Flow

NT\$bn	3Q07	2Q07	3Q06
Total Op Sources/(Uses)	6.56	11.78	4.60
Consolidated Net Income	3.80	4.20	5.47
Depreciation	2.03	1.93	1.70
Amortization	0.26	0.28	0.25
Asset Write-off Loss Add-back	0.70	0.23	1.18
Changes in Working Capital	(0.24)	(2.77)	(1.60)
Cash Management	0.01	7.91	(0.92)
Net Investing Sources/(Uses)	(3.16)	(18.47)	3.51
Divestment	0.50	10.42	4.85
Capex	(2.01)	(1.37)	(1.32)
Pledged Time Deposit	(0.02)	12.50	(0.00)
Acquisition	(1.65)	(39.99)	0.00
Net Financing Sources/(Uses)	(6.61)	(6.73)	(13.34)
Dividend and Bonus Payment	(9.81)	0.00	(13.29)
Short-Term Borrowings	5.21	3.87	0.00
Debt Repayment	(3.91)	(11.88)	(0.00)
Commercial Paper Payable Increase	2.00	0.00	0.00
Minority Interest increase (decrease)	(0.07)	0.58	(0.05)
Cash Inherited from M&A	0.22	3.92	0.00
Net Cash Position Chg.	(2.98)	(9.50)	(5.23)

Table 7. Capex & FCF

NT\$bn	3Q07	2Q07	3Q06
Cash Capex	2.01	1.37	1.32
- Mobile	1.68	1.03	1.32
- Fixed-line	0.15	0.23 ¹	
- Cable MSO	0.18	0.11 ¹	
% of Revenue	11%	8%	9%
Free Cash Flow	4.56	10.41	3.29

1. for only 2.5months cash capex

Cash Flow Analysis

Adjusting for the one-offs including liquidating money market instruments and payment of annual corporate tax (as reflected in the negative working capital change of NT\$2.77bn) in 2Q07, our 3Q07 operating cash flow rose sequentially.

The divestment of 0.17% Fubon Financial Holding generated NT\$0.5bn cash for investment cash flow. Besides cash capex of NT\$2bn, we spent NT\$867mn to increase our Taiwan Fixed Network (TFN) holdings from 84.6% to 86.2%, and NT\$789mn to acquire 52.35% stake in Taiwan Telecommunication Network Services (TTN) during the quarter.

The NT\$9.81bn cash outlay for dividend payment drew down our cash balance despite NT\$3.3bn cash inflows from rising borrowings in 3Q from 2Q.

NT\$0.22bn cash was inherited from consolidation of TTN starting from this quarter.

Capex and Free Cash Flow Analysis

Year to 3Q, mobile, fixed-line and cable MSO capex totaled NT\$4.47bn, 0.48bn and 0.41bn, respectively, reaching 66%, 59% and 71% of the guidance.

3Q free cash flow rose YoY but decline QoQ due to some one-offs which booted 2Q07 operating cash flows.

V. Balance Sheet Analysis

Table 8. Balance Sheet

NT\$bn	3Q07	2Q07	3Q06
Total Assets	115.64	119.85	114.20
Current Assets	23.21	26.50	30.92
- Cash & Cash Equivalents	11.66	14.65	9.13
- Available-for-Sale Financial Asset	2.74	3.31	0.37
- Financial Assets at Fair Value	0.13	0.00	10.49
- Other Current Assets	8.67	8.55	10.94
Long-Term Investment	3.22	2.89	3.88
Property and Equipment	64.94	65.69	60.43
Intangible Assets	21.83	22.16	16.16
- 3G License	8.41	8.60	9.16
- Goodwill	9.83	9.95	6.84
Other Assets	2.45	2.62	2.81
Liabilities	60.62	67.77	27.92
Current Liabilities	45.74	52.43	13.51
- ST Debts	28.49	26.78	1.34
- Commercial Paper Payable	2.00	0.00	0.00
- Other Current Liabilities	15.25	25.65	12.17
Long-Term Borrowings	14.17	14.58	13.75
Other Liabilities	0.71	0.76	0.66
Shareholders' Equity	55.02	52.09	86.28

Table 9. Ratios

	3Q07	2Q07	3Q06
Current Ratio	51%	51%	229%
Interest Coverage (x)	24.9	31.0	47.6
Net Debt (Cash) to Equity	60%	51%	-5%
ROE (annualized)	22%	23%	20%
ROA (annualized)	14%	14%	15%

Balance Sheet Analysis

At the end of 3Q07, we had NT\$11.66bn cash on hand, reserving mainly for accumulating our stake in TFN to 100%. Available-for-sale financial asset decreased mainly from the sale of Fubon Financial Holding shares (down to 0.97% holding from 1.14%).

PP&E balance at the end of 3Q was down by NT\$0.75bn from the previous quarter as 2G asset write-offs and depreciation charge were higher than new 3G equipment purchase in the quarter. After this year's major write-offs, we estimate book value of 2G equipment with 15-year useful life to fall to NT\$20bn at year end.

After we paid out the cash dividend in 3Q07, other current liability dropped sequentially. On top of NT\$0.91bn new bank loan raised by Taihsing International Telecommunications (TIT), TWM issued a commercial paper of NT\$2bn and raised short-term loan by NT\$4.3bn in 3Q. Meanwhile, fixed-line and cable operations combined repaid NT\$3.91bn of bank borrowings. Net net, gross debt balance was NT\$44.66bn at the end of 3Q07, up by NT\$3.30bn from a quarter earlier.

Ratio Analysis

Although our current ratio was at 51%, our interest coverage was at 25x and net debt to EBITDA was at a healthy level of 1.1x.



VI. Forecast

Table 10. Forecast

NT\$bn	4Q07 (old)	4Q07 (new)	2007 ¹
Revenue	17.00	17.41	66.19
EBITDA	7.37	7.61	30.42
EBITDA margin	43.37%	43.72%	45.95%
Operating Income	4.97	5.25	21.60
(Asset write-off)	(14.15)	(11.28)	(12.33)
Pre-tax Income (Loss)	(9.48)	(6.24)	9.43
Tax Credit (Expense)	2.42	1.45	(2.40)
(Minority Interest)	(0.03)	(0.05)	(0.13)
Net Income	(7.08)	(4.83)	6.89
EPS (NT\$) ²	(1.64)	(1.12)	1.72

Note 1: 2007 forecast equals to 1-3Q actual plus 4Q (new) forecast.

Note 2: EPS calculation in 4Q and full year is based on 4.3bn and 4.0bn shares outstanding, respectively.

Table 11. Mobile Division's Forecast

NT\$bn	4Q07 (new)	4Q06 (actual)	YoY
Revenue	14.79	14.53	2%
-Telecom Service Revenue	14.69	14.45	2%
EBITDA	6.61	6.93	-5%
EBITDA margin	44.7%	47.7%	
Operating Income	4.51	4.94	-9%
Asset write-off	(11.28)	(1.37)	722x
Pre-tax Income	(6.37)	3.70	NM

We have revised down our 4Q pre-tax loss guidance by 34% to N\$6.2bn. Our core business estimate in 4Q stays largely unchanged as indicated in Table 10.

The main revision of guidance is on asset write-off, which will be NT\$12.3bn, down from previous guidance of NT\$14.7bn. The difference is a result of delays on the part of NCC in approving from regulators on TansAsia Telecom (TAT) network optimization project. As such, the write-off associated with this project will not happen in 2007.

4Q guidance

Mobile business

Mobile revenue expects to have a 2% YoY increase in 4Q07. However, the YoY selling expense increase expects to more than offset the revenue growth and result in an EBITDA margin contraction.

Fixed-line business

In 4Q07, revenue will grow 7% YoY and EBITDA margin to be around 22%, a major improvement from 7% a year ago.

Cable TV business

In 4Q07, its revenue is expected to show a high single-digit YoY increase while EBITDA and EBIT are expected to rise at 15% plus from a year ago.



VII. Management Discussion & Analysis

Key Message

We have finally obtained the approval from NCC for TIT/TFN merger. The kick-off time for triple play is expected for 1Q08. Business-wise, the synergies from the acquisition bode well for Taiwan Mobile's growth ahead. On the finance front, the lower-than-expected asset write down in 2007 will make room for us to distribute more dividend to the shareholders. Again, we reiterate our commitment to enhancing shareholder value as always.

Capital Reduction

- Received Securities and Future Bureau's (SFB) approval on Oct. 17.
- The board today (Oct.31, 2007) set the record date on Dec. 1, 2007 with estimated cash payment date to be Feb. 20, 2008.

TFN Integration

- Received NCC approval on Oct. 25 for TIT's cash merger with TFN.
- As of Oct. 31, 2007, TIT owned 86.22% of TFN, up from 84.6% in 2Q.

M&A

- To spend no more than US\$5.3m of cash acquiring Hurray! Times to enrich TWM's value-added service offerings.
- Acquired a 52.35% stake in TTN from PCCW as of Oct. 5; expect to have around 96% of stake in TTN by Nov.

Awards

- Received "Happy Worker Award - Best Employer" by Cheers Magazine and Watson Wyatt jointly.