

Taiwan Mobile Co., Ltd.
Financial Statements
September 30, 2012 and 2011
(With Independent Auditors' Report Thereon)

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 September 30, 2012 and 2011, and the related statements of income and cash flows for the nine months then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report based on our 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 September 30, 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 September 30, 2012 and 2011, and the related consolidated statements of income and cash flows for the nine months then ended, on which we have issued an unqualified review report.

KPMG
Taipei, Taiwan (the Republic of China)
October 25, 2012

Notice to Readers

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

TAIWAN MOBILIE CO., LTD.

BALANCE SHEETS

SEPTEMBER 30, 2012 AND 2011

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

(Reviewed, Not Audited)

ASSETS	2012.9.30		2011.9.30		LIABILITIES AND SHAREHOLDERS' EQUITY	2012.9.30		2011.9.30	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS :					CURRENT LIABILITIES :				
Cash and cash equivalents (Notes 2, 4(a), 4(r) and 5)	\$ 830,659	1	3,257,133	4	Short-term borrowings (Notes 4(j), 4(r) and 5)	\$ 19,335,000	21	12,100,000	14
Available-for-sale financial assets – current (Notes 2, 4(b), 4(o) and 4(r))	204,093	-	220,611	-	Short-term notes and bills payable (Notes 4(k) and 4(r))	299,643	-	-	-
Notes and accounts receivable, net (Notes 2, 4(c) and 4(r))	6,267,983	7	5,829,626	7	Accounts payable (Note 4(r))	2,681,812	3	2,826,611	3
Accounts receivable – related parties (Notes 2, 4(r) and 5)	35,119	-	48,036	-	Accounts payable – related parties (Notes 4(r) and 5)	60,151	-	34,166	-
Other receivables (Note 4(r))	23,709	-	115,345	-	Income taxes payable (Notes 2, 4(p) and 4(r))	482,976	1	377,739	1
Other receivables – related parties (Notes 4(r) and 5)	2,409,839	3	422,735	-	Accrued expenses (Notes 2, 4(r) and 5)	5,091,460	6	4,746,441	6
Inventories (Notes 2 and 4(d))	1,569,492	2	1,282,403	2	Other payables (Notes 2, 4(p), 4(r) and 5)	2,572,167	3	6,327,683	7
Prepayments (Notes 4(e) and 5)	679,637	1	544,058	1	Advance receipts (Note 4(l))	2,839,744	3	2,950,307	3
Deferred income tax assets – current (Notes 2 and 4(p))	16,009	-	31	-	Current portion of long-term liabilities (Notes 4(m) and 4(r))	4,000,000	5	-	-
Other current assets	1,004	-	1,762	-	Guarantee deposits – current (Note 4(r))	136,702	-	94,404	-
Total current assets	12,037,544	14	11,721,740	14	Other current liabilities (Note 5)	539,688	1	474,170	1
INVESTMENTS :					Total current liabilities	38,039,343	43	29,931,521	35
Investments accounted for using the equity method (Notes 2 and 4(f))	32,550,791	36	25,163,678	30	LONG-TERM LIABILITIES :				
Prepayment for long-term investments (Notes 2 and 4(f))	199,600	-	-	-	Bonds payable (Notes 4(m) and 4(r))	4,000,000	5	8,000,000	10
Financial assets carried at cost – non-current (Notes 2, 4(g) and 4(r))	50,324	-	50,324	-	OTHER LIABILITIES :				
Total investments	32,800,715	36	25,214,002	30	Guarantee deposits (Note 4(r))	244,278	-	242,635	-
PROPERTY AND EQUIPMENT (Notes 2 and 4(h)) :					Deferred credits – gains on intercompany accounts (Notes 2 and 4(f))	1,238,378	1	1,238,378	1
Land	4,106,813	5	4,102,308	5	Others (Note 2)	446,795	-	402,491	-
Buildings	2,543,677	3	2,541,134	3	Total other liabilities	1,929,451	1	1,883,504	1
Telecommunication equipment	60,246,952	67	57,928,321	68	Total liabilities	43,968,794	49	39,815,025	46
Office equipment	12,559	-	9,885	-	SHAREHOLDERS' EQUITY (Notes 2, 4(f) and 4(o)) :				
Leased assets	1,285,920	1	1,285,920	1	Capital stock -NT\$10.00 par value				
Miscellaneous equipment	1,776,526	2	1,640,242	2	Authorized: 6,000,000 thousand shares				
	69,972,447	78	67,507,810	79	Issued: 3,420,833 thousand shares	34,208,328	38	34,208,328	40
Less accumulated depreciation	(42,519,693)	(47)	(37,143,816)	(44)	Capital surplus :				
Less accumulated impairment – property	(88,503)	-	(84,820)	-	From convertible bonds	8,775,819	10	8,775,819	10
Construction in progress and prepayments for equipment	2,211,224	2	1,652,046	2	From treasury stock transactions	3,639,302	4	3,639,302	4
Net property and equipment	29,575,475	33	31,931,220	37	From long-term investments	4,485	-	4,302	-
INTANGIBLE ASSETS (Note 2)					Others	12,840	-	12,840	-
3G concession license	4,673,182	5	5,420,891	6	Retained earnings :				
Computer software cost	399,541	-	496,691	1	Legal reserve	18,061,894	20	16,715,018	20
Goodwill (Note 4(i))	7,121,871	8	6,835,370	8	Special reserve	-	-	821,741	1
Total intangible assets	12,194,594	13	12,752,952	15	Unappropriated earnings	12,509,239	14	12,422,830	15
OTHER ASSETS :					Other equity :				
Assets leased to others (Notes 2 and 5)	1,990,521	2	1,969,196	2	Cumulative translation adjustments	4,327	-	16,951	-
Idle assets (Note 2)	10,768	-	64,331	-	Net loss not recognized as pension cost	(16,775)	-	(10,695)	-
Refundable deposits (Note 4(r))	359,827	-	331,077	-	Unrealized gains on financial instruments	98,047	-	114,566	-
Deferred charges (Note 2)	642,032	1	638,267	1	Treasury stock	(31,077,183)	(35)	(31,077,183)	(36)
Deferred income tax asset – non-current (Notes 2 and 4(p))	552,332	1	805,295	1	Total shareholders' equity	46,220,323	51	45,643,819	54
Others (Notes 2 and 4(n))	25,309	-	30,764	-					
Total other assets	3,580,789	4	3,838,930	4					
TOTAL	\$ 90,189,117	100	85,458,844	100	TOTAL	\$ 90,189,117	100	85,458,844	100

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

TAIWAN MOBLIE CO., LTD.

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 44,032,192	88	41,694,052	91
Other revenue	<u>5,736,418</u>	<u>12</u>	<u>4,076,211</u>	<u>9</u>
Total operating revenues	<u>49,768,610</u>	<u>100</u>	<u>45,770,263</u>	<u>100</u>
OPERATING COSTS (Notes 2, 5 and 10)	<u>30,776,378</u>	<u>62</u>	<u>27,606,321</u>	<u>61</u>
GROSS PROFIT	<u>18,992,232</u>	<u>38</u>	<u>18,163,942</u>	<u>39</u>
OPERATING EXPENSES (Notes 2, 5 and 10)				
Marketing	8,067,848	16	6,874,643	15
Administrative	<u>2,517,772</u>	<u>5</u>	<u>2,414,254</u>	<u>5</u>
Total operating expenses	<u>10,585,620</u>	<u>21</u>	<u>9,288,897</u>	<u>20</u>
OPERATING INCOME	<u>8,406,612</u>	<u>17</u>	<u>8,875,045</u>	<u>19</u>
NON-OPERATING INCOME AND GAINS				
Investment income recognized under the equity method, net (Notes 2 and 4(f))	4,195,173	9	2,281,812	5
Income from penalty charge	437,774	1	257,261	1
Rental income (Notes 2 and 5)	125,684	-	135,533	-
Interest income (Note 5)	26,470	-	114,507	-
Dividend income (Note 2)	11,869	-	12,007	-
Others	<u>43,239</u>	<u>-</u>	<u>58,022</u>	<u>-</u>
Total non-operating income and gains	<u>4,840,209</u>	<u>10</u>	<u>2,859,142</u>	<u>6</u>
NON-OPERATING EXPENSES AND LOSSES				
Loss on disposal and retirement of property and equipment (Note 2)	364,384	1	330,779	1
Interest expenses (Notes 2, 4(h) and 5)	283,002	1	152,978	-
Others (Note 2)	<u>72,713</u>	<u>-</u>	<u>80,034</u>	<u>-</u>
Total non-operating expenses and losses	<u>720,099</u>	<u>2</u>	<u>563,791</u>	<u>1</u>
INCOME BEFORE INCOME TAX	<u>12,526,722</u>	<u>25</u>	<u>11,170,396</u>	<u>24</u>
INCOME TAX EXPENSE (Notes 2 and 4(p))	<u>1,346,914</u>	<u>3</u>	<u>1,014,321</u>	<u>2</u>
NET INCOME	<u>\$ 11,179,808</u>	<u>22</u>	<u>10,156,075</u>	<u>22</u>
	Before	After	Before	After
	Income	Income	Income	Income
	Tax	Tax	Tax	Tax
EARNINGS PER SHARE (Note 4(q))				
Basic	<u>\$ 4.66</u>	<u>4.16</u>	<u>3.82</u>	<u>3.48</u>
Diluted	<u>\$ 4.65</u>	<u>4.15</u>	<u>3.81</u>	<u>3.47</u>
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	<u>\$ 11,179,808</u>		<u>10,156,075</u>	
EARNINGS PER SHARE AFTER INCOME TAX				
Basic		<u>\$ 3.27</u>		<u>2.73</u>
Diluted		<u>\$ 3.26</u>		<u>2.73</u>

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

TAIWAN MOBLIE CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 11,179,808	10,156,075
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	4,879,503	5,037,542
Investment income recognized under the equity method	(4,195,173)	(2,281,812)
Cash dividends received from equity method investees	3,401,431	3,310,805
Amortization	1,075,268	1,024,777
Loss on disposal and retirement of property and equipment, net	364,384	330,779
Bad debts	174,082	55,278
Deferred income taxes	169,455	329,993
Provision of allowance for loss on inventories	36,990	8,469
Pension cost	2,142	1,998
Others	(8,648)	-
Changes in operating assets and liabilities		
Notes and accounts receivables	(635,255)	(402,364)
Accounts receivable – related parties	8,556	37,787
Other receivables	131,573	255,394
Other receivables – related parties	(1,015)	59,157
Inventories	(176,160)	(225,608)
Prepayments	(285,943)	(80,936)
Other current assets	2,129	95
Accounts payable	(702,619)	86,678
Accounts payable – related parties	21,290	34,166
Income taxes payable	(185,240)	(539,846)
Accrued expenses	(1,443)	274,941
Other payables	(533,196)	(1,225,535)
Advance receipts	(265,268)	449,807
Other current liabilities	53,693	41,174
Other liabilities	-	(843)
Net cash provided by operating activities	<u>14,510,344</u>	<u>16,737,971</u>

TAIWAN MOBLIE CO., LTD.
STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in long-term investments accounted for using the equity method	(5,349,600)	(14,049,600)
Acquisition of property and equipment	(3,548,883)	(3,325,743)
(Increase) decrease in financing provided to investees, net	(1,030,000)	11,770,000
Increase in deferred charges	(360,462)	(324,309)
Increase in computer software cost	(142,121)	(150,370)
Increase in refundable deposits	(26,183)	(14,835)
Proceeds from investees' capital reduction	-	5,540
Net cash used in investing activities	<u>(10,457,249)</u>	<u>(6,089,317)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(13,880,940)	(12,439,928)
Increase in short term borrowings	10,335,000	2,455,000
Decrease in short term notes and bills payable	(599,630)	(499,732)
Increase in guarantee deposits	45,616	12,258
Decrease in long-term borrowings	-	(3,466,667)
Increase in long-term borrowings	-	2,666,667
Net cash used in financing activities	<u>(4,099,954)</u>	<u>(11,272,402)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(46,859)	(623,748)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>877,518</u>	<u>3,880,881</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 830,659</u>	<u>3,257,133</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 94,645	134,235
Less interest capitalized	<u>10,578</u>	<u>6,836</u>
Interest paid – excluding interest capitalized	<u>\$ 84,067</u>	<u>127,399</u>
Income tax paid	<u>\$ 1,693,999</u>	<u>2,322,470</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 4,000,000</u>	<u>-</u>
Capital reduction payable	<u>\$ -</u>	<u>3,800,925</u>
Reclassification of the Corporation's shares held by its subsidiaries to treasury stock	<u>\$ 31,077,183</u>	<u>31,077,183</u>
CASH AND NON-CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment	\$ 3,574,973	2,777,794
Decrease in other payables	14,954	584,630
Increase in other liabilities – others	<u>(41,044)</u>	<u>(36,681)</u>
Cash paid for acquisition of property and equipment	<u>\$ 3,548,883</u>	<u>3,325,743</u>

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2012 and 2011, the Corporation had 2,808 and 2,615 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Corporation's financial statements were compiled in accordance with the Guidelines 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, 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 and other assets, which do not belong to current 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 accesses 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)

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 nine months ended September 30, 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 nine months ended September 30, 2011.

4. SUMMARY OF MAJOR ACCOUNTS

a. Cash and cash equivalents

	September 30	
	2012	2011
Government bonds with repurchase rights	\$ 366,000	2,217,307
Cash in banks	333,736	259,461
Cash on hand	105,876	53,084
Time deposits	17,617	720,771
Revolving funds	7,430	6,510
	\$ 830,659	3,257,133

b. Available-for-sale financial assets – current

	September 30	
	2012	2011
Domestic listed stocks		
Chunghwa Telecom Co., Ltd.	\$ 204,093	220,611

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

c. Notes and accounts receivable

	September 30	
	2012	2011
Notes receivable	\$ 315	220
Accounts receivable	6,464,731	6,031,156
Less allowance for doubtful accounts	(197,063)	(201,750)
Subtotal	6,267,668	5,829,406
Total	\$ 6,267,983	5,829,626

In January, 2012, the Corporation entered into an accounts receivable factoring contract with HC First Asset Management Co., Ltd. The Corporation sold \$2,368,798 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. Inventories

	September 30	
	2012	2011
Inventories	\$ 1,642,765	1,317,267
Less allowance to reduce inventory to net realizable value	(73,273)	(34,864)
	\$ 1,569,492	1,282,403

Allowance for losses were \$36,990 thousand and \$8,469 thousand for the nine months ended September 30, 2012 and 2011, respectively.

e. Prepayments

	September 30	
	2012	2011
Prepaid commissions	\$ 316,599	230,970
Prepaid rents	82,225	108,898
Others	280,813	204,190
	\$ 679,637	544,058

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

f. Investments accounted for using the equity method

	September 30			
	2012		2011	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
Taiwan Cellular Co., Ltd. (TCC)	\$ 16,613,863	100	15,842,287	100
Wealth Media Technology Co., Ltd. (WMT)	15,392,817	100	8,753,690	100
Taipei New Horizons Co., Ltd. (TNH)	544,111	49.90	567,701	49.90
	<u>32,550,791</u>		<u>25,163,678</u>	
Prepayment for long-term investments				
TNH	199,600		-	
	<u>\$32,750,391</u>		<u>25,163,678</u>	

(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 September 30, 2012, the amount of deferred credits recognized by the Corporation was \$1,238,378 thousand.

As of September 30, 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(o) for details.

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

(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 compensated for deficits and the cash returned to investors were \$69,894 thousand and \$106 thousand, respectively.
- (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) TNH

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.

On May 15, 2012, TNH's board of directors resolved to increase TNH's capital by 550,000 thousand, divided into 55,000 thousand shares with par value of \$10 per share. The Corporation subscribed for the shares based on its proportion of the shareholding, which remains at 49.9%. The Corporation paid \$199,600 thousand as of September, 2012, accounted for as prepayment for long-term investment.

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

(4) Equity in investees' net gains or losses

The carrying values of equity-method investments and the related income or losses of TWM's subsidiaries were all unreviewed, except those of FMT and TFN. The Corporation's management considered that any adjustments would have been immaterial and thus, would have had no material effects on the Corporation's financial statement had the subsidiaries' financial statements been reviewed.

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

	For the nine months ended	
	September 30	
	2012	2011
TCC	\$ 2,664,219	2,216,897
WMT	1,549,655	84,816
TNH	(18,701)	(19,901)
	\$ 4,195,173	2,281,812

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

g. Financial assets carried at cost — non-current

	September 30	
	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.

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

h. Property and equipment — accumulated depreciation

	September 30	
	2012	2011
Buildings	\$ 684,932	590,936
Telecommunication equipment	39,782,532	34,829,456
Office equipment	8,336	6,419
Leased assets	664,062	599,470
Miscellaneous equipment	1,379,831	1,117,535
	\$ 42,519,693	37,143,816

Capitalized interest for the nine months ended September 30, 2012 and 2011 were \$10,578 thousand and \$6,836 thousand, respectively, with capitalization rates ranging from 1.56% to 1.92% and 1.68% to 2.88%, respectively.

i. 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.

(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.

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

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.

j. Short-term borrowings

	September 30	
	2012	2011
Unsecured loans – financial institutions	\$ 13,000,000	12,100,000
Unsecured loans – related parties	6,335,000	-
	\$ 19,335,000	12,100,000
Interest rate	0.89%~1.322%	0.88%~1.063%

k. Short-term notes and bills payable

	September 30	
	2012	2011
Commercial paper payable		
Shanghai Commercial & Savings Bank, Ltd.	\$ 300,000	-
Less discount on short-term notes and bills payable	(357)	-
Net carrying value	\$ 299,643	-
Interest rate	1.40%	-
Period	2012.09.28~2012.10.31	-

l. 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 \$1,168,491 thousand as of September 30, 2012.

m. Bonds payable

	September 30			
	2012		2011	
	Current	Non-current	Current	Non-current
2nd domestic unsecured bonds	\$ 4,000,000	4,000,000	-	8,000,000

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

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:

<u>Year</u>	<u>Amount</u>
The fourth quarter of 2012	\$ 4,000,000
2013	4,000,000
	<u>\$ 8,000,000</u>

n. 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 \$84,601 thousand and \$81,131 thousand for the nine months ended September 30, 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.

o. 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 accounted for using the equity method may not be used for any other purposes.

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

(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 or reversed special reserve based on relevant laws or regulations or business requirements, should be distributed as follows:

(a) Remuneration to directors – up to 0.3%

(b) Bonus to employees – 1%-3%

(c) 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 cash dividends 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 (except treasury stock) shown in shareholders' equity. The special reserve appropriated will be reversed to the extent that the net debit balance reverses.

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

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

The Corporation's bonuses to employees and remuneration to directors were accrued based on 3% and 0.3%, respectively, of the net income (which does not include the bonuses to employees and remuneration to directors) 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 2011 and 2010 earning appropriations resolved by the AGM on June 22, 2012, and June 15, 2011, were as follows:

	Appropriation of Earnings		Dividend per Share	
	For Fiscal Year 2011	For Fiscal Year 2010	(NT\$)	
	For Fiscal Year 2011	For Fiscal Year 2010	For Fiscal Year 2011	For Fiscal Year 2010
Appropriation of legal reserve	\$ 1,346,876	1,382,219		
Cash dividends	13,880,952	12,439,967	5.16	4.1619
Reversal of special reserve	(821,741)	-		
	\$ 14,406,087	13,822,186		

The shareholders, on June 22, 2012, resolved to distribute 2011 bonus of \$362,844 thousand to employees and remuneration of \$36,284 thousand to directors. The shareholders, on June 15, 2011, resolved to distribute 2010 bonus of \$373,059 thousand to employees and remuneration of \$37,306 thousand to directors. There were no differences between the above actual distributions and the amounts recognized in 2011 and 2010 of the financial statements.

Information on the appropriation of the earnings, bonus to employees, and remuneration to directors 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

Purpose of Buyback	Beginning Shares	Increase	Decrease	Ending Shares
(Shares in Thousands)				
<u>Nine months ended September 30, 2012</u>				
Shares held by subsidiaries	730,726	-	-	730,726
<u>Nine months ended September 30, 2011</u>				
Shares held by subsidiaries	811,918	-	-	811,918 (Note)

Note: Shares held before capital reduction.

As of September 30, 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 \$78,187,666 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 excise their rights over these shares, except for the participation in capital injection by cash. In addition, based on the ROC Company Act, the holders, which are subsidiaries over 50% owned by the Corporation, of treasury stock cannot exercise the voting rights.

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

(6) Unrealized gain or loss on financial instruments

Changes of unrealized gain or loss on financial instruments for the nine months ended September 30, 2012 and 2011, are summarized as follows:

	For the nine months ended	
	September 30	
	2012	2011
Available-for-sale financial assets		
Balance, beginning of period	\$ 111,306	89,842
Fair value changes recognized directly in equity	(13,259)	24,724
Unrealized gains on financial instruments	\$ 98,047	114,566

p. 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:

	For the nine months ended	
	September 30	
	2012	2011
Tax on pretax income at statutory tax rate	\$ 2,129,543	1,898,967
Add (deduct) tax effects of:		
Permanent differences		
Investment income from domestic investees accounted for using the equity method	(713,179)	(387,908)
Others	(2,018)	(2,017)
Temporary differences	(183,747)	(330,837)
Deferred income taxes	169,455	329,993
Prior years' adjustment	(53,140)	(493,147)
Investment tax credits	-	(730)
Income tax expense	\$ 1,346,914	1,014,321

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

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

	September 30	
	2012	2011
Unrealized loss on retirement of property and equipment	\$ 713,977	891,058
Amortization of goodwill	(316,326)	(238,858)
Differences in estimated service lives of property and equipment	126,373	126,465
Provision for doubtful accounts	123,042	142,751
Provision for impairment losses on idle assets	20,472	21,148
Others	59,725	30,905
	727,263	973,469
Less valuation allowance	(158,922)	(168,143)
	\$ 568,341	805,326
Deferred income tax assets		
Current	\$ 16,009	31
Non-current	552,332	805,295
	\$ 568,341	805,326

(3) Integrated income tax information was as follows:

	September 30	
	2012	2011
Balance of imputation credit account (ICA)	\$ 314,411	1,569,181

As of September 30, 2012, there were no unappropriated earnings generated before December 31, 1997. The actual creditable ratios for the 2011 and 2010 earnings appropriation were 23.46% and 17.68%, respectively. The imputation credits allocated to the shareholders are based on the ICA balance as of the date of dividend distribution.

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

	Year
The Corporation	2010
TAT	2007
Trans Asian Telecommunications Inc. (the former TAT)	All applicable
Mobitai Communications	All applicable

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

The Corporation's income tax returns for the years up to 2010 had been examined by the tax authorities. The Corporation disagreed with the following examination results of the income tax returns and had requested for a reexamination for the years 2006, 2008 and 2009 and had prepared a request for a reexamination for the year 2010. The Corporation also filed for corrections of its 2006 income tax returns.

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 2007 had been examined by the tax authorities. Mobitai disagreed with the examination results of the income tax returns for 2006 and 2007, and requested a reexamination.

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

q. Earnings per share

	<u>Amounts (Numerator)</u>			<u>EPS (NT\$)</u>	
	<u>Before</u>	<u>After</u>	<u>Shares</u>	<u>Before</u>	<u>After</u>
	<u>Income Tax</u>	<u>Income Tax</u>	<u>(Denominator)</u>	<u>Income</u>	<u>Income</u>
			<u>(Thousands)</u>	<u>Tax</u>	<u>Tax</u>
<u>For the nine months ended September 30, 2012</u>					
Basic EPS					
Income of common shareholders	\$ 12,526,722	11,179,808	2,690,107	<u>\$ 4.66</u>	<u>\$ 4.16</u>
Add effect of dilutive potential common stock—bonus to employees	-	-	5,415		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 12,526,722</u>	<u>11,179,808</u>	<u>2,695,522</u>	<u>\$ 4.65</u>	<u>\$ 4.15</u>
 <u>For the nine months ended September 30, 2011</u>					
Basic EPS					
Income of common shareholders	\$ 11,170,396	10,156,075	2,922,220	<u>\$ 3.82</u>	<u>\$ 3.48</u>
Add effect of dilutive potential common stock—bonus to employees	-	-	6,257		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 11,170,396</u>	<u>10,156,075</u>	<u>2,928,477</u>	<u>\$ 3.81</u>	<u>\$ 3.47</u>

The Accounting Research Development Foundation (ARDF) issued Interpretation No. 2007-052, which requires companies to recognize bonuses paid to employees as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Corporation may settle the bonus to employees by cash or shares, the Corporation should presume that the entire amount of the bonus will be settled in shares, and the potential share 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)

r. Financial instrument transactions

(1) Fair value information

	September 30			
	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Financial instruments</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 830,659	830,659	3,257,133	3,257,133
Available-for-sale financial assets – current	204,093	204,093	220,611	220,611
Notes and accounts receivable (including related parties and unrelated parties)	6,303,102	6,303,102	5,877,662	5,877,662
Other receivables (including related parties and unrelated parties)	2,433,548	2,433,548	538,080	538,080
Financial assets carried at cost – non-current	50,324	-	50,324	-
Refundable deposits	359,827	359,827	331,077	331,077
<u>Liabilities</u>				
Short-term borrowings	19,335,000	19,335,000	12,100,000	12,100,000
Short-term notes and bills payable	299,643	299,643	-	-
Accounts payable (including related parties and unrelated parties)	2,741,963	2,741,963	2,860,777	2,860,777
Income taxes payable	482,976	482,976	377,739	377,739
Accrued expenses	5,091,460	5,091,460	4,746,441	4,746,441
Other payables	2,572,167	2,572,167	6,327,683	6,327,683
Guarantee deposits (including current and non-current portions)	380,980	380,980	337,039	337,039
Bonds payable (including current portion)	8,000,000	8,101,584	8,000,000	8,227,680

(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—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 September.
- (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, short-term notes and bills payable, payables and guarantee deposits.

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

- (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.
- (4) The financial assets exposed to fair value interest rate risk amounted to \$2,733,617 thousand and \$3,311,077 thousand as of September 30, 2012 and 2011, respectively, and the financial liabilities exposed to fair value interest rate risk amounted to \$27,634,643 thousand and \$20,100,000 thousand as of September 30, 2012 and 2011, respectively. The financial assets exposed to cash flow interest rate risk amounted to \$329,996 thousand and \$258,039 thousand as of September 30, 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, fair value of interest rate, and price risks. Therefore, the overall market risk is not significant.

(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 September 30, 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:

<u>Related Party</u>	<u>Relationship with the Corporation</u>
Taiwan Cellular Co., Ltd. (TCC)	Subsidiary
Wealth Media Technology Co., Ltd. (WMT)	Subsidiary
Global Wealth Media Technology Co., Ltd. (GWMT)	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 from substance to subsidiary since 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 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
Kbro Media Co., Ltd.	TFNM's equity-method investee (since August 10, 2012)
Taiwan Pelican Express Co., Ltd. (TPE)	FMT's equity-method investee (since August 10, 2012)
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

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

Related Party	Relationship with the Corporation
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Related party in substance
Fubon Securities Co., Ltd.	Related party in substance
Fubon Future Co., Ltd.	Related party in substance
Fubon Investment Services Co., Ltd.	Related party in substance
Fubon Insurance Co., Ltd. (Fubon Ins.)	Related party in substance
Fubon Property Management Co., Ltd. (FPM)	Related party in substance
Fubon Real Estate Management Co., Ltd.	Related party in substance
Taiwan Sport Lottery Corporation	Related party in substance
Fu Sheng Life Insurance Agency Co., Ltd.	Related party in substance

b. Significant transactions with related parties are summarized below:

(1) Operating revenues

	For the nine months ended September 30			
	2012		2011	
	Amount	% of Total Revenues	Amount	% of Total Revenues
TFN	\$ 1,901,890	4	1,727,946	4
TDC	11,151	-	2,095	-
TFCB	10,491	-	9,506	-
	\$ 1,923,532		1,739,547	

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

	For the nine months ended September 30			
	2012		2011	
	Amount	% of Total Costs	Amount	% of Total Costs
TFN	\$ 2,962,728	10	2,269,149	8
TKT	155,137	1	69,291	-
Fubon Ins.	25,094	-	28,068	-
	\$ 3,142,959		2,366,508	

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

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

(3) Property acquisition

		For the nine months ended September 30, 2012	
		<u>Description of Property</u>	<u>Amount</u>
TWMC	Telecommunication equipment	\$	<u><u>3,360</u></u>

		For the nine months ended September 30, 2011	
		<u>Description of Property</u>	<u>Amount</u>
TWMC	Telecommunication equipment	\$	<u><u>26,715</u></u>

(4) Rental income

		For the nine months ended September 30		
		<u>Leased Property</u>	<u>2012</u>	<u>2011</u>
TFN	Offices and BTS, etc.		\$ 67,066	81,296
FMT	Office appliance, etc.		27,631	26,286
			<u><u>\$ 94,697</u></u>	<u><u>107,582</u></u>

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

(5) Cash in banks

		September 30			
		<u>2012</u>		<u>2011</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
TFCB		\$ <u>127,237</u>	15	<u>65,251</u>	2

(6) Receivables and payables

		September 30			
		<u>2012</u>		<u>2011</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
(a) Accounts receivable					
	TFN	\$ 30,007	1	41,122	1
	Others	5,112	-	6,914	-
		<u><u>\$ 35,119</u></u>		<u><u>48,036</u></u>	
(b) Other receivables					
	TFNM (Note 1)	\$ 2,327,600	96	1,096	-
	TFN	43,419	2	43,941	8
	TKT (Note 1)	35,055	1	-	-
	WTB (Note 1)	23	-	330,548	61
	TFMT (Note 1)	-	-	43,175	8
	Others	3,742	-	3,975	-
		<u><u>\$ 2,409,839</u></u>		<u><u>422,735</u></u>	

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

Note 1: Financing to related parties was as follows:

Related Party	Drawdown Amount	For the nine months ended September 30, 2012			
		Ending Balance (Note 1)	Maximum Balance (Notes 1 and 2)	Interest Rate %	Interest Income
TFNM	\$ 2,320,000	4,500,000	4,500,000	1.186~1.198	20,258
TKT	30,000	100,000	100,000	1.193	46
WMT	-	600,000	600,000	1.193~1.208	103
GWMT	-	10,000	10,000	1.206	11
WTB	-	-	550,000	1.092~1.190	1,141
	\$ 2,350,000	5,210,000			21,559

Related Party	Drawdown Amount	For the nine months ended September 30, 2011			
		Ending Balance (Note 1)	Maximum Balance (Notes 1 and 2)	Interest Rate %	Interest Income
WTB	\$ 330,000	550,000	550,000	1.092~1.178	518
TFMT	43,000	50,000	50,000	0.950~1.095	280
TDC	-	300,000	300,000	0.948~1.002	279
TCC	-	-	9,000,000	0.893~0.950	29,220
TFNM	-	-	5,000,000	0.893	14,765
	\$ 373,000	900,000			45,062

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

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

	September 30			
	2012		2011	
	Amount	%	Amount	%
(c) Prepayments				
Fubon Ins.	\$ 10,242	2	10,629	2
(d) Accounts payable				
TKT	\$ 59,998	2	30,294	1
Others	153	-	3,872	-
	\$ 60,151		34,166	

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

	September 30			
	2012		2011	
	Amount	%	Amount	%
(e) Accrued expenses				
TFN	\$ 439,263	9	342,020	7
TT&T	80,461	2	78,852	2
TDC	39,906	1	30,177	1
TSB	17,643	-	8,400	-
	\$ 577,273		459,449	
(f) Other payables				
TFN	\$ 65,737	3	80,435	1
TDC	16,689	1	14,215	-
	\$ 82,426		94,650	
(g) Other current liabilities – collections and temporary receipts				
TFN	\$ 74,950	14	83,302	18
(7) Others				
			For the nine months ended September 30	
			2012	2011
(a) Telecommunication service expenses				
TFN			\$ 55,755	63,419
(b) Professional service fees				
TT&T			\$ 709,241	662,880
(c) Advertisement expenses				
TSB			\$ 25,819	25,200
(d) Repairs and maintenance				
FPM			\$ 18,071	17,238
(e) Other expenses				
TFCB			\$ 73,231	39,205
FPM			21,099	19,303
			\$ 94,330	58,508
(f) Commission				
TDC			\$ 396,818	130,397
(g) Donation				
TWM Foundation			\$ 7,900	11,713

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

(8) Financing from related parties was as follows (recognized as short-term borrowings):

For the nine months ended September 30, 2012					
Related Party	Drawdown Amount	Ending Balance (Note 1)	Maximum Balance (Notes 1 and 2)	Interest Rate %	Interest Expense
TFN	\$ 5,500,000	7,500,000	7,500,000	1.190~1.208	38,788
TCC	835,000	900,000	900,000	1.195~1.198	5,290
	\$ 6,335,000	8,400,000			44,078

For the nine months ended September 30, 2011					
Related Party	Drawdown Amount	Ending Balance (Note 1)	Maximum Balance (Notes 1 and 2)	Interest Rate %	Interest Expense
TFN	\$ -	-	9,000,000	0.893	18,987

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

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

(9) Endorsement/guarantee provided

The Corporation provided a maximum \$21,500,000 thousand guarantee for TFN's bank loans. Under bank practice, the Corporation also provided \$21,127,600 thousand in promissory notes outstanding for TFN's borrowings from banks. TFN has not made any drawdown within the guarantee amount.

(10) Others

(a) For the nine months ended September 30, 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:

	For the nine months ended September 30	
	2012	2011
TFN	\$ 344,241	337,312

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

(b) For the nine months ended September 30, 2012 and 2011, the company below provided services to the Corporation and received fees. The Corporation's service charges paid were as follows:

TFN	For the nine months ended September 30	
	2012	2011
	\$	45,884

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 \$6,650,000 thousand in February 2011. The Corporation increased the total amount of the contract to no higher than 14,600,000 thousand in September 2012. As of September 30, 2012, the purchased amount was \$4,639,114 thousand.
- b. Future required rental payments as of September 30, 2012, for significant operating lease agreements, are summarized as follows:

Year of Maturities	Amount
The fourth quarter of 2012	\$ 30,677
2013	111,438
2014	106,249
2015	79,412
2016	46,801

8. SIGNIFICANT CASUALTY LOSS: NONE

9. SIGNIFICANT SUBSEQUENT EVENTS: NONE

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

10. OTHERS

a. Labor cost, depreciation, and amortization

	For the nine months ended September 30					
	2012			2011		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary	\$ 711,307	1,422,288	2,133,595	693,526	1,328,770	2,022,296
Labor and health insurance	43,528	85,678	129,206	42,146	76,938	119,084
Pension	28,124	51,945	80,069	27,756	47,742	75,498
Others	31,533	66,776	98,309	31,935	60,323	92,258
Depreciation	4,624,435	240,445	4,864,880	4,806,385	219,682	5,026,067
Amortization	740,491	334,777	1,075,268	682,466	342,101	1,024,567

b. Certain accounts in the financial statements as of and for the nine months ended September 30, 2011 have been reclassified to conform to the presentation of financial statements as of and for the nine months ended September 30, 2012.

11. ADDITIONAL DISCLOSURES

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

- a. Financing provided: Table 1 (attached)
- b. Endorsement/guarantee provided: Table 2 (attached)
- c. Marketable securities held: Table 3 (attached)
- d. Accumulated acquisition and disposal of the same marketable securities 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

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

- 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)
 - i. Names and locations of, and related information on investees: Table 8 (attached)
 - j. Derivative transactions: None
- (c) 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 is already disclosed by the Corporation in the consolidated financial report and thus is not disclosed again in the individual financial report.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 2,320,000	1.186%~1.198%	Short-term financing	-	Operation requirements	-	-	-	\$ 18,488,129 (Note 2)	18,488,129 (Note 2)
		Global Wealth Media Technology Co., Ltd.	Other receivables	10,000	10,000	-	1.206%	Short-term financing	-	Operation requirements	-	-	-	18,488,129 (Note 2)	18,488,129 (Note 2)
		Wealth Media Technology Co., Ltd.	Other receivables	600,000	600,000	-	1.193%~1.208%	Short-term financing	-	Operation requirements	-	-	-	18,488,129 (Note 2)	18,488,129 (Note 2)
		Win TV Broadcasting Co., Ltd.	Other receivables	550,000	-	-	1.092%~1.190%	Short-term financing	-	Operation requirements	-	-	-	18,488,129 (Note 2)	18,488,129 (Note 2)
		Taiwan Kuro Times Co., Ltd.	Other receivables	100,000	100,000	30,000	1.193%	Short-term financing	-	Operation requirements	-	-	-	18,488,129 (Note 2)	18,488,129 (Note 2)
1	Taiwan Cellular Co., Ltd.	The Corporation	Other receivables	900,000	900,000	835,000	1.195%~1.198%	Short-term financing	-	Operation requirements	-	-	-	33,661,762 (Note 2)	33,661,762 (Note 2)
		Taiwan Digital Communications Co., Ltd.	Other receivables	150,000	150,000	17,000	1.59%~1.6%	Short-term financing	-	Operation requirements	-	-	-	33,661,762 (Note 2)	33,661,762 (Note 2)
		TFN Media Co., Ltd.	Other receivables	5,000,000	-	-	1.493%~1.564%	Short-term financing	-	Operation requirements	-	-	-	33,661,762 (Note 2)	33,661,762 (Note 2)
2	Taiwan Fixed Network Co., Ltd.	The Corporation	Other receivables	7,500,000	7,500,000	5,500,000	1.19%~1.208%	Short-term financing	-	Operation requirements	-	-	-	20,134,707 (Note 2)	20,134,707 (Note 2)
		TFN Union Investment Co., Ltd.	Other receivables	500	-	-	1.087%	Short-term financing	-	Operation requirements	-	-	-	20,134,707 (Note 2)	20,134,707 (Note 2)
		Taiwan Cellular Co., Ltd.	Other receivables	8,170,000	-	-	1.093%~1.164%	Short-term financing	-	Operation requirements	-	-	-	20,134,707 (Note 2)	20,134,707 (Note 2)
3	TCC Investment Co., Ltd.	TCCI Investment and Development Co., Ltd.	Other receivables	500	-	-	1.087%	Short-term financing	-	Operation requirements	-	-	-	12,893,215 (Note 2)	12,893,215 (Note 2)
4	Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	715,000	175,000	-	1.087%~1.190%	Short-term financing	-	Repayment of financing	-	-	-	744,053 (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	-	-	-	267,050 (Note 4)	501,284 (Note 4)

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 570,000	\$ 570,000	1.092%~1.190%	Transactions	\$ 576,229	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	400,000	400,000	1.092%~1.208%	Transactions	529,279	Business requirements	-	-	-	24,000,000 (Note 5)	24,000,000 (Note 5)
8	Wealth Media Technology Co., Ltd.	Win TV Broadcasting Co., Ltd.	Other receivables	600,000	600,000	140,000	1.593%~1.608%	Short-term financing	-	Operation requirements	-	-	-	6,157,127 (Note 2)	6,157,127 (Note 2)
		Global Wealth Media Co., Ltd.(Note 6)	Other receivables	10,000	-	-	1.087%	Short-term financing	-	Repayment of financing	-	-	-	6,157,127 (Note 2)	6,157,127 (Note 2)
		Tai Fu Media Technology Co., Ltd. (Note 7)	Other receivables	50,000	-	-	1.186%	Short-term financing	-	Operation requirements	-	-	-	6,157,127 (Note 2)	6,157,127 (Note 2)
9	TFN Media Co., Ltd	Taiwan Kuro Times Co., Ltd.	Other receivables	100,000	-	-	1.578%~1.590%	Short-term financing	-	Repayment of financing	-	-	-	3,438,583 (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 in)* (the total loaning amounts of the loaning entities). In the event that a lending company directly or indirectly owns 100% of the counter-party, or the company directly or indirectly owns 100% of the lending company, 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

SEPTEMBER 30, 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)	\$ 21,151,925	\$ 21,127,600	\$ -	45.71%	\$ 46,220,323 (Note 3)
1	Fubon Multimedia Technology Co., Ltd.	Fubon Gehua (Beijing) Enterprise Ltd.	(Note 2)	361,695 (Note 4)	171,314	167,352	154,140	8.37%	2,000,362 (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 aggregate endorsement/guarantee amount provided by FMT shall be limited to the net worth of FMT, and the individual amount shall be limited to the investment amount in FGE. The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$29.36 as of September 30, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 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	September 30, 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	\$ 204,093	0.028	\$ 204,093 (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	15,392,817	100	15,392,817 (Note 3)	
	Taiwan Cellular Co., Ltd.	Subsidiary	Long-term investments – equity method	370,896	16,613,863	100	84,154,405 (Note 4)	
	Taipei New Horizons Co., Ltd.	Equity-method investee	Long-term investments – equity method	64,870	544,111	49.9	544,111	
			Prepayment for long-term investments	-	199,600	-	199,600	
Wealth Media Technology Co., Ltd.	<u>Stock</u> Fubon Multimedia Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	64,742	8,489,769	50.64	1,012,900	
	Win TV Broadcasting Co., Ltd.	Subsidiary	Long-term investments – equity method	18,177	254,387	100	246,770	
	TFN Media Co., Ltd.	Subsidiary	Long-term investments – equity method	230,921	6,381,594	100	8,596,457	
	Global Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	8,945	95,227	100	95,227	
	Global Forest Media Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	1,500	17,544	100	17,544	
Global Wealth Media Technology Co., Ltd.	<u>Stock</u> Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	3,825	93,613	6.83	45,605	
Global Forest Media Technology Co., Ltd.	<u>Stock</u> Union Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	1,300	15,751	0.76	14,189	

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2012

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	September 30, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Fubon Multimedia Technology Co., Ltd.	<u>Stock</u> Fu Sheng Travel Service Co., Ltd.	Subsidiary	Long-term investments – equity method	600	\$ 23,593	100	\$ 23,593	
	Fuli Life Insurance Agent Co., Ltd.	Subsidiary	Long-term investments – equity method	300	11,790	100	11,790	
	Fuli Property Insurance Agent Co., Ltd.	Subsidiary	Long-term investments – equity method	300	14,657	100	14,657	
	Asian Crown International Co., Ltd.	Subsidiary	Long-term investments – equity method	47	US\$ 5,395	100	US\$ 5,395	
	Taiwan Pelican Express Co., Ltd.	Equity-method investee	Long-term investments – equity method	17,200	349,491	20	201,513	
Asian Crown International Co., Ltd.	<u>Stock</u> Fortune Kingdom Corporation	Subsidiary	Long-term investments – equity method	14,000	US\$ 5,395	100	US\$ 5,395	
Fortune Kingdom Corporation	<u>Stock</u> Hong Kong Fubon Multimedia Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	14,000	US\$ 5,395	100	US\$ 5,395	
Hong Kong Fubon Multimedia Technology Co., Ltd.	<u>Stock</u> Fubon Gehua (Beijing) Enterprise Ltd.	Subsidiary	Long-term investments – equity method	-	US\$ 3,797	80	US\$ 3,797	
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	2,700	16,873	3	-	(Note 3)
	Transportation High Tech Inc.	-	Financial assets carried at cost – non-current	1,200	-	12	-	(Note 3)
					(Note 2)		(Note 3)	

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2012

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	September 30, 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\$ 8,330	100	US\$ 8,330	
	Taiwan Fixed Network Co., Ltd.	Subsidiary	Long-term investments – equity method	2,100,000	50,336,767	100	50,336,767	
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Long-term investments – equity method	11,200	114,073	100	114,073	
	TCC Investment Co., Ltd.	Subsidiary	Long-term investments – equity method	22,103	32,360,221	100	32,360,221	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments – equity method	2,484	89,893	100	89,893	
TWM Holding Co., Ltd.	<u>Stock</u> TWM Communications (Beijing) Co., Ltd.	Subsidiary	Long-term investments – equity method	-	US\$ 3,757	100	US\$ 2,867	
Taiwan Teleservices & Technologies Co., Ltd.	<u>Stock</u> TT & T Holdings Co., Ltd.	Subsidiary	Long-term investments – equity method	1,300	45,883	100	45,883	
	Taiwan Super Basketball Co., Ltd.	Subsidiary	Long-term investments – equity method	2,000	24,568	100	24,568	
TT&T Holdings Co., Ltd.	<u>Stock</u> Xiamen Taifu Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments – equity method	-	45,594	100	45,594	
TCC Investment Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd. (the “Corporation”)	The Corporation	Available-for-sale financial assets – non-current	200,497	21,453,153	5.86	21,453,153 (Note 5)	
	TCCI Investment and Development Co., Ltd.	Subsidiary	Long-term investments – equity method	400	12,165,184	100	12,165,184	
	Great Taipei Broadband Co., Ltd.	-	Financial assets carried at cost – non-current	10,000	39,627	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	12,793,327	3.50	12,793,327 (Note 5)	

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2012

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	September 30, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
TFN Media Co., Ltd.	<u>Stock</u> Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	33,940	\$ 2,173,194	100	\$ 648,714	
	Mangrove Cable TV Co., Ltd.	Related party in substance	Long-term investments – equity method	6,248	601,237	29.53	338,062 (Note 6)	
	Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	68,090	3,326,605	100	1,001,819	
	Union Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	169,141	2,048,888	99.22	1,845,703	
	Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	51,733	1,239,277	92.38	616,757	
	Taiwan Kuro Times Co., Ltd.	Subsidiary	Long-term investments – equity method	14	132,984	100	38,490	
	Kbro Media Co., Ltd.	Equity-method investee	Long-term investments – equity method	7,800	77,579	32.50	77,379	
Taiwan Kuro Times Co., Ltd.	<u>Stock</u> ezPeer Multimedia Limited	Subsidiary	Long-term investments – equity method	1 share	US\$ 464	100	US\$ 464	
Taiwan Fixed Network Co., Ltd.	<u>Stock</u> TFN Union Investment Co., Ltd.	Subsidiary	Long-term investments – equity method	400	41,779,772	100	41,779,772	
	TFN HK LIMITED	Subsidiary	Long-term investments – equity method	1,300	HK\$ 2,530	100	HK\$ 2,530	
	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	43,941,185	12.00	43,941,185 (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 October 25, 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 \$84,154,405 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 \$(36,922,749) 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 \$(16,517) thousand.

Note 5: Based on the closing price on September 30, 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\$29.36 and HK\$1 = NT\$3.787 as of September 30, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED OR DISPOSED AMOUNTING TO AT LEAST \$100 MILLION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

TABLE 4
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units (Thousands)	Amount
Taiwan 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	\$15,392,817 (Note 2)
	Taipei New Horizons Co., Ltd.	Prepayment for long-term investments	Taipei New Horizons Co., Ltd.	Equity-method investee	-	-	-	199,600	-	-	-	-	-	199,600
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	TFN Media Co., Ltd.	Subsidiary	-	-	395 (Note 1)	3,950,000	-	-	-	-	-	-
Taiwan Cellular Co., Ltd.	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)	-	-	-
Fubon Multimedia Technology Co., Ltd.	Stock Taiwan Pelican Express Co., Ltd.	Long-term investment-equity method	Teco Electric & Machinery Co., Ltd.	Third party	-	-	17,200	344,000	-	-	-	-	17,200	349,491 (Note 2)

Note 1: The shares/units of marketable securities acquired represent new shares issued for capital injection by cash.

Note 2: The ending balance includes the 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 of marketable securities acquired include new shares issued for capital injection and shares by procurement.

Note 4: The amount of marketable securities acquired include capital injection by cash and shares by procurement.

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

Note 6: TCC had no acquisition of marketable securities of TFMT, which came from TFMT's acquisition of WTVB and TFNM from TCCI. Therefore, TCC's investment on TCCI was replaced by TFMT.

Note 7: The difference between the proceeds from the disposal of stock and the book value was adjusted by an additional paid-in capital.

Note 8: On February 8, 2012, TFMT acquired WTVB and TFNM which were 100% held by TCCI and issued new shares to TCC. The difference between the selling price and the book value was adjusted by the additional paid-in capital.

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 NINE MONTHS ENDED SEPTEMBER 30, 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 Ownership Transfer	Amount			
Taiwan Fixed Network Co., Ltd.	Land and Building	June 22, 2012	\$ 318,088	The amount has been paid as of September 30, 2012	DSM-AGI Co., Ltd.	Third party	-	-	-	-	Based on valuation report of the Top Real Estate Joint 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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ (1,901,890)	(4)	Based on contract terms	-	-	\$ 414,641	6	(Note 1)
			Purchase	3,018,483	(Note 2)	Based on contract terms	-	-	(439,567)	(Note 3)	
	Taiwan Kuro Times Co., Ltd.	Subsidiary	Purchase	155,137	1	Based on contract terms	-	-	(60,258)	2	(Note 4)
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	709,241	(Note 5)	Based on contract terms	-	-	(80,461)	(Note 6)	
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Purchase	396,818	(Note 5)	Based on contract terms	-	-	(39,906)	(Note 6)	
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Sale	(709,351)	(89)	Based on contract terms	-	-	80,476	90	
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Sale	(3,010,183)	(32)	Based on contract terms	-	-	435,858	42	(Note 7)
			Purchase	1,904,801	33	Based on contract terms	-	-	(414,071)	(49)	(Note 1)
Taiwan Digital Communication Co., Ltd.	The Corporation	Ultimate parent	Sale	(396,818)	(73)	Based on contract terms	-	-	39,906	96	
Taiwan Kuro Times Co., Ltd.	The Corporation	Ultimate parent	Sale	(155,294)	(68)	Based on contract terms	-	-	62,556	85	
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(365,090)	(16)	Based on contract terms	(Note 8)	(Note 8)	670	-	
	Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(334,105)	(15)	Based on contract terms	(Note 8)	(Note 8)	869	1	
	Union Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(170,544)	(8)	Based on contract terms	(Note 8)	(Note 8)	340	-	
	Globalview Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(148,281)	(7)	Based on contract terms	(Note 8)	(Note 8)	409	-	
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	334,105	64	Based on contract terms	(Note 8)	(Note 8)	(869)	(10)	
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	365,090	65	Based on contract terms	(Note 8)	(Note 8)	(670)	(12)	

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 NINE MONTHS ENDED SEPTEMBER 30, 2012

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	
Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	\$ 170,544	59	Based on contract terms	(Note 8)	(Note 8)	\$ (340)	\$ (13)	
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	148,281	60	Based on contract terms	(Note 8)	(Note 8)	(409)	(6)	
Mangrove Cable TV Co., Ltd.	Dai-Ka Ltd.	Related party in substance	Royalty for copyright	121,830	60	Based on contract terms	(Note 8)	(Note 8)	-	-	
Fubon Multimedia Technology Co., Ltd.	Taiwan Pelican Express Co., Ltd.	Equity-method investee	Purchase	121,505	1	Based on contract terms	-	-	(63,569)	(4)	

Note 1: The \$414,641 thousand accounts receivable amount was expressed on a gross basis in accordance with the sales amount. The net accounts receivable should be \$30,007 thousand after deducting accounts payable and accrued custodial receipts/payments totaling \$384,634 thousand.

Note 2: Included operating costs and operating expenses.

Note 3: Included accrued expenses and other payable.

Note 4: The \$60,258 thousand accounts payable amount was expressed on a gross basis in accordance with the purchase amount. The net accounts payable should be \$59,998 thousand after deducting accounts receivable \$260 thousand.

Note 5: Recognized as operating expenses.

Note 6: Recognized as accrued expenses.

Note 7: The \$435,858 thousand accounts receivable amount was expressed on a gross basis in accordance with the sales amount. The net accounts receivable should be \$420,559 thousand after deducting accounts payable and accrued custodial receipts/payments totaling \$15,299 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

SEPTEMBER 30, 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	5.98	\$ -	-	\$ -	\$ -
			Other receivables					
Wealth Media Technology Co., Ltd.	TFN Media Co., Ltd.	Subsidiary	Other receivables	9.39	-	-	-	-
Taiwan Cellular Co., Ltd	Win TV Broadcasting Co., Ltd.	Subsidiary	Other receivables	4.66	-	-	90,259	-
Taiwan Fixed Network Co., Ltd.	The Corporation	Parent	Other receivables	4.4	-	-	-	-
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	4.98	-	-	-	-
			Other receivables					
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	4.4	-	-	-	-
			Other receivables					
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	4.98	-	-	-	-
			Other receivables					
			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 NINE MONTHS ENDED SEPTEMBER 30, 2012

TABLE 8

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2012			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				September 30, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Cellular Co., Ltd.	Taipei, Taiwan	Equipment installation and IT service provider	\$ 44,467,288	\$ 44,467,288	370,896	100	\$ 16,613,863 (Note 1)	\$ 2,656,234	\$ 2,664,219	
	Taipei New Horizons Co., Ltd.	Taipei, Taiwan	Real estate rental and sale	648,700	648,700	64,870	49.9	544,111	(37,477)	(18,701)	
	Wealth Media Technology Co., Ltd.	Taipei, Taiwan	Investment	13,802,000	8,652,000	39,065	100	15,392,817	1,549,655	1,549,655	
Wealth Media Technology Co., Ltd.	Fubon Multimedia Technology Co., Ltd.	Taipei, Taiwan	Wholesale and retail sales via traditional and online shopping channels	8,347,949	8,347,949	64,742	50.64	8,489,769	410,338	NA	
	Win TV Broadcasting Co., Ltd.	Taipei, Taiwan	TV program provider	222,417	188,047 (Note 2)	18,177	100	254,387	43,811	NA	
	TFN Media Co., Ltd.	Taipei, Taiwan	Cable broadband and value added service provider	5,210,443	2,035,714 (Note 2)	230,921	100	6,381,594	1,604,021	NA	
	Global Wealth Media Technology Co., Ltd.	New Taipei City, Taiwan	Investment	92,189	84,000 (Note 2)	8,945	100	95,227	3,936	NA	
	Global Forest Media Technology Co., Ltd.	Taipei, Taiwan	Investment	16,984	15,000 (Note 3)	1,500	100	17,544	675	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	93,613	59,772	NA	
Global Forest Media Technology Co., Ltd.	Union Cable TV Co., Ltd.	Yilan County, Taiwan	Cable TV service provider	16,218	16,218	1,300	0.76	15,751	101,037	NA	
Fubon Multimedia Technology Co., Ltd.	Fu Sheng Travel Service Co., Ltd.	Taipei, Taiwan	Travel agent	10,000	10,000	600	100	23,593	17,387	NA	
	Fuli Life Insurance Agent Co., Ltd.	Taipei, Taiwan	Life Insurance Agent	3,000	3,000	300	100	11,790	3,743	NA	
	Fuli Property Insurance Agent Co., Ltd.	Taipei, Taiwan	Property Insurance Agent	3,000	3,000	300	100	14,657	6,625	NA	
	Asian Crown International Co., Ltd.	British Virgin Islands	Investment	US\$ 14,000	US\$ 14,000	47	100	US\$ 5,395	US\$ (5,332)	NA	
Asian Crown International Co., Ltd.	Taiwan Pelican Express Co., Ltd.	Taipei, Taiwan	Logistics industry	344,000	-	17,200	20	349,491	147,509	NA	
	Fortune Kingdom Corporation	Samoa	Investment	US\$ 14,000	US\$ 14,000	14,000	100	US\$ 5,395	US\$ (5,332)	NA	
Fortune Kingdom Corporation	Hong Kong Fubon Multimedia Technology Co., Ltd.	Hong Kong	Investment	US\$ 14,000	US\$ 14,000	14,000	100	US\$ 5,395	US\$ (5,332)	NA	
Hong Kong Fubon Multimedia Technology Co., Ltd.	Fubon Gehua (Beijing) Enterprise Ltd.	Beijing, China	Wholesale and retail sales	US\$ 12,319	US\$ 12,319	-	80	US\$ 3,797	US\$ (6,668)	NA	
Taiwan Cellular Co., Ltd.	TWM Holding Co. Ltd.	British Virgin Islands	Investment	US\$ 10,800	US\$ 10,800	1 share	100	US\$ 8,330	US\$ (421)	NA	
	Taiwan Fixed Network Co., Ltd.	Taipei, Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	50,336,767	2,400,666	NA	
	Taiwan Digital Communication Co., Ltd.	Taipei, Taiwan	Retail seller of mobile devices	112,000	112,000	11,200	100	114,073	1,357	NA	
	TCC Investment Co., Ltd.	Taipei, Taiwan	Investment	20,680,441	22,002,255	22,103	100	32,360,221	173,750	NA	
	Taiwan Teleservices & Technologies Co., Ltd.	Taipei, Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	89,893	39,272	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\$ 3,757	US\$ (447)	NA	
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Holdings Co., Ltd.	Samoa	Investment	36,284	36,284	1,300	100	45,883	(1,569)	NA	
	Taiwan Super Basketball Co., Ltd.	Taipei, Taiwan	Basketball team management	3,511	3,511	2,000	100	24,568	4,266	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	45,594	(1,144)	NA	
TCC Investment Co., Ltd.	TCCI Investment and Development Co., Ltd.	Taipei, Taiwan	Investment	6,498,076	6,498,076	400	100	12,165,184	(57)	NA	
TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	New Taipei City, Taiwan	Cable TV service provider	2,061,522	2,061,522	33,940	100	2,173,194	167,520	NA	
	Mangrove Cable TV Co., Ltd.	New Taipei City, Taiwan	Cable TV service provider	510,724	510,724	6,248 (Note 4)	29.53	601,237	81,118	NA	
	Phoenix Cable TV Co., Ltd.	Kaohsiung County, Taiwan	Cable TV service provider	3,261,073	3,258,135	68,090	100	3,326,605	168,140	NA	
	Union Cable TV Co., Ltd.	Yilan County, Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,048,888	101,037	NA	
	Globalview Cable TV Co., Ltd.	New Taipei City, Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,239,277	59,772	NA	
	Taiwan Kuro Times Co., Ltd.	Taipei, Taiwan	Online music platform	129,900	129,900	14	100	132,984	8,905	NA	
Taiwan Kuro Times Co., Ltd. Taiwan Fixed Network Co., Ltd.	Kbro Media Co., Ltd.	Taipei, Taiwan	Film distribution, art and literature service and entertainer	78,000	-	7,800	32.5	77,579	(1,496)	NA	
	ezPeer Multimedia Limited	Samoa	Investment	US\$ 1,522	US\$ 1,522	1 share	100	US\$ 464	US\$ (380)	NA	
	TFN Union Investment Co., Ltd.	Taipei, Taiwan	Investment	22,314,536	22,314,536	400	100	41,779,772	(57)	NA	
	TFN HK LIMITED	Hong Kong	Telecommunications service provider	HK\$ 1,300	HK\$ 1,300	1,300	100	HK\$ 2,530	HK\$ 511	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 NINE MONTHS ENDED SEPTEMBER 30, 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 \$84,154,405 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 \$(36,922,749) 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 \$(16,517) thousand.

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

Note 3: Became a subsidiary of WMT which merged TFMT on March 1, 2012.

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

Note 5: FSMT originally owned 3.34% of the shares of PCTV. Then, FSMT 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\$29.36 and HK\$1 = NT\$3.787 as of September 30, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2012	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of September 30, 2012	Accumulated Inward Remittance of Earnings as of September 30, 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\$ 38,168)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary Taiwan Teleservices & Technologies Co., Ltd.	US\$ 1,300 (NT\$ 38,168)	\$ -	\$ -	US\$ 1,300 (NT\$ 38,168)	100% ownership of indirect investment by the Corporation's subsidiary	\$ (1,144) (Note 2)	\$ 45,594	\$ -
TWM Communications (Beijing) Co. Ltd.	Mobile application development and design	US\$ 3,000 (NT\$ 88,080)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary Taiwan Cellular Co., Ltd.	US\$ 4,872 (NT\$ 143,042)	-	-	US\$ 4,872 (NT\$ 143,042)	100% ownership of indirect investment by the Corporation's subsidiary	US\$ (447) (NT\$ (13,124)) (Note 2)	US\$ 3,757 (NT\$ 110,306)	-
Fubon Gehua (Beijing) Enterprise Ltd.	Wholesale and retail sales	RMB100,000 (NT\$ 465,899)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary Fubon Multimedia Technology Co., Ltd.	US\$ 12,319 (NT\$ 361,686)	-	-	US\$ 12,319 (NT\$ 361,686)	80% ownership of indirect investment by the Corporation's subsidiary	US\$ (5,335) (NT\$ (156,636)) (Note 3)	US\$ 3,797 (NT\$ 111,480)	-

Accumulated Investment in Mainland China as of September 30, 2012	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
US\$1,300 (NT\$38,168)	US\$1,300 (NT\$38,168)	\$28,344,696
US\$4,872 (NT\$143,042)	US\$4,872 (NT\$143,042)	\$50,492,643
US\$12,319 (NT\$361,686)	US\$15,000 (NT\$440,400)	\$28,344,696

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$29.36 and US\$1 = RMB\$6.3018 as of September 30, 2012.

Note 2: Calculation was based on unreviewed financial statements.

Note 3: Calculation was based on reviewed financial statements.