Taiwan Mobile Co., Ltd.

Financial Statements for the
Nine Months Ended September 30, 2009 and 2008 and
Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Shareholders
Taiwan Mobile Co., Ltd.

We have reviewed the accompanying balance sheets of Taiwan Mobile Co., Ltd. (the "Corporation") as of September 30, 2009 and 2008, and the related statements of income and cash flows for the nine months then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report based on our reviews.

We conducted our reviews in accordance with Statement of Auditing Standards No. 36 - "Standards for the Review of Financial Statements" of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the financial statements, in March 2007, the Accounting Research and Development Foundation issued an interpretation that requires companies to recognize employees bonuses and remuneration paid to directors and supervisors as expenses starting from January 1, 2008. The mentioned bonuses and remuneration were previously recorded as appropriations from earnings.

We have also reviewed the consolidated balance sheets of the Corporation and its subsidiaries as of September 30, 2009 and 2008 and the related consolidated statements of income and cash flows for the nine months then ended, on which we have issued a review report dated October 13, 2009 with an unqualified review report and emphasis of a matter explanatory paragraph, respectively.

October 13, 2009

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the accountants' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language accountants' review report and financial statements shall prevail.

TAIWAN MOBILE CO., LTD.

BALANCE SHEETS
SEPTEMBER 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

	2009		2008	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 2, 4 and 24)	$ 1,009,239	1	$ 583,765	1
Available-for-sale financial assets - current (Notes 2 and 5)	173,039	-	200,794	-
Hedging derivative financial assets - current (Notes 2, 23 and 27)	54,181	-	-	-
Notes receivable	16,434	-	9,471	-
Accounts receivable - third parties (Notes 2 and 6)	5,752,742	7	6,222,618	7
Accounts receivable - related parties (Notes 2 and 24)	19,079	-	9,954	-
Other receivables - third parties	220,465	-	232,027	-
Other receivables - related parties (Note 24)	2,121,554	3	2,452,721	3
Inventories (Note 2)	344,278	1	160,876	-
Prepayments (Notes 7 and 24)	526,605	1	631,461	1
Deferred income tax assets - current (Notes 2 and 20)	29,225	-	276,532	-
Pledged time deposits (Notes 24 and 25)	10,000	-	10,000	-
Other current assets	8,934	-	6,731	-
Total current assets	10,285,775	13	10,796,950	12
INVESTMENTS				
Investments accounted for using equity method (Notes 2 and 8)	12,449,771	15	14,554,253	17
Hedging derivative financial assets - non-current (Notes 2, 23 and 27)	-	-	22,707	-
Financial assets carried at cost - non-current (Notes 2 and 9)	50,324	-	60,064	-
Total investments	12,500,095	15	14,637,024	17
PROPERTY AND EQUIPMENT (Notes 2 and 10)				
Cost				
Land	3,866,289	5	3,866,289	4
Buildings	2,385,587	3	2,385,587	3
Telecommunication equipment	57,308,932	70	60,627,401	68
Office equipment	42,942	-	142,093	-
Leased assets	1,285,920	1	1,276,190	2
Miscellaneous equipment	2,139,633	3	2,339,415	3
Total cost	67,029,303	82	70,636,975	80
Less accumulated depreciation	29,493,170	36	29,540,562	33
	37,536,133	46	41,096,413	47
Construction in progress and prepayments for equipment	2,143,046	3	1,840,648	2
Net property and equipment	39,679,179	49	42,937,061	49
INTANGIBLE ASSETS (Note 2)				
3G concession	6,916,309	9	7,664,018	8
Computer software cost	3,679	-	11,390	-
Goodwill (Note 11)	6,835,370	8	6,835,370	8
Total intangible assets	13,755,358	17	14,510,778	16
OTHER ASSETS				
Assets leased to others (Notes 2, 12 and 24)	2,202,405	3	2,309,268	3
Idle assets (Notes 2 and 12)	220,699	-	138,989	-
Refundable deposits	316,331	-	317,173	-
Deferred charges (Note 2)	396,788	1	283,433	-
Deferred income tax assets - non-current (Notes 2 and 20)	1,812,154	2	2,590,082	3
Other (Notes 2, 18 and 24)	57,215	-	67,377	-
Total other assets	5,005,592	6	5,706,322	6
TOTAL	$ 81,225,999	100	$ 88,588,135	100

	2009		2008	
LIABILITIES AND SHAREHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 3,300,000	4	$ 12,400,000	14
Short-term notes and bills payable (Note 14)	-	-	2,843,224	3
Accounts payable (Note 24)	1,847,145	2	2,049,445	2
Income taxes payable (Notes 2 and 20)	731,409	1	1,489,574	2
Accrued expenses (Note 24)	4,513,505	6	4,364,062	5
Other payables (Notes 2 and 24)	3,572,102	4	3,655,722	4
Advance receipts (Note 15)	828,034	1	1,045,100	1
Current portion of long-term liabilities (Notes 16 and 23)	7,500,000	9	2,500,000	3
Guarantee deposits - current	63,879	-	81,000	-
Other current liabilities	427,329	1	383,717	1
Total current liabilities	22,783,403	28	30,811,844	35
LONG-TERM LIABILITIES				
Bonds payable (Notes 16 and 23)	8,000,000	10	7,500,000	8
OTHER LIABILITIES				
Guarantee deposits	261,568	-	244,289	-
Deferred credits - gains on intercompany accounts (Notes 2 and 8)	1,238,378	2	1,238,378	2
Others (Note 2)	344,670	-	-	-
Total other liabilities	1,844,616	2	1,482,667	2
Total liabilities	32,628,019	40	39,794,511	45
SHAREHOLDERS' EQUITY (Notes 2 and 19)				
Capital stock - NT$10 par value				
Authorized: 6,000,000 thousand shares				
Issued: 3,800,925 thousand shares	38,009,254	47	38,009,254	43
Capital surplus				
From convertible bonds	8,775,819	11	8,775,819	10
From treasury stock transactions	3,639,302	4	3,493,759	4
From long-term investments	3,743	-	1,166	-
Other	12,840	-	-	-
Retained earnings				
Legal reserve	13,943,913	17	12,406,775	14
Special reserve	3,350,000	4	3,406,744	4
Unappropriated earnings	12,638,725	16	14,569,830	16
Other equity				
Cumulative translation adjustments	13,721	-	9,253	-
Net loss not recognized as pension cost	285	-	1,604	-
Unrealized gains on financial instruments	99,478	-	8,520	-
Treasury stock	(31,889,100)	(39)	(31,889,100)	(36)
Total shareholders' equity	48,597,980	60	48,793,624	55
TOTAL	$ 81,225,999	100	$ 88,588,135	100

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche review report dated October 13, 2009)

TAIWAN MOBILE CO., LTD.

STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2009		2008	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 2 and 24)				
Telecommunication service revenue	$ 41,466,031	97	$ 39,679,413	99
Other revenue	1,446,673	3	434,946	1
Total operating revenues	42,912,704	100	40,114,359	100
OPERATING COSTS (Notes 2, 22 and 24)	20,454,602	48	17,498,752	44
GROSS PROFIT	22,458,102	52	22,615,607	56
OPERATING EXPENSES (Notes 2, 22 and 24)				
Marketing	6,931,602	16	7,081,118	17
Administrative	3,049,998	7	2,688,989	7
Total operating expenses	9,981,600	23	9,770,107	24
OPERATING INCOME	12,476,502	29	12,845,500	32
NON-OPERATING INCOME AND GAINS				
Investment income recognized under the equity method, net (Notes 2 and 8)	2,229,831	5	3,278,323	8
Penalty income	188,479	1	141,133	-
Rental income (Notes 2 and 24)	145,907	-	103,103	-
Interest income (Notes 2 and 24)	40,999	-	77,413	-
Dividend income (Note 2)	10,405	-	-	-
Gain on disposal of property and equipment (Note 2)	-	-	1,414	-
Other (Notes 2 and 6)	129,431	-	177,300	1
Total non-operating income and gains	2,745,052	6	3,778,686	9
NON-OPERATING EXPENSES AND LOSSES				
Loss on disposal and retirement of property and equipment (Note 2)	1,267,029	3	441,151	1
Interest expenses (Notes 2, 10 and 24)	350,359	1	526,556	1
Impairment loss (Notes 2 and 9)	9,740	-	11,532	-
Other (Note 2)	99,263	-	46,171	-
Total non-operating expenses and losses	1,726,391	4	1,025,410	2
INCOME BEFORE INCOME TAX	13,495,163	31	15,598,776	39
INCOME TAX EXPENSE (Notes 2 and 20)	3,123,192	7	3,373,573	9
NET INCOME	$ 10,371,971	24	$ 12,225,203	30

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TAIWAN MOBILE CO., LTD.

STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 21)				
Basic	$ 4.53	$ 3.49	$ 5.26	$ 4.12
Diluted	$ 4.52	$ 3.47	$ 5.25	$ 4.11

Pro forma information should the Corporation’s stocks held by its subsidiaries be treated as an investment instead of treasury stock (after income tax):

	2009	2008
NET INCOME	$ 9,896,064	$ 15,710,935
EARNINGS PER SHARE		
Basic	$ 2.61	$ 4.13
Diluted	$ 2.61	$ 4.13

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche review report dated October 13, 2009) (Concluded)

TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 10,371,971	$ 12,225,203
Adjustments to reconcile net income to net cash provided by operating activities:		
Cash dividends received from equity-method investees	5,525,230	3,245,715
Depreciation	5,242,086	4,437,366
Investment income recognized under the equity method, net	(2,229,831)	(3,278,323)
Loss on disposal and retirement of property and equipment, net	1,267,029	439,737
Deferred income taxes	775,870	89,751
Amortization	649,324	646,323
Bad debts	467,758	471,106
Compensation cost recognized from employee stock options	108,153	-
Impairment loss	9,740	11,532
Provision for (recovery of) loss on inventories	(8,598)	18,323
Pension cost	1,899	(1,116)
Net changes in operating assets and liabilities		
Notes receivable	(2,295)	5,139
Accounts receivable - third parties	(432,437)	(685,858)
Accounts receivable - related parties	(13,610)	67,416
Other receivables - third parties	62,135	(85,410)
Other receivables - related parties	(53,800)	84,226
Inventories	(25,782)	(96,978)
Prepayments	101,732	(36,741)
Other current assets	(1,052)	11,497
Accounts payable	(371,048)	224,826
Income taxes payable	(1,407,854)	588,815
Accrued expenses	(172,696)	(254,545)
Other payables	(218,034)	392,589
Advance receipts	(533,377)	(68,009)
Other current liabilities	55,474	(300,537)
Net cash provided by operating activities	19,167,987	18,152,047
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(3,408,479)	(3,501,070)
Increase in deferred charges	(175,760)	(97,643)
Financing provided to investees	(32,000)	(1,000,000)
Decrease (increase) in other assets	10,105	(10,317)
Proceeds from investees' capital reduction	5,356	1,802,688
Increase in computer software costs	(1,686)	(2,491)
Decrease (increase) in refundable deposits	1,237	(9,448)
Repayment of financing provided to investees	-	1,250,000

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TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2009	2008
Increase in long-term investments accounted for using equity method	$ -	$ (185,000)
Cash received from merger with subsidiaries	-	124,754
Proceeds from disposal of property and equipment	-	2,407
Net cash used in investing activities	(3,601,227)	(1,626,120)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(13,968,840)	(7,601,804)
Decrease in long-term borrowings	(5,200,000)	(900,000)
Increase in short-term borrowings	2,000,000	145,609
Transfer of treasury stock to employees	1,056,478	-
Increase (decrease) in guarantee deposits	10,466	(835)
Capital reduction	-	(11,997,771)
Increase in short-term notes and bills payable	-	1,248,471
Increase in long-term borrowings	-	900,000
Bonus to employees	-	(181,155)
Remuneration to directors and supervisors	-	(18,116)
Net cash used in financing activities	(16,101,896)	(18,405,601)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(535,136)	(1,879,674)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,544,375	2,463,439
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,009,239	$ 583,765
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 124,734	$ 387,936
Less interest capitalized	11,643	8,596
Interest paid - excluding interest capitalized	$ 113,091	$ 379,340
Income taxes paid	$ 3,953,947	$ 2,296,365
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	$ 7,500,000	$ 2,500,000
Receivable from investees' capital reduction	$ -	$ 350,000
Reclassification of the corporation's shares held by its subsidiaries to treasury stock	$ 31,889,100	$ 31,889,100
CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment	$ 3,143,356	$ 3,423,480
Decrease in other payables	253,523	77,590
Decrease in other liabilities - other	11,600	-
Cash paid for acquisition of property and equipment	$ 3,408,479	$ 3,501,070

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TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

The Corporation merged with TransAsia Telecommunications Inc. on September 2, 2008. The book values of the assets and liabilities upon a merger were as follows:

Cash	$ 124,754
Accounts receivable	758,874
Other accounts receivable	2,102,930
Prepayments	38,355
Other current assets	570
Property and equipment	1,644,531
Intangible assets	6,843,089
Other assets	35,415
	11,548,518
Accounts payable	300,846
Income taxes payable	54,224
Accrued expenses	142,097
Other payables	161,391
Advance receipts	5,107
Other current liabilities	77,023
Other liabilities	322
	741,010
Net	$ 10,807,508

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche review report dated October 13, 2009) (Concluded)

TAIWAN MOBILE CO., LTD.

NOTES TO FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Taiwan Mobile Co., Ltd. was incorporated in the Republic of China (ROC) on February 25, 1997. The Corporation's shares began trading on the ROC Over-the-Counter Securities Exchange (known as GreTai Securities Market) on September 19, 2000. On August 26, 2002, the Corporation's shares were listed on the Taiwan Stock Exchange. The Corporation mainly renders wireless communication services.

The Corporation's services are under the type I license issued by the Directorate General of Telecommunications (DGT) of the ROC. The license allows the Corporation to provide services for 15 years from 1997 onwards. It also entails the payment of an annual license fee consisting of 2% of total wireless communication service revenues. On March 24, 2005, the Corporation received the third generation (3G) concession operation license issued by the DGT. The 3G license allows the Corporation to provide services from the issuance date of the license to December 31, 2018.

As of September 30, 2009 and 2008, the Corporation had 2,485 and 2,523 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the ROC. In conformity with these guidelines, the Law, and principles, the Corporation is required to make certain estimates and assumptions that could affect the amounts of allowance for doubtful accounts, provision for losses on decline in value of inventories, depreciation, pension, allowance for deferred income tax assets, bonus to employees, remuneration to directors and supervisors, impairment loss on assets, etc. Actual results may differ from these estimates.

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

The Corporation's significant accounting policies are summarized as follows:

Classification of Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents, assets held for trading and those expected to be converted to cash, sold or consumed within twelve months from the balance sheet date. Other assets such as property and equipment and intangible assets are classified as non-current. Current liabilities are obligations held for trading and those expected to be due within twelve months from the balance sheet date. All other liabilities are classified as non-current.

Cash Equivalents

Government bonds and short-term bills acquired with repurchase rights and having maturities of up to three months from the date of purchase are classified as cash equivalents, whose carrying value approximates fair value.

Available-for-sale Financial Assets

On initial recognition, available-for-sale financial assets are recognized at fair value plus transaction costs. When subsequently measured at fair value, the fair value changes are recognized directly in equity. The cumulative gain or loss that was recognized in equity is recognized in profit or loss when an available-for-sale financial asset is derecognized from the balance sheet. The purchase or sale of the financial instruments is recognized and derecognized using trade date accounting.

Cash dividends are recognized as dividend income on the ex-dividend date, but are accounted for as reductions to the original cost of investments if such dividends are declared on the earnings of investees attributable to periods prior to the purchase of investments. Stock dividends are not recognized as current income but are accounted for only as an increase in the number of shares held. The cost per share is re-calculated based on the new number of shares.

An impairment loss is recognized if there is objective evidence that a financial asset is impaired. If the amount of impairment loss decreases in the subsequent period, such decrease is recognized in equity.

The fair value of listed stocks is based on the closing price on the balance sheet date.

Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided on the basis of past experiences and an evaluation of the aging and collectibility of all receivables on the balance sheet date.

Inventories

Inventories are recorded at weighted-average cost. Before January 1, 2009, inventories are stated at the lower of the cost or market value. Market value is evaluated on the basis of replacement cost or net realizable value. Effective from January 1, 2009, however, inventories are stated at the lower of cost or net realizable value. When comparing cost and net realizable value, inventories are evaluated by individual items.

Investments Accounted for Using Equity Method

Long-term investments in which the Corporation owns 20% or more of an investee's outstanding voting shares or exercises significant influence on an investee are accounted for under the equity method.

In accordance with the newly revised Statement of Financial Accounting Standards (SFAS), the cost of acquisition is subjected to an initial analysis, and goodwill represents the excess of the cost of acquisition over the fair value of the identifiable net assets value. Goodwill is no longer amortized. If the fair value of identifiable net assets acquired exceeds the cost of investments, the excess should be assigned to non-current assets (except for financial assets not under equity method, assets for disposal, deferred income tax assets and prepaid pension costs or other retirement benefit costs). If these assets are all reduced to zero, the remaining excess should be recognized as extraordinary gain. Starting January 1, 2006, the unamortized balance of the excess of the acquisition cost of the long-term investment by the equity method over the equity in the investee's net assets value is also no longer amortized and applies the same accounting treatment as goodwill.

Gains or losses from downstream transactions to its subsidiaries are deferred and included in deferred income (loss) and recorded as other liabilities (assets). Gains or losses on the upstream transactions to the Corporation by equity-method investees that are not majority owned are deferred in proportion to the Corporation's ownership percentages in the investees until these sales are realized through transactions with third parties.

The cost and the resulting gain or loss of an investment sold is determined by the weighted-average method.

Financial Assets Carried at Cost

If there is no active market for an equity instrument and a reliable fair value can not be estimated, the equity instrument, including non-publicly traded and emerging stocks, etc, is measured at cost. The accounting for the dividends from financial asset carried at cost is the same as that for an available-for-sale financial asset. Impairment losses are recognized if a decrease in the fair value of the instruments can be objectively related to an event. Reversal of impairment loss is not allowed.

Property and Equipment and Assets Leased to Others

Property and equipment and assets leased to others are stated at cost less accumulated depreciation and accumulated impairment. Significant additions, renewals, betterments, and interest expenses incurred during the construction period are capitalized, while maintenance and repairs are expensed. Leased property and equipment from others covered by agreements qualifying as capital leases are carried at the lower of the present value of future minimum lease payments or the market value of the property on the starting dates of the leases.

For cost associated with dismantling and relocating fixed assets and restoring the leased premises housing our fixed assets to the previous state should be recognized as an addition to the fixed assets and accrued as a potential liability accordingly, according to the Accounting Research and Development Foundation (ARDF) issued the Interpretation No. 2008-340 in November 2008.

Depreciation is calculated using the straight-line method over the estimated service lives, which range as follows: buildings - 50 to 55 years; telecommunication equipment - 2 to 15 years; office equipment - 3 to 5 years; leased assets - 20 years; and miscellaneous equipment - 3 to 5 years.

Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is credited or charged to non-operating gain or loss in the period of disposal.

Accounting for Leases

In accordance with SFAS No. 2, "Accounting for Leases," a lease is identified as either an operating lease or a capital lease based on the lease contract terms, the collectability of the leasehold and the un-reimbursable costs to be incurred by the lessor.

The asset held under an operating lease is stated at cost, and depreciated on the straight-line basis over the estimated useful life. Receivables collected are periodically recognized as rental income during the lease contract.

At the inception date of a capital lease, total leasehold receivables shall be recognized as all rental receivables plus the pre-determined bargain purchase price offered to the lessee upon maturity or estimated residual value. For a financing-type of capital lease, leasehold receivables should be recognized as the sum of present value derived from each future rental receivable based on an implicit interest rate of the lease. The excess of total leasehold receivables over the present value of leasehold receivables should be deferred as unrealized interest income, and amortized as interest income by the effective interest method upon each collection.

Intangible Assets

a. Franchise

Franchise refers to the payment for the 3G mobile telecommunication service - License C. The 3G concession is recorded at acquisition cost and is amortized by straight-line method over 13 years and 9 months starting from the launch of 3G services.

b. Computer software

Computer software cost is amortized by the straight-line method over 3 years.

c. Goodwill

In accordance with the newly revised SFAS, goodwill is no longer amortized. Please refer to the accounting policy of investments accounted for by the equity method.

Idle Assets

Property not currently used in operations are stated at the lower of book value or net realizable value, with the difference charged to current loss. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets.

Deferred Charges

Deferred charges, mainly interior decoration costs, are amortized by the straight-line method over three to seven years.

Asset Impairment

If the carrying value of assets (including property and equipment, intangible assets, idle assets, assets leased to others, investments accounted for using equity method and deferred charge) is more than its recoverable amount, which indicates that an impairment exists, an impairment loss should be recognized. Any subsequent reversal of the impairment loss for the increase in recoverable amount is recognized as income. The reversal of impairment loss on goodwill is not allowed.

Share-based Compensation

For the grant date of the employee stock options which falls on or after January 1, 2008 should apply SFAS No. 39 - "Accounting for Share-based Payment". The value of stock option granted, the product of the number of vested stock options multiplies by the fair value of the option on grant date, shall be expensed over the vesting period, and to increase "capital surplus - employee stock options" by the same amount accordingly.

Pension Costs

The pension costs under the defined benefit pension plan are recognized on the basis of actuarial calculations. The contribution amounts of the pension costs under the defined contribution pension plan are recognized as current expenses during the employees' service years.

Income Taxes

The inter-period and intra-period allocation method is used for income taxes. Deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused tax credits and net operating loss carryforwards. Valuation allowance is provided for deferred income tax assets to the extent that more likely than not such assets will not be realized. Deferred tax assets or liabilities are classified as current or non-current according to the classification of related assets or liabilities for financial reporting. However, if deferred tax assets or liabilities do not relate to assets or liabilities in the financial statements, they are classified as current or non-current on the basis of the expected length of time before realized.

Tax credits for certain purchases of equipment and technology, research and development expenditures and personnel training are recognized by the flow-through method.

Adjustments to prior years' tax liabilities are added to or deducted from the current year's tax expense.

Income tax of 10% on unappropriated earnings generated is provided for as income tax in the year when the shareholders resolve the retention of the earnings.

Treasury Stock

The purchase of issued shares is accounted for by debiting treasury stock, which is a reduction of shareholders' equity. The Corporation's shares held by its subsidiaries are treated as treasury stock and reclassified from investments accounted for using equity method to treasury stock.

If the proceeds on the disposal of treasury stock exceed the carrying value of treasury stock, the excess is credited to capital surplus from treasury stock. If the proceeds are less than the carrying value of treasury stock, the difference is debited to capital surplus from treasury stock. If the balance of capital surplus from treasury stock is not sufficient to absorb the difference, the rest is recorded as a reduction of retained earnings.

Foreign-currency Transactions

Assets, liabilities, revenues or expenses denominated in foreign currencies as a result of foreign-currency transactions of non-derivative financial instruments are recorded in New Taiwan dollars at the exchange rates prevailing on the dates of transactions.

Monetary assets or liabilities denominated in foreign currencies are translated at the exchange rates prevailing on the balance sheet date, and the resulting exchange differences are included in profit or loss for the current period.

Non-monetary assets or liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date when the fair value was determined, and the resulting exchange differences are included in profit or loss for the current period except for the differences arising on the retranslation of non-monetary assets and liabilities in respect of which gains and losses are recognized directly in equity. For such non-monetary assets and liabilities, any exchange component of that gain or loss is also recognized directly in equity. Non-monetary assets or liabilities carried at cost that are denominated in foreign currencies are translated at the historical rates prevailing on the dates of transactions.

The above prevailing exchange rates are based on the average of bid and ask rates of major banks.

Revenue Recognition

Revenues are recognized when the service rendering process is completed or virtually completed, and earnings are realizable and measurable. Related costs of providing services are concurrently recognized as incurred.

Service revenues from wireless services and value-added services, net of any applicable discount, are billed at predetermined rates. Prepaid card services are recognized on the basis of minutes of usage.

Promotion Expenses

Commissions and cellular phone subsidy costs pertaining to the Corporation's promotions are recognized as marketing expenses on an accrual basis in the current period.

Hedging Derivative Financial Instruments

Derivatives that qualify as effective hedging instruments are measured at fair value, with subsequent changes in fair value recognized either in earnings or shareholders' equity, depending on the nature of the hedge.

Hedge Accounting

When hedge accounting is applied, gain or loss from changes in the fair value of the derivatives (hedging instruments) shall be offset by that of financial assets/liabilities (hedged position).

The Corporation entered into interest rate swaps (IRS) contracts to hedge against cash flow risk from inverse floating interest rates of liabilities, thus was qualified to apply hedge accounting. The accounting treatment is as follows: Gain or loss from changes in the fair value of the derivatives, which is recognized in shareholder's equity, shall be reclassified in earnings, if gain or loss from the expected transaction of the hedged position occurs. When there is objective evidence that the net loss recognized in shareholders' equity is expected to be not recoverable, the mentioned net loss should be reclassified in earnings as well.

Reclassification

Certain accounts in the financial statements as of and for the nine months ended September 30, 2008 have been reclassified to conform to the presentation of financial statements as of and for the nine months ended September 30, 2009.

3. REASONS AND EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES

In March 2007, the ARDF issued an interpretation that requires companies and their subsidiaries to recognize those bonuses to employees and remunerations to directors and supervisors as compensation expenses starting from January 1, 2008. The mentioned bonuses and remunerations were previously recorded as appropriations from earnings. The adoption of this interpretation resulted in a decrease of $272,750 thousand in net income and a decrease in basic earnings per share of $0.09 for the nine months ended September 30, 2008.

4. CASH AND CASH EQUIVALENTS

	September 30	
	2009	**2008**
Government bonds with repurchase rights	$ 533,000	$ -
Cash in banks	394,202	424,374
Time deposits	43,717	42,586
Cash on hand	32,567	23,009
Revolving funds	5,753	4,293
Short-term notes and bills with repurchase rights	-	89,503
	$ 1,009,239	$ 583,765

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	September 30 2009	September 30 2008
Domestic listed stocks		
Chunghwa Telecom Co., Ltd.	$ 173,039	$ 200,794

6. ACCOUNTS RECEIVABLE - THIRD PARTIES

	September 30 2009	September 30 2008
Accounts receivable	$ 6,194,831	$ 6,694,630
Less allowance for doubtful accounts	(442,089)	(472,012)
	$ 5,752,742	$ 6,222,618

In the first quarter of 2008, the Corporation entered into an accounts receivable factoring contract with HC Second Asset Management Co., Ltd. The Corporation sold $1,122,544 thousand of the overdue accounts receivable, which had been written off, to HC Second Asset Management Co., Ltd. The aggregate selling price was $15,358 thousand. Under this contract, the Corporation would no longer assume the risk on this receivable.

7. PREPAYMENTS

	September 30 2009	September 30 2008
Prepaid commissions	$ 198,885	$ 259,653
Prepaid rents	103,427	131,213
Prepaid insurance	6,454	4,481
Other	217,839	236,114
	$ 526,605	$ 631,461

8. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	September 30			
	2009		2008	
	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship
Taiwan Cellular Co., Ltd. (TCC)	$ 12,037,623	100.0	$ 14,318,804	100.0
Taipei New Horizons Co., Ltd. (TNH)	217,957	49.9	-	-
Wealth Media Technology Co., Ltd. (WMT)	194,191	100.0	235,449	100.0
	$ 12,449,771		$ 14,554,253	

a. Taiwan Cellular Co., Ltd.

On April 18, 2008, TCC's Board of Directors decided to reduce its capital by $1,000,000 thousand, resulting in the cancellation of 100,000 thousand shares and the cash return to investors. On the record date (May 1, 2008), the Corporation was entitled to receive $1,000,000 thousand based on its 100% equity in TCC.

On July 29, 2008, TCC's Board of Directors decided to reduce its capital by $1,150,000 thousand, resulting in the cancellation of 115,000 thousand shares and the cash return to investors. On the record date (August 1, 2008), the Corporation was entitled to receive $1,150,000 thousand based on its 100% equity in TCC.

The Corporation invested Taiwan Fixed Network Co., Ltd. (TFN) indirectly through Taiwan Cellular Co. Ltd. (TCC) with shares of the former TFN as investment. Based on the revised SFAS No. 5, "Long-term Investments in Equity Securities," unrealized gains and losses on downstream transactions should be deferred. Thus, the difference between the original carrying cost and the investment price of the former TFN shares of this transaction should be treated as deferred gains. As of September 30, 2009, the amount of deferred credits recognized by the Corporation was $1,238,378 thousand.

As of September 30, 2009, TCC Investment Co., Ltd. (TCCI, 100%-owned by Taiwan Cellular Co., Ltd), TCCI Investment & Development Co., Ltd. (TID, 100%-owned by TCCI) and TFN Union Investment Co., Ltd. (TUI, 100%-owned by TFN), collectively held 811,918 thousand shares of the Corporation. Based on SFAS No. 30, "Treasury Stock", the Corporations' shares held by subsidiaries are treated as treasury stock. This accounting treatment reduced the Corporation's long-term investment value by the same amount as treasury stock account value of $31,889,100 thousand. Please refer to Note 19 for details.

b. Taipei New Horizons Co., Ltd.

TNH is established to invest in a property development project located in the old Songshan Tobacco Factory site. On January 15, 2009, TNH signed a 50-year BOT contract with Taipei City Government.

The Corporation established TNH on December 31, 2008 with initial investment of $249,500 thousand, representing 49.9% ownership.

c. Wealth Media Technology Co., Ltd.

WMT's Board of Directors resolved the rights issue of 18,500 thousand shares at $10 par value on March 28, 2008. On the record dates (April 1, 2008), the Corporation subscribed for all the shares and WMT is still a wholly-owned subsidiary of the Corporation.

To expand its CATV business, the Corporation's 100%-owned subsidiary, WMT, plans to buy a 100% stake in Cheng Ting Co., Ltd. to acquire all the cable TV and content distribution business of Kbro Co., Ltd. The purchase will be settled using the Corporation's treasury shares (up to 15.5% of total outstanding shares), and the remainder in cash. The Corporation expects to close the deal after obtaining the authorities' approval.

d. TransAsia Telecommunications Inc.

On July 31, 2008, the Board of Directors of the Corporation resolved to merge TAT, with the Corporation as the surviving company. The record date of the merger was September 2, 2008. The Corporation assumed all the rights and obligations of TAT.

e. Equity in investees' net gains or losses

The financial statements used as basis for calculating the carrying values of equity-method investments and the related income or losses were all unreviewed, except the financial statements of TFN (the subsidiary of TCC) for the nine months ended September 30, 2009 and the financial statements of TAT and TFN for the nine months ended September 30, 2008. The Corporation's management considered that, had these financial statements been reviewed, any adjustments would have been immaterial and would thus have had no material effects on the Corporation's financial statements.

The Corporation's investment income or losses were as follows:

	Nine Months Ended September 30	
	2009	**2008**
TCC	$ 2,292,918	$ 2,179,356
WMT	(31,544)	(32,266)
TNH	(31,543)	-
TAT	-	1,131,233
	$ 2,229,831	$ 3,278,323

All the financial statements of subsidiaries have been consolidated into the consolidated financial statements of the Corporation.

9. FINANCIAL ASSETS CARRIED AT COST - NON-CURRENT

	September 30	
	2009	**2008**
Foreign unlisted stocks		
Bridge Mobile Pte Ltd.	$ 50,324	$ 60,064

Because there is no active market quotation and a reliable fair value can not be estimated, the above investments are measured at cost. An impairment loss of $9,740 thousand and $11,532 thousand were recognized for the nine months ended September 30, 2009 and 2008, respectively.

10. PROPERTY AND EQUIPMENT - ACCUMULATED DEPRECIATION

	September 30	
	2009	**2008**
Buildings	$ 380,660	$ 331,487
Telecommunication equipment	27,682,158	27,521,322
Office equipment	27,439	101,559
Leased assets	469,167	404,127
Miscellaneous equipment	933,746	1,182,067
	$ 29,493,170	$ 29,540,562

Capitalized interests for the nine months ended September 30, 2009 and 2008 were $11,643 thousand and $8,596 thousand, respectively, with capitalization rates ranging from 2.4%-2.76% and 2.4%-2.64%, respectively.

The Corporation bought farmland located in Yang-Mei, Taoyuan for the amount of $12,000 thousand from TFN, based on the need for deploying telecom equipment. Because only an individual could be the owner of farmland according to related regulations, its ownership is under the landholder through a fiduciary contract.

11. GOODWILL

On September 2, 2008, the Corporation merged with TAT resulting in the recognition of goodwill at the book value of $6,835,370 thousand.

In conformity with SFAS No. 35, "Accounting for Asset Impairment," the Corporation, TAT and Mobitai, all engaged in mobile service, were combined viewed as one cash-generating unit in 2007 and 2008. The critical assumptions to evaluate the recoverable amounts of operating assets and goodwill were as follows:

a. Assumptions on operating revenues

   After taking changes in the telecom industry and competitive landscape into consideration, operating revenues were estimated on the basis of the projected changes in subscriber numbers, minutes of incoming and outgoing calls and average revenue per minute.

b. Assumptions on operating costs and expenses

   The estimates of commissions, customer retention costs, customer service costs and bill processing costs were based on the projected changes in subscriber numbers. The estimates of remaining costs and expenses were based on the proportion of the actual costs and expenses to operating revenues in the 2008 financial statements.

c. Assumptions on discount rate

   For the years ended December 31, 2008 and 2007, the Corporation used the discount rate of 7.48% and 6.78%, respectively, in calculating the asset recoverable amounts.

Based on the key assumptions of the cash-generating unit, the Corporation's management believes that the carrying amounts of these assets for operating and goodwill will not exceed their recoverable amounts even if there are changes in the critical assumptions used to estimate recoverable amounts as long as these changes are reasonable for the year ended December 31, 2008 and 2007.

12. ASSETS LEASED TO OTHERS AND IDLE ASSETS

	September 30	
	2009	**2008**
Assets leased to others		
Cost	$ 2,338,558	$ 2,495,897
Less accumulated depreciation	(125,562)	(132,136)
Less accumulated impairment	(10,591)	(54,493)
	$ 2,202,405	$ 2,309,268

(Continued)

	September 30	
	2009	2008
Idle assets		
Cost	$ 641,588	$ 505,399
Less allowance for value decline	(187,519)	(187,519)
Less accumulated depreciation	(105,021)	(94,297)
Less accumulated impairment	(128,349)	(84,594)
	$ 220,699	$ 138,989

(Concluded)

13. SHORT-TERM BORROWINGS

	September 30	
	2009	2008
Unsecured loans from financial institutions	$ 3,300,000	$ 12,400,000
Interest rate	0.59%-0.6163%	2.46%-2.66%

14. SHORT-TERM NOTES AND BILLS PAYABLE

	September 30	
	2009	2008
Commercial paper payable		
Shanghai Commercial and Savings Bank	$ -	$ 1,450,000
China Bills Finance Corporation	-	500,000
International Bills Finance Corporation	-	500,000
Mega Bills Finance Corporation	-	400,000
Less discount on short-term notes and bills payable	-	(6,776)
Net carrying value	$ -	$ 2,843,224
Interest rate	-	2.494%-2.5%
Period	-	2008.7.23 - 2008.11.17

15. ADVANCE RECEIPTS

The Corporation entered into a contract with Mega International Commercial Bank Co., Ltd., which provided performance guarantee for advance receipts from prepaid card customers in accordance with NCC's new policy effective on April 1, 2007. The guaranteed advance receipts from prepaid card customers were $569,913 thousand as of September 30, 2009.

16. BONDS PAYABLE

	September 30			
	2009		2008	
	Current	Non-current	Current	Non-current
Domestic unsecured bonds	$ 7,500,000	$ 8,000,000	$ 2,500,000	$ 7,500,000

a. 1st domestic unsecured bonds

On December 13, 2002, the Corporation issued $15,000,000 thousand of domestic unsecured bonds, with each bond having a face value of $5,000 thousand. The bonds have four different types based on terms and dates. Types I and II both consist of A to L tranches. Types III and IV both consist of A to M tranches. Types I and II are five-year bonds and Types III and IV are seven-year bonds. The interest rates and payment terms are as follows:

	Principal	Rate	Terms
Type I	$ 2,500,000	2.60%	Repayment of $1,250,000 thousand each in the fourth and fifth years, interest payable annually
Type II	2,500,000	5.21%-6M LIBOR	Repayment on maturity date, interest payable semiannually
Type III	5,000,000	2.80%	Repayment of $2,500,000 thousand each in the sixth and seventh years, interest payable annually
Type IV	5,000,000	5.75%-6M LIBOR	Repayment on maturity date, interest payable semiannually
	$ 15,000,000		

b. 2nd domestic unsecured bonds

On November 14, 2008, the Corporation issued $8,000,000 thousand five-year domestic unsecured bonds, with each bond having a face value of $10,000 thousand and a coupon rate of 2.88% per annum, simple interest due annually. Repayments will be made in the fourth and fifth year with equal installments, i.e. $4,000,000 thousand, respectively.

Future repayments of the above-mentioned corporate bonds are as follows:

Year	Amount
The fourth quarter of 2009	$ 7,500,000
2012	4,000,000
2013	4,000,000
	$ 15,500,000

17. LONG-TERM BORROWINGS

To provide medium-term working capital, the Corporation and its subsidiary, TFN, entered into a syndicated loan with a joint credit line of $13,500,000 thousand with 9 banks led by Chinatrust Commercial Bank on February 21, 2008. The tenor is three years starting from May 20, 2008. Based on contract term, interests are payable monthly and the principal is due upon maturity. Upon maturity, the loan is allowed to revolve within its credit limits. The contract requires the Corporation to maintain certain financial ratio including debt ratios, interest coverage, and tangible net asset ratio based on semi-annual financials. The Corporation also bears the repayment liability with respect to TFN's borrowing. Please refer to Note 24 for further information.

18. PENSION PLAN

The Labor Pension Act (LPA) provides for a defined contribution pension plan. Starting from July 1, 2005, the Corporation should contribute monthly an amount equal to 6% of the employees' monthly wages to the employees' individual pension accounts. The contributed amount was $81,643 thousand and $80,951 thousand for the nine months ended September 30, 2009 and 2008, respectively.

The Labor Standards Act (LSA) provides for a defined benefit pension plan. Benefits are based on the length of service and average basic pay of the six months before retirement. The Corporation contributes monthly an amount equal to 2% of the employees' monthly wages to a pension fund. The pension fund is managed by an independently administered pension fund committee and deposited in the committee's name in the Bank of Taiwan (formerly the Central Trust of China, which was merged into the Bank of Taiwan in July 2007.) Approved by Department of Labor, Taipei City Government on April 13, 2007 and January 22, 2008 and January 16, 2009, the Corporation suspended contributing from February 2007 to January 2010.

19. SHAREHOLDERS' EQUITY

a. Capital surplus

Under the Company Act, capital surplus may only be used to offset a deficit. However, capital surplus generated from the excess of the issue price over the par value of capital stock, including the stock issued for new capital and the buyback of treasury stock, may be transferred to capital as stock dividends, and this transfer is restricted to a certain percentage of the capital surplus and may be made only within prescribed limits each time. Also, the capital surplus from long-term investments may not be used for any purpose.

b. Appropriation of earnings and dividend policy

The Corporation's Articles of Incorporation provide that a 10% legal reserve should be set aside from the annual net income after the reduction of accumulated deficit. The remainder, less special reserve based on relevant laws or regulations or business requirements, should be distributed as follows:

1) Dividends and bonus to preferred shareholders
2) Remuneration to directors and supervisors - up to 0.3%
3) Bonus to employees - 1%-3%
4) Remainder, to be appropriated as dividends as determined in the shareholders' meeting.

The Corporation's dividend distribution is based on the availability of excess funds. That is, the Corporation first projects future capital needs through a capital budgeting process and then provides for the projected capital needs by using retained earnings. Any remainder is available for dividend distribution. However, the amount of stock dividends should not be more than 80% of the total dividends to be distributed in a single year. The final amount, type and percentage of the dividends are subject to the approval by the Board of Directors and shareholders based on actual earnings and capital requirements of the Corporation in a particular year.

A regulation issued by the Securities and Futures Bureau requires a special reserve be made from the unappropriated earnings, equivalent to the debit balance of any account shown in shareholders' equity. The special reserve appropriated will be reversed to the extent that the net debit balance reverses.

The appropriation of earnings should be resolved by the shareholders in the following year and given effect to in the financial statements of that year.

Under the Integrated Income Tax System, ROC resident shareholders are allowed a tax credit for the income tax paid by the Corporation. An imputation credit account (ICA) is maintained by the Corporation for such income tax and the tax credit allocated to each shareholder.

For the nine months ended September 30, 2009, the bonuses to employees and remuneration to directors and supervisors were accrued based on respective 3% and 0.3% of net income (net of the bonus to employees and remuneration to directors and supervisors) after setting aside 10% net income as legal reserve. The significant difference between annual accruals and the amount approved by the Board of Directors shall be adjusted in the current year. If the Board of Directors' approval differs from the amount ratified at the annual general shareholders' meeting (AGM), the difference will be treated as changes in accounting estimation and will be adjusted in 2010's P&L. If employee bonuses are paid in the form of company shares, the number of employee bonus shares shall be derived from dividing the approved bonus amount by its closing price one day prior to the AGM, adjusted for cash and/or stock dividends if any.

The 2008 and 2007 earnings appropriations resolved by the AGMs on June 19, 2009 and June 13, 2008 were as follows:

	Appropriation of Earnings		**Dividend Per Share (NT$)**	
	For Fiscal Year 2008	**For Fiscal Year 2007**	**For Fiscal Year 2008**	**For Fiscal Year 2007**
Appropriation of legal reserve	$ 1,537,138	$ 661,300		
Reversal of special reserve	(56,744)	(86,819)		
Remuneration to directors and supervisors	-	18,116		
Cash bonus to employees	-	181,155		
Cash dividends	13,968,864	7,601,851	$4.68704	$2.54326
	$ 15,449,258	$ 8,375,603		

The shareholders on June 19, 2009 resolved to distribute 2008 bonus of $414,697 thousand to employees and remuneration of $41,470 thousand to directors and supervisors.

Information on the appropriation of the 2008 earnings, bonus and remuneration to employees, directors and supervisors proposed by Board of Directors and approved at 2009 AGM is available on the Market Observation Post System website of the Taiwan Stock Exchange.

c. Capital reduction by cash

To increase ROE (Return of Equity) and maintain stable EPS (Earnings Per Share) and dividend, the Corporation's AGM resolved on June 15, 2007, a capital reduction of $12,000,000 thousand, representing 24% of outstanding shares. The Corporation's Board of Directors resolved the record date of December 1, 2007, and completed the procedure for registration changes, which is already approved by the authority. Trading suspension period started from February 1 to 19, 2008, and new shares resumed trading from February 20, 2008.

d. Treasury stock

(Shares in Thousands)

Purpose of Buyback	Beginning Shares	Increase	Decrease	Ending Shares
Nine months ended September 30, 2009				
To be transferred to employees	24,193	-	24,193	-
Shares held by subsidiaries	811,918	-	-	811,918
Nine months ended September 30, 2008				
Shares held by subsidiaries	1,368,250 (Note)	-	556,332	811,918

Note: Shares held before capital reduction.

1) Transfer of stock to employees

For the nine months ended September 30, 2009, the Corporation transferred 24,193 thousand shares bought back from the market to employees at NT$43.8 per share, resulting in a reduction of $3,254 thousand in capital surplus.

Under the Securities and Exchange Law, the buyback amount of treasury stock should not exceed 10% of total issued shares, and the buyback cost should not exceed the sum of the retained earnings, additional paid-in capital in excess of par value and realized capital surplus. In addition, the Corporation should not provide treasury stock as collateral and should not exercise shareholders' rights on those shares before transfer.

2) Shares held by subsidiaries

As of September 30, 2009, the carrying and market value of the Corporation's stocks held by TCCI, TID and TUI (all are the subsidiaries 100%-owned by the Corporation) were $48,309,098 thousand. The Corporation reclassified $31,889,100 thousand from investments accounted for using equity method to treasury stock based on SFAS No. 30, "Treasury Stock". Although these shares are treated as treasury stock in the consolidated financial statements, the shareholders are entitled to excise their rights on these shares, except for participation in capital injection by cash. In addition, based on the ROC Company Act, the shareholders of treasury stocks can not exercise the voting right.

In the first quarter of 2008, TFN sold 300,000 thousand shares of the Corporation for $13,509,828 thousand. Disposal gain from the sales resulted in an increase in capital surplus by $3,485,732 thousand. In addition, the Corporation's shares held by subsidiaries were reduced by 256,332 thousand shares due to the Corporation's capital reduction.

e. Unrealized gain or loss on financial instruments

Unrealized gain or loss on financial instruments for the nine months ended September 30, 2009 and 2008 were summarized as follows:

	Nine Months Ended September 30	
	2009	**2008**
Available-for-sale financial assets		
Balance, beginning of period	$ 54,455	$ 57,560
Fair value changes recognized directly in equity	4,387	23,681
	58,842	81,241
Changes in unrealized gains (losses) of cash flow hedge		
Balance, beginning of period	61,864	(38,749)
Fair value changes recognized directly in equity	(21,228)	55,779
	40,636	17,030
Changes in unrealized gains (losses) recognized by equity accounted investees		
Balance, beginning of period	(122,216)	(82,854)
Fair value changes recognized directly in equity	122,216	(6,897)
	-	(89,751)
Unrealized gains on financial instruments	$ 99,478	$ 8,520

20. INCOME TAX EXPENSE

a. The reconciliation of imputed income taxes on pretax income at statutory tax rate to income tax expense was as follows:

	Nine Months Ended September 30	
	2009	**2008**
Tax on pretax income at statutory tax rate (25%)	$ 3,373,781	$ 3,899,684
Add (deduct) tax effects of		
Permanent differences		
Investment income from domestic investees accounted for using equity method	(557,458)	(819,581)
Other	(3,639)	(7,743)
Temporary differences	(296,330)	(287,006)
Deferred income tax	775,870	89,751
Prior year's adjustment	(163,789)	564,409
Investment tax credits	(5,487)	(70,735)
Tax on short-term bills	244	4,794
Income tax expense	$ 3,123,192	$ 3,373,573

In May 2009, the Article 5 of the Income Tax Law was amended to reduce corporate statutory income tax rate from 25% to 20%, effective from 2010. The Corporation recalculated its deferred tax assets and liabilities in accordance with the amended Article and recorded the resulting difference as an income tax expense.

b. Deferred income tax assets (liabilities) were as follows:

	September 30	
	2009	2008
Unrealized loss on retirement of property and equipment	$ 1,582,263	$ 2,223,843
Provision for doubtful accounts	498,892	685,187
Amortization of goodwill	(98,733)	(9,493)
Provision for impairment losses on idle assets	45,973	61,660
Unrealized gain on financial instruments	(13,545)	(5,677)
Accrued pension cost	(2,065)	(2,778)
Investment tax credits	-	197,179
Other	67,891	17,320
	2,080,676	3,167,241
Less valuation allowance	(239,297)	(300,627)
	$ 1,841,379	$ 2,866,614
Deferred income tax assets		
Current	$ 29,225	$ 276,532
Non-current	1,812,154	2,590,082
	$ 1,841,379	$ 2,866,614

c. Integrated income tax information was as follows:

	September 30	
	2009	2008
Balance of imputation credit account (ICA)	$ 1,162,760	$ 1,510,840

As of September 30, 2008, there were no unappropriated earnings generated before January 1, 1998. The actual creditable ratio for the 2008 and 2007 earnings appropriation were 35.28% and 38.96%, respectively. The imputation credits allocated to the shareholders are based on the ICA balance as of the date of dividend distribution.

d. The latest years through which income tax returns had been examined and cleared by the tax authorities were as follows:

	Year
The Corporation	2005
TAT	2007
The former TAT	All applicable
Mobitai	2005

Income tax returns through 2005 had been examined by the tax authorities. However, the Corporation disagreed with the examination result of the income tax returns from 1999 to 2005, and filed requests for reexamination.

TAT's income tax returns as of 2007 had been examined by the tax authorities. However, TAT disagreed with the examination result on the income tax returns and requested a reexamination of the 2006 income tax return. In addition, TAT plans to apply a reexamination of the 2007 income tax return.

The former TAT's income tax returns as of 2006 had been examined by the tax authorities. However, the former TAT disagreed with the examination results on the income tax returns and applied a review for 2002 to 2003 results which was conducted by the Supreme Court of the R.O.C. The former TAT's also plans to file administrative proceedings for 2004 and 2005's income tax return.

21. EARNINGS PER SHARE

	Amounts (Numerator)		Shares	EPS (NT$)	
	Before Income Tax	After Income Tax	((Denominator) Thousands)	Before Income Tax	After Income Tax
Nine months ended September 30, 2009					
Basic EPS					
Income of common shareholders	$ 13,495,163	$ 10,371,971	2,976,043	$ 4.53	$ 3.49
Add effect of dilutive potentially					
Bonus to employees	-	-	9,863		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	$ 13,495,163	$ 10,371,971	2,985,906	$ 4.52	$ 3.47
Nine months ended September 30, 2008					
Basic EPS					
Income of common shareholders	$ 15,598,776	$ 12,225,203	2,964,875	$ 5.26	$ 4.12
Add effect of dilutive potentially					
Bonus to employees	-	-	6,482		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	$ 15,598,776	$ 12,225,203	2,971,357	$ 5.25	$ 4.11

The ARDF issued Interpretation No. 2007-052 that requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Corporation may settle the bonus to employees by cash or shares, the Corporation should presume that the entire amount of the bonus will be settled in shares and the potential share dilutions should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. In the calculation of diluted EPS, the number of outstanding shares is derived from dividing the entire amount of the bonus by the closing price of the shares on the balance sheet date. Such potential dilutive effect should be taken into consideration in the calculation of diluted EPS until the shareholders resolved the actual number of shares to be distributed to employees at the AGM of the following year.

22. LABOR COST, DEPRECIATION AND AMORTIZATION EXPENSE

	Nine Months Ended September 30					
	2009			2008		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary	$ 693,394	$ 1,496,798	$ 2,190,192	$ 611,045	$ 1,263,882	$ 1,874,927
Labor and health insurance	38,107	69,793	107,900	31,265	61,349	92,614
Pension	27,460	48,548	76,008	22,921	44,237	67,158
Other	31,400	57,105	88,505	29,278	57,842	87,120
	$ 790,361	$ 1,672,244	$ 2,462,605	$ 694,509	$ 1,427,310	$ 2,121,819
Depreciation	$ 4,820,358	$ 407,255	$ 5,227,613	$ 4,053,907	$ 371,268	$ 4,425,175
Amortization	571,824	76,499	648,323	569,452	75,870	645,322

23. FINANCIAL INSTRUMENT TRANSACTIONS

a. Fair value information

	September 30			
	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Non-derivative financial instruments				
Liabilities				
Bonds payable (including current portion)	$ 15,500,000	$ 15,752,533	$ 10,000,000	$ 9,979,941

b. The methods and significant assumptions applied in determining fair values of financial instruments were as follows:

1) Available-for-sale financial assets - based on quoted prices in an active market on the balance sheet date.

2) Because there is no active market and a reliable fair value could only be verified at a more than reasonable cost, the fair values of investments in unlisted stocks carried at cost or accounted for using equity method can be measured by net worth of investee or estimate of the book value.

3) Bonds payable - based on the over-the-counter quotations in September.

4) Derivative financial instruments - based on valuation results provided by banks. As of September 30, 2009, the financial instrument held by the Corporation was evaluated by the bid price of counter party.

5) The above financial instruments do not include cash and cash equivalents, notes and accounts receivables, pledged time deposits, refundable deposits, short-term borrowing, short-term notes and bills payable, notes and accounts payable and guarantee deposits. Because of the short maturities of these instruments, the carrying values represent a reasonable basis to estimate fair values.

c. The fair values of financial assets and liabilities were not simultaneously determined by quoted prices in active markets and by estimations using valuation technique.

d. The financial assets exposed to fair value interest rate risk amounted to $586,717 thousand and $142,089 thousand as of September 30, 2009 and 2008, respectively, and the financial liabilities exposed to fair value interest rate risk amounted to $13,800,000 thousand and $20,243,224 thousand as of September 30, 2009 and 2008, respectively. The financial assets exposed to cash flow interest rate risk amounted to $441,784 thousand and $438,541 thousand as of September 30, 2009 and 2008, respectively, and the financial liabilities exposed to cash flow interest rate risk amounted to $5,000,000 thousand and $5,000,000 thousand as of September 30, 2009 and 2008, respectively.

e. Information on financial risks:

1) Market risk

The interest rate swap (IRS) contracts are used to hedge interest rate fluctuation on inverse floating interest rates liabilities. Since the interest receivable and payable are settled at net amounts on the settlement date, the market risk is immaterial.

2) Credit risk

Credit risk represents the potential impacts to financial assets that the Corporation might encounter if counter-parties or third parties breach the contracts. Factors that affect the impacts include credit risk concentration, components of financial instruments, contract amount and other receivables. The Corporation's evaluation of IRS credit risk exposure as of September 30, 2009 and 2008 were both zero because all of counter-parties are reputable financial institutions with good credit ratings.

The Corporation's maximum credit risk exposure of each financial instrument is the same as its carrying value.

The credit risk amount listed above is an evaluation over the contracts with positive fair value at the balance sheet date and the contracts of off-balance-sheet commitments and guarantees. Significant concentration of credit risk exists when counter-parties in financial instrument transactions significantly concentrate on one individual, or when there are a number of counter-parties in financial instrument transactions, but these counter-parties are engaged in similar business activities and have similar economic characteristics so that their abilities to perform contractual obligations would be concurrently affected in similar economic changes or other situations. The characteristics of credit risk concentration include the nature of the debtors' operating activities. The Corporation does not rely significantly on single transaction and transact with single client or in the same region.

3) Liquidity risk

The Corporation's operating funds are deemed sufficient to meet the cash flow demand, therefore, liquidity risk is not considered to be significant.

f. The purpose of derivative financial instruments held or issued and the strategies to meet the purpose

The Corporation uses IRS contracts to hedge fluctuation on its liabilities with inverse floating interest rates. The overall purpose of these contracts is to hedge the Corporation's exposure to cash flow risks. The Corporation uses IRS to hedge interest rate fluctuation risk and periodically evaluates the effectiveness of the hedging instruments.

24. RELATED-PARTY TRANSACTIONS

a. The related parties and their relationships with the Corporation were as follows:

Related Party	Relationship with the Corporation
Taiwan Cellular Co., Ltd. (TCC)	Subsidiary
Wealth Media Technology Co., Ltd. (WMT)	Subsidiary
Tai Fu Media Technology Co., Ltd. (TFMT)	Subsidiary
Global Wealth Media Technology Co., Ltd.	Subsidiary
Fu Sin Media Technology Co., Ltd.	Subsidiary
Fu Jia Leh Media Technology Co., Ltd.	Subsidiary
Global Forest Media Technology Co., Ltd.	Subsidiary
TWM Holding Co. Ltd.	Subsidiary
Taiwan Super Basketball Co., Ltd. (TSBC)	Subsidiary
TT&T Holdings Co., Ltd.	Subsidiary
Xiamen Taifu Teleservices & Technologies Ltd.	Subsidiary

(Continued)

Related Party	Relationship with the Corporation
Taiwan Fixed Network Co., Ltd. (TFN)	Subsidiary
Taiwan Digital Communications Co., Ltd.	Subsidiary
Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Subsidiary (the former VoPier Communications (Taiwan) Co., Ltd., as a subsidiary from September 7, 2007, merged the former TT&T and renamed as TT&T on September 1, 2008.)
TCC Investment Co., Ltd. (TCCI)	Subsidiary
TFN Union Investment Co., Ltd. (TUI)	Subsidiary
TCCI Investment and Development Co., Ltd. (TID)	Subsidiary
Win TV Broadcasting Co., Ltd.	Subsidiary
TFN Media Co., Ltd. (TFNM)	Subsidiary
Yeong Jialeh Cable TV Co., Ltd.	Subsidiary
Shin Ho Cable TV Co., Ltd.	Subsidiary
Mangrove Cable TV Corporation	Subsidiary
Phoenix Cable TV Co., Ltd.	Subsidiary
Globalview Cable TV Co., Ltd.	Subsidiary
Union Cable TV Co., Ltd.	Subsidiary
TFN HK LIMITED	Subsidiary
TWM Communications (Beijing) Ltd. (formerly named Hurray! Times Communications (Beijing) Ltd.)	Subsidiary (relationship changed on April 24, 2008)
Taiwan Mobile Foundation (TWM Foundation)	Over one third of the Foundation's issued fund came from the Corporation
Taipei New Horizons Co., Ltd.	Equity-method investee
Fubon Life Assurance Co., Ltd.	Same chairman
Fubon Securities Investment Trust Co., Ltd.	Related party in substance
Fubon Marketing Co., Ltd. (formerly named Fubon Direct Marketing Consulting Co., Ltd.)	Related party in substance (renamed on April 13, 2009)
Fubon Financial Venture Capital Co., Ltd.	Related party in substance
Fubon Multimedia Technology Co., Ltd. (FMT)	Related party in substance
Fubon Asset Management Co., Ltd.	Related party in substance
Chung Hsing Constructions Co., Ltd.	Related party in substance
Fubon Land Development Co., Ltd.	Related party in substance
Fubon Financial Holding Company	Related party in substance
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Related party in substance
Fubon Securities Co., Ltd.	Related party in substance
Fubon Future Co., Ltd.	Related party in substance
Fubon Investment Services Co., Ltd.	Related party in substance
Fubon Insurance Co., Ltd. (Fubon Ins.)	Related party in substance
Fubon Property Management Co., Ltd. (FPM)	Related party in substance
Taiwan Sport Lottery Corporation (TSL)	Related party in substance
Taiwan United Communication Co., Ltd.	Subsidiary (merged into TFN on January 1, 2008)
TT&T Casualty & Property Insurance Agency Co., Ltd.	Subsidiary (liquidated on March 15, 2008)
TT&T Life Insurance Agency Co., Ltd.	Subsidiary (liquidated on May 15, 2008)
Taiwan Telecommunication Network Services Co., Ltd. (TTN)	Subsidiary (merged into TFN on August 1, 2008)
Taiwan Teleservices & Technologies Co., Ltd. (the former TT&T)	Subsidiary (merged into TT&T on September 1, 2008)

(Continued)

Related Party	Relationship with the Corporation
TransAsia Telecommunications Inc. (TAT)	Subsidiary (merged into the Corporation on September 2, 2008)
North Coast Cable TV Co., Ltd.	Subsidiary (liquidated on October 1, 2008)
Tai Yi Digital Broadcasting Co., Ltd.	Equity-method investee of TCC (liquidated on February 28, 2009)
Reach & Range Inc.	Subsidiary (merged into TFN on May 1, 2009)
TFN Investment Co., Ltd.	Subsidiary (merged into TCCI on September 19, 2009)

(Concluded)

b. Significant transactions with related parties were summarized below:

1) Operating revenues

	Nine Months Ended September 30			
	2009		2008	
	Amount	**% of Total Revenues**	**Amount**	**% of Total Revenues**
TFN	$ 1,722,753	4	$ 1,523,819	4
TFCB	7,277	-	10,805	-
TAT	-	-	459,338	1
	$ 1,730,030		$ 1,993,962	

The Corporation mainly rendered telecommunication services to the above companies. The average collection period for notes and accounts receivable was approximately two months.

2) Operating costs

	Nine Months Ended September 30			
	2009		2008	
	Amount	**% of Total Costs**	**Amount**	**% of Total Costs**
TFN	$ 991,272	5	$ 717,100	4
Fubon Ins.	39,883	-	47,602	-
TAT	-	-	257,796	1
	$ 1,031,155		$ 1,022,498	

These companies rendered telecommunication, maintenance and insurance services to the Corporation. The average payment term for notes and accounts payable was approximately two months.

3) Operating lease income

	Leased Property	Nine Months Ended September 30 2009	2008
TFN	Offices and BTS, etc.	$ 89,594	$ 48,086
FMT	Office appliance, etc.	24,784	21,974
		$ 114,378	$ 70,060

The above lease transactions were based on market price and rent was collected monthly.

4) Cash in banks

	September 30 2009 Amount	%	2008 Amount	%
a) Cash in banks				
TFCB	$ 85,977	9	$ 100,063	17
b) Pledged time deposits				
TFCB	$ 10,000	100	$ 10,000	100

5) Receivables and payables

	September 30 2009 Amount	%	2008 Amount	%
a) Accounts receivable				
TFN	$ 13,782	-	$ -	-
Other (Note)	5,297	-	9,954	-
	$ 19,079		$ 9,954	

Note: Leasehold receivables from TSL were as follows:

September 30, 2008	Current Portion	Maturities of Over One Year (Classified Under Other Assets)	Total
Leasehold receivables	$ 3,494	$ 11,480	$ 14,974
Less unrealized interest income	(549)	(959)	(1,508)
	$ 2,945	$ 10,521	$ 13,466

	September 30			
	2009		2008	
	Amount	%	Amount	%
b) Other receivables				
TFMT (Note 1)	$ 2,052,508	88	$ 2,022,541	75
TFN	55,436	2	64,731	2
FMT	11,877	-	10,844	-
TCC (Note 2)	-	-	350,000	13
Other	1,733	-	4,605	-
	$ 2,121,554		$ 2,452,721	

Note 1: Financing to related parties was as follows:

	Nine Months Ended September 30, 2009			
Related Party	**Ending Balance**	**Maximum Balance**	**Interest Rate %**	**Interest Income**
TFMT	$ 2,032,000	$ 2,032,000	0.867-2.417	$ 36,268

	Nine Months Ended September 30, 2008			
Related Party	**Ending Balance**	**Maximum Balance**	**Interest Rate %**	**Interest Income**
TFMT	$ 2,005,000	$ 2,005,000	2.554-2.568	$ 38,441
TFNM	-	1,250,000	2.538-2.548	10,793
	$ 2,005,000	$ 3,255,000		$ 49,234

Note 2: Receivables from capital reduction.

	September 30			
	2009		2008	
	Amount	%	Amount	%
c) Prepayments				
Fubon Ins.	$ 11,758	2	$ 10,040	2
d) Accounts payable				
TFN	$ -	-	$ 41,631	2
e) Accrued expenses				
TFN	$ 228,104	5	$ 78,052	2
TT&T	70,353	2	78,528	2
TSBC	10,000	-	-	-
	$ 308,457		$ 156,580	
f) Other payables				
TFN	$ 111,475	3	$ 103,899	3

	September 30			
	2009		2008	
	Amount	%	Amount	%
g) Other current liabilities - collections and temporary credits for the following				
TFN	$ 88,067	21	$ 97,142	25

	Nine Months Ended September 30	
	2009	2008
6) Telecommunication service expenses		
TFN	$ 57,938	$ 60,502
7) Professional service fees		
TT&T (include the former TT&T)	$ 650,550	$ 675,614
8) Advertisement expenses		
TSBC	$ 30,000	$ -
9) Repairs and maintenance		
FPM	$ 16,132	$ 13,961
10) Other expenses		
FPM	$ 18,435	$ 14,843
11) Donation		
TWM Foundation	$ 30,400	$ 22,000

12) Financing from related parties was as follows:

	Nine Months Ended September 30, 2009			
Related Party	**Ending Balance**	**Maximum Balance**	**Interest Rate %**	**Interest Expense**
TFN	$ -	$ 1,600,000	1.068-2.417	$ 16,869

	Nine Months Ended September 30, 2008			
Related Party	**Ending Balance**	**Maximum Balance**	**Interest Rate %**	**Interest Expense**
TAT	$ -	$ 1,745,609	2.572-2.604	$ 15,205

13) Endorsement/guarantee provided

a) The Corporation provided $18,000,000 thousand guarantee for TFN's bank loan. The Corporation also provided $6,833,160 thousand in promissory notes outstanding for TFN's borrowing with banks. TFN has drawn down $56,253 thousand from banks within the guarantee amount.

b) The Corporation and its subsidiary, TFN, obtained $13,500,000 thousand of syndicated loan from 9 banks led by Chinatrust Commercial Bank. The Corporation provided a guarantee for TFN's bank loan. As of September 30, 2009, the Corporation had not made any drawdown on this loan, and TFN has drawn down $2,300,000 thousand from banks.

c) As of September 30, 2009, the Corporation had provided TFN $50,000 thousand as performance guarantee for IDD calling card service issued by July 31, 2008 in accordance with NCC's new policy effective on April 1, 2007.

14) Other

For the nine months ended September 30, 2009 and 2008, the Corporation provided services to companies below and fees received by the Corporation, which were recorded as deductions from related costs and expenses. The Corporation's service charges received were as follows:

	Nine Months Ended September 30	
	2009	2008
TFN	$ 342,140	$ 266,819
TAT	-	488,422
	$ 342,140	$ 755,241

25. ASSETS PLEDGED

The assets pledged as collaterals for credit line of deposit overdraft were as follows:

	September 30	
	2009	2008
Time deposits	$ 10,000	$ 10,000

26. COMMITMENTS AND CONTINGENT EVENTS

a. To enhance 3G mobile communications, expand network coverage and increase the service functions, the Corporation entered into a 3G expansion contract with Nokia Siemens Networks Taiwan Co., Ltd. for $4,800,000 thousand in September 2006 and $3,242,661 thousand in May 2009, respectively. As of September 30, 2009, the purchase amount was $4,334,133 thousand and $335,650 thousand, respectively.

b. Future minimum rental payments as of September 30, 2008 for significant operating lease agreements were summarized as follows:

	Amount
The fourth quarter, 2009	$ 9,528
2010	33,376
2011	17,292
2012	8,917

27. ADDITIONAL DISCLOSURES

Following were the additional disclosures required by the Securities and Futures Bureau for the Corporation and its investees:

a. Financing provided: Table 1 (attached).

b. Endorsement/guarantee provided: Table 2 (attached).

c. Marketable securities held: Table 3 (attached).

d. Marketable securities acquired and disposed of at costs or prices of at least $100 million or 20% of the paid-in capital: Table 4 (attached).

e. Acquisition of individual real estate at costs of at least $100 million or 20% of the paid-in capital: None.

f. Disposal of individual real estate at prices of at least $100 million or 20% of the paid-in capital: None.

g. Total purchase from or sale to related parties amounting to at least $100 million or 20% of the paid-in capital: Table 5 (attached).

h. Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: Table 6 (attached).

i. Names, locations, and related information of investees on which the Corporation exercised significant influence: Table 7 (attached).

j. Derivative transactions

The Corporation entered IRS contracts in December 2002 to hedge fluctuation on inverse floating interest rates of bonds, which are settled semiannually. Please refer to Note 23 for the related information.

Financial Instrument	Term	Contract Amount	Due Date
Interest rate swap contracts	Inverse floating interest rate in exchange for fixed interest rate of 2.45%	$ 5,000,000	December 2009

The Corporation entered into IRS contracts to hedge inverse floating interest rate fluctuation. For the nine months ended September 30, 2009 and 2008, the Corporation recognized gains of $60,636 thousand and losses of $33,595 thousand, respectively, recorded as deduction and addition to interest expense, respectively.

k. Investment in Mainland China:

1) The name of the investee company in Mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, investment gain or loss, ending balance, amount received as earnings distributions from the investment, and the limitation on investment: Table 8 (attached).

2) Significant direct or indirect transactions with the investee company, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: None.

TABLE 1

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
NINE MONTHS ENDED SEPTEMBER 30, 2009
(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Financing Purpose	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Lending Limit for Each Borrowing Company (Note)	Lending Company's Lending Amount Limits (Note)
											Item	Value		
0	Taiwan Mobile Co., Ltd. (the "Corporation")	Tai Fu Media Technology Co., Ltd.	Other receivables	$ 2,032,000	$ 2,032,000	0.867%-2.417%	Short-term financing	$ -	To meet its financing needs in acquiring minorities	$ -	-	-	$ 19,439,192 (Note 1)	$ 19,439,192 (Note 1)
1	Taiwan Cellular Co., Ltd.	TFN Media Co., Ltd.	Other receivables	1,300,000	1,300,000	0.846%-2.417%	Short-term financing	-	To meet its financing needs in acquiring minorities and operation requirements	-	-	-	21,100,141 (Note 1)	21,100,141 (Note 1)
2	TCC Investment Co., Ltd. (Note 3)	TFN Media Co., Ltd.	Other receivables	1,000,000	550,000	2.417%	Short-term financing	-	To meet its financing needs in acquiring minorities	-	-	-	544,821 (Note 1)	544,821 (Note 1)
		TFN Media Co., Ltd.	Other receivables	2,900,000	2,900,000	0.929%-2.602%	Short-term financing	-	Operation requirements	-	-	-	544,821 (Note 1)	544,821 (Note 1)
3	Taiwan Fixed Network Co., Ltd.	TFN Media Co., Ltd.	Other receivables	1,320,000	-	0.862%-2.581%	Short-term financing	-	Operation requirements	-	-	-	21,012,705 (Note 1)	21,012,705 (Note 1)
		The Corporation	Other receivables	1,600,000	-	1.068%-2.417%	Short-term financing	-	Operation requirements	-	-	-	21,012,705 (Note 1)	21,012,705 (Note 1)
		Taiwan Cellular Co., Ltd.	Other receivables	950,000	950,000	0.846%-0.847%	Short-term financing	-	Operation requirements	-	-	-	21,012,705 (Note 1)	21,012,705 (Note 1)
4	Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	610,000	610,000	0.840%-2.604%	Transactions	269,002	Business requirements	-	-	-	13,500,000 (Note 2)	13,500,000 (Note 2)
5	Mangrove Cable TV Corporation	TFN Media Co., Ltd.	Other receivables - related parties	188,000	188,000	0.844-2.594%	Transactions	30,137	Business requirements	-	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)
6	Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	450,000	200,000	0.862%-2.604%	Transactions	218,408	Business requirements	-	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)
7	Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	600,000	580,000	0.844%-2.594%	Transactions	558,933	Business requirements	-	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)
8	Shin Ho Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	207,700	200,000	0.839%-2.604%	Transactions	3,583	Business requirements	-	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)
9	Yeong Jialeh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	350,000	230,000	0.844%-2.594%	Transactions	460,100	Business requirements	-	-	-	24,000,000 (Note 2)	24,000,000 (Note 2)
10	TFN Media Co., Ltd.	WinTV Broadcasting Co., Ltd.	Other receivables - related parties	354,000	354,000	0.839%-0.862%	Transactions	440	Business requirements	-	-	-	15,000,000 (Note 2)	15,000,000 (Note 2)
11	Tai Fu Media Technology Co., Ltd.	Global Wealth Media Technology Co., Ltd.	Other receivables - related parties	9,000	9,000	0.867%	Short-term financing	-	To meet its financing needs in acquiring minorities	-	-	-	77,065 (Note 1)	77,065 (Note 1)

Note 1: For the entities which have short-term financing needs (loaning entities), the aggregate amount of loaning fund shall not exceed 40 percent of the financing company's net worth. The individual loaning fund shall be limited to the lowest amount of the following items: 1) 40 percent of the financing company's net worth; 2) the amount that the financing company invests in the loaning entities; or 3) the amount = (the share portion of the loaning entities that the financing company invests)* (the total loaning amounts of the loaning entities). In the event that a financing company directly or indirectly 100% owns a counter-party, the individual lending amount and the aggregate amount of loaning funds shall not exceed 40% of the financing company's net worth.

Note 2: Where funds are loaned for reasons of business dealings, the individual lending amount and the aggregate amount of loaning funds shall be both limited to the higher amount of the following items: 1) a multiple of the financing company's capital, or 2) the amount of business dealing.

Note 3: TCC Investment Co., Ltd. assumed all TFN Investment Co., Ltd.'s financing provided to others due to merger.

TABLE 2

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
NINE MONTHS ENDED SEPTEMBER 30, 2009
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantor (A)	Receiving Party		Maximum Guarantee/ Endorsement Amount Can Be Provided to Each Receiving Party	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Value of Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Worth of the Guarantor (Note 1)	Maximum Guarantee/ Endorsement Can Be Provided by the Guarantor/Endorser
		Name (B)	Nature of Relationship (B is A's)						
0	Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	(Note 2)	$ 80,000,000 (Note 3)	$ 24,763,000	$ 20,383,160	$ -	41.94%	$ 48,597,980
1	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Fixed Network Co., Ltd.	(Note 4)	20,000 (Note 5)	146	146	-	0.18%	81,898 (Note 5)

Note 1: Maximum guarantee/endorsement amount for the period and the ending balance are the amount allowed, not actual appropriation.

Note 2: Direct/indirect subsidiary

Note 3: For over 100% direct/indirect owned subsidiaries, the aggregate endorsement/guarantee amount provided shall not exceed the net worth of the Corporation, and the upper-limit to each subsidiary shall be the double of the investment amount.

Note 4: Parent company

Note 5: TT&T is directly and indirectly 100% owned by TFN. The endorsement/guarantee amount provided by TT&T, shall be limited within the net worth of TT&T, and not over double of the investment amount in TT&T.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2009
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	September 30, 2009 Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	Note
Taiwan Mobile Co., Ltd. (the "Corporation")	Stock							
	Chunghwa Telecom Co., Ltd.	-	Available-for-sale financial assets - current	2,989	$ 173,039	0.028	$ 173,039 (Note 5)	
	Bridge Mobile Pte Ltd.	-	Financial assets carried at cost - non-current	2,200	50,324	10.00	50,538 (Note 3)	
	Yes Mobile Holdings Company	-	Financial assets carried at cost - non-current	74	- (Note 2)	0.19	- (Note 3)	
	Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	27,200	194,191	100.00	194,191	
	Taiwan Cellular Co., Ltd.	Subsidiary	Long-term investments - equity method	149,958	12,037,623 (Note 4)	100.00	52,750,353	
	Taipei New Horizons Co., Ltd.	Equity-method investee	Long-term investments - equity method	24,950	217,957	49.90	217,957	
Wealth Media Technology Co., Ltd.	Stock							
	Tai Fu Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	27,000	192,662	100.00	192,662	
Tai Fu Media Technology Co., Ltd.	Stock							
	Global Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	8,400	85,838	100.00	85,838	
	Fu Jia Leh Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	117,100	2,001,017	100.00	2,001,017	
	Fu Sin Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	13,500	139,465	100.00	139,465	
	Global Forest Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	100	792	100.00	792	
Global Wealth Media Technology Co., Ltd.	Stock							
	Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	3,749	88,008	6.694	40,939	
Fu Sin Media Technology Co., Ltd.	Stock							
	Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	2,272	130,523	3.34	30,243	
Taiwan Cellular Co., Ltd.	Stock							
	Arcoa Communication Co., Ltd.	-	Financial assets carried at cost - non-current	6,998	67,731	5.21	- (Note 3)	
	Parawin Venture Capital Corp.	-	Financial assets carried at cost - non-current	3,000	20,207	3.00	- (Note 3)	
	Transportation High Tech Inc.	-	Financial assets carried at cost - non-current	1,200	- (Note 2)	12.00	- (Note 3)	
	WEB Point Co., Ltd.	-	Financial assets carried at cost - non-current	803	6,773	3.17	- (Note 3)	
	TWM Holding Co. Ltd.	Subsidiary	Long-term investments - equity method	1 share	US$ 8,416	100.00	US$ 8,416	

(Continued)

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	September 30, 2009				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
	Taiwan Fixed Network Co., Ltd.	Subsidiary	Long-term investments - equity method	4,000,000	50,757,593	100.00	52,531,762	
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Long-term investments - equity method	1,200	10,949	100.00	10,949	
	TCC Investment Co., Ltd.	Subsidiary	Long-term investments - equity method	100	1,148,778	100.00	1,362,051	
TWM Holding Co., Ltd.	Stock							
	TWM Communications (Beijing) Ltd.	Subsidiary	Long-term investments - equity method	-	US$ 3,872	100.00	US$ 2,982	
TCC Investment Co., Ltd.	Stock							
	Taiwan Mobile Co., Ltd. (the "Corporation")	Parent company	Available-for-sale financial assets - non-current	222,774	$ 13,255,064	5.86	$ 13,255,064 (Note 5)	
	WinTV Broadcasting Co., Ltd.	Subsidiary	Long-term investments - equity method	17,905	238,031	98.50	235,213	
	TFN Media Co., Ltd.	Subsidiary	Long-term investments - equity method	230,526	3,550,090	100.00	3,241,128	
	TCCI Investment & Development Co., Ltd.	Subsidiary	Long-term investments - equity method	400	7,776,961	100.00	7,776,961	
	Great Taipei Broadband Co., Ltd.	-	Financial assets carried at cost - non-current	10,000	46,074	6.67	- (Note 3)	
	Preferred stock							
	Taiwan High Speed Rail Corporation Unlisted Convertible Preferred Stock - Series A	-	Bonds measured at amortized cost - non - current	50,000	500,000	1.24	- (Note 3)	
TCCI Investment & Development Co., Ltd.	Stock							
	Taiwan Mobile Co., Ltd. (the "Corporation")	Parent company	Available-for-sale financial assets - non-current	132,849	7,904,496	3.50	7,904,496 (Note 5)	
TFN Media Co., Ltd.	Stock							
	Yeong Jialeh Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	33,940	2,074,005	100.00	549,525	
	Shin Ho Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	20,000	212,203	100.00	212,203 (Note 6)	
	Mangrove Cable TV Corporation	Subsidiary	Long-term investments - equity method	21,160	533,906	100.00	270,731 (Note 6)	
	Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	65,818	3,100,676	96.66	876,171	
	Union Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	170,441	2,029,897	99.99	1,825,149	
	Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	51,733	1,187,497	92.38	564,977	
Taiwan Fixed Network Co., Ltd.	Stock							
	TFN Union Investment Co., Ltd.	Subsidiary	Long-term investments - equity method	400	26,711,495	100.00	26,711,495	
	TFN HK LIMITED	Subsidiary	Long-term investments - equity method	1,300	3,194	100.00	3,194	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments - equity method	1,000	81,898	100.00	81,898	
	Taiwan High Speed Rail Corporation	-	Financial assets carried at cost - non-current	225,531	2,120,829	3.47	- (Note 3)	
	New Century InfoComm Technology Co., Ltd.	-	Financial assets carried at cost - non-current	21,890	187,042	0.84	- (Note 3)	
TFN Union Investment Co., Ltd.	Stock							
	Taiwan Mobile Co., Ltd. (the "Corporation")	Parent company	Available-for-sale financial assets - non-current	456,295	27,149,538	12.00	27,149,538 (Note 5)	

(Continued)

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	September 30, 2009				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Taiwan Teleservices & Technologies Co., Ltd.	Stock							
	TT & T Holdings Co., Ltd.	Subsidiary	Long-term investments - equity method	1,300	US$ 1,391	100.00	US$ 1,391	
	Taiwan Super Basketball Co., Ltd.	Subsidiary	Long-term investments - equity method	2,000	23,077	100.00	23,077	
TT&T Holdings Co., Ltd.	Stock							
	Xiamen Taifu Teleservices & Technologies Ltd.	Subsidiary	Long-term investments - equity method	-	US$ 1,385	100.00	US$ 1,385	

Note 1: Based on the investee's net worth as shown in its latest financial statements if market value was not available.

Note 2: Impairment loss recognized in 2004 reduced the value to zero.

Note 3: As of October 13, 2009, the independent auditors' report date, the investee's net worth was not available.

Note 4: Taiwan Mobile shares held by TCCI, TID and TUI (all are subsidiaries 100%-owned by TCC) are classified as treasury shares. Therefore, TWM's carrying cost of $52,750,353 thousand on TCC shall be reduced by 1) downward adjusting $31,889,100 thousand, the carrying value of total treasury shares on TWM's book, 2) excluding $9,301,312 thousand unrealized gain from financial assets investment, 3) adding back $475,907 thousand income tax expenses resulted from TFN and TFNI's disposal gain from Taiwan Mobile shares, and 4) adding back recognition of upstream transactions loss of $1,775 thousand.

Note 5: Based on the closing price on September 30, 2009

Note 6 Some shares are held under trustee accounts.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
NINE MONTHS ENDED SEPTEMBER 30, 2009
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units (Thousands)	Amount
Taiwan Fixed Network Co., Ltd.	Stock Taiwan Mobile Co., Ltd.	Available-for-sale financial assets - non-current	TFN Union Investment Co., Ltd.	Subsidiary	456,295	$ 22,221,555	-	$ -	456,295	$ 22,769,109	$ 18,616,561	(Note 2)	-	$ -
TFN Investment Co., Ltd.	Stock Taiwan Mobile Co., Ltd.	Available-for-sale financial assets - non-current	TCCI Investment & Development Co., Ltd.	Subsidiary	355,623	17,318,833	-	-	132,849	6,629,149	5,552,137	(Note 3)	(Note 4)	(Note 4)
TFN Union Investment Co., Ltd.	Stock Taiwan Mobile Co., Ltd.	Available-for-sale financial assets - non-current	Taiwan Fixed Network Co., Ltd.	Parent	-	-	456,295	22,769,109	-	-	-	-	456,295	27,149,538
TCCI Investment & Development Co., Ltd.	Stock Taiwan Mobile Co., Ltd.	Available-for-sale financial assets - non-current	TFN Investment Co., Ltd.	Parent	-	-	132,849	6,629,149	-	-	-	-	132,849	7,904,496
TWM Holding Co., Ltd.	ADS Hurray! Holding Co., Ltd.	Available-for-sale financial assets - current	-	-	1,080	US$ 2,052	-	-	1,080	US$ 4,320	US$ 5,771	US$ (1,451)	-	-

Note 1: The amount of beginning and ending fund balance that belongs to marketable securities included the revaluation gain on financial assets.

Note 2: TFN resolved to inject capital into TUI with its Taiwan Mobile shares. The difference between the original cost and the disposal price of shares, $4,152,548 thousand, was recognized as deferred credits. There was no gain or loss on this transaction.

Note 3: TFNI resolved to inject capital into TID with its Taiwan Mobile shares. The difference between the original cost and the disposal price of shares, $1,077,012 thousand, was recognized as deferred credits. There was no gain or loss on this transaction.

Note 4: TCCI assumed the 222,774 thousand TWM shares, or $13,255,064 thousand (including unrealized gain of financial instruments), from TFNI due to merger.

TABLE 5

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
NINE MONTHS ENDED SEPTEMBER 30, 2009
(In Thousands of New Taiwan Dollars)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	Subsidiary	Sale	$ (1,722,753)	(4)	Based on contract terms	-	-	$ 378,710	6.15	(Note 1)
			Purchase	1,049,214	(Note 2)	Based on contract terms	-	-	(259,888)	(Note 3)	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	650,550	(Note 4)	Based on contract terms	-	-	(70,353)	(Note 5)	
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Sale	(650,701)	(85)	Based on contract terms	-	-	70,370	85	
	Taiwan Fixed Network Co., Ltd.	Parent	Sale	(118,563)	(15)	Based on contract terms	-	-	12,638	15	
Taiwan Super Basketball Co., Ltd.	The Corporation	Ultimate parent	Sale	(30,004)	(97)	Based on contract terms	-	-	10,000	100	
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Sale	(1,045,962)	(14)	Based on contract terms	-	-	259,888	23	
			Purchase	1,719,231	32	Based on contract terms	-	-	(378,319)	(44)	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	118,563	(Note 4)	Based on contract terms	-	-	(12,638)	(Note 2)	
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(344,591)	(19)	Based on contract terms	(Note 6)	(Note 6)	153,177	33	
	Union Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(158,947)	(9)	Based on contract terms	(Note 6)	(Note 6)	70,674	15	
	Yeong Jialeh Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(290,657)	(16)	Based on contract terms	(Note 6)	(Note 6)	129,495	28	
	Globalview Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(136,831)	(8)	Based on contract terms	(Note 6)	(Note 6)	49	-	
WinTV Broadcasting Co., Ltd.	TFN Media Co., Ltd.	Related party in substance	Channel agency fee	(51,078)	(8)	Based on contract terms	-	-	51,078	9	
Mangrove Cable TV Corporation	Dai-Ka Ltd.	Related party in substance	Royalty of copyright	107,748	60	Based on contract terms	(Note 6)	(Note 6)	(83,775)	(92)	

(Continued)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty of copyright	136,831	58	Based on contract terms	(Note 6)	(Note 6)	$ (49)	(1)	
Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty of copyright	158,947	59	Based on contract terms	(Note 6)	(Note 6)	(70,674)	(86)	
Yeong Jialeh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty of copyright	290,657	59	Based on contract terms	(Note 6)	(Note 6)	(129,495)	(91)	
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty of copyright	344,591	63	Based on contract terms	(Note 6)	(Note 6)	(153,177)	(91)	

Note 1: The $378,710 thousand accounts receivable amount was expressed on a gross basis in accord with sales amount. The net accounts receivable should be $13,782 thousand after deducting accounts payable and accrued custodial receipts/payments totaled $364,928.

Note 2: Included operating costs and operating expenses.

Note 3: Included accounts payable and accrued expenses.

Note 4: Recognized as operating expenses.

Note 5: Recognized as accrued expenses.

Note 6: No comparables on such kind of transactions.

(Concluded)

TABLE 6

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2009
(In Thousands of New Taiwan Dollars)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	Subsidiary	Accounts receivable	378,710	5.89	$ -	-	$ 185	$ -
			Other receivables	55,436	-	-	-	585	-
	Tai Fu Media Technology Co., Ltd.	Subsidiary	Other receivables	2,052,508	-	-	-	-	-
Taiwan Cellular Co., Ltd.	TFN Media Co., Ltd.	Subsidiary	Other receivables	1,303,040	-	-	-	-	-
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable	70,370	11.56	-	-	17	-
	Taiwan Fixed Network Co., Ltd.	Parent	Accounts receivable	12,638	10.67	-	-	-	-
Taiwan Super Basketball Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable	10,000	2.67	-	-	-	-
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable	259,888	6.21	-	-	10,480	-
			Other receivables	206,542	-	-	-	75,369	-
	Taiwan Cellular Co., Ltd.	Parent	Other receivables	950,440	-	-	-	-	-
	TCC Investment Co., Ltd.	Related party in substance	Other receivables	26,367,129	-	-	-	26,367,129	-
TCC Investment Co., Ltd.	TFN Media Co., Ltd.	Subsidiary	Other receivables	3,457,675	-	-	-	3,457,675	-
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Accounts receivable	169,531	4.67	-	-	-	-
	Yeong Jialeh Cable TV Co., Ltd.	Subsidiary	Accounts receivable	145,815	4.80	-	-	-	-
	WinTV Broadcasting Co., Ltd.	Related party in substance	Accounts receivable	231	5.08	-	-	-	-
			Other receivables	354,524	-	-	-	-	-
WinTV Broadcasting Co., Ltd.	TFN Media Co., Ltd.	Related party in substance	Accounts receivable	51,078	2.67	-	-	-	-
Shin Ho Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Other receivables	200,857	-	-	-	-	-
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	32,985	3.09	-	-	-	-
			Other receivables	581,409	-	-	-	-	-
Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	16,967	3.23	-	-	-	-
			Other receivables	612,529	-	-	-	-	-

(Continued)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	12,867	2.93	$ -	-	$ -	$ -
			Other receivables	201,112	-	-	-	-	-
Mangrove Cable TV Corporation	TFN Media Co., Ltd.	Parent	Accounts receivable	10,488	3.08	-	-	-	-
			Other receivables	188,745	-	-	-	-	-
Yeong Jialeh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	28,231	3.17	-	-	-	-
			Other receivables	230,704	-	-	-	-	-

(Concluded)

TABLE 7

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
NINE MONTHS ENDED SEPTEMBER 30, 2009
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2009			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				September 30, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Cellular Co., Ltd.	Taipei, Taiwan	Telecom engineering and IT service	$ 41,058,330	$ 41,058,330	149,958	100.00	$ 12,037,623 (Note 1)	$ 1,817,431	$ 2,292,918	
	Taipei New Horizons Co., Ltd.	Taipei, Taiwan	Real Estate Rental and Sale	249,500	249,500	24,950	49.90	217,957	(63,211)	(31,543)	
	Wealth Media Technology Co., Ltd.	Taipei, Taiwan	Investment	272,000	272,000	27,200	100.00	194,191	(31,544)	(31,544)	
Wealth Media Technology Co., Ltd.	Tai Fu Media Technology Co., Ltd.	Taipei, Taiwan	Investment	270,000	270,000	27,000	100.00	192,662	(31,387)	NA	
Tai Fu Media Technology Co., Ltd.	Global Wealth Media Technology Co., Ltd.	Taipei County, Taiwan	Investment	84,000	84,000	8,400	100.00	85,838	1,321	NA	
	Fu Jia Leh Media Technology Co., Ltd.	Taipei, Taiwan	Investment	2,001,700	2,001,700	117,100	100.00	2,001,017	(183)	NA	
	Fu Sin Media Technology Co., Ltd.	Taipei, Taiwan	Investment	135,000	135,000	13,500	100.00	139,465	3,993	NA	
	Global Forest Media Technology Co., Ltd.	Taipei, Taiwan	Investment	1,000	1,000	100	100.00	792	(133)	NA	
Global Wealth Media Technology Co., Ltd.	Globalview Cable TV Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	90,099	82,882	3,749	6.694	88,008	24,614	NA	
Fu Sin Media Technology Co., Ltd.	Phoenix Cable TV Co., Ltd.	Kaohsiung County, Taiwan	Cable TV service provider	133,358	133,358	2,272	3.34	130,523	124,488	NA	
Taiwan Cellular Co., Ltd.	TWM Holding Co. Ltd.	British Virgin Islands	Investment	US$ 10,800	US$ 10,800	1 share	100.00	US$ 8,416	US$ (1,394)	NA	
	Taiwan Fixed Network Co., Ltd.	Taipei, Taiwan	Fixed line service provider	40,000,000	40,000,000	4,000,000	100.00	50,757,593	1,706,243	NA	
	Taiwan Digital Communication Co., Ltd.	Taipei, Taiwan	Telecom engineering and IT service	12,000	12,000	1,200	100.00	10,949	(132)	NA	
	TCC Investment Co., Ltd.	Taipei, Taiwan	Investment	1,000	-	100	100.00	1,148,778	(317,059)	NA	
TWM Holding Co. Ltd.	TWM Communications (Beijing) Ltd.	Beijing, China	Telecom product innovation and design	US$ 4,936	US$ 5,005	-	100.00	US$ 3,872	US$ 23	NA	
TCC Investment Co., Ltd.	WinTV Broadcasting Co., Ltd.	Taipei, Taiwan	TV program provider	179,047	252,141	17,905	98.50	238,031	57,021	NA	
	TFN Media Co., Ltd.	Taipei, Taiwan	Cable broadband and value added service provider	2,035,714	2,035,714	230,526	100.00	3,550,090	646,637	NA	
	TCCI Investment & Development Co., Ltd.	Taipei, Taiwan	Investment	6,629,149	-	400	100.00	7,776,961	-	NA	
TFN Media Co., Ltd.	Yeong Jialeh Cable TV Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	1,616,824	1,616,824	33,940	100.00	2,074,005	122,525	NA	
	Shin Ho Cable TV Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	661,781	661,781	20,000 (Note 2)	100.00	212,203	3,643	NA	
	Mangrove Cable TV Corporation	Taipei County, Taiwan	Cable TV service provider	397,703	397,703	21,160 (Note 2)	100.00	533,906	34,883	NA	
	Phoenix Cable TV Co., Ltd.	Kaohsiung County, Taiwan	Cable TV service provider	2,294,967	2,294,967	65,818	96.66	3,100,676	124,488	NA	
	Union Cable TV Co., Ltd.	Yilan County, Taiwan	Cable TV service provider	1,904,440	1,904,440	170,441	99.99	2,029,897	99,818	NA	
	Globalview Cable TV Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	841,413	841,413	51,733	92.38	1,187,497	24,614	NA	
Taiwan Fixed Network Co., Ltd.	TFN Union Investment Co., Ltd.	Taipei, Taiwan	Investment	22,769,109	-	400	100.00	26,711,495	-	NA	
	TFN HK LIMITED	Hong Kong	Telecommunications service provider	5,816	5,816	1,300	100.00	3,194	284	NA	
	Taiwan Teleservices & Technologies Co., Ltd.	Taipei, Taiwan	Call center service and ISR (international simple resales)	10,000	10,000	1,000	100.00	81,898	45,961	NA	
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Holdings Co., Ltd.	Samoa	Investment	US$ 1,300	US$ 1,300	1,300	100.00	US$ 1,391	US$ 27	NA	
	Taiwan Super Basketball Co., Ltd.	Taipei, Taiwan	Basketball team management	20,000	20,000	2,000	100.00	23,077	3,069	NA	
TT&T Holdings Co., Ltd.	Xiamen Taifu Teleservices & Technologies Ltd.	Xiamen, China	Call center service	US$ 1,300	US$ 1,300	-	100.00	US$ 1,385	US$ 22	NA	

(Continued)

Note 1: Taiwan Mobile shares held by TCCI, TID and TUI (all are subsidiaries 100%-owned by TCC) are classified as treasury shares. Therefore, TWM's carrying cost of $52,750,353 thousand on TCC shall be reduced by 1) downward adjusting $31,889,100 thousand, the carrying value of total treasury shares on TWM's book, 2) excluding $9,301,312 thousand unrealized gain from financial assets investment, 3) adding back $475,907 thousand income tax expenses resulted from TFN and TFNI's disposal gain from Taiwan Mobile shares, and 4) adding back recognition of upstream transactions loss of $1,775 thousand.

Note 2: Some shares are held under trustee accounts.

(Concluded)

TABLE 8

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
NINE MONTHS ENDED SEPTEMBER 30, 2009
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2009	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Value as of September 30, 2009	Accumulated Inward Remittance of Earnings as of September 30, 2009
					Outflow	Inflow					
Xiamen Taifu Teleservices & Technologies Ltd.	Call center service	US$ 1,300 (NT$ 42,089)	Indirect investment in the Companies in Mainland China through a third place by the Corporation's subsidiary, Taiwan Teleservices & Technologies Co., Ltd.	US$ 1,300 (NT$ 42,089)	$ -	$ -	US$ 1,300 (NT$ 42,089)	100% ownership of indirect investment by the Corporation's subsidiary	US$ 22 (NT$ 712)	US$ 1,385 (NT$ 44,841)	$ -
TWM Communications (Beijing) Ltd.	Telecom product innovation and design	US$ 3,000 (NT$ 97,128)	Indirect investment in the Companies in Mainland China through a third place by the Corporation's subsidiary, Taiwan Cellular Co., Ltd.	US$ 4,617 (NT$ 149,480)	US$ 255 (NT$ 8,256)	-	US$ 4,872 (NT$ 157,736)	100% ownership of indirect investment by the Corporation's subsidiary	US$ 23 (NT$ 745)	US$ 3,872 (NT$ 125,360)	-

Accumulated Investment in Mainland China as of September 30, 2009	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 2)
US$1,300 (NT$42,089)	US$1,300 (NT$42,089)	$81,898
US$4,872 (NT$157,736)	US$5,300 (NT$171,593)	$52,750,353

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$32.376, RMB1＝NT$4.7410 as of September 30, 2009.

Note 2: The indirect investment made by Taiwan Teleservices & Technologies Co., Ltd. and Taiwan Cellular Co., Ltd., subsidiaries of the Corporation.

Note 3: Calculation was based on unreviewed financial statements.