

Taiwan Mobile Co., Ltd.
Financial Statements
March 31, 2012 and 2011
Independent Auditors' Review Report

INDEPENDENT AUDITORS' 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 March 31, 2012 and 2011, and the related statements of income and cash flows for the three months then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report base on our review.

We conducted our review in accordance with Statement of Auditing Standards No. 36 – “Engagements to Review 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 review as of March 31, 2012 and 2011, 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, and accounting principles generally accepted in the Republic of China.

We have also reviewed the consolidated balance sheets of the Corporation and its subsidiaries as of March 31, 2012 and 2011, and the related consolidated statements of income and cash flows for the three months then ended on which we have issued unqualified review report and a modified review report dated April 26, 2012 and April 13, 2011, respectively.

KPMG
Taipei, Taiwan (the Republic of China)
April 26, 2012

Note 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.

TAIWAN MOBLIE CO., LTD.

BALANCE SHEETS

March 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Par Value)

(Reviewed, Not Audited)

ASSETS	2012.3.31		2011.3.31		LIABILITIES AND SHAREHOLDERS' EQUITY	2012.3.31		2011.3.31	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS :					CURRENT LIABILITIES :				
Cash and cash equivalents (Notes 2, 4(a), 4(q) and 5)	\$ 479,995	1	3,532,741	4	Short-term borrowings (Notes 4(j), 4(q) and 5)	\$ 11,245,000	13	6,595,000	8
Available-for-sale financial assets-current (Notes 2, 4(b),4(n) and 4(q))	197,572	-	199,094	-	Accounts payable (Note 4(q))	2,753,008	3	3,429,133	4
Notes receivable, net (Note 4(q))	1,591	-	1,770	-	Accounts payable-related parties (Notes 4(q) and 5)	45,543	-	15,520	-
Accounts receivable, net (Notes 2, 4(c) and 4(q))	5,883,065	7	5,244,385	6	Income taxes payable (Notes 2, 4(o) and 4(q))	962,550	1	1,291,767	2
Accounts receivable-related parties (Notes 2, 4(q) and 5)	34,121	-	48,362	-	Accrued expenses (Notes 4(q)and 5)	4,725,925	5	4,363,263	5
Other receivables (Note 4(q))	100,020	-	182,422	-	Other payables (Notes 2, 4(q) and 5)	3,036,421	3	3,445,252	4
Other receivables-related parties (Notes 4(q) and 5)	3,004,313	3	11,883,231	14	Advance receipts (Note 4(k))	3,147,753	4	2,674,786	3
Inventories (Note 2)	1,857,217	2	1,903,266	2	Current portion of long-term liabilities (Notes 4(l) and 4(q))	4,000,000	4	-	-
Prepayments (Note 4(d) and 5)	478,975	1	482,253	1	Guarantee deposits-current (Note 4(q))	114,846	-	73,859	-
Deferred income tax assets-current (Notes 2 and 4(o))	354	-	6,658	-	Other current liabilities (Note 5)	578,839	1	445,613	-
Other current assets	766	-	4,487	-	Total current liabilities	<u>30,609,885</u>	<u>34</u>	<u>22,334,193</u>	<u>26</u>
Total current assets	<u>12,037,989</u>	<u>14</u>	<u>23,488,669</u>	<u>27</u>	LONG-TERM LIABILITIES :				
INVESTMENTS :					Bonds payable (Notes 4(l) and 4(q))	4,000,000	5	8,000,000	9
Investments accounted for using the equity method (Notes 2 and 4(e))	29,926,411	34	12,309,859	14	OTHER LIABILITIES :				
Financial assets carried at cost-non-current (Notes 2, 4(f) and 4(q))	50,324	-	50,324	-	Guarantee deposits (Note 4(q))	238,175	-	258,445	-
Total investments	<u>29,976,735</u>	<u>34</u>	<u>12,360,183</u>	<u>14</u>	Deferred credits-gains on intercompany accounts (Notes 2 and 4(e))	1,238,378	2	1,238,378	2
PROPERTY AND EQUIPMENT (Notes 2, 4(g) and 5) :					Other (Note 2)	411,557	-	366,733	-
Land	4,106,813	5	3,979,837	5	Total other liabilities	<u>1,888,110</u>	<u>2</u>	<u>1,863,556</u>	<u>2</u>
Buildings	2,543,677	3	2,340,124	2	Total liabilities	<u>36,497,995</u>	<u>41</u>	<u>32,197,749</u>	<u>37</u>
Telecommunication equipment	59,008,343	66	56,919,663	66	SHAREHOLDERS' EQUITY (Notes 2 and 4(n)) :				
Office equipment	12,490	-	9,377	-	Capital stock -NT\$10.00 par value				
Leased assets	1,285,920	1	1,285,920	1	Authorized: 6,000,000 thousand shares				
Miscellaneous equipment	2,834,016	3	2,520,346	3	Issued: 3,420,833 thousand shares in 2012	34,208,328	39	38,009,254	44
	69,791,259	78	67,055,267	77	3,800,925 thousand shares in 2011				
Less accumulated depreciation	(40,813,757)	(46)	(34,855,684)	(40)	Capital surplus :				
Less accumulated impairment property	(88,503)	-	(74,229)	-	From convertible bonds	8,775,819	10	8,775,819	10
Construction in progress and prepayments for equipment	1,927,420	2	1,487,995	2	From treasury stock transactions	3,639,302	4	3,639,302	4
Net property and equipment	<u>30,816,419</u>	<u>34</u>	<u>33,613,349</u>	<u>39</u>	From long-term investments	4,485	-	4,528	-
INTANGIBLE ASSETS (Note 2)					Other	12,840	-	12,840	-
3G concession license	5,047,037	6	5,794,745	7	Retained earnings :				
Computer software cost	32,993	-	799	-	Legal reserve	16,715,018	19	15,332,799	18
Goodwill (Note 4(h))	7,121,871	8	6,835,370	8	Special reserve	821,741	1	821,741	1
Total intangible assets	<u>12,201,901</u>	<u>14</u>	<u>12,630,914</u>	<u>15</u>	Unappropriated earnings	19,090,240	21	19,378,364	23
OTHER ASSETS :					Other equity :				
Assets leased to others (Notes 2 ,4(i) and 5)	2,000,416	2	2,274,472	3	Cumulative translation adjustments	6,725	-	(11,681)	-
Idle assets (Notes 2 and 4(i))	10,832	-	64,659	-	Net loss not recognized as pension cost	(16,775)	-	(10,695)	-
Refundable deposits (Note 4(q))	336,408	-	316,978	-	Unrealized gains on financial instruments	91,527	-	93,048	-
Deferred charges (Note 2)	676,681	1	523,693	1	Treasury stock	(31,077,183)	(35)	(31,889,100)	(37)
Deferred income tax asset-non-current (Notes 2 and 4(o))	682,500	1	1,046,860	1	Total shareholders' equity	<u>52,272,067</u>	<u>59</u>	<u>54,156,219</u>	<u>63</u>
Other (Notes 2 and 4(m))	30,181	-	34,191	-	Commitments and Contingencies (Note 7)				
Total other assets	<u>3,737,018</u>	<u>4</u>	<u>4,260,853</u>	<u>5</u>	TOTAL	<u>\$ 88,770,062</u>	<u>100</u>	<u>86,353,968</u>	<u>100</u>
TOTAL	<u>\$ 88,770,062</u>	<u>100</u>	<u>86,353,968</u>	<u>100</u>					

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

TAIWAN MOBLIE CO., LTD.

STATEMENTS OF INCOME

THREE MONTHS ENDED March 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	2012		2011	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 5)				
Telecommunication service revenue	\$ 14,451,825	87	13,563,330	89
Other revenue	2,131,766	13	1,689,390	11
Total operating revenues	16,583,591	100	15,252,720	100
OPERATING COSTS (Notes 2, 5 and 10)	10,703,215	65	9,601,718	63
GROSS PROFIT	5,880,376	35	5,651,002	37
OPERATING EXPENSES (Notes 2, 5 and 10)				
Marketing	2,725,616	16	2,088,331	14
Administrative	786,471	5	862,135	6
Total operating expenses	3,512,087	21	2,950,466	20
OPERATING INCOME	2,368,289	14	2,700,536	17
NON-OPERATING INCOME AND GAINS				
Investment income recognized under the equity method, net (Notes 2 and 4(e))	1,394,424	9	1,007,006	7
Income from penalty charge	141,322	1	80,512	1
Rental income (Notes 2 and 5)	42,509	-	47,641	-
Interest income (Notes 5)	7,785	-	30,668	-
Other	10,102	-	21,785	-
Total non-operating income and gains	1,596,142	10	1,187,612	8
NON-OPERATING EXPENSES AND LOSSES				
Loss on disposal and retirement of property and equipment (Note 2)	102,503	1	56,381	-
Interest expenses (Notes 2,4 (g) and 5)	93,071	1	81,782	1
Other (Note 2)	35,882	-	28,544	-
Total non-operating expenses and losses	231,456	2	166,707	1
INCOME BEFORE INCOME TAX	3,732,975	22	3,721,441	24
INCOME TAX EXPENSE (Notes 2 and 4(o))	378,253	2	432,017	2
NET INCOME	\$ 3,354,722	20	3,289,424	22
	Before	After	Before	After
	Income	Income	Income	Income
	Tax	Tax	Tax	Tax
EARNINGS PER SHARE (Note 4(p))				
Basic	\$ 1.39	1.25	1.25	1.10
Diluted	\$ 1.39	1.24	1.24	1.10
Pro forma information if the Corporation's stocks held by its subsidiaries were treated as an investment instead of treasury stock (after income tax):				
NET INCOME	\$ 3,354,722		3,289,424	
EARNINGS PER SHARE AFTER INCOME TAX				
Basic		\$ 0.98		0.86
Diluted		\$ 0.98		0.86

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

TAIWAN MOBLIE CO., LTD.
STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED March 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,354,722	3,289,424
Adjustments to reconcile net income to net cash provided by operating activities		
Cash dividends received from equity method investees	3,227,458	-
Depreciation	1,689,321	1,757,257
Investment income recognized under the equity method	(1,394,424)	(1,007,006)
Amortization	292,936	238,397
Loss on disposal and retirement of property and equipment, net	102,503	56,381
Deferred income taxes	54,942	81,802
Bad debts	12,677	48,683
Provision of allowance for loss on inventories	10,089	9,105
Pension cost	714	666
Other	799	-
Changes in operating assets and liabilities		
Notes receivable	(799)	(1,392)
Accounts receivable	(88,689)	195,953
Accounts receivable - related parties	9,554	37,461
Other receivables	54,207	188,003
Other receivables - related parties	4,511	28,661
Inventories	(437,783)	(847,107)
Prepayments	(85,281)	(19,131)
Other current assets	2,367	(2,630)
Accounts payable	(631,422)	689,200
Accounts payable-related parties	6,682	15,520
Income taxes payable	294,333	374,182
Accrued expenses	(366,978)	(108,238)
Other payables	(99,985)	(491,828)
Advance receipts	42,741	174,286
Other current liabilities	92,844	12,618
Other liabilities	-	(843)
Net cash provided by operating activities	<u>6,148,039</u>	<u>4,719,424</u>

TAIWAN MOBLIE CO., LTD.
STATEMENTS OF CASH FLOWS (CONT'D)
THREE MONTHS ENDED March 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in long-term investments accounted for using the equity method	(5,150,000)	-
(Increase) decrease in financing provided to investees, net	(1,630,000)	340,000
Acquisition of property and equipment	(893,891)	(980,370)
Increase in deferred charges	(194,583)	(89,683)
Increase in computer software cost	(39,812)	-
Increase in refundable deposits	(2,764)	(735)
Proceeds from investees' capital reduction	-	5,434
Net cash used in investing activities	(7,911,050)	(725,354)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short term borrowings	2,245,000	(3,050,000)
Decrease in short term notes and bills payable	(899,273)	(499,732)
Increase in guarantee deposits	19,761	7,522
Decrease in long term borrowings	-	(3,466,667)
Increase in long term borrowings	-	2,666,667
Net cash provided by (used in) financing activities	1,365,488	(4,342,210)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(397,523)	(348,140)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	877,518	3,880,881
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 479,995	3,532,741
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 23,619	55,143
Less interest capitalized	3,465	2,045
Interest paid - excluding interest capitalized	\$ 20,154	53,098
Income tax paid	\$ 378	308,600
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	\$ 4,000,000	-
Reclassification of the Corporation's shares held by its subsidiaries to treasury stock	\$ 31,077,183	31,889,100
CASH AND NON-CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment	\$ 910,270	572,847
(Increase) decrease in other payables	(10,572)	408,446
Increase in other liabilities-other	(5,807)	(923)
Cash paid for acquisition of property and equipment	\$ 893,891	980,370

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Taiwan Mobile Co., Ltd. (the Corporation) was incorporated in the Republic of China (ROC) on February 25, 1997. The Corporation's shares began to be traded on the ROC Over-the-Counter Securities Exchange (known as the 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. The license had been extended to June 2017 by the notice issued by the Ministry of Transportation and Communications on November 25, 2010. 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 March 31, 2012 and 2011, the Corporation had 2,679 and 2,527 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Corporation's financial statements were compiled in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and Republic of China generally accepted accounting principles. In conformity with the above, 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.

The financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language financial statements, the Chinese version shall prevail.

The significant accounting policies and measurement basis are as follows:

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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

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 any 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.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Receivables

The Corporation assesses evidence for impairment of receivables on an individual and collective basis. Accordingly, all individually significant receivables are assessed for specific impairment. The Corporation groups receivables that are not individually significant in accordance with credit risks and considers the historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred to make the estimate of impairment.

Inventories

Inventories are recorded at the lower of weighted-average cost or net realizable value. When comparing cost and net realizable value, inventories are evaluated by individual item.

Investments Accounted for Using the 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 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 asset 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 asset value is no longer amortized, and this accounting treatment also applies to 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 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 are determined by the weighted-average-cost method.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Financial Assets Carried at Cost

If there is no active market for an equity instrument, and a reliable fair value cannot be estimated, the equity instrument, including non-publicly traded and emerging stocks, etc., is measured at cost. The accounting for the dividends from financial assets 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 the 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.

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 "Leases," a lease is identified as either an operating lease or a capital lease based on the lease contract terms, the collectability of the rent, 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.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

At the inception date of a capital lease, total rental 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, rental receivables should be recognized as the sum of present values derived from all future rental receivables based on an implicit interest rate of the lease. The excess of total rental receivables over the present value of rental 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 services - License C. The 3G concession is recorded at acquisition cost and is amortized by the 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 for investments accounted for by the equity method.

Idle Assets

Properties 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 for offices and directly-managed stores, are amortized by the straight-line method over two to five years.

Asset Impairment

If the carrying value of an asset (including property and equipment, intangible assets, idle assets, assets leased to others, investments accounted for using the equity method, and deferred charges) 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.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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 methods are 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. A valuation allowance is provided for deferred income tax assets to the extent that it is 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 being realized.

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

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

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Foreign-currency Transactions

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

Monetary assets or liabilities denominated in foreign currencies are translated at the exchange rates prevailing at 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 at 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.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Effective from January 1, 2011, the Corporation adopted SFAS No. 41 “Operating Segments.” In accordance with SFAS No. 41, an entity should disclose information to enable users of its financial statements to evaluate the nature and the financial effects of the business activities in which it engages and the economic environments in which it operates. The Corporation determines and presents operating segments based on the information that is internally provided to the chief operating decision maker. In addition, the segment information should be disclosed in the consolidated financial reports issued by the Corporation, but it does not need to be disclosed in individual financial reports. The Standard also supersedes SFAS No. 20 “Segment Reporting”. There was no impact on the profit or loss for the three months ended March 31, 2011.

Effective from January 1, 2011, the Corporation adopted the third amended SFAS No. 34 “Accounting for the Financial Instruments: Recognition and Measurement”. In accordance with the revised SFAS No. 34, initial accounts receivables are applied to the statement of recognition, valuation, and impairment of receivables. There was no impact on the profit or loss for the three months ended March 31, 2011.

4. SUMMARY OF MAJOR ACCOUNTS

a. Cash and cash equivalents

	March 31	
	2012	2011
Cash in banks	\$ 335,554	654,360
Cash on hand	75,631	34,051
Government bonds with repurchase rights	62,000	945,580
Revolving funds	6,810	5,125
Time deposits	-	1,694,220
Short-term notes and bills with repurchase rights	-	199,405
	\$ 479,995	3,532,741

b. Available-for-sale financial assets – current

	March 31	
	2012	2011
Domestic listed stocks		
Chunghwa Telecom Co., Ltd.	\$ 197,572	199,094

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

c. Accounts receivable

	March 31	
	2012	2011
Accounts receivable	\$ 6,065,637	5,583,904
Less allowance for doubtful accounts	(182,572)	(339,519)
	\$ 5,883,065	5,244,385

For the first quarter of 2012, the Corporation entered into an accounts receivable factoring contract with HC First Asset Management Co., Ltd. The Corporation sold \$2,368,789 thousand of the overdue accounts receivable, which had been written off, to HC First Asset Management Co., Ltd. The aggregate selling price was \$59,220 thousand. Under this contract, the Corporation would no longer assume the risk on this receivable.

d. Prepayments

	March 31	
	2012	2011
Prepaid commissions	\$ 269,129	261,584
Prepaid rents	120,116	105,286
Prepaid insurance	16,870	19,639
Other	72,860	95,744
	\$ 478,975	482,253

e. Investments accounted for using the equity method

	March 31			
	2012		2011	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
Taiwan Cellular Co., Ltd. (TCC)	\$14,940,798	100	11,623,499	100
Wealth Media Technology Co., Ltd. (WMT)	14,429,058	100	305,174	100
Taipei New Horizons Co., Ltd. (TNH)	556,555	49.90	381,186	49.90
	\$29,926,411		12,309,859	

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(1) Taiwan Cellular Co., Ltd.

On July 28, 2011, TCC's board of directors resolved to :

- (a) Issuance of 140,896 thousand shares for \$1,408,958 thousand from legal reserve with the record date of August 2, 2011.
- (b) Increase capital by \$5,500,000 thousand, divided into 200,000 thousand shares with par value of \$10 and issuing price of \$27.5 per share at the record date of August 5, 2011. The Corporation subscribed for all the shares.

In 2007, the Corporation invested in Taiwan Fixed Network Co., Ltd. (TFN) indirectly through TCC with shares of the former TFN as investment. Based on the revised SFAS No. 5 "Long-term Investments in Equity Method," 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 December 31, 2011, the amount of deferred credits recognized by the Corporation was \$1,238,378 thousand.

As of March 31, 2012, TCC Investment Co., Ltd. (TCCI, 100% owned by TCC), TCCI Investment & Development Co., Ltd. (TID, 100% owned by TCCI), and TFN Union Investment Co., Ltd. (TUI, 100% owned by TFN) collectively held 730,726 thousand shares of the Corporation. Based on SFAS No. 30 "Accounting for Treasury Stock", the Corporation's shares held by subsidiaries are treated as the treasury stock. This accounting treatment reduced the Corporation's long-term investment value by the same amount as treasury stock account value of \$31,077,183 thousand. Please refer to Note 4(n) for details.

(2) Wealth Media Technology Co., Ltd.

In order to enhance cross-platform synergy and mobile commerce service, the Corporation's board of directors resolved on April 8, 2011, to acquire 51% of shares of Fubon Multimedia Technology Co., Ltd. (FMT) held by Fubon Financial Venture Capital Co., Ltd. at the price of \$8,347,949 thousand through its subsidiary WMH. The authority approved the transaction on June 30, 2011, and the Corporation paid the purchase price to complete the settlement on July 13, 2011.

On July 12, 2011, WMT's board of directors resolved to:

- (a) Reduce \$70,000 thousand of the capital through the cancellation of 7,000 thousand shares at the record date of July 15, 2011. The amount is compensated for deficits and the cash return to investors of \$69,894 thousand and \$106 thousand, respectively.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(b) Increase capital by \$8,350,000 thousand, divided into 8,350 thousand shares with par value of \$10 and issuing price of \$1,000 per share at the record date of July 16, 2011. The Corporation subscribed all the shares.

On January 17, 2012, WMT's board of directors resolved to increase its capital by issuing new shares worth \$5,150,000 thousand, divided into 515 thousand shares with par value of \$10 per share and issuing price of \$10,000 per share at the record date of March 2, 2012, the effective date of capital increase. The Corporation subscribed all the shares.

(3) Taipei New Horizons Co., Ltd.

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

On June 2, 2011, TNH's board of directors resolved to increase TNH's capital by \$400,000 thousand, divided into 40,000 thousand shares with par value of \$10 per share, with a record date of August 1, 2011. The Corporation subscribed for the shares based on its proportion of the shareholding, which remains at 49.9%.

(4) Equity in investees' net gains or losses

The financial statements used as the basis for calculating the carrying values of equity-method investments and the related income or losses were all unreviewed, for the three months ended March 31, 2012, except the financial statements of FMT and TFN, which are the subsidiaries of WMT and TCC, respectively, and for the three months ended March 31, 2011, except for the financial statements of TFN. 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:

	For the three months ended	
	March 31	
	2012	2011
TCC	\$ 989,320	1,010,625
WMT	411,361	3,197
TNH	(6,257)	(6,816)
	\$ 1,394,424	1,007,006

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

f. Financial assets carried at cost — non-current

	March 31	
	2012	2011
Foreign unlisted stocks		
Bridge Mobile Pte Ltd.	\$ 50,324	50,324

Because there is no active market quotation and a reliable fair value cannot be estimated, the above investments are measured at cost.

g. Property and equipment — accumulated depreciation

	March 31	
	2012	2011
Buildings	\$ 647,902	472,900
Telecommunication equipment	37,420,113	32,299,713
Office equipment	7,434	5,655
Leased assets	631,822	566,894
Miscellaneous equipment	2,106,486	1,510,522
	\$ 40,813,757	34,855,684

Capitalized interest for the three months ended March 31, 2012 and 2011 was \$3,465 thousand and \$2,045 thousand, respectively, with capitalization rates ranging from 1.68% to 1.92% and 1.68% to 2.04%, respectively.

h. Goodwill

The goodwill resulted from the merger of the Corporation with TAT on September 2, 2008. In conformity with SFAS No. 35 “Impairment of Assets,” the Corporation engaged in mobile service, which was viewed as one cash-generating unit in 2011 and 2010. The critical assumptions to evaluate the recoverable amounts of operating assets and goodwill were as follows:

(1) 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.

(2) Assumptions on operating costs and expenses

The estimates of activation commissions and customer retention costs were based on the new customer obtained and the existing customer maintained. The estimates of remaining costs and expenses were based on the cost drivers of each item.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(3) Assumptions on discount rate

For the years ended December 31, 2011 and 2010, the Corporation used the discount rate of 6.98% and 7.47%, 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 operating assets 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 years ended December 31, 2011 and 2010.

i. Assets leased to others and idle assets

	March 31	
	2012	2011
Assets leased to others		
Cost	\$ 2,224,831	2,468,549
Less accumulated depreciation	(202,437)	(183,486)
Less accumulated impairment	(21,978)	(10,591)
	\$ 2,000,416	2,274,472
Idle assets		
Cost	\$ 68,840	155,771
Less allowance for decline in value	(35,928)	(35,928)
Less accumulated depreciation	(17,466)	(24,908)
Less accumulated impairment	(4,614)	(30,276)
	\$ 10,832	64,659

j. Short-term borrowings

	March 31	
	2012	2011
Unsecured loans provided from financial institutions	\$ 5,600,000	-
Unsecured loans provided by related party	5,645,000	6,595,000
	\$ 11,245,000	6,595,000
Interest rate	0.75%~1.198%	0.893%

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

k. Advance receipts

In accordance with NCC's policy, the Corporation entered into a contract with First Commercial Bank Co., Ltd. which provided a performance guarantee for advance receipts from prepaid card customers. The guaranteed advance receipts from prepaid card customers were \$949,281 thousand as of March 31, 2012.

l. Bonds payable

	March 31			
	2012		2011	
	Current	Non-current	Current	Non-current
2nd domestic unsecured bonds	\$ 4,000,000	4,000,000	-	8,000,000

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

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

Year	Amount
2012, the forth quarter	\$ 4,000,000
2013	4,000,000
	\$ 8,000,000

m. 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 salaries to the employees' individual pension accounts. The contributed amount was \$27,969 thousand and \$27,155 thousand for the three months ended March 31, 2012 and 2011, 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 salaries to a pension fund. The pension fund is managed by an independently administered pension fund committee and deposited in the committee's name in Bank of Taiwan. As approved by the Department of Labor of the Taipei City Government, the Corporation suspended contributing from February 2007 to January 2013.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

n. Shareholders' equity

(1) 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 stock, may be transferred to capital as stock dividends or distributed as cash dividends, and this transfer is restricted to a certain percentage of the paid-in capital and may be made only within prescribed limits each time. Also, the capital surplus from long-term investments may not be used for any other purposes.

(2) Legal reserve

According to the Company Act, a company shall first set aside ten percent of its income (after taxes) as legal reserve until it equals to the paid-in capital. After offsetting any deficit, the legal reserve may be transferred to capital as stock dividends or distributed as cash dividends within the amount in excess of 25% of the paid-in capital in pursuant to the resolution to be adopted by the shareholders' meeting.

(3) 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:

- (a) Dividends and bonus to preferred shareholders
- (b) Remuneration to directors and supervisors - up to 0.3%
- (c) Bonus to employees - 1%-3%
- (d) 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. The 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 working 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.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The appropriation of earnings should be resolved by the shareholders in the following year and given effect 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 three months ended March 31, 2012, the bonuses to employees and remuneration to directors and supervisors were accrued based on 3% and 0.3%, respectively, of net income (not including the bonuses to employees and remuneration to directors and supervisors) after setting aside 10% of net income as legal reserve. Any 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 estimate and will be adjusted in 2013'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 the closing price one day prior to the AGM, adjusted for cash and/or stock dividends if any.

The 2010 earnings appropriations resolved by the AGMs on June 15, 2011 was as follows:

	<u>Appropriation of Earnings</u>	<u>Dividend per Share</u> <u>(NT\$)</u>
Appropriation of legal reserve	\$ 1,382,219	
Cash dividends	12,439,967	4.1619
	<u>\$ 13,822,186</u>	

The shareholders, on June 15, 2011, resolved to distribute a 2010 bonus of \$373,059 thousand to employees and remuneration of \$37,306 thousand to directors and supervisors.

As of the date of the accompanying auditor's report, the appropriation of the corporation's 2011's earnings had not yet been resolved by the board of directors. Information on the appropriation of the earnings, bonus to employees, and remuneration to directors and supervisors proposed by the board of directors and approved at the AGM is available on the Market Observation Post System website of the Taiwan Stock Exchange.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(4) 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, 2011 a capital reduction of \$3,800,926 thousand, representing 10% of outstanding shares. On July 15, 2011, the authority already approved the application and the Corporation's board of directors resolved the record date of August 1, 2011. Trading suspension started on October 3, 2011 and the new shares resumed trading on October 13, 2011.

(5) Treasury stock

	(Shares in Thousands)			
Purpose of Buyback	Beginning Shares	Increase	Decrease	Ending Shares
<u>Three months ended March 31, 2012</u>				
Shares held by subsidiaries	730,726	-	-	730,726
<u>Three months ended March 31, 2011</u>				
Shares held by subsidiaries	811,918	-	-	811,918

As of March 31, 2012, the Corporation's stock held by TCCI, TID, and TUI (all are subsidiaries 100% owned by the Corporation) was 730,726 thousand shares, and the carrying and market values were \$65,692,254 thousand. The Corporation reclassified \$31,077,183 thousand from investments accounted for using the equity method to treasury stock based on SFAS No. 30 "Accounting for Treasury Stock." Although these shares are treated as treasury stock in the financial statements, the shareholders are entitled to exercise their rights over these shares, except for the participation in capital injection by cash. In addition, based on the ROC Company Act, the holders of treasury stock cannot exercise the voting rights.

(5) Unrealized gain on financial instruments

Unrealized gain on financial instruments for the three months ended March 31, 2012 and 2011, is summarized as follows:

	Three months ended March 31	
	2012	2011
Available-for-sale financial assets		
Balance, beginning of period	\$ 111,306	89,842
Fair value changes recognized directly in equity	(19,779)	3,206
Unrealized gains on financial instruments	\$ 91,527	93,048

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

o. Income tax expense

- (1) The reconciliation of imputed income taxes on pretax income at the statutory tax rate to income tax expense was as follows:

	Three months ended March 31	
	2012	2011
Tax on pretax income at statutory tax rate	\$ 634,606	632,645
Add (deduct) tax effects of:		
Permanent differences		
Investment income from domestic investees accounted for using the equity method	(237,052)	(171,191)
Temporary differences	(55,693)	(81,803)
Deferred income taxes	54,942	81,802
Investment tax credits	(47,150)	(636)
Prior years' adjustment	28,600	(28,800)
Income tax expense	\$ 378,253	432,017

- (2) Deferred income tax assets (liabilities) were as follows:

	March 31	
	2012	2011
Unrealized loss on retirement of property and equipment	\$ 802,509	1,046,348
Amortization of goodwill	(277,592)	(200,124)
Provision for doubtful accounts	146,637	225,981
Depreciation resulting from the differences in estimated service lives of properties	122,705	123,107
Provision for impairment losses on idle assets	20,810	21,481
Other	37,086	32,080
	852,155	1,248,873
Less valuation allowance	(169,301)	(195,355)
	\$ 682,854	1,053,518
Deferred income tax assets		
Current	\$ 354	6,658
Non-current	682,500	1,046,860
	\$ 682,854	1,053,518

- (3) Integrated income tax information was as follows:

	March 31	
	2012	2011
Balance of imputation credit account (ICA)	\$ 2,801,496	1,741,947

As of March 31, 2012, there were no unappropriated earnings generated before January 1, 1998. The estimated and actual creditable ratios for the 2011 and 2010 earnings appropriation were 23.67% and 17.68%, respectively.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The imputation credits allocated to the shareholders are based on the ICA balance as of the date of dividend distribution. The estimated creditable ratio for the 2011 earnings appropriation may be adjusted when the imputation credits are distributed.

- (4) The latest years through which income tax returns had been examined and approved by the tax authorities were as follows:

	Year
The Corporation	2009
TAT	2007
Trans Asian Telecommunications Inc. (the former TAT)	All applicable
Mobitai Communications	2006

The Corporation's income tax returns for the years up to 2009 had been examined by the tax authorities. The Corporation disagreed with the examination results of the income tax returns for 2009 and requested for a reexamination. The Corporation prepared to request for a reexamination on the results of the income tax returns for 2006 and 2008 to the tax authority.

TAT's income tax returns up to 2007 had been examined by the tax authorities. TAT disagreed with the examination results of the income tax returns for 2006 and 2007 and had filed an appeal.

The former TAT's income tax returns up to 2006 had been examined by the tax authorities. The Corporation filed for corrections of its 2002 through 2004 income tax returns.

Mobitai's income tax returns up to 2006 had been examined by the tax authorities. Mobitai disagreed with the examination results on the income tax return for 2006 and requested a reexamination.

p. Earnings per share

	Amounts (Numerator)			EPS (NT\$)	
	Before Income Tax	After Income Tax	Shares (Denominator) (Thousands)	Before Income Tax	After Income Tax
<u>Three months ended March 31, 2012</u>					
Basic EPS					
Income of common shareholders	\$ 3,732,975	3,354,722	2,690,107	\$ 1.39	\$ 1.25
Add effect of dilutive potential common stock—bonus to employees			5,013		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	\$ 3,732,975	3,354,722	2,695,120	\$ 1.39	\$ 1.24

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

	Amounts (Numerator)			EPS (NT\$)	
	Before	After	Shares (Denominator) (Thousands)	Before	After
	Income Tax	Income Tax		Income Tax	Income Tax
<u>Three months ended March 31, 2011</u>					
Basic EPS					
Income of common shareholders	\$ 3,721,441	3,289,424	2,989,008	<u>\$ 1.25</u>	<u>\$ 1.10</u>
Add effect of dilutive potential common stock—bonus to employees	-	-	6,652		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 3,721,441</u>	<u>3,289,424</u>	<u>2,995,660</u>	<u>\$ 1.24</u>	<u>\$ 1.10</u>

The Accounting Research Development Foundation (ARDF) issued Interpretation No. 2007-052, which requires companies to recognize bonuses paid to employees and remuneration to directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses and remuneration 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 dilution 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 at the balance sheet date. Such potential dilutive effect should be taken into consideration in the calculation of diluted EPS until the shareholders resolve the actual number of shares to be distributed to employees at the AGM of the following year.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

q. Financial instrument transactions

(1) Fair value information

	March 31			
	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Financial instruments</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 479,995	479,995	3,532,741	3,532,741
Available-for-sale financial assets – current	197,572	197,572	199,094	199,094
Notes receivable	1,591	1,591	1,770	1,770
Accounts receivable (including related parties)	5,917,186	5,917,186	5,292,747	5,292,747
Other receivables (including related parties)	3,104,333	3,104,333	12,065,653	12,065,653
Financial assets carried at cost – non-current	50,324	-	50,324	-
Refundable deposits	336,408	336,408	316,978	316,978
<u>Liabilities</u>				
Short-term borrowings	11,245,000	11,245,000	6,595,000	6,595,000
Accounts payable (including related parties)	2,798,551	2,798,551	3,444,653	3,444,653
Income taxes payable	962,550	962,550	1,291,767	1,291,767
Accrued expenses	4,725,925	4,725,925	4,363,263	4,363,263
Other payables	3,036,421	3,036,421	3,445,252	3,445,252
Guarantee deposits (including current portion)	353,021	353,021	332,304	332,304
Bonds payable (including current portion)	8,000,000	8,208,736	8,000,000	8,288,352

(2) The methods and significant assumptions applied for determining fair values of financial instruments were as follows:

- (a) Available-for-sale financial assets—based on quoted prices in an active market at the balance sheet date.
- (b) Financial assets carried at cost—non-current—based on the net worth of the investee or estimated book value; this is because there is no active market for unlisted stocks, and a reliable fair value could only be verified at a more than reasonable cost.
- (c) Bonds payable—based on the over-the-counter quotations in March.
- (d) The book values of short-term financial instruments approximate their fair value due to their short maturities; short-term financial instruments include cash and cash equivalents, receivables, refundable deposits, short-term borrowings, payables and guarantee deposits.

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(4) The financial assets exposed to fair value interest rate risk amounted to \$3,012,000 thousand and \$14,642,205 thousand as of March 31, 2012 and 2011, respectively, and the financial liabilities exposed to fair value interest rate risk amounted to \$19,245,000 thousand and \$14,595,000 thousand as of March 31, 2012 and 2011, respectively. The financial assets exposed to cash flow interest rate risk amounted to \$333,090 thousand and \$651,354 thousand as of March 31, 2012 and 2011, respectively, and the financial liabilities exposed to cash flow interest rate risk amounted to zero.

(5) Information on financial risks

(a) Market risk

The Corporation did not enter into any financial derivative transactions which would cause significant exposure to exchange rate and interest rate risks.

(b) Credit risk

Credit risk represents the potential impacts on 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 credit risk exposure as of March 31, 2012 and 2011, was zero because all counter-parties were reputable financial institutions with good credit ratings.

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

The credit risk amount listed above is an evaluation of the contracts with positive fair value at the balance sheet date and the contracts with off-balance-sheet commitments and guarantees. Significant concentration of credit risk exists when financial instrument transactions significantly concentrate on one counter-party, 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 by 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 a single client or counter-party or clients in the same region.

(c) 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.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

5. 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
Global Wealth Media Technology Co., Ltd.	Subsidiary
Global Forest Media Technology Co., Ltd.	Subsidiary
TWM Holding Co., Ltd.	Subsidiary
Taiwan Super Basketball Co., Ltd. (TSB)	Subsidiary
TT&T Holdings Co., Ltd.	Subsidiary
Xiamen Taifu Teleservices & Technologies Co., Ltd.	Subsidiary
Taiwan Fixed Network Co., Ltd. (TFN)	Subsidiary
Taiwan Digital Communications Co., Ltd.(TDC)	Subsidiary
Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Subsidiary
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. (WTB)	Subsidiary
TFN Media Co., Ltd. (TFNM)	Subsidiary
Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary
Mangrove Cable TV Co., Ltd.	Related party in substance
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) Co., Ltd. (TWMC)	Subsidiary
Taiwan Kuro Times Co., Ltd. (TKT)	Subsidiary
ezPeer Multimedia Limited	Subsidiary
Fubon Multimedia Technology Co., Ltd. (FMT)	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Fu Dheng Travel Service Co.,Ltd.	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Fuli Property Insurance Agent Co.,Ltd.	Subsidiary (changed relationship with the Corporation on July 13, 2011)

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Related Party	Relationship with the Corporation
Fuli Life Insurance Agent Co.,Ltd.	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Asian Crown International Co.,Ltd.	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Fortune Kingdom Corporation	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Hong Kong Fubon Multimedia Technology Co.,Ltd.	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Fubon Gehua (Beijing) Enterprise Co., Ltd.	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Tai Fu Media Technology Co., Ltd. (TFMT)	Subsidiary(merged into WMT on March 1, 2012)
Fu Sin Media Technology Co., Ltd.	Subsidiary(merged into TFNM on March 2, 2012)
Fu Jia Leh Media Technology Co., Ltd.	Subsidiary(merged into TFNM on March 2, 2012)
Taiwan Win TV Broadcasting Co., Ltd.	Subsidiary(merged into WMT on March 1, 2012)
Taiwan Mobile Foundation (TWM Foundation)	Over one-third of the Foundation's funds came from the Corporation
Taipei New Horizons Co., Ltd. (TNH)	Equity-method investee
Fubon Life Assurance Co., Ltd.	Related party in substance
Fubon Securities Investment Trust Co., Ltd.	Related party in substance
Fubon Marketing Co., Ltd.	Related party in substance
Fubon Financial Venture Capital Co., Ltd.	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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

<u>Related Party</u>	<u>Relationship with the Corporation</u>
Fubon Property Management Co., Ltd.	Related party in substance
Fubon Real Estate Management Co., Ltd.	Related party in substance
Taiwan Sport Lottery Corporation	Related party in substance

b. Significant transactions with related parties are summarized below:

(1) Operating revenues

	<u>Three Months Ended March 31</u>			
	<u>2012</u>		<u>2011</u>	
	<u>Amount</u>	<u>% of Total Revenues</u>	<u>Amount</u>	<u>% of Total Revenues</u>
	<u>\$</u>	<u></u>	<u>\$</u>	<u></u>
TFN	<u>643,476</u>	4	<u>551,139</u>	4

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

(2) Operating costs

	<u>Three Months Ended March 31</u>			
	<u>2012</u>		<u>2011</u>	
	<u>Amount</u>	<u>% of Total Costs</u>	<u>Amount</u>	<u>% of Total Costs</u>
	<u>\$</u>	<u></u>	<u>\$</u>	<u></u>
TFN	\$ 934,760	9	653,406	7
TKT	44,199	-	15,273	-
	<u>\$ 978,959</u>		<u>668,679</u>	

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

(3) Rental income

	<u>Leased Property</u>	<u>Three Months Ended March 31, 2012</u>	
		<u>2012</u>	<u>2011</u>
		<u>\$</u>	<u>\$</u>
TFN	Offices and BTS, etc.	<u>22,949</u>	<u>29,754</u>

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(4) Cash in banks

	March 31			
	2012		2011	
	Amount	%	Amount	%
TFCB	\$ 102,263	21	506,681	14

(5) Receivables and payables

	March 31			
	2012		2011	
	Amount	%	Amount	%
(a) Accounts receivable				
TFN	\$ 28,659	-	37,414	-
Other	5,462	-	10,948	-
	\$ 34,121		48,362	
(b) Other receivables				
TFNM (Note 1)	\$ 2,837,704	91	3,718,969	31
WTB (Note 1)	120,407	4	71	-
TFN	40,997	1	43,621	-
TCC (Notes 1)	-	-	8,017,888	66
TDC(Note 1)	-	-	60,187	1
TFMT (Note 1)	-	-	33,168	-
Other	5,205	-	9,327	-
	\$ 3,004,313		11,883,231	

Note 1: Financing to related parties was as follows:

Related Party	Three Months Ended March 31, 2012				
	Drawdown Amount	Ending Balance (Note 1)	Maximum Balance (Notes 1 and 2)	Interest Rate %	Interest Income
TFNM	\$ 2,830,000	4,500,000	4,500,000	1.186~1.198	5,278
WTB	120,000	550,000	550,000	1.092~1.190	1,122
	\$ 2,950,000	5,050,000			6,400

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Three Months Ended March 31, 2011					
Related Party	Drawdown Amount	Ending Balance (Note 1)	Maximum Balance (Notes 1 and 2)	Interest Rate %	Interest Income
TCC	\$ 8,000,000	9,000,000	9,000,000	0.893~0.950	18,352
TFNM	3,710,000	5,000,000	5,000,000	0.893	8,169
TDC	60,000	300,000	300,000	0.948~1.002	111
TFMT	33,000	50,000	50,000	0.950	77
	\$ 11,803,000	14,350,000			26,709

Note 1: The ending balance and the maximum balance represent quotas.

Note 2: Maximum balance: the maximum accumulated amount of the year.

	March 31			
	2012		2011	
	Amount	%	Amount	%
(c) Prepayments				
Fubon Ins.	\$ 22,358	5	24,580	5
(d) Accounts payable				
TKT	\$ 44,533	2	15,502	-
Other	1,010	-	18	-
	\$ 45,543		15,520	
(e) Accrued expenses				
TFN	\$ 360,400	8	252,441	6
TT&T	77,100	2	72,076	2
TDC	41,026	1	16,393	-
TWMC	20,646	-	38,616	1
TSB	17,321	-	8,400	-
	\$ 516,493		387,926	
(f) Other payables				
TFN	\$ 66,541	2	71,397	2
(g) Other current liabilities - collections and temporary credits for the following				
TFN	\$ 83,413	14	93,908	21

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(6) Other

		Three Months Ended March 31	
		2012	2011
(a)	Telecommunication service expenses		
	TFN	\$ 18,269	21,489
(b)	Professional service fees		
	TT&T	\$ 235,993	216,692
(c)	Other expense		
	TFCB	\$ 22,625	8,540
(d)	Commission expense		
	TDC	\$ 121,189	44,217

(7) Financing from related parties was as follows (recognized as short-term borrowing):

Three Months Ended March 31, 2012					
Related Party	Drawdown Amount	Ending Balance (Note 1)	Maximum Balance (Notes 1 and 2)	Interest Rate %	Interest Expense
TFN	\$ 4,880,000	7,500,000	7,500,000	1.190~1.198	8,289
TCC	765,000	900,000	900,000	1.198	688
	5,645,000	8,400,000			8,977
Three Months Ended March 31, 2011					
Related Party	Drawdown Amount	Ending Balance (Note 1)	Maximum Balance (Notes 1 and 2)	Interest Rate %	Interest Expense
TFN	\$ 6,595,000	9,000,000	9,000,000	0.893	14,631

Note 1: The ending balance and the maximum balance represent quotas.

Note 2: Maximum balance: the maximum accumulated amount of the year.

(8) Endorsement/guarantee provided

The Corporation provided a \$21,500,000 thousand guarantee for TFN's bank loans. The Corporation also provided \$21,134,425 thousand in promissory notes outstanding for TFN's borrowings from banks. TFN has not made any drawdown within the guarantee amount.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(9) Other

- (a) For the three months ended March 31, 2012 and 2011, the Corporation provided services to companies below and received fees, which were recorded as deductions from related costs and expenses. The Corporation's service charges received were as follows:

	Three Months Ended March 31	
	2012	2011
TFN	\$ 108,219	113,389

- (b) For the three months ended March 31, 2012 and 2011, the company below provided services to the Corporation and received fees. The Corporation's service charges paid were as follows:

	Three Months Ended March 31	
	2012	2011
TFN	\$ 13,834	18,582

6. ASSETS PLEDGED: NONE

7. COMMITMENTS AND CONTINGENT EVENTS

- a. To enhance 3G mobile communications, expand network coverage, and increase the service functions, the Corporation entered into 3G expansion contracts with Nokia Siemens Networks Taiwan Co., Ltd. for \$3,840,861 thousand in May 2009 and \$6,650,000 thousand in February 2011. As of March 31, 2012, the purchase amount was \$3,779,658 thousand and \$2,810,240 thousand, respectively.
- b. Future minimum rental payments as of March 31, 2012, for significant operating lease agreements, are summarized as follows:

	Amount
From the second to fourth quarter of 2012	\$ 69,395
2013	73,763
2014	67,734
2015	47,957
2016	22,468

8. SIGNIFICANT CASUALTY LOSS: NONE

9. SIGNIFICANT SUBSEQUENT EVENTS: NONE

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

10. OTHER

a. Labor cost, depreciation, and amortization

	Three Months Ended March 31					
	2012			2011		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary	\$ 234,201	452,113	686,314	233,595	456,990	690,585
Labor and health insurance	14,545	27,763	42,308	14,246	25,807	40,053
Pension	9,400	16,990	26,390	9,310	15,915	25,225
Other	10,445	21,084	34,529	9,910	19,165	29,075
Depreciation	1,537,321	147,335	1,684,656	1,605,793	147,459	1,753,252
Amortization	250,664	42,272	292,936	204,819	33,488	238,307

b. Reclassification

Certain accounts in the financial statements as of and for the three months ended March 31, 2011, have been reclassified to conform to the presentation of financial statement as of and for the three months ended March 31, 2012.

11. ADDITIONAL DISCLOSURES

The additional disclosures required by the Securities and Futures Bureau for the Corporation and its investees were as follows:

- 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: Table 5 (attached)
- f. Disposal of individual real estate at prices of at least \$100 million or 20% of the paid-in capital: None
- g. Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 6 (attached)
- h. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 7 (attached)

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

- i. Names and locations of, and related information on investees on which the Corporation exercised significant influence: Table 8 (attached)
- j. Derivative transactions: None
- 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 9 (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

12. SEGMENT INFORMATION

In accordance with the fifth paragraph of SFAS No. 41, the segment information should be disclosed in the consolidated financial report by the Corporation, but it does not need to be disclosed in the individual financial report.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2012

TABLE 1

(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	Financial Statement Account	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts	Interest Rate	Financing Purpose	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits
												Item	Value		
0	Taiwan Mobile Co., Ltd. (the "Corporation")	TFN Media Co., Ltd.	Other receivables	\$ 4,500,000	\$ 4,500,000	\$ 2,830,000	1.186%~1.198%	Short-term financing	-	Operation requirements	-	-	-	\$ 20,908,827 (Note 2)	20,908,827 (Note 2)
		Win TV Broadcasting Co., Ltd.	Other receivables	550,000	550,000	120,000	1.092%~1.190%	Short-term financing	-	Operation requirements	-	-	-	20,908,827 (Note 2)	20,908,827 (Note 2)
1	Taiwan Cellular Co., Ltd.	The Corporation	Other receivables	900,000	900,000	765,000	1.198%	Short-term financing	-	Operation requirements	-	-	-	28,496,295 (Note 2)	28,496,295 (Note 2)
		Taiwan Digital Communications Co., Ltd.	Other receivables	150,000	150,000	12,000	1.59%~1.595%	Short-term financing	-	Operation requirements	-	-	-	28,496,295 (Note 2)	28,496,295 (Note 2)
		TFN Media Co., Ltd.	Other receivables	5,000,000	-	-	1.493%~1.564%	Short-term financing	-	Operation requirements	-	-	-	28,496,295 (Note 2)	28,496,295 (Note 2)
2	Taiwan Fixed Network Co., Ltd.	The Corporation	Other receivables	7,500,000	7,500,000	4,880,000	1.19%~1.198%	Short-term financing	-	Operation requirements	-	-	-	16,954,642 (Note 2)	16,954,642 (Note 2)
		TFN Union Investment Co., Ltd.	Other receivables	500	-	-	1.087%	Short-term financing	-	Operation requirements	-	-	-	16,954,642 (Note 2)	16,954,642 (Note 2)
		Taiwan Cellular Co., Ltd.	Other receivables	8,170,000	-	-	1.093%~1.164%	Short-term financing	-	Operation requirements	-	-	-	16,954,642 (Note 2)	16,954,642 (Note 2)
3	TCC Investment Co., Ltd.	TCCI Investment and Development Co., Ltd.	Other receivables	500	-	-	1.087%	Short-term financing	-	Operation requirements	-	-	-	10,921,563 (Note 2)	10,921,563 (Note 2)
4	Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	715,000	715,000	645,000	1.087%~1.190%	Short-term financing	-	Repayment of financing	-	-	-	763,915 (Note 3)	13,500,000 (Note 3)
5	Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	250,000	250,000	250,000	1.087%~1.190%	Short-term financing	-	Repayment of financing	-	-	-	285,247 (Note 4)	525,636 (Note 4)

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2012

No.	Lending Company	Borrowing Company	Financial Statement Account	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts	Interest Rate	Financing Purpose	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits
6	Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	\$ 596,000	\$ 596,000	\$ 596,000	1.092%~1.190%	Transactions	\$ 591,592	Business requirements	\$ -	-	-	\$ 12,000,000 (Note 5)	\$ 12,000,000 (Note 5)
7	Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	544,000	544,000	488,000	1.092%~1.190%	Transactions	541,424	Business requirements	-	-	-	24,000,000 (Note 5)	24,000,000 (Note 5)
8	Wealth Media Technology Co., Ltd.	Global Wealth Media Technology Co., Ltd.(Note 6)	Other receivables	10,000	10,000	4,000	1.087%	Short-term financing	-	Repayment of financing	-	-	-	5,771,623 (Note 2)	5,771,623 (Note 2)
		Tai Fu Media Technology Co., Ltd. (Note 6)	Other receivables	50,000	-	-	1.186%	Short-term financing	-	Operation requirements	-	-	-	5,771,623 (Note 2)	5,771,623 (Note 2)
9	TFN Media Co., Ltd	Taiwan Kuro Times Co., Ltd.	Other receivables	100,000	100,000	30,000	1.578%~1.590%	Short-term financing	-	Repayment of financing	-	-	-	3,009,800 (Note 3)	15,000,000 (Note 3)

Note 1: Maximum amount for the period and the ending balance represent quotas, not actual appropriation.

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

Note 3: Where funds are loaned for reasons of business dealings and short-term financing needs, the amount of loaning funds shall be both limited to the higher amount of the following items: 1) a multiple of the lending company's capital, or 2) the amount of business dealings. A) 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 lending company's capital, or 2) the amount of business dealing. B) For short-term financing needs: the individual lending amount and the aggregate amount of loaning funds shall not exceed 40% of the lending company's net worth.

Note 4: Where funds are loaned for reasons of business dealings and short-term financing needs, the amount of loaning funds shall be limited to the total amount of business dealing and 40% of the lending company's net worth. A) For reasons of business dealings: the individual lending amount and the aggregate amount of loaning funds shall not exceed the amount of business dealing. B) For short-term financing needs: the individual lending amount and the aggregate amount of loaning funds shall not exceed 40% of the lending company's net worth.

Note 5: Where funds are loaned for reasons of business dealings, the individual lending amount and the aggregate amount of loaning funds shall both be limited to the higher amount of the following items: 1) a multiple of the lending company's capital, or 2) the amount of business dealings.

Note 6: TFMT assumed the amount of financing from related parties derived by Wealth Media Technology Co., Ltd because of the merge.

Note 7: TFMT was dissolved due to the merging on March 1, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/ GUARANTEE PROVIDED

MARCH 31, 2012

TABLE 2

(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantor (A)	Receiving Party		Maximum Guarantee/ Endorsement Amount That Can Be Provided to Each Receiving Party	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Value of Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Worth of the Guarantor (Note 1)	Maximum Guarantee/ Endorsement That 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)	\$ 42,000,000 (Note 3)	\$ 21,134,425	\$ 21,134,425	\$ -	40.43%	\$ 52,272,067
1	Fubon Multimedia Technology Co., Ltd. (FMT)	Fubon Gehua (Beijing) Enterprise Co., Ltd.	(Note 2)	364,186 (Note 4)	169,547	168,464	51,721	7.30%	2,307,864 (Note 4)

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

Note 2: Direct/indirect subsidiary.

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

Note 4: FGE is directly and indirectly owned by FMT more than 50%. The endorsement/guarantee amount provided by FMT shall be limited to the net worth of FMT, and not over the investment amount in FMT. The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$29.555 as of March 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/ GUARANTEE PROVIDED

MARCH 31, 2012

TABLE 3

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	MARCH 31, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Taiwan Mobile Co., Ltd. (the "Corporation")	<u>Stock</u> Chunghwa Telecom Co., Ltd.	-	Available-for-sale financial assets - current	2,174	\$ 197,572	0.028	\$ 197,572 (Note 5)	
	Bridge Mobile Pte Ltd.	-	Financial assets carried at cost - non-current	2,200	50,324	10	- (Note 3)	
	Yes Mobile Holdings Company	-	Financial assets carried at cost - non-current	74	-	0.19	- (Note 2)	
	Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	39,065	14,429,058	100	14,429,058	
	Taiwan Cellular Co., Ltd.	Subsidiary	Long-term investments - equity method	370,896	14,940,798	100	71,240,737 (Note 4)	
	Taipei New Horizons Co., Ltd.	Equity-method investee	Long-term investments - equity method	64,870	556,555	49.9	556,555	
Wealth Media Technology Co., Ltd.	<u>Stock</u> Fubon Multimedia Technology Co., Ltd. (FMT)	Subsidiary	Long-term investments - equity method	58,857	8,644,964	50.64	1,168,606	
	Win TV Broadcasting Co., Ltd. (WTB)	Subsidiary	Long-term investments - equity method	18,177	227,338	100	219,721	
	TFN Media Co., Ltd. (TFNM)	Subsidiary	Long-term investments - equity method	230,921	5,377,837	100	7,524,500	
	Global Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	8,400	92,727	100	92,727	
	Global Forest Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	1,500	17,097	100	17,097	
Global Wealth Media Technology Co., Ltd.	<u>Stock</u> Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	3,825	96,721	6.83	48,713	
Global Forest Media Technology Co., Ltd.	<u>Stock</u> Union Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	1,300	16,130	0.76	14,568	

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2012

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	MARCH 31, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Fubon Multimedia Technology Co., Ltd.	<u>Beneficiary certificates</u>							
	Fuh Hwa Money Market Funds	-	Financial assets at fair value through profit or loss-current	4,314	\$ 60,296	-	\$ 60,296 (Note 5)	
	<u>Stock</u> Fu Sheng Travel Service Co.,Ltd.	Subsidiary	Long-term investments - equity method	600	14,635	100	14,635	
	Fuli Life Insurance Agent Co.,Ltd.	Subsidiary	Long-term investments - equity method	300	14,385	100	14,385	
	Fuli Property Insurance Agent Co.,Ltd. Asian Crown International Co., Ltd.	Subsidiary Subsidiary	Long-term investments - equity method Long-term investments - equity method	300 47	20,272 US\$ 9,079	100 100	20,272 US\$ 9,079	
Asian Crown International Co., Ltd.	<u>Stock</u> Fortune Kingdom Corporation	Subsidiary	Long-term investments - equity method	14,000	US\$ 9,079	100	US\$ 9,079	
Fortune Kingdom Corporation	<u>Stock</u> Hong Kong Fubon Multimedia Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	14,000	US\$ 9,079	100	US\$ 9,079	
Hong Kong Fubon Multimedia Technology Co., Ltd.	<u>Stock</u> Fubon Gehua (Beijing) Enterprise Ltd.	Subsidiary	Long-term investments - equity method	-	US\$ 7,484	80	US\$ 7,484	
Taiwan Cellular Co., Ltd.	<u>Stock</u> 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	- (Note 3)	
	Transportation High Tech Inc.	-	Financial assets carried at cost - non-current	1,200	- (Note 2)	12	- (Note 3)	

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2012

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	MARCH 31, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Taiwan Cellular Co., Ltd.	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\$ 8,541	100	US\$ 8,541	
	Taiwan Fixed Network Co., Ltd.	Subsidiary	Long-term investments - equity method	2,100,000	42,386,604	100	42,303,908	
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Long-term investments - equity method	11,200	114,556	100	114,556	
	TCC Investment Co., Ltd.	Subsidiary	Long-term investments - equity method	22,103	27,431,091	100	27,303,908	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments - equity method	2,484	115,004	100	115,004	
TWM Holding Co., Ltd.	<u>Stock</u> TWM Communications (Beijing) Co., Ltd.	Subsidiary	Long-term investments - equity method	-	US\$ 3,985	100	US\$ 3,095	
Taiwan Teleservices & Technologies Co., Ltd.	<u>Stock</u> TT & T Holdings Co., Ltd.	Subsidiary	Long-term investments - equity method	1,300	47,942	100	47,942	
	Taiwan Super Basketball Co., Ltd.	Subsidiary	Long-term investments - equity method	2,000	24,891	100	24,891	
TT&T Holdings Co., Ltd.	<u>Stock</u> Xiamen Taifu Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments - equity method	-	47,313	100	47,313	
TCC Investment Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd. (the "Corporation")	The Corporation	Available-for-sale financial assets - non-current	200,497	18,024,659	5.86	18,024,659 (Note 5)	
	TCCI Investment and Development Co., Ltd.	Subsidiary	Long-term investments - equity method	400	10,325,119	100	10,325,119	
	Great Taipei Broadband Co., Ltd.	-	Financial assets carried at cost - non-current	10,000	41,241	6.67	- (Note 3)	
	<u>Preferred stock</u> 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 and Development Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd. (the "Corporation")	The Corporation	Available-for-sale financial assets - non-current	119,564	10,748,786	3.50	10,748,786 (Note 5)	
TFN Media Co., Ltd.	<u>Stock</u> Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	33,940	2,274,368	100	749,888	

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2012

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	MARCH 31, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
TFN Media Co., Ltd.	Mangrove Cable TV Co., Ltd.	Related party in substance	Long-term investments - equity method	6,248	\$ 640,765	29.53	\$ 377,590 (Note 6)	
	Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	68,090	3,427,121	100	1,102,336	
	Union Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	169,141	2,098,160	99.22	1,894,974	
	Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	51,733	1,281,304	92.38	658,784	
	Taiwan Kuro Times Co., Ltd.	Subsidiary	Long-term investments - equity method	1,214	118,991	100	30,884	
Taiwan Kuro Times Co., Ltd.	<u>Stock</u> ezPeer Multimedia Limited	Subsidiary	Long-term investments - equity method	1 share	US\$ 718	100	US\$ 718	
Taiwan Fixed Network Co., Ltd.	<u>Stock</u> TFN Union Investment Co., Ltd.	Subsidiary	Long-term investments - equity method	400	35,459,656	100	35,459,656	
	TFN HK LIMITED	Subsidiary	Long-term investments - equity method	1,300	HK\$ 2,183	100	HK\$ 2,183	
	Taiwan High Speed Rail Corporation	-	Financial assets carried at cost - non-current	225,531	912,463	3.46	- (Note 3)	
TFN Union Investment Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd. (the "Corporation")	The Corporation	Available-for-sale financial assets - non-current	410,665	36,918,809	12.00	36,918,809 (Note 5)	

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

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

Note 3: As of March, 31, 2012, the independent auditors' report date, the investee's net worth was not available.

Note 4: The Corporation's shares held by TCCI, TID and TUI (all are subsidiaries 100% owned by TCC) are classified as treasury shares. Therefore, the Corporation's carrying cost of \$ 71,240,737 thousand for TCC shall be reduced by 1) downward adjusting \$(31,077,183) thousand, the carrying value of total treasury shares on the Corporation's books, 2) excluding \$(25,676,878) thousand of unrealized gain from financial asset investment, 3) adding back \$475,907 thousand of income tax expenses resulting from TFN's and TFNI's disposal gain from the Corporation's shares, and 4) excluding recognition of upstream transactions gain of \$(21,785) thousand.

Note 5: Based on the closing price or net asset value of funds on March 31, 2012.

Note 6: 70.47% of shares are held under trustee accounts.

Note 7: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$29.555 and HK\$1 = NT\$3.807 as of March 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED AMOUNTING TO AT LEAST \$100 MILLION

FOR THE THREE MONTHS ENDED MARCH 31, 2012

TABLE 4

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 Mobile Co., Ltd. (the "Corporation")	Stock Wealth Media Technology Co., Ltd.	Long-term investment-equity method	Wealth Media Technology Co., Ltd.	Subsidiary	38,550	\$ 8,862,168	515 (Note 1)	\$5,150,000	-	\$ -	\$ -	\$ -	39,065	\$14,429,058 (Note 2)
Wealth Media Technology Co., Ltd.	Stock Tai Fu Media Technology Co., Ltd.	Long-term investment-equity method	Tai Fu Media Technology Co., Ltd.	Subsidiary	20,090	215,600	6,715 (Note 3)	5,342,474 (Note 4)	26,805	-	- (Note 5)	- (Note 5)	-	- (Note 5)
Tai Fu Media Technology Co., Ltd.	Stock TFN Media Co., Ltd.	Long-term investment-equity method	Tai Fu Media Technology Co., Ltd.	Subsidiary	-	-	395 (Note 1)	3,950,000	-	-	-	-	-	-
Taiwan Cellular Co., Ltd(TCC)	Stock Tai Fu Media Technology Co., Ltd.	Long-term investment-equity method	Wealth Media Technology Co., Ltd.	Subsidiary	-	-	- (Note 6)	- (Note 6)	6,315	1,342,474	1,343,055 (Note 7)	-	-	-
TCC Investment Co., Ltd.	Stock Win TV Broadcasting Co., Ltd.	Long-term investment-equity method	Tai Fu Media Technology Co., Ltd.	Subsidiary	18,177	264,364	-	-	18,177	215,575	216,370 (Note 8)	-	-	-
	TFN Media Co., Ltd.	Long-term investment-equity method	Tai Fu Media Technology Co., Ltd.	Subsidiary	230,526	2,702,552	-	-	230,526	1,084,150	1,093,195 (Note 8)	-	-	-

Note 1: The shares/units and amount of marketable securities acquired include issued to stock by cash.

Note 2: The ending balance includes the unrealized gain or loss on financial instruments, cumulative translation adjustments, investment income or loss recognized under the equity method, and other adjustments in long-term investment using equity method.

Note 3: The shares/units and amount of marketable securities acquired include issued to stock by cash and purchased.

Note 4: The amount of marketable securities acquired include issued to stock by cash and purchased.

Note 5: TFMT was dissolved due to the business process reengineering, so it has no gain(loss) from disposal.

Note 6: The Corporation has no shares/units and amount of marketable securities of CCI, because TFM acquired Win TV Broadcasting Co., Ltd. and TFNM from TCC Investment Co., Ltd. Therefore, the investment of TCC Investment Co., Ltd from TCC would be replaced by TFM.

Note 7: The change in the proceeds from the disposal stock and the book value is adjusted by an additional paid-in capital.

Note 8: On February 8, 2012, TFM acquired Win TV Broadcasting Co., Ltd. and TFNM which are being held 100% by TCC Investment Co., Ltd and issued new shares to TCC, the only corporate shareholder of TCC Investment Co., Ltd.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE THREE MONTHS ENDED MARCH 31, 2012

TABLE 5

(In Thousands of New Taiwan Dollars)

Company Name	Type of Properties	Transaction Date	Transaction Amount	Payment Status	Counter-Party	Relationship	Where Counter-party is a Related, Details of Prior Transaction				Price Reference	Date of Acquisition and Status of Utilization	Other Commitments
							Owner	Relationships	Date of Transaction	Amount			
Taiwan Fixed Network Co., Ltd.	Land and Building	100/7/18	\$ 2,868,000	Paying \$175,000 thousand on the first quarter of 2012 and the outstanding amount is \$2,368,000 thousand as of March 31, 2012 (Recognized as prepayments for equipment)	Han Ya Co., Ltd.	Third party	-	-	-	-	Based on valuation report of the DTZ Real Estate Appraisers Firm and REPro Real Estate Appraisers Firm	Operating requirement	None

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2012

TABLE 6

(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	\$ (643,476)	(4)	Based on contract terms	-	-	\$ 422,114	7	(Note 1)
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	953,029	(Note 2)	Based on contract terms	-	-	(365,366)	(Note 3)	
			Purchase	235,993	(Note 4)	Based on contract terms	-	-	(77,100)	(Note 5)	
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Purchase	121,189	(Note 4)	Based on contract terms	-	-	(50,809)	(Note 6)	
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Sale	(236,023)	(89)	Based on contract terms	-	-	77,113	89	
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Sale	(950,316)	(31)	Based on contract terms	-	-	359,209	37	(Note 7)
			Purchase	644,309	34	Based on contract terms	-	-	(421,888)	(48)	
Taiwan Digital Communication Co., Ltd.	The Corporation	Ultimate parent	Sale	(121,189)	(77)	Based on contract terms	-	-	50,822	97	
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(121,659)	(16)	Based on contract terms	(Note 8)	(Note 8)	3,095	2	
	Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(111,404)	(15)	Based on contract terms	(Note 8)	(Note 8)	4,878	3	
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	111,404	64	Based on contract terms	(Note 8)	(Note 8)	(4,878)	(38)	
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	121,659	66	Based on contract terms	(Note 8)	(Note 8)	(3,095)	(35)	

Note 1: The \$422,114 thousand accounts receivable amount was expressed on a gross basis in accordance with the sales amount. The net accounts receivable should be \$28,659 thousand after deducting accounts payable and accrued custodial receipts/payments totaling \$393,455 thousand.

Note 2: Included operating costs and operating expenses.

Note 3: Included accounts payable, accrued expenses and other payable.

Note 4: Recognized as operating expenses.

Note 5: Recognized as accrued expenses .

Note 6: Included accrued expenses and other payable.

Note 7: The \$359,209 thousand accounts receivable amount was expressed on a gross basis in accordance with the sales amount. The net accounts receivable should be \$342,667 thousand after deducting accounts payable and accrued custodial receipts/payments totaling \$16,542 thousand.

Note 8: The company authorized related party to deal with the copyright fees from cable television. As said account item is the only one, there are no comparables.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE THREE MONTHS ENDED MARCH 31, 2012

TABLE 7

(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	6.01	\$ -	-	\$ -	\$ -
			Other receivables					
	TFN Media Co., Ltd. Win TV Broadcasting Co., Ltd.	Subsidiary Subsidiary	Other receivables	2,837,704	-	-	-	-
			Other receivables					
Taiwan Cellular Co., Ltd.	The Corporation	Parent	Other receivables		-	-	-	-
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable	11.37	-	-	-	-
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable	9.77	-	-	336,480	-
			Other receivables		-	-	66,983	-
Taiwan Digital Communications Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable	6.46	-	-	-	-
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	3.79	-	-	-	-
			Other receivables		-	-	-	-
Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	4.03	-	-	-	-
			Other receivables		-	-	-	-
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	3.61	-	-	-	-
			Other receivables		-	-	-	-
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	3.94	-	-	-	-
			Other receivables		-	-	-	-

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NAMES AND LOCATIONS OF, AND OTHER INFORMATION ON INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE THREE MONTHS ENDED MARCH 31, 2012

TABLE 8

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2012			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				March 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Cellular Co., Ltd.	Taipei, Taiwan	Telecom engineering and IT service	\$ 44,467,288	\$ 44,467,288	370,896	100	\$ 14,940,798 (Note 1)	\$ 986,602	\$ 989,320	
	Taipei New Horizons Co., Ltd.	Taipei, Taiwan	Real estate rental and sale	648,700	648,700	64,870	49.9	556,555	(12,538)	(6,257)	
	Wealth Media Technology Co., Ltd.	Taipei, Taiwan	Investment	13,802,000	8,652,000	39,065	100	14,429,058	411,361	411,361	
Wealth Media Technology Co., Ltd.	Fubon Multimedia Technology Co., Ltd. (FMT)	Taipei, Taiwan	Wholesale and retailing on virtual channel and physical channel	8,347,949	8,347,949	58,857	50.64	8,644,964	206,317	NA	
	Win TV Broadcasting Co., Ltd.(WTB)	Taipei, Taiwan	TV program producing	222,417	188,047 (Note 2)	18,177	100	227,338	16,762	NA	
	TFN Media Co., Ltd. (TFNM)	Taipei, Taiwan	Cable broadband and value added service provider	5,210,443	2,035,714 (Note 2)	230,921	100	5,377,837	531,929	NA	
	Global Wealth Media Technology Co., Ltd.	New Taipei City , Taiwan	Investment	92,189	84,000 (Note 3)	8,400	100	92,727	1,436	NA	
	Global Forest Media Technology Co., Ltd.	Taipei, Taiwan	Investment	16,984	15,000 (Note 3)	1,500	100	17,097	229	NA	
Global Wealth Media Technology Co., Ltd.	Globalview Cable TV Co., Ltd.	New Taipei City , Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	96,721	22,031	NA	
Global Forest Media Technology Co., Ltd.	Union Cable TV Co., Ltd.	Yilan County, Tawian	Cable TV service provider	16,218	16,218	1,300	0.76	16,130	36,587	NA	
Fubon Multimedia Technology Co., Ltd.	Fu Sheng Travel Service Co.,Ltd.	Taipei, Taiwan	Travel	10,000	10,000	600	100	14,635	7,522	NA	
	Fuli Life Insurance Agent Co.,Ltd.	Taipei, Taiwan	Life Insurance Agent	3,000	3,000	300	100	14,385	1,460	NA	
	Fuli Property Insurance Agent Co.,Ltd.	Taipei, Taiwan	Property Insurance Agent	3,000	3,000	300	100	20,272	2,400	NA	
	Asian Crown International Co., Ltd.	British Virgin Islands	Investment	US\$ 14,000	US\$ 14,000	47	100	US\$ 9,079	US\$ (1,662)	NA	
Asian Crown International Co., Ltd.	Fortune Kingdom Corporation	Samoa	Investment	US\$ 14,000	US\$ 14,000	14,000	100	US\$ 9,079	US\$ (1,662)	NA	
Fortune Kingdom Corporation	Hong Kong Fubon Multimedia Technology Co., Ltd.	Hong Kong	Investment	US\$ 14,000	US\$ 14,000	14,000	100	US\$ 9,079	US\$ (1,662)	NA	
Hong Kong Fubon Multimedia Technology Co., Ltd.	Fubon Gehua (Beijing) Enterprise Ltd.	Beijing, China	Wholesale	US\$ 12,319	12,319	-	80	US\$ 7,484	US\$ (1,662)	NA	
Taiwan Cellular Co., Ltd.	TWM Holding Co. Ltd.	British Virgin Islands	Investment	US\$ 10,800	US\$ 10,800	1 share	100	US\$ 8,541	US\$ (208)	NA	
	Taiwan Fixed Network Co., Ltd.	Taipei, Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	42,386,604	770,583	NA	
	Taiwan Digital Communication Co., Ltd.	Taipei, Taiwan	Telecom engineering and IT service	112,000	112,000	11,200	100	114,556	(4,605)	NA	
	TCC Investment Co., Ltd.	Taipei, Taiwan	Investment	20,680,441	22,002,255	22,103	100	27,431,091	170,352	NA	
	Taiwan Teleservices & Technologies Co., Ltd.	Taipei, Taiwan	Customer service and telemarketing	39,060	39,060	2,484	100	115,004	14,082	NA	
TWM Holding Co. Ltd.	TWM Communications (Beijing) Co., Ltd.	Beijing, China	Mobile application development and design	US\$ 4,936	US\$ 4,936	-	100	US\$ 3,985	US\$ (216)	NA	
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Holdings Co., Ltd.	Samoa	Investment	36,284	36,284	1,300	100	US\$ 47,942	242	NA	
	Taiwan Super Basketball Co., Ltd.	Taipei, Taiwan	Basketball team management	3,511	3,511	2,000	100	24,891	2,027	NA	
TT&T Holdings Co., Ltd.	Xiamen Taifu Teleservices & Technologies Co., Ltd.	Xiamen, China	System integration, management, analysis, and development of CRM application and information consulting services	41,050	41,050	-	100	47,313	327	NA	
TCC Investment Co., Ltd.	TCCI Investment and Development Co., Ltd.	Taipei, Taiwan	Investment	6,498,076	6,498,076	400	100	10,325,119	(34)	NA	
TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	New Taipei City, Taiwan	Cable TV service provider	1,616,824	1,616,824	33,940	100	2,274,368	57,744	NA	
	Mangrove Cable TV Co., Ltd	New Taipei City, Taiwan	Cable TV service provider	397,703	397,703	6,248 (Note 4)	29.53	640,765	27,886	NA	
	Phoenix Cable TV Co., Ltd.	Kaohsiung County, Taiwan	Cable TV service provider	2,431,263	2,428,328 (Note 5)	68,090	100	3,427,121	60,245	NA	
	Union Cable TV Co., Ltd.	Yilan County, Taiwan	Cable TV service provider	1,889,910	1,889,910	169,141	99.22	2,098,160	36,587	NA	
	Globalview Cable TV Co., Ltd.	New Taipei City, Taiwan	Cable TV service provider	841,413	841,413	51,733	92.38	1,281,304	22,031	NA	
	Taiwan Kuro Times Co., Ltd.	Taipei, Taiwan	The platform of music supplied	129,900	129,900	1,214	100	118,991	1,252	NA	
Taiwan Kuro Times Co., Ltd.	ezPeer Multimedia Limited	Samoa	Investment	US\$ 1,522	US\$ 1,522	1 share	100	US\$ 718	US\$ (127)	NA	
Taiwan Fixed Network Co., Ltd.	TFN Union Investment Co., Ltd.	Taipei, Taiwan	Investment	22,314,536	22,314,536	400	100	35,459,656	(34)	NA	
	TFN HK LIMITED	Hong Kong	Telecommunications service provider	HK\$ 1,300	HK\$ 1,300	1,300	100	HK\$ 2,183	HK\$ 164	NA	

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NAMES AND LOCATIONS OF, AND OTHER INFORMATION ON INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE THREE MONTHS ENDED MARCH 31, 2012

Note 1: The Corporation's shares held by TCCI, TID and TUI (all are subsidiaries 100% owned by TCC) are classified as treasury shares. Therefore, the Corporation's carrying cost of \$71,240,737 thousand for TCC shall be reduced by 1) downward adjusting \$(31,077,183) thousand, the carrying value of total treasury shares on the Corporation's books, 2) excluding \$(25,676,878) thousand of unrealized gain from financial asset investment, 3) adding back \$475,907 thousand of income tax expenses resulting from TFN's and TFNI's disposal gain from the Corporation's shares, and 4) excluding recognition of upstream transactions gain of \$(21,785) thousand.

Note 2: Became a subsidiary of WMT due to the merging of WTB and TFNM into TFMT on February 8, 2012. Then, TFMT was merged by WMT on March 1, 2012.

Note 3: Became a subsidiary of TFNM, which merged Fu Sin Media Technology Co., Ltd on March 1, 2012.

Note 4: 70.47% of shares are held under trustee accounts.

Note 5: Fu Sin Media Technology Co., Ltd originally owned 3.34% of the shares of Phoenix Cable TV Co., Ltd. Then, Fu Sin Media Technology Co., Ltd was merged by TFNM on March 2, 2012 which subscribed all the shares.

Note 6: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.555 and HK\$1=NT\$3.807 as of March 31, 2012.

TABLE 9

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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, 2011	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2011	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Value as of March 31, 2012	Accumulated Inward Remittance of Earnings as of March 31, 2012
					Outflow	Inflow					
Xiamen Taifu Teleservices & Technologies Co., Ltd.	System integration, management, analysis, and development of CRM application and information consulting services	US\$ 1,300 (NT\$ 38,422)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary Taiwan Teleservices & Technologies Co., Ltd.	US\$ 1,300 (NT\$ 38,422)	\$ -	\$ -	US\$ 1,300 (NT\$ 38,422)	100% ownership of indirect investment by the Corporation's subsidiary	\$ 327 (Note 3)	\$ 47,313	\$ -
TWM Communications (Beijing) Co. Ltd.	Mobile application development and design	US\$ 3,000 (NT\$ 88,665)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary Taiwan Cellular Co., Ltd.	US\$ 4,872 (NT\$ 143,992)	-	-	US\$ 4,872 (NT\$ 143,992)	100% ownership of indirect investment by the Corporation's subsidiary	US\$ (216) (NT\$ (6,384)) (Note 3)	US\$ 3,985 (NT\$ 117,777)	-
Fubon Gehua (Beijing) Enterprise Ltd.	Wholesale	RMB100,000 (NT\$ 468,450)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary Fubon Multimedia Technology Co., Ltd.	US\$ 12,319 (NT\$ 364,088)	-	-	US\$ 12,319 (NT\$ 364,088)	80% ownership of indirect investment by the Corporation's subsidiary	US\$ (1,662) (NT\$ (49,120)) (Note 4)	US\$ 7,484 (NT\$ 221,190)	-

Accumulated Investment in Mainland China as of June 30, 2011	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 2)
US\$1,300 (NT\$38,422)	US\$1,300 (NT\$38,422)	\$32,083,493
US\$4,872 (NT\$143,992)	US\$4,872 (NT\$143,992)	\$42,744,442
US\$12,319 (NT\$364,088)	US\$15,000 (NT\$443,325)	\$32,083,493

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$29.555 and US\$1 = RMB\$6.3091 as of March 31, 2012.

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

Note 3: Calculation was based on unreviewed financial statements.

Note 4: Calculation was based on reviewed financial statements.