

Taiwan Mobile Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2015 and 2014 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

We have reviewed the accompanying consolidated balance sheets of Taiwan Mobile Co., Ltd. and subsidiaries as of June 30, 2015, and the related consolidated statements of comprehensive income for the three months and the six months ended June 30, 2015, and statements of changes in equity and of cash flows for the six months ended June 30, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our review. The consolidated financial statements of Taiwan Mobile Co., Ltd. and subsidiaries as of June 30, 2014 and for the three months and the six months then ended have been reviewed by other auditors, who have issued an unqualified review report dated July 28, 2014. However, as stated in Note 3 to the consolidated financial statements, Taiwan Mobile Co., Ltd. and subsidiaries prepared the 2015 financial statements in accordance with the amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards, International Accounting Standards, Interpretations of International Financial Reporting Standards, and Interpretations of IASs ("IFRSs"), which were endorsed by the Financial Supervisory Commission of Taiwan, the Republic of China ("ROC") and had taken effect on January 1, 2015, and had adjusted the consolidated financial statements as of and for the three months and six months ended June 30, 2014 for the adjustments on the retrospective application of the regulations and IFRSs. The predecessor auditors have not reissued their review report on the aforementioned adjusted consolidated financial statements. Therefore, we reviewed the adjustments to the aforementioned 2014 interim consolidated financial statements that resulted from the retrospective application of the regulations and IFRSs. Based on our review, nothing has come to our attention that caused us to believe that material modifications should be made to such retrospective adjustments.

We conducted our review in accordance with ROC Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements". A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in ROC and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements referred to above are not prepared, in all material respects, in conformity with the "Regulations Governing the Preparation Financial Reports by Securities Issuers" and IAS 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission.

As stated in Note 3 to the consolidated financial statements, effective January 1, 2015, Taiwan Mobile Co., Ltd. and subsidiaries adopted the amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of IFRSs, which were endorsed by the Financial Supervisory Commission of ROC and had taken effect on January 1, 2015, and had adjusted the consolidated financial statements as of and for the three months and six months ended June 30, 2014 for the adjustments on the retrospective application of the regulations and IFRSs.

Deloitte & Touche

July 30, 2015

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, consolidated results of operations, and consolidated cash flows in accordance with accounting principles and practices generally accepted in Taiwan, 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 Taiwan, the Republic of China.

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2015 (Reviewed)		December 31, 2014 (Retrospective Application and Audited)		June 30, 2014 (Retrospective Application and Reviewed)		June 30, 2015 (Reviewed)		December 31, 2014 (Retrospective Application and Audited)		June 30, 2014 (Retrospective Application and Reviewed)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS												
Cash and cash equivalents (Notes 6 and 34)	\$ 8,787,664	6	\$ 7,903,777	5	\$ 6,000,358	4	\$ 12,650,000	8	\$ 18,900,000	12	\$ 12,371,276	9
Available-for-sale financial assets (Notes 7 and 34)	1,202,977	1	2,213,757	1	978,415	1	7,390,761	5	5,593,031	4	1,299,113	1
Hold-to-maturity financial assets	6	-	6	-	-	-	116,980	-	191,951	-	131,837	-
Debt instrument investment without active market (Note 38)	500,000	-	-	-	-	-	6,016,033	4	7,590,325	5	6,377,758	4
Accounts and notes receivable, net (Note 9)	15,230,871	10	14,990,240	10	14,278,173	10	78,049	-	79,392	-	80,108	-
Other receivables (Note 34)	45,642	-	34,561	-	49,929	-	15,245,655	10	12,310,967	8	15,064,599	10
Inventories (Note 10)	1,043,530	1	1,000,549	1	989,547	1	11,494,165	7	12,114,614	8	12,211,491	9
Prepayments (Note 34)	2,922,435	2	3,210,988	2	3,059,935	2	1,348,042	1	2,114,614	1	1,684,140	1
Other financial assets (Notes 34 and 35)	598,767	-	486,343	-	553,110	-	231,420	-	217,083	-	196,359	-
Other current assets	1,773,111	1	2,967,826	2	863,217	1	2,144,694	1	2,264,612	2	2,286,550	2
	45,794	-	26,657	-	33,566	-	11,208,218	7	2,208,218	2	2,208,218	2
Total current assets	32,150,797	21	32,834,704	21	26,806,250	19	1,586,531	1	1,998,735	1	1,489,581	1
NON-CURRENT ASSETS												
Financial assets at fair value through profit or loss (Note 4)	208,051	-	-	-	1,010,379	-	14,795,116	10	14,794,293	10	14,793,470	10
Available-for-sale financial assets (Note 7)	2,907,379	2	3,480,153	2	1,926,522	-	8,648,218	5	13,182,326	9	14,286,435	10
Financial assets at cost (Note 8)	323,940	-	500,000	-	500,000	-	1,064,679	1	1,014,349	1	949,565	1
Debt instrument investment without active market (Note 4)	1,546,612	1	897,246	-	878,726	1	2,816,496	2	2,688,568	2	2,441,750	2
Property, plant and equipment (Note 12)	48,054,585	31	47,066,319	31	45,272,817	32	125,467	-	136,782	-	123,257	-
Investment properties, net (Note 16)	304,763	-	354,208	-	337,502	-	794,318	1	820,504	-	827,656	-
Concessions (Notes 17 and 35)	41,707,082	26	39,103,292	26	39,704,882	28	777,283	-	933,611	-	904,848	-
Goodwill (Note 17)	15,845,930	10	15,845,930	10	15,845,930	11	29,021,577	19	33,570,433	22	34,326,981	24
Other intangible assets, net (Note 17)	6,167,772	4	6,219,622	4	6,160,446	4	98,529,725	63	87,039,361	57	89,718,011	63
Deferred tax assets	796,474	-	885,173	-	886,531	-	-	-	-	-	-	-
Other financial assets (Notes 20, 34 and 35)	111,223	-	271,574	-	344,516	-	-	-	-	-	-	-
Other non-current assets (Notes 18 and 34)	6,120,620	4	5,888,820	4	5,158,853	3	-	-	-	-	-	-
Total non-current assets	124,357,083	79	120,704,989	79	116,276,498	81	34,208,328	22	34,208,328	22	34,208,328	24
TOTAL	\$ 156,507,880	100	\$ 153,539,693	100	\$ 143,082,748	100	\$ 156,507,880	100	\$ 153,539,693	100	\$ 143,082,748	100
LIABILITIES AND EQUITY												
CURRENT LIABILITIES												
Short-term borrowings (Notes 19 and 34)	-	-	-	-	-	-	-	-	-	-	-	-
Other payables (Note 34)	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	6,016,033	4	7,590,325	5	6,377,758	4	6,016,033	4	7,590,325	5	6,377,758	4
Accounts payable due to related parties (Note 34)	78,049	-	79,392	-	80,108	-	15,245,655	10	12,310,967	8	15,064,599	10
Dividends payable (Note 28)	-	-	-	-	-	-	-	-	-	-	-	-
Other payables (Note 34)	11,494,165	7	12,114,614	8	12,211,491	9	1,348,042	1	2,114,614	1	1,684,140	1
Current tax liabilities	2,144,694	1	2,264,612	2	2,286,550	2	231,420	-	217,083	-	196,359	-
Provisions (Note 23)	2,208,218	2	2,208,218	2	2,208,218	2	11,208,218	7	2,208,218	2	2,208,218	2
Advance receipts (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-
Long-term liabilities, current portion (Note 22)	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	1,586,531	1	1,998,735	1	1,489,581	1	1,586,531	1	1,998,735	1	1,489,581	1
Total current liabilities	69,508,148	44	53,468,928	35	55,391,030	39	69,508,148	44	53,468,928	35	55,391,030	39
NON-CURRENT LIABILITIES												
Bonds payable (Note 21)	-	-	-	-	-	-	-	-	-	-	-	-
Long-term borrowings (Notes 22 and 34)	-	-	-	-	-	-	-	-	-	-	-	-
Provisions (Note 23)	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Net defined benefit liabilities (Note 4)	-	-	-	-	-	-	-	-	-	-	-	-
Guarantee deposits	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities (Note 24)	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-	-	-	-	-	-	-	-
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Note 28)												
Common stock	34,208,328	22	34,208,328	22	34,208,328	24	34,208,328	22	34,208,328	22	34,208,328	24
Capital surplus	14,715,830	9	14,715,830	10	14,715,830	10	14,715,830	9	14,715,830	10	12,473,758	9
Retained earnings	23,038,209	15	21,537,666	14	21,537,666	15	23,038,209	15	21,537,666	14	21,537,666	15
Legal reserve	302,986	-	302,986	-	302,986	-	302,986	-	302,986	-	302,986	-
Special reserve	10,518,866	7	19,805,941	13	13,039,135	9	10,518,866	7	19,805,941	13	13,039,135	9
Unappropriated earnings	(883,827)	(1)	(302,986)	(1)	(302,986)	(1)	(883,827)	(1)	(302,986)	(1)	(302,986)	(1)
Other equity interests	(29,717,344)	(19)	(29,717,344)	(20)	(31,077,183)	(22)	(29,717,344)	(19)	(29,717,344)	(20)	(31,077,183)	(22)
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Total equity attributable to owners of parent	52,183,048	33	60,247,435	39	50,404,221	35	52,183,048	33	60,247,435	39	50,404,221	35
NON-CONTROLLING INTERESTS (Note 28)												
Total equity	5,795,107	4	6,252,897	4	2,960,516	2	5,795,107	4	6,252,897	4	2,960,516	2
TOTAL	\$ 156,507,880	100	\$ 153,539,693	100	\$ 143,082,748	100	\$ 156,507,880	100	\$ 153,539,693	100	\$ 143,082,748	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated July 30, 2015)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2015		2014		2015		2014	
	Amount	%	(Retrospective Application)	%	Amount	%	(Retrospective Application)	%
OPERATING REVENUES (Notes 30 and 34)	\$ 28,326,891	100	\$ 26,936,239	100	\$ 58,044,461	100	\$ 54,662,713	100
OPERATING COSTS (Notes 34 and 39)	<u>19,056,207</u>	<u>67</u>	<u>17,332,345</u>	<u>64</u>	<u>40,035,903</u>	<u>69</u>	<u>35,322,724</u>	<u>65</u>
GROSS PROFIT FROM OPERATIONS	<u>9,270,684</u>	<u>33</u>	<u>9,603,894</u>	<u>36</u>	<u>18,008,558</u>	<u>31</u>	<u>19,339,989</u>	<u>35</u>
OPERATING EXPENSES (Notes 34 and 39)								
Marketing	3,134,489	11	3,055,196	11	6,348,153	11	6,490,155	12
Administrative	<u>1,219,035</u>	<u>5</u>	<u>1,184,287</u>	<u>5</u>	<u>2,452,775</u>	<u>4</u>	<u>2,400,569</u>	<u>4</u>
Total	<u>4,353,524</u>	<u>16</u>	<u>4,239,483</u>	<u>16</u>	<u>8,800,928</u>	<u>15</u>	<u>8,890,724</u>	<u>16</u>
NET OTHER INCOME AND EXPENSES	<u>30,915</u>	<u>-</u>	<u>29,595</u>	<u>-</u>	<u>81,164</u>	<u>-</u>	<u>56,046</u>	<u>-</u>
OPERATING INCOME	<u>4,948,075</u>	<u>17</u>	<u>5,394,006</u>	<u>20</u>	<u>9,288,794</u>	<u>16</u>	<u>10,505,311</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 31 and 34)	57,540	-	49,366	-	96,371	-	84,038	-
Other gains and losses, net (Note 31)	(18,390)	-	(104,795)	-	(82,537)	-	(13,752)	-
Finance costs (Note 31)	(172,238)	-	(144,584)	(1)	(342,764)	(1)	(296,315)	-
Share of profit (loss) of associates accounted for using equity method	<u>15,695</u>	<u>-</u>	<u>897</u>	<u>-</u>	<u>17,164</u>	<u>-</u>	<u>(5,053)</u>	<u>-</u>
Total non-operating income and expenses	<u>(117,393)</u>	<u>-</u>	<u>(199,116)</u>	<u>(1)</u>	<u>(311,766)</u>	<u>(1)</u>	<u>(231,082)</u>	<u>-</u>
PROFIT BEFORE TAX	4,830,682	17	5,194,890	19	8,977,028	15	10,274,229	19
INCOME TAX EXPENSE (Notes 4 and 27)	<u>762,647</u>	<u>3</u>	<u>888,527</u>	<u>3</u>	<u>973,959</u>	<u>1</u>	<u>1,752,015</u>	<u>4</u>
PROFIT FROM CONTINUING OPERATIONS	4,068,035	14	4,306,363	16	8,003,069	14	8,522,214	15
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX (Notes 11 and 34)	-	-	(38,597)	-	-	-	(78,329)	-
PROFIT	<u>4,068,035</u>	<u>14</u>	<u>4,267,766</u>	<u>16</u>	<u>8,003,069</u>	<u>14</u>	<u>8,443,885</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translation	(8,764)	-	(7,403)	-	(14,117)	-	(7,128)	-
Unrealized gains (losses) on available-for-sale financial assets	(301,565)	(1)	(46,165)	-	(583,565)	(1)	(198,741)	-
Share of other comprehensive income (loss) of associates accounted for using equity method	4,599	-	32,946	-	(13,326)	-	33,034	-
Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
Other comprehensive income (after tax)	<u>(305,730)</u>	<u>(1)</u>	<u>(20,622)</u>	<u>-</u>	<u>(611,008)</u>	<u>(1)</u>	<u>(172,835)</u>	<u>-</u>
COMPREHENSIVE INCOME	<u>\$ 3,762,305</u>	<u>13</u>	<u>\$ 4,247,144</u>	<u>16</u>	<u>\$ 7,392,061</u>	<u>13</u>	<u>\$ 8,271,050</u>	<u>15</u>
PROFIT ATTRIBUTABLE TO:								
Owners of parent	\$ 3,947,422	14	\$ 4,137,137	15	\$ 7,760,109	14	\$ 8,221,587	15
Non-controlling interests	<u>120,613</u>	<u>-</u>	<u>130,629</u>	<u>1</u>	<u>242,960</u>	<u>-</u>	<u>222,298</u>	<u>-</u>
	<u>\$ 4,068,035</u>	<u>14</u>	<u>\$ 4,267,766</u>	<u>16</u>	<u>\$ 8,003,069</u>	<u>14</u>	<u>\$ 8,443,885</u>	<u>15</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of parent	\$ 3,655,069	13	\$ 4,100,404	15	\$ 7,179,268	13	\$ 8,029,422	15
Non-controlling interests	<u>107,236</u>	<u>-</u>	<u>146,740</u>	<u>1</u>	<u>212,793</u>	<u>-</u>	<u>241,628</u>	<u>-</u>
	<u>\$ 3,762,305</u>	<u>13</u>	<u>\$ 4,247,144</u>	<u>16</u>	<u>\$ 7,392,061</u>	<u>13</u>	<u>\$ 8,271,050</u>	<u>15</u>
EARNINGS PER SHARE								
Basic (Note 29)								
Basic earnings per share from continuing operations	\$ 1.45		\$ 1.54		\$ 2.85		\$ 3.07	
Basic loss per share from discontinued operations	-		-		-		(0.01)	
Total basic earnings per share	<u>\$ 1.45</u>		<u>\$ 1.54</u>		<u>\$ 2.85</u>		<u>\$ 3.06</u>	
Diluted (Note 29)								
Diluted earnings per share from continuing operations	\$ 1.45		\$ 1.54		\$ 2.85		\$ 3.06	
Diluted loss per share from discontinued operations	-		-		-		(0.01)	
Total diluted earnings per share	<u>\$ 1.45</u>		<u>\$ 1.54</u>		<u>\$ 2.85</u>		<u>\$ 3.05</u>	

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

(With Deloitte & Touche review report dated July 30, 2015)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of Parent										Total Equity
	Retained Earnings				Other Equity Interests			Treasury Shares	Total	Non-controlling Interests	
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation	Unrealized Gain (Loss) on Available-for-sale Financial Assets				
BALANCE, JANUARY 1, 2014	\$ 34,208,328	\$ 12,456,891	\$ 19,262,044	\$ -	\$ 22,171,132	\$ 24,948	\$ 387,734	\$ (31,077,183)	\$ 57,433,894	\$ 1,086,747	\$ 58,520,641
Effects of retrospective application and retrospective adjustment	-	-	-	-	(13,363)	-	-	-	(13,363)	-	(13,363)
RETROSPECTIVE APPLICATION BALANCE, JANUARY 1, 2014	34,208,328	12,456,891	19,262,044	-	22,157,769	24,948	387,734	(31,077,183)	57,420,531	1,086,747	58,507,278
Distribution of 2013 earnings	-	-	2,275,622	-	(2,275,622)	-	-	-	(15,064,599)	-	(15,064,599)
Legal reserve	-	-	-	-	(15,064,599)	-	-	-	(15,064,599)	-	(15,064,599)
Cash dividends	-	-	2,275,622	-	(17,340,221)	-	-	-	8,221,587	222,298	8,443,885
Total distribution of earnings	-	-	-	-	8,221,587	-	-	-	(192,165)	19,330	(172,835)
Profit for the six months ended June 30, 2014	-	-	-	-	-	(4,531)	-	-	8,029,422	241,628	8,271,050
Other comprehensive income for the six months ended June 30, 2014	-	-	-	-	-	(4,531)	(187,634)	-	112	(258)	(146)
Total comprehensive income for the six months ended June 30, 2014	-	-	-	-	-	(4,531)	(187,634)	-	18,755	120,420	139,175
Changes in equity of associates accounted for using equity method	-	112	-	-	-	-	-	-	-	(224,481)	(224,481)
Difference between consideration and carrying amount of subsidiaries' shares disposed of	-	18,755	-	-	-	-	-	-	-	1,736,460	1,736,460
Cash dividends from subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	-	-	2,960,516	2,960,516
Effects of obtaining control of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
BALANCE, JUNE 30, 2014	\$ 34,208,328	\$ 12,475,758	\$ 21,537,666	\$ -	\$ 13,039,135	\$ 20,417	\$ 200,100	\$ (31,077,183)	\$ 50,404,221	\$ 2,960,516	\$ 53,364,737
BALANCE, JANUARY 1, 2015	\$ 34,208,328	\$ 14,715,830	\$ 21,537,666	\$ -	\$ 19,817,858	\$ 31,294	\$ (334,280)	\$ (29,717,344)	\$ 60,259,352	\$ 6,252,898	\$ 66,512,250
Effects of retrospective application and retrospective adjustment	-	-	-	-	(11,917)	-	-	-	(11,917)	(1)	(11,918)
RETROSPECTIVE APPLICATION BALANCE, JANUARY 1, 2015	34,208,328	14,715,830	21,537,666	-	19,805,941	31,294	(334,280)	(29,717,344)	60,247,435	6,252,897	66,500,332
Distribution of 2014 earnings	-	-	1,500,543	-	(1,500,543)	-	-	-	-	-	-
Legal reserve	-	-	-	302,986	(302,986)	-	-	-	-	-	-
Special reserve	-	-	-	-	(15,243,655)	-	-	-	(15,243,655)	-	(15,243,655)
Cash dividends	-	-	-	-	(17,047,184)	-	-	-	(15,243,655)	-	(15,243,655)
Total distribution of earnings	-	-	-	-	7,760,109	-	-	-	7,760,109	242,960	8,003,069
Profit for the six months ended June 30, 2015	-	-	-	-	-	(6,698)	(574,143)	-	(580,841)	(30,167)	(611,008)
Other comprehensive income for the six months ended June 30, 2015	-	-	-	-	-	(6,698)	(574,143)	-	7,179,268	212,793	7,392,061
Total comprehensive income for the six months ended June 30, 2015	-	-	-	-	-	-	-	-	-	-	-
Cash dividends from subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(670,583)	(670,583)
BALANCE, JUNE 30, 2015	\$ 34,208,328	\$ 14,715,830	\$ 23,038,209	\$ 302,986	\$ 10,518,866	\$ 24,596	\$ (908,423)	\$ (29,717,344)	\$ 52,183,048	\$ 5,795,107	\$ 57,978,155

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated July 30, 2015)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2015	2014 (Retrospective Application)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 8,977,028	\$ 10,274,229
Loss from discontinued operations before tax	-	(94,363)
Profit before tax	<u>8,977,028</u>	<u>10,179,866</u>
Adjustments		
Depreciation expense	5,257,104	4,720,588
Amortization expense	1,360,949	719,460
Gain on disposal of non-current assets held for sale	-	(153,706)
Loss on disposal of property, plant and equipment, net	62,900	161,629
Provision for bad debt expense	177,251	165,134
Finance costs	342,764	296,315
Interest income	(66,776)	(49,882)
Dividend income	(10,658)	(12,967)
Impairment loss on non-financial assets (from discontinued operations)	-	17,794
Share of loss (profit) of associates accounted for using equity method	(17,164)	5,053
Valuation gain on financial assets at fair value through profit or loss	(8,268)	-
Gain on disposal of investments	(2,660)	-
Others	(2,001)	29
Changes in operating assets and liabilities		
Accounts and notes receivable	(700,310)	(32,507)
Accounts receivable due from related parties	(11,081)	(372)
Other receivables	(14,882)	5,265
Inventories	288,553	721,401
Prepayments	(115,133)	6,648
Other current assets	(16,557)	18,092
Other assets	-	16,701
Notes payable	(75,271)	(287,067)
Accounts payable	(1,574,292)	(287,869)
Accounts payable due to related parties	(1,343)	7,028
Other payables	(892,646)	(694,832)
Provisions	25,873	(5,768)
Advance receipts	(120,213)	(285,699)
Other current liabilities	(412,304)	(49,701)
Net defined benefit liabilities	<u>(11,315)</u>	<u>(8,307)</u>
Net cash inflows generated by operating activities	12,439,548	15,172,326
Interest received	568	1,135
Interest paid	(304)	(5,573)
Income taxes paid	<u>(1,624,287)</u>	<u>(1,648,327)</u>
Net cash generated by operating activities	<u>10,815,525</u>	<u>13,519,561</u>

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<u>For the Six Months Ended June 30</u>	
	2015	2014 (Retrospective Application)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	\$ (6,083,356)	\$ (6,476,696)
Acquisition of intangible assets	(4,066,356)	(437,599)
Increase in prepayments for equipment	(144,206)	(131,169)
Acquisition of investments accounted for using equity method	(603,403)	(148,118)
Net cash inflows from new consolidated entities	-	1,193,252
Increase in prepayments for investments	-	(172,155)
Acquisition of convertible notes	(516,750)	-
Increase in refundable deposits	(103,513)	(91,700)
Decrease in refundable deposits	76,330	79,174
Increase in other financial assets	(17,225)	(99,812)
Decrease in other financial assets	1,372,000	208,564
Proceeds from disposal of available-for-sale financial assets	1,002,660	-
Proceeds from disposal of non-current assets held for sale	-	250,291
Proceeds from disposal of property, plant and equipment	38,525	3,727
Other non-current assets	-	(3,707)
Interest received	61,253	49,069
Proceeds from capital reduction of financial assets at cost	-	2,399
	<u>(8,984,041)</u>	<u>(5,774,480)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	31,350,000	51,049,204
Decrease in short-term borrowings	(37,600,000)	(69,281,272)
Increase in short-term notes and bills payable	25,551,664	3,994,597
Decrease in short-term notes and bills payable	(23,756,606)	(5,092,786)
Proceeds from long-term borrowings	5,570,000	10,000,000
Repayment of long-term borrowings	(1,105,000)	-
Cash dividends paid to non-controlling interests	(670,583)	(224,481)
Disposal of ownership interests in subsidiaries (without losing control)	-	142,246
Increase in guarantee deposits received	268,271	69,061
Decrease in guarantee deposits received	(256,555)	(103,863)
Interest paid	(294,960)	(250,610)
	<u>(943,769)</u>	<u>(9,697,904)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS		
	<u>(3,828)</u>	<u>(1,113)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	883,887	(1,953,936)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>7,903,777</u>	<u>7,954,294</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 8,787,664</u>	<u>\$ 6,000,358</u>

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

(With Deloitte & Touche review report dated July 30, 2015)

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Taiwan Mobile Co., Ltd. (TWM) was incorporated in Taiwan, the Republic of China (“ROC”) on February 25, 1997. TWM’s shares were listed on the ROC Over-the-Counter Securities Exchange (known as the GreTai Securities Market) on September 19, 2000. On August 26, 2002, TWM’s shares were shifted to be listed on the Taiwan Stock Exchange. TWM are mainly engaged in rendering wireless communication services and sells mobile phones and accessories.

TWM’s received a second-generation (2G) mobile telecommunications concession operation license issued by the Directorate General of Telecommunications (DGT) of the ROC. The license allows TWM to provide services for 15 years from 1997 onwards. The license was renewed and its expiry date was extended to June 2017 by the National Communications Commission (NCC). In March 2005, TWM received a third-generation (3G) concession operation license issued by the DGT. The 3G license allows TWM to provide services from the issuance date of the license to December 2018. TWM acquired the Mobile Broadband Spectrum (4G) in October 2013. In April 2014, TWM acquired the concession license for the Mobile Broadband Spectrum in the 700 and 1800 MHz frequency band. The 4G license shall be valid from the issuance date of the license until December 2030.

The consolidated financial statements of TWM as of and for the six months ended June 30, 2015, comprise TWM and its subsidiaries (the “Group”).

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on July 30, 2015.

3. ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- a. Initial application of amended “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the 2013 version of the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), Interpretations of International Financial Reporting Standards (IFRIC), and Interpretations of IASs (SIC) endorsed by the Financial Supervisory Commission (FSC) (collectively, “2013 IFRSs”).

In accordance with Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC, the Group adopted the 2013 IFRSs endorsed by the FSC and amended “Regulations Governing the Preparation of Financial Reports by Securities Issuers” to prepare the financial statements since 2015.

Except for the following description, the adoption of the 2013 IFRSs and the amended “Regulations Governing the Preparation of Financial Reports by Securities Issuers” would not have any significant impacts on the Group’s consolidated financial statements.

1) IAS 19 “Employee Benefits”

The amendments to IAS 19 require companies to calculate a “net interest” amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on plan assets used in the previous IAS 19. In addition, the amendments eliminate the accounting treatment of either the corridor approach or the immediate recognition of actuarial gains and losses in profit or loss when they occur, and instead require companies to recognize all actuarial gains and losses immediately through other comprehensive income. The past service cost, on the other hand, will be expensed immediately when it is incurred and will no longer be amortized over the average period before meeting vesting conditions on a straight-line basis. In addition, the amendments also require a broader disclosure of defined benefit plans. In compliance with the amended standards above, the Group summarized the effect of restatement as follows:

Effect on Assets, Liabilities and Equity	Before Retrospective Application	Adjustments Arising from Initial Application	After Retrospective Application
<u>December 31, 2014</u>			
Deferred tax assets	\$ 882,732	\$ 2,441	\$ 885,173
Net defined benefit liabilities	\$ 122,423	\$ 14,359	\$ 136,782
Retained earnings	\$ 19,817,858	\$ (11,917)	\$ 19,805,941
Non-controlling interests	\$ 6,252,898	\$ (1)	\$ 6,252,897
<u>June 30, 2014</u>			
Deferred tax assets	\$ 883,900	\$ 2,631	\$ 886,531
Deferred tax liabilities	\$ 2,441,763	\$ (13)	\$ 2,441,750
Net defined benefit liabilities	\$ 107,704	\$ 15,553	\$ 123,257
Retained earnings	\$ 13,052,044	\$ (12,909)	\$ 13,039,135
<u>January 1, 2014</u>			
Deferred tax assets	\$ 924,576	\$ 2,738	\$ 927,314
Net defined benefit liabilities	\$ 115,463	\$ 16,101	\$ 131,564
Retained earnings	\$ 22,171,132	\$ (13,363)	\$ 22,157,769
Effect on Comprehensive Income	Before Retrospective Application	Adjustments Arising from Initial Application	After Retrospective Application
<u>For the three months ended June 30, 2014</u>			
Operating costs	\$ 17,332,519	\$ (174)	\$ 17,332,345
Operating expenses	\$ 4,239,583	\$ (100)	\$ 4,239,483
Tax expenses	\$ 888,480	\$ 47	\$ 888,527
Profit	\$ 4,267,539	\$ 227	\$ 4,267,766
Effect on profit attributable to:			
Owners of parent	\$ 4,136,910	\$ 227	\$ 4,137,137
Non-controlling interests	130,629	-	130,629
	\$ 4,267,539	\$ 227	\$ 4,267,766

(Continued)

Effect on Comprehensive Income	Before Retrospective Application	Adjustments Arising from Initial Application	After Retrospective Application
Effect on comprehensive income attributable to:			
Owners of parent	\$ 4,100,177	\$ 227	\$ 4,100,404
Non-controlling interests	<u>146,740</u>	<u>-</u>	<u>146,740</u>
	<u>\$ 4,246,917</u>	<u>\$ 227</u>	<u>\$ 4,247,144</u>
<u>For the six months ended June 30, 2014</u>			
Operating costs	<u>\$ 35,323,072</u>	<u>\$ (348)</u>	<u>\$ 35,322,724</u>
Operating expenses	<u>\$ 8,890,924</u>	<u>\$ (200)</u>	<u>\$ 8,890,724</u>
Tax expenses	<u>\$ 1,751,921</u>	<u>\$ 94</u>	<u>\$ 1,752,015</u>
Profit	<u>\$ 8,443,431</u>	<u>\$ 454</u>	<u>\$ 8,443,885</u>
Effect on profit attributable to:			
Owners of parent	\$ 8,221,133	\$ 454	\$ 8,221,587
Non-controlling interests	<u>222,298</u>	<u>-</u>	<u>222,298</u>
	<u>\$ 8,443,431</u>	<u>\$ 454</u>	<u>\$ 8,443,885</u>
Effect on comprehensive income attributable to:			
Owners of parent	\$ 8,028,968	\$ 454	\$ 8,029,422
Non-controlling interests	<u>241,628</u>	<u>-</u>	<u>241,628</u>
	<u>\$ 8,270,596</u>	<u>\$ 454</u>	<u>\$ 8,271,050</u> (Concluded)

Effect on Earnings Per Share	Before Retrospective Application	Adjustments Arising from Initial Application	After Retrospective Application
<u>For the three months ended June 30, 2014</u>			
Basic earnings per share	<u>\$ 1.54</u>	<u>\$ -</u>	<u>\$ 1.54</u>
Diluted earnings per share	<u>\$ 1.54</u>	<u>\$ -</u>	<u>\$ 1.54</u>
<u>For the six months ended June 30, 2014</u>			
Basic earnings per share	<u>\$ 3.06</u>	<u>\$ -</u>	<u>\$ 3.06</u>
Diluted earnings per share	<u>\$ 3.05</u>	<u>\$ -</u>	<u>\$ 3.05</u>

2) IAS 1 “Presentation of Financial Statements”

The amendments to IAS 1 require entities to group items presented in other comprehensive income (OCI) based on whether they may be reclassified to profit or loss subsequently, and requires tax to be allocated and disclosed separately for each of the two OCI groups on the same basis.

In 2015, the Group has retrospectively applied the above amendments, for which the items that will not be reclassified subsequently to profit or loss include the re-measurement of the defined benefit plans. The items that may be reclassified subsequently to profit or loss include exchange differences on translation, unrealized gains (losses) on available-for-sale financial assets, and the share of other comprehensive income (loss) of associates accounted for using equity method. The adoption of the above amendments will not impact profit, other comprehensive income (loss), and comprehensive income.

3) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 integrates all related standards on disclosures requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, and un-consolidated structured entities. For the first-time adoption of the amendments, the Group will provide a wider range of disclosure in the consolidated financial statements.

4) IFRS 13 “Fair Value Measurement”

IFRS 13 defines the meaning of fair value and sets the method of calculation and the presentation of measurement of fair value. As the adoption will be postponed until after 2015, the Group does not expect any significant impacts on the consolidated financial condition and performance.

b. New standards and interpretations of 2013 IFRSs issued by the IASB but not yet endorsed by the FSC

Except for the following description, the Group’s assessment of the new standards and interpretations not yet adopted is disclosed in Note 3 to the consolidated financial statements for the year ended December 31, 2014.

IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes the principles that apply to report revenue arising from a contract with a customer. This standard will replace IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations.

When adopting IFRS 15, the Group recognizes revenue by the following steps:

- 1) Identify the contract with the customer;
- 2) Identify the performance obligations in the contract;
- 3) Determine the transaction price;
- 4) Allocate the transaction price to the performance obligations in the contract; and
- 5) Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 becomes effective, the Group may elect to apply this standard either retrospectively to each period presented or to recognize the accumulated adjustment at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following description, the significant accounting policies adopted for the consolidated financial statements are the same as those adopted for the consolidated financial statements for the year ended December 31, 2014.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS 34 Interim Financial Reporting endorsed by the FSC. The consolidated financial statements do not include all the information which should be disclosed in the annual consolidated financial statements in accordance with the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC.

Basis of Consolidation

- a. The basis of preparing the consolidated financial statements is the same as that of the consolidated financial statements for the year ended December 31, 2014.
- b. The subsidiaries included in the consolidated financial statements were as follows:

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			June 30, 2015	December 31, 2014	June 30, 2014	
TWM	Wealth Media Technology Co., Ltd. (WMT)	Investment	100.00	100.00	100.00	-
WMT	momo.com Inc. (momo)	Wholesale and retail sales	44.38	44.38	49.93	Note 1
momo	Fu Sheng Travel Service Co., Ltd (FST)	Travel agent	100.00	100.00	100.00	-
momo	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.00	100.00	100.00	-
momo	Fuli Property Insurance Agent Co., Ltd. (FPI)	Property insurance agent	100.00	100.00	100.00	-
momo	Asian Crown International Co., Ltd. (Asian Crown)	Investment	76.26	76.26	100.00	Note 2
Asian Crown	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.00	100.00	100.00	-
Fortune Kingdom	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.00	100.00	100.00	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesaling	91.30	91.30	87.50	Note 2
momo	Honest Development Co, Ltd. (Honest Development)	Investment	100.00	-	-	Note 3
Honest Development	Hongkong Yue Numerous Investment Co., Ltd. (HK Yue Numerous)	Investment	100.00	-	-	Note 3
HK Yue Numerous	Haobo Information Consulting (Shenzhen) Co., Ltd. (Haobo)	Investment	100.00	-	-	Note 3
WMT	Global Wealth Media Technology Co., Ltd. (GWMT)	Investment	100.00	100.00	100.00	-
GWMT	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV service provider	6.83	6.83	6.83	-
WMT	Global Forest Media Technology Co., Ltd. (GFMT)	Investment	100.00	100.00	100.00	-
GFMT	Union Cable TV Co., Ltd. (UCTV)	Cable TV service provider	0.76	0.76	0.76	-
WMT	Win TV Broadcasting Co., Ltd. (WTVB)	TV program provider	100.00	100.00	100.00	-
WMT	TFN Media Co., Ltd. (TFNM)	Cable broadband and value-added services provider	100.00	100.00	100.00	-
TFNM	UCTV	Cable TV service provider	99.22	99.22	99.22	-
TFNM	Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Cable TV service provider	100.00	100.00	100.00	-
TFNM	Mangrove Cable TV Co., Ltd. (MCTV)	Cable TV service provider	29.53	29.53	29.53	Note 4

(Continued)

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			June 30, 2015	December 31, 2014	June 30, 2014	
TFNM	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV service provider	100.00	100.00	100.00	-
TFNM	GCTV	Cable TV service provider	92.38	92.38	92.38	-
TFNM	Taiwan Kuro Times Co., Ltd. (TKT)	Online music and game service	100.00	100.00	100.00	-
TWM	Taiwan Cellular Co., Ltd. (TCC)	Investment	100.00	100.00	100.00	-
TCC	TCC Investment Co., Ltd. (TCCI)	Investment	100.00	100.00	100.00	Note 5
TCCI	TCCI Investment & Development Co., Ltd. (TID)	Investment	100.00	100.00	100.00	-
TCC	Taiwan Fixed Network Co., Ltd. (TFN)	Fixed-line service provider	100.00	100.00	100.00	-
TFN	TFN Union Investment Co., Ltd. (TUI)	Investment	100.00	100.00	100.00	-
TFN	TFN HK Ltd.	Telecommunication service provider	100.00	100.00	100.00	-
TCC	Taiwan Digital Communications Co., Ltd. (TDC)	Mobile phone wholesaling and TV program production	100.00	100.00	100.00	-
TCC	TWM Holding Co., Ltd. (TWM Holding)	Investment	100.00	100.00	100.00	-
TWM Holding	TWM Communications (Beijing) Co., Ltd. (TWMC)	Mobile application development and design	100.00	100.00	100.00	-
TCC	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Call center service and telephone marketing	100.00	100.00	100.00	-
TT&T	Taiwan Mobile Basketball Co., Ltd. (TMB)	Basketball team management	-	-	100.00	Note 6
TT&T	TT&T Holdings Co., Ltd. (TT&T Holdings)	Investment	100.00	100.00	100.00	-
TCC	Taiwan Digital Service Co., Ltd. (TDS)	Telecommunications service agencies and retail business	100.00	100.00	100.00	-
TWM	Taipei New Horizon Co., Ltd. (TNH)	Building and operating Songshan Cultural and Creative Park BOT project	49.90	49.90	49.90	Note 7

(Concluded)

Note 1: WMT disposed of part of its shareholding in momo as stock released for registration as emerging and listed stock in February and December 2014, respectively. Due to non-proportional investment in momo's capital increase, the percentage of ownership in momo decreased. Despite the reduction in the shareholding in momo, WMT still has over half of the seats on the Board of Directors of momo and maintains control over momo, so momo is included in the consolidated entities.

Note 2: Due to non-proportional investment in Asian Crown's and FGE's capital increase in September and October 2014, momo's percentage of ownership in Asian Crown decreased, and investor HK Fubon Multimedia's percentage of ownership in FGE increased.

Note 3: In June 2015, momo established Honest Development to purchase HK Yue Numerous and its subsidiary, Haobo, through portfolio investment, and indirectly acquired 20% of the associate, GHS Co., Ltd. (Beijing), through Haobo.

Note 4: The other 70.47% of shares were held under trustee accounts.

Note 5: TCCI, TID and TUI collectively owned 698,752 thousand shares of TWM representing 20.42% of total outstanding shares as of June 30, 2015.

Note 6: TMB was sold in September 2014.

Note 7: TWM subscribed for the shares based on its proportion of the shareholding in TNH, which remained at 49.9%. Since February 21, 2014, TWM has had control over TNH due to a change in the board members of TNH, and therefore TNH is included in the consolidated entities as a subsidiary.

c. Subsidiaries excluded from the consolidated financial statements: None.

Financial Instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

Employee Benefits

Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss in the periods during which services are rendered by employees.

The defined benefit costs (including service cost, net interest, and re-measurement) of defined benefit plan use the projected unit credit method for the actuarial valuation. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized under employee benefit expense as they occur. Re-measurement (including actuarial gains and losses, changes in the effect of the asset ceiling, and the return on plan assets, excluding amounts included in net interest) is recognized in other comprehensive income or loss in retained earnings as it occurs, and is not reclassifiable to profit or loss subsequently.

Net defined benefit liability (asset) is the deficit (surplus) of defined benefit plans. IAS 19 requires the Group to limit the carrying amount of a net defined benefit asset so that it does not exceed the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim-period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the profit before tax of the interim-period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2014.

6. CASH AND CASH EQUIVALENTS

	June 30, 2015	December 31, 2014	June 30, 2014
Government bonds with repurchase rights and short-term notes and bills	\$ 4,354,263	\$ 3,780,870	\$ 3,499,013
Cash in banks	2,123,768	2,214,593	1,659,304
Time deposits	2,209,854	1,777,771	709,070
Cash on hand and revolving funds	<u>99,779</u>	<u>130,543</u>	<u>132,971</u>
	<u>\$ 8,787,664</u>	<u>\$ 7,903,777</u>	<u>\$ 6,000,358</u>

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Domestic listed stock	\$ 213,873	\$ 204,310	\$ 209,092
Domestic emerging stock	1,069,017	893,103	1,010,379
Domestic unlisted stock	1,838,362	2,587,050	-
Beneficiary certificates	<u>989,104</u>	<u>2,009,447</u>	<u>769,323</u>
	<u>\$ 4,110,356</u>	<u>\$ 5,693,910</u>	<u>\$ 1,988,794</u>
Current	\$ 1,202,977	\$ 2,213,757	\$ 978,415
Non-current	<u>2,907,379</u>	<u>3,480,153</u>	<u>1,010,379</u>
	<u>\$ 4,110,356</u>	<u>\$ 5,693,910</u>	<u>\$ 1,988,794</u>

8. FINANCIAL ASSETS AT COST

	June 30, 2015	December 31, 2014	June 30, 2014
<u>Non-current</u>			
Domestic unlisted stock	\$ 185,602	\$ 185,602	\$ 125,602
Foreign unlisted stock	<u>7,050</u>	<u>7,050</u>	<u>50,324</u>
	<u>\$ 192,652</u>	<u>\$ 192,652</u>	<u>\$ 175,926</u>

The aforementioned investments held by the Group are measured at cost less impairment loss at year-end given that the range of reasonable fair value estimates is significant and the probability for each estimate cannot be reasonably determined. Therefore, the Group management has determined that the fair value cannot be measured reliably.

For the six months ended June 30, 2015 and 2014, there was no impairment loss recognized for the financial assets recorded at cost.

9. ACCOUNTS AND NOTES RECEIVABLE, NET

	June 30, 2015	December 31, 2014	June 30, 2014
Notes receivable	\$ 28,116	\$ 110,093	\$ 30,713
Accounts receivable	15,483,994	15,157,962	14,529,180
Less: Allowance for doubtful accounts	<u>(281,239)</u>	<u>(277,815)</u>	<u>(281,720)</u>
Accounts receivable, net	<u>15,202,755</u>	<u>14,880,147</u>	<u>14,247,460</u>
Total	<u>\$ 15,230,871</u>	<u>\$ 14,990,240</u>	<u>\$ 14,278,173</u>

The accounts receivable aging analysis of the Group was as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Neither past due nor impaired	\$ 14,869,663	\$ 14,417,430	\$ 13,884,135
Past due but not impaired			
Past due within 180 days	332,905	462,436	358,727
Past due over 180 days	<u>187</u>	<u>281</u>	<u>4,598</u>
	<u>\$ 15,202,755</u>	<u>\$ 14,880,147</u>	<u>\$ 14,247,460</u>

Movements of allowance for doubtful receivables by individual assessment for the six months ended June 30, 2015 and 2014 were as follows:

	For the Six Months Ended June 30	
	2015	2014
Beginning balance	\$ 277,815	\$ 288,620
Add: Provision	207,675	127,397
Reversal	33,486	76,267
Less: Write-off	<u>(237,737)</u>	<u>(210,564)</u>
Ending balance	<u>\$ 281,239</u>	<u>\$ 281,720</u>

The Group entered into accounts receivable factoring contracts with asset management companies. The Group sold the asset management companies the overdue accounts receivable that had been written off. Under the contracts, the Group would no longer assume the risk on the receivables. The related information was as follows:

Counterparty	Amount of Accounts Receivable Sold	Proceeds of the Sale of Accounts Receivable
<u>January 2015</u>		
Long Sun Asset Management Co., Ltd.	<u>\$ 626,514</u>	<u>\$ 31,025</u>
<u>January 2014</u>		
Long Sun Asset Management Co., Ltd.	<u>\$ 991,966</u>	<u>\$ 42,699</u>

10. INVENTORIES

	June 30, 2015	December 31, 2014	June 30, 2014
Merchandise	\$ 2,844,195	\$ 3,131,412	\$ 2,993,233
Materials for maintenance	76,553	78,214	66,702
Catering inventories	<u>1,687</u>	<u>1,362</u>	<u>-</u>
	<u>\$ 2,922,435</u>	<u>\$ 3,210,988</u>	<u>\$ 3,059,935</u>

For the three months and six months ended June 30, 2015, the cost of goods sold recognized in consolidated comprehensive income amounted to \$10,639,468 thousand and \$23,298,433 thousand, respectively, which included the inventory recovery based on net realizable value amounting to \$46,959 thousand and \$84,467 thousand, respectively.

For the three months and six months ended June 30, 2014, the cost of goods sold recognized in consolidated comprehensive income amounted to \$9,344,646 thousand and \$19,464,660 thousand, respectively, which included the inventory write-downs amounting to \$27,758 thousand and \$14,064 thousand, respectively.

11. NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

a. Non-current assets held for sale

- 1) In November 2013, TFN decided to dispose of a piece of land and sold it to Chii Lih Development Enterprise Co., Ltd. The land was recorded as assets held for sale amounting to \$50,275 thousand at the end of 2013, and the transfer of the ownership, which was completed on January 28, 2014, resulted in a gain of \$158,568 thousand.
- 2) In March 2014, the Board of Directors of momo resolved to sell the traditional retail business to We Can Medicines Co., Ltd. At the end of March 2014, the total value of machinery and equipment, storage equipment, and telecommunication equipment held for sale was \$46,310 thousand, and a total impairment loss of \$17,794 thousand was recognized through measurement at the lower of carrying amount and fair value less costs to sell. The above equipment was disposed of in June 2014, which resulted in a loss of \$4,862 thousand recorded in loss from discontinued operations in the consolidated statement of comprehensive income.

b. Disclosure of profit and loss, and cash flows from discontinued operations

	2014	
	For the Three Months Ended June 30	For the Six Months Ended June 30
Profit and loss from discontinued operations:		
Operating revenue	\$ 49,625	\$ 172,273
Operating costs	<u>47,518</u>	<u>138,848</u>
Gross profit	2,107	33,425
Operating expenses	41,993	102,382
Other income and expenses	<u>(1,543)</u>	<u>(1,727)</u>
Loss from discontinued operations before tax	(41,429)	(70,684)
Non-operating income and expenses		
Loss on disposal of property, plant, and equipment	(956)	(2,148)
Interest income	9	39
		(Continued)

	2014	
	For the Three Months Ended June 30	For the Six Months Ended June 30
Others	\$ 742	\$ 1,086
Tax benefit	<u>7,073</u>	<u>12,183</u>
Loss from discontinued operations after tax	<u>(34,561)</u>	<u>(59,524)</u>
Gain (loss) on disposal of the assets from discontinued operations		
Loss recognized on measurement of fair value less costs to sell of the assets from discontinued operations before tax	-	(17,794)
Loss recognized on the disposal of the assets from discontinued operations before tax	(4,862)	(4,862)
Tax benefit	<u>826</u>	<u>3,851</u>
Loss recognized on measurement of fair value less costs to sell of the assets disposed of from discontinued operations after tax	<u>(4,036)</u>	<u>(18,805)</u>
Loss from discontinued operations after tax	<u>\$ (38,597)</u>	<u>\$ (78,329)</u>
Cash flows from (used in) discontinued operations:		
Net cash from operating activities	\$ 6,566	\$ 40,612
Net cash from investing activities	56,390	58,270
Net cash from financing activities	<u>(1,483)</u>	<u>(1,796)</u>
Net increase in cash	<u>\$ 61,473</u>	<u>\$ 97,086</u> (Concluded)

c. Profit (loss) from discontinued operations attributable to owners of parent: Please refer to Note 29.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The Group's associates that are accounted for using equity method were as follows:

Investee Company	<u>June 30, 2015</u>		<u>December 31, 2014</u>		<u>June 30, 2014</u>	
	Amount	% of Ownership	Amount	% of Ownership	Amount	% of Ownership
GHS Co., Ltd. (Beijing) (GHS)	\$ 672,094	20.00	\$ -	-	\$ -	-
Taiwan Pelican Express Co., Ltd. (TPE)	428,212	17.70	455,426	17.70	425,762	17.70
Kbro Media Co., Ltd. (Kbro Media)	276,314	32.50	267,878	32.50	283,055	32.50
TVD Shopping Co., Ltd. (TVD Shopping)	151,317	35.00	150,803	35.00	144,434	35.00
Alliance Digital Tech Co., Ltd. (ADT)	<u>18,675</u>	13.33	<u>23,139</u>	13.33	<u>25,475</u>	16.67
	<u>\$ 1,546,612</u>		<u>\$ 897,246</u>		<u>\$ 878,726</u>	

a. GHS

In June 2015, momo's subsidiary acquired 20% of GHS. As of June 30, 2015, the investment of \$67,045 thousand has not been remitted. In addition, the purchase price allocation report for GHS is in the process of preparation.

b. TPE

In August 2012, momo, a subsidiary of TWM, acquired 20% of TPE.

As of December 2013, momo held 17.70% of TPE due to not subscribing for new shares issued by TPE and selling part of its shares when TPE went public. momo still has significant influence on TPE due to having two of TPE's board of directors.

c. TVD Shopping

In April 2014, momo acquired 35% of TVD Shopping.

d. ADT

In November 2013, TWM acquired 19.23% of ADT.

In 2014, TWM held 13.33% of ADT due to not subscribing for new shares issued by ADT.

TWM holds less than 20% of ADT but still has significant influence on ADT due to having one of ADT's board of directors.

13. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Subsidiary	Proportion of Non-controlling Interests' Ownership and Voting Rights		
	June 30, 2015	December 31, 2014	June 30, 2014
momo	55.62%	55.62%	50.07%

For information on the principal place of business and the Company's country of registration, please refer to Table 7.

momo's and subsidiaries' summary financial information has taken into account the adjustment to acquisition-date fair value, and reflects the amounts before elimination of intercompany transactions:

	June 30, 2015	December 31, 2014	June 30, 2014
Current assets	\$ 5,373,179	\$ 6,792,676	\$ 2,556,517
Non-current assets	11,174,413	10,716,690	10,726,704
Current liabilities	(3,174,730)	(3,385,989)	(3,324,206)
Non-current liabilities	<u>(250,387)</u>	<u>(253,661)</u>	<u>(256,434)</u>
Equity	<u>\$ 13,122,475</u>	<u>\$ 13,869,716</u>	<u>\$ 9,702,581</u>

(Continued)

	June 30, 2015	December 31, 2014	June 30, 2014
Equity attributable to:			
Owners of parent	\$ 9,035,658	\$ 9,352,414	\$ 8,481,570
Non-controlling interests of momo	4,036,972	4,433,431	1,217,932
Non-controlling interests of momo's subsidiaries	<u>49,845</u>	<u>83,871</u>	<u>3,079</u>
	<u>\$ 13,122,475</u>	<u>\$ 13,869,716</u>	<u>\$ 9,702,581</u> (Concluded)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Operating revenues	<u>\$ 6,198,935</u>	<u>\$ 5,616,264</u>	<u>\$ 12,458,587</u>	<u>\$ 11,280,197</u>
Profit	\$ 252,853	\$ 267,138	\$ 510,379	\$ 463,144
Other comprehensive income	<u>(23,511)</u>	<u>32,367</u>	<u>(52,963)</u>	<u>38,768</u>
Comprehensive income	<u>\$ 229,342</u>	<u>\$ 299,505</u>	<u>\$ 457,416</u>	<u>\$ 501,912</u>
Profit attributable to:				
Owners of parent	\$ 119,124	\$ 136,427	\$ 240,682	\$ 238,758
Non-controlling interests of momo	149,538	137,038	302,126	238,055
Non-controlling interests of momo's subsidiaries	<u>(15,809)</u>	<u>(6,327)</u>	<u>(32,429)</u>	<u>(13,669)</u>
	<u>\$ 252,853</u>	<u>\$ 267,138</u>	<u>\$ 510,379</u>	<u>\$ 463,144</u>
Comprehensive income attributable to:				
Owners of parent	\$ 108,989	\$ 152,682	\$ 217,886	\$ 258,194
Non-controlling interests of momo	136,837	153,341	273,556	257,527
Non-controlling interests of momo's subsidiaries	<u>(16,484)</u>	<u>(6,518)</u>	<u>(34,026)</u>	<u>(13,809)</u>
	<u>\$ 229,342</u>	<u>\$ 299,505</u>	<u>\$ 457,416</u>	<u>\$ 501,912</u>
Net cash from operating activities	\$ 126,989	\$ 769,834	\$ 209,720	\$ 687,788
Net cash from investing activities	1,721,364	(1,835,019)	1,757,267	(1,787,295)
Net cash from financing activities	(1,203,724)	(417,498)	(1,204,271)	(396,872)
Effect of exchange rate changes	<u>(620)</u>	<u>312</u>	<u>(1,591)</u>	<u>803</u>
Net increase (decrease) in cash	<u>\$ 644,009</u>	<u>\$ (1,482,371)</u>	<u>\$ 761,125</u>	<u>\$ (1,495,576)</u>
Dividend paid to non-controlling interests	<u>\$ (670,016)</u>	<u>\$ (224,068)</u>	<u>\$ (670,016)</u>	<u>\$ (224,068)</u>

14. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

a. Acquisition of subsidiaries

TWM obtained control of TNH due to the change in the members on the Board of Directors of TNH through the election held on February 21, 2014. TWM's shareholding remained at 49.9%. TNH mainly engages in building and operating Songshan Cultural and Creative Park BOT (Build-Operate-Transfer) Project.

1) Assets acquired and liabilities assumed

	TNH
Current assets	
Cash and cash equivalents	\$ 1,193,252
Others	79,777
Non-current assets	
Service concession	7,460,415
Others	5,656
Current liabilities	(647,681)
Non-current liabilities	
Long-term borrowings	(3,285,841)
Others	<u>(1,339,944)</u>
	<u>\$ 3,465,634</u>

The Group's shareholding in TNH was 49.9% before obtaining control of TNH, at which time the book value and fair value were equivalent. Therefore, the gain and loss arising from re-measurement were not significant.

2) Operating influences of combination

The Group's share of operating revenue of TNH was \$65,512 thousand and \$93,773 thousand and the Group's share of the net loss of TNH was \$507 thousand and \$4,870 thousand, respectively, for the three months ended June 30 and the period from February 21 to June 30, 2014. If the business combination had occurred at the beginning of the fiscal year, the pro forma operating revenue and net loss in the Group's consolidated comprehensive income statement would have been \$129,949 thousand and \$24,066 thousand, respectively, for the six months ended June 30, 2014. The aforementioned pro forma revenue and net loss could not be regarded as the actual operating outcome on the basis that the business combination occurred at the beginning of the year and could not be used to predict the future revenue and net loss.

b. Transactions with non-controlling interests

Due to WMT's disposal of part of its shareholding in momo in February 2014, WMT's shareholding in momo decreased from 50.64% to 49.93%. The transaction was accounted for as an equity transaction as follows:

Cash consideration received	\$ 142,246
Increase in non-controlling interests due to equity transaction involving subsidiaries	(120,420)
Other adjustments	<u>(3,071)</u>
Capital surplus - difference between consideration and carrying amount of subsidiaries' shares disposed of	<u>\$ 18,755</u>

Due to momo's initial public offering, WMT disposed of part of its shareholding in momo and did not participate in momo's public offering in December 2014; therefore, WMT's "capital surplus - difference between consideration and carrying amounts of subsidiaries' shares disposed of" and "capital surplus - changes in equity of subsidiaries" increased by \$67,210 thousand and \$576,872 thousand, respectively.

Due to non-proportional investment in FGE's increase in capital in September and October 2014, momo's capital surplus - changes in equity of subsidiaries increased by \$74,034 thousand.

As the aforementioned transactions did not result in any change of the Group's control over momo and FGE, they were accounted for as equity transactions.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Telecommuni- cation Equipment and Machinery	Miscellaneous Equipment	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>						
Balance, January 1, 2015	\$ 10,366,685	\$ 4,947,700	\$ 78,863,132	\$ 6,979,293	\$ 3,985,597	\$ 105,142,407
Additions	-	-	226,935	162,314	5,916,276	6,305,525
Reclassification	37,646	18,968	6,155,397	191,073	(6,351,900)	51,184
Disposals and retirements	(14,300)	(10,077)	(491,955)	(57,884)	(637)	(574,853)
Effect of exchange rate changes	-	-	(4,210)	(1,762)	-	(5,972)
Balance, June 30, 2015	<u>\$ 10,390,031</u>	<u>\$ 4,956,591</u>	<u>\$ 84,749,299</u>	<u>\$ 7,273,034</u>	<u>\$ 3,549,336</u>	<u>\$ 110,918,291</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2015	\$ 83,426	\$ 1,398,811	\$ 51,830,986	\$ 4,762,865	\$ -	\$ 58,076,088
Depreciation	-	71,947	4,669,218	514,425	-	5,255,590
Reclassification	-	8,683	-	-	-	8,683
Disposals and retirements	-	(4,515)	(412,647)	(56,266)	-	(473,428)
Effect of exchange rate changes	-	-	(2,104)	(1,123)	-	(3,227)
Balance, June 30, 2015	<u>\$ 83,426</u>	<u>\$ 1,474,926</u>	<u>\$ 56,085,453</u>	<u>\$ 5,219,901</u>	<u>\$ -</u>	<u>\$ 62,863,706</u>
Carrying amount, January 1, 2015	<u>\$ 10,283,259</u>	<u>\$ 3,548,889</u>	<u>\$ 27,032,146</u>	<u>\$ 2,216,428</u>	<u>\$ 3,985,597</u>	<u>\$ 47,066,319</u>
Carrying amount, June 30, 2015	<u>\$ 10,306,605</u>	<u>\$ 3,481,665</u>	<u>\$ 28,663,846</u>	<u>\$ 2,053,133</u>	<u>\$ 3,549,336</u>	<u>\$ 48,054,585</u>
<u>Cost</u>						
Balance, January 1, 2014	\$ 8,675,595	\$ 4,961,737	\$ 73,940,408	\$ 6,049,561	\$ 3,162,832	\$ 96,790,133
Additions	1,717,927	2,061	141,963	186,470	5,209,625	7,258,046
Acquisition from combination	-	-	-	10,232	-	10,232
Reclassification	(13,092)	(9,347)	4,384,045	309,396	(4,832,677)	(161,675)
Disposals and retirements	-	-	(882,770)	(100,537)	(4,080)	(987,387)
Effect of exchange rate changes	-	-	(4,482)	(1,967)	-	(6,449)
Balance, June 30, 2014	<u>\$ 10,380,430</u>	<u>\$ 4,954,451</u>	<u>\$ 77,579,164</u>	<u>\$ 6,453,155</u>	<u>\$ 3,535,700</u>	<u>\$ 102,902,900</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2014	\$ 83,426	\$ 1,260,526	\$ 48,470,898	\$ 3,989,482	\$ -	\$ 53,804,332
Depreciation	-	72,041	4,217,812	429,023	-	4,718,876
Acquisition from combination	-	-	-	835	-	835
Reclassification	-	(3,619)	(80,643)	15,095	-	(69,167)

(Continued)

	Land	Buildings	Telecommuni- cation Equipment and Machinery	Miscellaneous Equipment	Construction in Progress and Equipment to be Inspected	Total
Disposals and retirements	\$ -	\$ -	\$ (729,341)	\$ (92,690)	\$ -	\$ (822,031)
Effect of exchange rate changes	-	-	(1,734)	(1,028)	-	(2,762)
Balance, June 30, 2014	<u>\$ 83,426</u>	<u>\$ 1,328,948</u>	<u>\$ 51,876,992</u>	<u>\$ 4,340,717</u>	<u>\$ -</u>	<u>\$ 57,630,083</u>
Carrying amount, June 30, 2014	<u>\$ 10,297,004</u>	<u>\$ 3,625,503</u>	<u>\$ 25,702,172</u>	<u>\$ 2,112,438</u>	<u>\$ 3,535,700</u>	<u>\$ 45,272,817</u> (Concluded)

- a. The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

Buildings

Primary buildings	20-55 years
Mechanical and electrical equipment	15 years
Telecommunication equipment and machinery	2-20 years
Miscellaneous equipment	2-20 years

- b. The non-cash investing activities of the Group for the six months ended June 30, 2015 and 2014 were as follows:

	For the Six Months Ended June 30	
	2015	2014
Acquisition of property, plant and equipment	\$ 6,305,525	\$ 7,258,046
Changes in other payables	(190,089)	(734,806)
Changes in provisions	<u>(32,080)</u>	<u>(46,544)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 6,083,356</u>	<u>\$ 6,476,696</u>

16. INVESTMENT PROPERTIES

	June 30, 2015	December 31, 2014	June 30, 2014
Land			
Cost	<u>\$ 224,260</u>	<u>\$ 261,905</u>	<u>\$ 248,160</u>
Buildings			
Cost	\$ 118,498	\$ 137,465	\$ 130,715
Accumulated depreciation	<u>37,995</u>	<u>45,162</u>	<u>41,373</u>
Carrying amount	<u>\$ 80,503</u>	<u>\$ 92,303</u>	<u>\$ 89,342</u>
Total investment properties	<u>\$ 304,763</u>	<u>\$ 354,208</u>	<u>\$ 337,502</u>
Fair value	<u>\$ 824,160</u>	<u>\$ 1,113,847</u>	<u>\$ 744,587</u>
Capitalization rate	0.76%-4.20%	1.06%-4.20%	1.19%-3.12%

Properties were reclassified from property, plant and equipment to investment property since the properties were no longer used by the Group and it was decided to put such properties for lease.

Fair value of an investment property was measured by Level 3 inputs, using the income approach, comparative approach, and cost approach by HomeBan Appraisers Joint Firm.

17. INTANGIBLE ASSETS

The cost, amortization, and impairment of intangible assets of the Group for the six months ended June 30, 2015 and 2014, were as follows:

	Concessions		Goodwill	Other Intangible Assets					Total
	Concession License	Service Concession		Computer Software	Customer Relationship	Operating Rights	Trademarks	Others	
Cost									
Balance, January 1, 2015	\$ 39,291,000	\$ 7,736,128	\$ 15,845,930	\$ 2,484,186	\$ 2,849,197	\$ 1,382,000	\$ 2,517,866	\$ 5,217	\$ 72,111,524
Addition	3,433,375	321,324	-	69,319	-	-	-	-	3,824,018
Disposals and retirements	-	-	-	(344)	(195,108)	-	-	(5,147)	(200,599)
Adjustment and reclassification	-	(69,039)	-	158,141	-	-	-	-	89,102
Effect of exchange rate changes	-	-	-	(531)	-	-	-	(70)	(601)
Balance, June 30, 2015	<u>\$ 42,724,375</u>	<u>\$ 7,988,413</u>	<u>\$ 15,845,930</u>	<u>\$ 2,710,771</u>	<u>\$ 2,654,089</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,866</u>	<u>\$ -</u>	<u>\$ 75,823,444</u>
Accumulated amortization and impairment									
Balance, January 1, 2015	\$ 7,785,003	\$ 138,833	\$ -	\$ 1,852,678	\$ 1,160,171	\$ -	\$ 778	\$ 5,217	\$ 10,942,680
Amortization	994,303	87,567	-	210,780	68,200	-	99	-	1,360,949
Disposals and retirements	-	-	-	(344)	(195,108)	-	-	(5,147)	(200,599)
Effect of exchange rate changes	-	-	-	(300)	-	-	-	(70)	(370)
Balance, June 30, 2015	<u>\$ 8,779,306</u>	<u>\$ 226,400</u>	<u>\$ -</u>	<u>\$ 2,062,814</u>	<u>\$ 1,033,263</u>	<u>\$ -</u>	<u>\$ 877</u>	<u>\$ -</u>	<u>\$ 12,102,660</u>
Carrying amount, January 1, 2015	<u>\$ 31,505,997</u>	<u>\$ 7,597,295</u>	<u>\$ 15,845,930</u>	<u>\$ 631,508</u>	<u>\$ 1,689,026</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,088</u>	<u>\$ -</u>	<u>\$ 61,168,844</u>
Carrying amount, June 30, 2015	<u>\$ 33,945,069</u>	<u>\$ 7,762,013</u>	<u>\$ 15,845,930</u>	<u>\$ 647,957</u>	<u>\$ 1,620,826</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,989</u>	<u>\$ -</u>	<u>\$ 63,720,784</u>
Cost									
Balance, January 1, 2014	\$ 39,291,000	\$ -	\$ 15,845,930	\$ 2,020,208	\$ 2,849,197	\$ 1,382,000	\$ 2,517,860	\$ 5,107	\$ 63,911,302
Addition	-	67,230	-	75,461	-	-	6	-	142,697
Acquisition from combination	-	7,460,415	-	-	-	-	-	-	7,460,415
Disposals and retirements	-	-	-	(1,119)	-	-	-	-	(1,119)
Adjustment and reclassification	-	(87,874)	-	78,486	-	-	-	-	(9,388)
Effect of exchange rate changes	-	-	-	(565)	-	-	-	(74)	(639)
Balance, June 30, 2014	<u>\$ 39,291,000</u>	<u>\$ 7,439,771</u>	<u>\$ 15,845,930</u>	<u>\$ 2,172,471</u>	<u>\$ 2,849,197</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,866</u>	<u>\$ 5,033</u>	<u>\$ 71,503,268</u>
Accumulated amortization and impairment									
Balance, January 1, 2014	\$ 6,542,455	\$ -	\$ -	\$ 1,502,406	\$ 1,023,771	\$ -	\$ 579	\$ 4,820	\$ 9,074,031
Amortization	426,543	56,891	-	167,439	68,200	-	100	287	719,460
Disposals and retirements	-	-	-	(1,119)	-	-	-	-	(1,119)
Effect of exchange rate changes	-	-	-	(288)	-	-	-	(74)	(362)
Balance, June 30, 2014	<u>\$ 6,968,998</u>	<u>\$ 56,891</u>	<u>\$ -</u>	<u>\$ 1,668,438</u>	<u>\$ 1,091,971</u>	<u>\$ -</u>	<u>\$ 679</u>	<u>\$ 5,033</u>	<u>\$ 9,792,010</u>
Carrying amount, June 30, 2014	<u>\$ 32,322,002</u>	<u>\$ 7,382,880</u>	<u>\$ 15,845,930</u>	<u>\$ 504,033</u>	<u>\$ 1,757,226</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,187</u>	<u>\$ -</u>	<u>\$ 61,711,258</u>

The estimated useful lives for the current and comparative periods are as follows:

Concession license	14-17 years
Service concession	44-50 years
Computer software	2-10 years
Customer relationship	20 years
Trademarks	10 years

a. Service concession

On January 15, 2009, TNH signed the BOT contract with the Department of Cultural Affairs, Taipei City Government. Under the BOT contract, TNH obtained the right to build and operate the development project on the location of old Songshan Tobacco Plant. The development concession premium of superficies is amortized on a straight-line basis during the contract period, and the construction costs are amortized on a straight-line basis from the completion date of the construction to the BOT contract expiry date.

b. Customer relationship, trademarks, and operating rights

The Group measures the fair value of the acquired assets when acquisition occurs, and identifies the fair value and amortization periods of the intangible assets which conform to materiality and related standards. Although some of the intangible assets such as operating rights and trademarks have a legal useful life, which can be extended, the Group regards these assets as intangible assets with indefinite useful life.

- 1) On April 17, 2007, TFN, one of TWM's wholly-owned subsidiaries, acquired more than 50% of the former Taiwan Fixed Network Co., Ltd. (the former TFN) through a public tender offer. TWM divided the former TFN and its subsidiaries into two cash-generating units: Fixed network service and cable television business. Accordingly, customer relationship and operating rights are identified as major intangible assets.
- 2) On September 1, 2010, TFNM, one of TWM's wholly-owned subsidiaries, acquired 55% of TKT. On August 12, 2011, TFNM acquired 45% of TKT. TWM measured the fair value of the acquired assets and viewed TKT's wireless services as one cash-generating unit. Accordingly, trademarks and customer relationship are identified as major intangible assets.
- 3) On July 13, 2011, WMT, one of TWM's wholly-owned subsidiaries, acquired more than 50% of momo. TWM measured the fair value of the acquired assets and viewed momo's retail business as one cash-generating unit. Accordingly, trademarks are identified as major intangible assets.

c. Goodwill

The carrying amounts of goodwill allocated to the above units were as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Mobile communication service	\$ 7,238,758	\$ 7,238,758	\$ 7,238,758
Fixed network service	357,970	357,970	357,970
Cable television business	3,269,636	3,269,636	3,269,636
Retail business	<u>4,979,566</u>	<u>4,979,566</u>	<u>4,979,566</u>
	<u>\$ 15,845,930</u>	<u>\$ 15,845,930</u>	<u>\$ 15,845,930</u>

d. Impairment of assets

In conformity with IAS 36 Impairment of Assets, the Group identified mobile communication service, fixed network service, the cable television business, and the retail business as the smallest identifiable units which can generate cash inflows independently.

The recoverable amounts of the operating assets and intangible assets were evaluated by business type, and the critical assumptions used for this evaluation were as follows:

1) Mobile communication service

a) Assumptions on cash flows

The five-year cash flow projections were estimated on the basis of previous experience, actual operating results, and the financial budget.

b) 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.

c) Assumptions on operating costs and expenses

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

d) Assumptions on discount rate

For the years ended December 31, 2014 and 2013, the discount rate used to calculate the asset recoverable amounts of TWM was 5.56% and 4.68%, respectively.

2) Fixed network service

a) Assumptions on cash flows

The five-year cash flow projections were made on the basis of previous experience, actual operating results, and the financial budget.

b) Assumptions on operating revenues

After taking into consideration the changes in the telecom industry and TWM's growth of operations, the operating revenues were estimated based on the demand for the various types of data transmission and broadband volume.

c) Assumptions on operating costs and expenses

The estimates of operating costs and expenses were based on the cost drivers of each cost and expense items.

d) Assumptions on discount rate

For the years ended December 31, 2014 and 2013, the discount rates were 6.17% and 5.31%.

3) Cable television business

a) Assumptions on cash flows

The five-year cash flow projections were estimated on the basis of previous experience, actual operating results, and the financial budget.

b) Assumptions on operating revenues

After taking changes in the cable television industry and competitive landscape into consideration, operating revenues were estimated on the basis of the projected changes in subscriber numbers and average revenue per subscriber.

c) Assumptions on operating costs and expenses

The estimates of cost of commissions, customer service costs, and bill processing costs were based on the projected changes in subscriber numbers. The estimates of remaining costs and expenses were based on the actual costs and expenses as a proportion of operating revenues.

d) Assumptions on discount rate

The discount rates used to calculate the asset recoverable amounts for each system operator ranged from 4.38% to 4.92% and from 8.28% to 8.38% for the years ended December 31, 2014 and 2013, respectively.

4) Retail business

a) Assumptions on cash flows

The five-year cash flow projections were estimated on the basis of previous experience, actual operating results, and the financial budget.

b) Assumptions on operating revenues

After taking into consideration the changes in the retail business industry and competitiveness of the market, the operating revenues were estimated based on the classification and the average price of commodities, and the degree of the contribution of the customers.

c) Assumptions on operating costs and expenses

The costs and expenses were based on the actual costs and expenses as a proportion of operating revenues.

d) Assumptions on discount rate

For the years ended December 31, 2014 and 2013, the discount rates in calculating the asset recoverable amounts were 15.55% and 7.29%, respectively.

Based on the key assumptions of each cash-generating unit, the Group's management believes that the carrying amounts of these operating assets and intangible assets will not exceed their recoverable amounts even if there are any reasonable changes in the critical assumptions used to estimate recoverable amounts. Thus, there was no impairment of intangible assets for the years ended December 31, 2014 and 2013, and no significant evidence indicating impairment of intangible assets as of June 30, 2015.

18. OTHER NON-CURRENT ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Long-term accounts receivable	\$ 5,001,582	\$ 4,717,815	\$ 3,916,604
Refundable deposits	605,891	579,457	580,421
Prepayments for equipment	67,390	78,501	141,219
Others	<u>515,757</u>	<u>513,047</u>	<u>520,599</u>
	<u>\$ 6,190,620</u>	<u>\$ 5,888,820</u>	<u>\$ 5,158,843</u>

19. SHORT-TERM BORROWINGS AND SHORT-TERM NOTES AND BILLS PAYABLE

a. Short-term borrowings

	June 30, 2015	December 31, 2014	June 30, 2014
Unsecured loans-financial institutions	\$ 12,650,000	\$ 18,900,000	\$ 12,200,000
Secured loans-financial institutions (related parties)	<u> -</u>	<u> -</u>	<u> 171,276</u>
	<u>\$ 12,650,000</u>	<u>\$ 18,900,000</u>	<u>\$ 12,371,276</u>
Annual interest rate:			
Unsecured loans	0.83%-1.14%	0.83%-1.08%	0.82%-1.08%
Secured loans	-	-	7.2%

b. Short-term notes and bills payable

	June 30, 2015	December 31, 2014	June 30, 2014
Short-term notes and bills payable	\$ 7,400,000	\$ 5,600,000	\$ 1,300,000
Less: Discount on short-term notes and bills payable	<u> (9,239)</u>	<u> (6,969)</u>	<u> (887)</u>
	<u>\$ 7,390,761</u>	<u>\$ 5,593,031</u>	<u>\$ 1,299,113</u>
Annual interest rate	0.808%-0.99%	0.868%-0.915%	0.803%

For information on time deposits pledged as collateral for bank loans and commitments, please refer to Note 35 and Note 36 for details.

20. ADVANCE RECEIPTS

	June 30, 2015	December 31, 2014	June 30, 2014
Advance receipts from customers	\$ 1,943,108	\$ 2,100,001	\$ 2,126,628
Deferred customer loyalty revenues	65,239	58,172	55,726
Others	<u> 136,347</u>	<u> 106,439</u>	<u> 104,196</u>
	<u>\$ 2,144,694</u>	<u>\$ 2,264,612</u>	<u>\$ 2,286,550</u>

- a. In accordance with the NCC's policy, TWM entered into a contract with First Commercial Bank Co., Ltd., which provides a performance guarantee for advance receipts from prepaid cards and electronic gift certificates amounting to \$882,401 thousand and \$13,054 thousand, respectively, as of June 30, 2015.
- b. In accordance with the NCC's policy, TFN entered into a contract with First Commercial Bank Co., Ltd., which provides a performance guarantee for advance receipts from International Direct Dialing (IDD) calling cards amounting to \$38 thousand as of June 30, 2015.

- c. In accordance with the NCC's policy, cable television companies should provide a performance deposit based on a certain proportion of the advance receipts for a prepaid period. As of June 30, 2015, the cable television companies had provided \$56,073 thousand as a performance deposit, classified as other non-current financial assets.
- d. In accordance with the Ministry of Economic Affairs' policy, momo entered into a contract with First Commercial Bank Co., Ltd., which provides a performance guarantee for advance receipts from prepaid bonus amounting to \$24,936 thousand as of June 30, 2015.
- e. In accordance with the NCC's and the Ministry of Economic Affairs' policies, TKT entered into a contract with Mega International Commercial Bank Co., Ltd., which provides a performance guarantee for advance receipts from prepaid music cards amounting to \$1,503 thousand as of June 30, 2015.

21. BONDS PAYABLE

	June 30, 2015	December 31, 2014	June 30, 2014
3rd domestic unsecured bonds	\$ 8,997,070	\$ 8,996,692	\$ 8,996,314
4th domestic unsecured bonds	<u>5,798,046</u>	<u>5,797,601</u>	<u>5,797,156</u>
	<u>\$ 14,795,116</u>	<u>\$ 14,794,293</u>	<u>\$ 14,793,470</u>

a. 3rd domestic unsecured bonds

On December 20, 2012, TWM authorized Hua Nan Commercial Bank as a trustee to issue \$9,000,000 thousand of seven-year 3rd domestic unsecured bonds, each having a face value of \$10,000 thousand and a coupon rate of 1.34% per annum, with simple interest due annually. Repayment will be made in the sixth and seventh years with equal installments, i.e., \$4,500,000 thousand. As of June 30, 2015, the amount of unamortized bond issue cost was \$2,930 thousand.

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

Year	Amount
2018	\$ 4,500,000
2019	<u>4,500,000</u>
	<u>\$ 9,000,000</u>

b. 4th domestic unsecured bonds

On April 25, 2013, TWM authorized Hua Nan Commercial Bank as a trustee to issue \$5,800,000 thousand of five-year 4th domestic unsecured bonds, each having a face value of \$10,000 thousand and a coupon rate of 1.29% per annum, with simple interest due annually. Repayment will be made in the fourth and fifth years with equal installments, i.e., \$2,900,000 thousand. As of June 30, 2015, the amount of unamortized bond issue cost was \$1,954 thousand.

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

Year	Amount
2017	\$ 2,900,000
2018	<u>2,900,000</u>
	<u>\$ 5,800,000</u>

22. LONG-TERM BORROWINGS

	June 30, 2015	December 31, 2014	June 30, 2014
Unsecured loans-financial institutions	\$ 16,570,000	\$ 12,000,000	\$ 13,000,000
Secured loans-financial institutions	3,286,436	3,390,544	3,494,653
Less: Current portion	<u>(11,208,218)</u>	<u>(2,208,218)</u>	<u>(2,208,218)</u>
	<u>\$ 8,648,218</u>	<u>\$ 13,182,326</u>	<u>\$ 14,286,435</u>
Annual interest rate:			
Unsecured loans	1.05%-2.25%	1.05%-1.095%	1.05%-1.08%
Secured loans	2.2526%	2.2526%	2.2526%

a. Unsecured loans

The Group entered into credit facility agreements with a group of banks for mid-term operating capital. The facilities last 2 to 7 years from the date of drawing and from the date of contracting, respectively, and the interests are paid periodically. The credit facilities are subject to covenants regarding debt ratio and interest protection multiples during the facility period.

b. Secured loans

On January 22, 2010, TNH entered into a syndicated loan agreement with a group of nine banks, including Bank of Taiwan and Taipei Fubon Bank for the investment under the BOT contract. The aggregate credit and guarantee amount were up to \$3,565,000 thousand for 7 years, including the grace period of 4 years, with interest payments on a monthly basis. In accordance with the loan agreement, the regular financial covenants, e.g. current ratio, equity ratio, and interest protection multiples, must be complied with during the facility period. For property under the BOT contract and its superficies that have been pledged as collateral, please refer to Note 35 for details.

23. PROVISIONS

	June 30, 2015	December 31, 2014	June 30, 2014
Restoration	\$ 1,135,273	\$ 1,105,662	\$ 1,058,369
Decommissioning	87,061	63,246	40,595
Warranties	<u>73,765</u>	<u>62,524</u>	<u>46,960</u>
	<u>\$ 1,296,099</u>	<u>\$ 1,231,432</u>	<u>\$ 1,145,924</u>

(Continued)

	June 30, 2015	December 31, 2014	June 30, 2014
Current	\$ 231,420	\$ 217,083	\$ 196,359
Non-current	<u>1,064,679</u>	<u>1,014,349</u>	<u>949,565</u>
	<u>\$ 1,296,099</u>	<u>\$ 1,231,432</u>	<u>\$ 1,145,924</u> (Concluded)

	Restoration	Decemmis- sioning	Warranties	Total
Balance, January 1, 2015	\$ 1,105,662	\$ 63,246	\$ 62,524	\$ 1,231,432
Provision	39,673	22,666	66,299	128,638
Reversal	(8,348)	-	(18,124)	(26,472)
Unwinding of discount	5,565	1,149	-	6,714
Payment	<u>(7,279)</u>	<u>-</u>	<u>(36,934)</u>	<u>(44,213)</u>
Balance, June 30, 2015	<u>\$ 1,135,273</u>	<u>\$ 87,061</u>	<u>\$ 73,765</u>	<u>\$ 1,296,099</u>
Balance, January 1, 2014	\$ 1,021,896	\$ -	\$ 52,059	\$ 1,073,955
Provision	54,899	14,728	43,615	113,242
Acquisition from combination	-	25,494	-	25,494
Reversal	(17,162)	-	(21,851)	(39,013)
Unwinding of discount	6,649	373	-	7,022
Payment	<u>(7,913)</u>	<u>-</u>	<u>(26,863)</u>	<u>(34,776)</u>
Balance, June 30, 2014	<u>\$ 1,058,369</u>	<u>\$ 40,595</u>	<u>\$ 46,960</u>	<u>\$ 1,145,924</u>

24. OTHER NON-CURRENT LIABILITIES

	June 30, 2015	December 31, 2014	June 30, 2014
Construction retainage payable	\$ 1,588	\$ 95,465	\$ 114,635
Concession payable	877,500	950,325	905,357
Less: Discounts on concession payable	(121,549)	(131,923)	(134,888)
Others	<u>19,744</u>	<u>19,744</u>	<u>19,744</u>
	<u>\$ 777,283</u>	<u>\$ 933,611</u>	<u>\$ 904,848</u>

Concession payable is the development concession from the BOT contract between the Department of Cultural Affairs and TNH, please refer to Note 36.

25. OPERATING LEASE

a. Lessee

Non-cancellable rentals payable of operating leases are as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Less than one year	\$ 3,057,585	\$ 2,989,343	\$ 2,941,978
Between one and five years	4,724,931	4,823,342	5,080,395
More than five years	<u>98,961</u>	<u>102,907</u>	<u>111,140</u>
	<u>\$ 7,881,477</u>	<u>\$ 7,915,592</u>	<u>\$ 8,133,513</u>

The Group leases offices, maintenance centers, stores, base transceiver stations, machine rooms, etc., under operating leases. The leases typically run for a period of 1 to 5 years, with options for renewals.

The payments of leases and subleases were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Minimum lease payment	\$ 885,344	\$ 858,302	\$ 1,766,629	\$ 1,715,165
Sublease payment	<u>(146)</u>	<u>(231)</u>	<u>(291)</u>	<u>(325)</u>
	<u>\$ 885,198</u>	<u>\$ 858,071</u>	<u>\$ 1,766,338</u>	<u>\$ 1,714,840</u>

b. Lessor

The Group leases out investment properties under operating leases. The future minimum lease payment receivables under non-cancellable leases are as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Less than one year	\$ 18,488	\$ 15,232	\$ 19,766
Between one and five years	<u>23,539</u>	<u>14,866</u>	<u>17,975</u>
	<u>\$ 42,027</u>	<u>\$ 30,098</u>	<u>\$ 37,741</u>

26. EMPLOYEE BENEFITS

a. Defined benefit plan

The Group recognized pension expense of \$1,224 thousand and \$1,213 thousand for the three months ended June 30, 2015 and 2014, respectively, and \$2,421 thousand and \$2,426 thousand for the six months ended June 30, 2015 and 2014, respectively, by using the actuarially determined pension cost rate.

b. Defined contribution plans

The Group contributed 6% of each employee's monthly wages to a labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act.

The Group's contribution of pension expense was amounted to \$63,860 thousand and \$63,450 thousand for the three months ended June 30, 2015 and 2014, respectively, and \$128,101 thousand and \$128,643 thousand for the six months ended June 30, 2015 and 2014, respectively.

27. INCOME TAX FROM CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Current income tax expense				
Current period	\$ 803,558	\$ 943,270	\$ 1,327,344	\$ 1,702,621
Prior years' adjustment on current income tax	<u>(70,996)</u>	<u>16,878</u>	<u>(570,012)</u>	<u>33,631</u>
	<u>732,562</u>	<u>960,148</u>	<u>757,332</u>	<u>1,736,252</u>
Deferred income tax expense				
Current period	<u>30,085</u>	<u>(71,621)</u>	<u>216,627</u>	<u>15,763</u>
Income tax expense	<u>\$ 762,647</u>	<u>\$ 888,527</u>	<u>\$ 973,959</u>	<u>\$ 1,752,015</u>

b. Integrated income tax information was as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Balance of the Group's imputation credit account (ICA)	<u>\$ 3,181,450</u>	<u>\$ 1,234,356</u>	<u>\$ 3,134,653</u>

As of June 30, 2015, there were no unappropriated earnings generated before 1997.

The estimated tax creditable ratio for 2014 and actual tax creditable ratio for 2013 were 16.06% and 14.14%, respectively, based on Decree No. 10204562810 announced on October 17, 2013, by the ROC Ministry of Finance. Under the Integrated Income Tax System, ROC resident shareholders are allowed a tax credit for the income tax paid by TWM. An imputation credit account (ICA) is maintained by TWM for such income tax, and a tax credit is allocated to each shareholder. Actual allocation of the imputation credit account is based on the balance on the record date for dividend distribution. Therefore, the estimated tax creditable ratio may differ from the actual tax creditable ratio for the 2014 earnings appropriation.

c. Income tax examinations

The latest years for which income tax returns have been examined and cleared by the tax authorities were as follows:

<u>Company</u>	<u>Year</u>
TWM	2012
TCC	2013
WMT	2013
GWMT	2013
GFMT	2013

(Continued)

<u>Company</u>	<u>Year</u>
TDC	2013
TDS	2013
TCCI	2013
TID	2013
TFN	2013
TT&T	2013
TUI	2013
WTVB	2013
TFNM	2012
UCTV	2013
YJCTV	2013
MCTV	2013
PCTV	2013
GCTV	2013
TKT	2013
momo	2013
FST	2013
FLI	2013
FPI	2013
TNH	2013
	(Concluded)

TFN's income tax returns up to 2013 have been assessed by the tax authorities. TFN disagreed with the assessments of the income tax returns for 2010 and 2011 and requested reexamination and applied for correction, respectively.

TFNM's income tax returns up to 2012 have been assessed by the tax authorities. TFNM disagreed with the assessments of the income tax return for 2008 and requested a reexamination.

28. EQUITY

a. Common stock

As of June 30, 2015, December 31, 2014 and June 30, 2014, TWM had authorized 6,000,000 thousand common shares, with 3,420,833 thousand shares issued and outstanding at par value \$10 per share.

b. Capital surplus

	June 30, 2015	December 31, 2014	June 30, 2014
Additional paid-in capital from convertible corporate bonds	\$ 8,775,820	\$ 8,775,820	\$ 8,775,820
Treasury share transactions	5,159,704	5,159,704	3,639,301
Difference between consideration and carrying amount of subsidiaries' shares disposed of	85,965	85,965	18,755
Changes in equity of subsidiaries	652,219	652,219	1,313
Changes in equity of associates accounted for using equity method	26,705	26,705	25,152
Others	<u>15,417</u>	<u>15,417</u>	<u>15,417</u>
	<u>\$ 14,715,830</u>	<u>\$ 14,715,830</u>	<u>\$ 12,475,758</u>

Under the Company Act, capital surplus generated from the excess of the issue price over the par value of capital stock, including the stock issued for new capital, the conversion premium from convertible corporate bonds, the difference between consideration and carrying amount of subsidiaries' shares acquired or disposed of, and treasury share transactions, may be applied to cover a deficit, or be transferred to capital as stock dividends, or be distributed as cash dividends when there is no deficit, and this transfer is restricted to a certain percentage of the paid-in capital. The capital surplus arising from changes in equity of subsidiaries could be applied to cover a deficit.

c. Appropriation of earnings and dividend policy

TWM's articles of incorporation provide that, in the event that TWM, according to the financial report, earns profits in a fiscal year, such profits shall first be applied to pay the applicable taxes, recover losses, set aside legal reserve pursuant to laws and regulations, and set aside or reverse a special reserve in accordance with the law or to satisfy the business needs of TWM. Any balance left over shall be appropriated as follows:

- 1) Remuneration to directors, not exceeding 0.3%;
- 2) Employee bonuses in the sum of 1% to 3%;
- 3) The remaining balance and any unappropriated earnings of the previous fiscal years shall be distributed to the shareholders as dividends in accordance with resolutions of the shareholders' meetings.

TWM adopts a dividend distribution policy whereby only surplus profits of TWM shall be distributed to shareholders. That is, after setting aside amounts for retained earnings based on TWM's capital budget plan, the residual profits shall be distributed as cash dividends. The value of stock dividends in a particular year shall not be more than 80% of the value of dividends distributed for that year. The amount of the distributable dividends, the forms in which dividends shall be distributed, and the ratio thereof shall depend on the actual profit and cash positions of TWM and shall be approved by resolutions of the Board, who shall, upon such approval, recommend the same to the shareholders for approval by resolution at the shareholders' meetings. The appropriation of earnings should be resolved by the shareholders' meeting and recognized in the financial statements in the following year.

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

TWM distributes and reverses special reserve in accordance with Decree No. 1010012865, Decree No. 1010047490, and "The Q&A for special reserve recognition after adopting IFRS" issued by the FSC. The special reserve appropriation will be reversed as distributable retained earnings to the extent that the net debit balance of the other shareholders' equity reverses.

In accordance with the ROC Company Act amended in May 2015, the recipients of dividends and bonuses arising from earning distributions are limited to shareholders and do not include employees. TWM plans to make consequential amendments to the Company's Articles of Incorporation, which will be approved at the 2016 annual shareholders' meeting, to coincide with the aforementioned law amendments. For information about the accrual basis of the employee bonuses and remuneration to directors for the three months ended June 30, 2015 and 2014, and the six months ended June 30, 2015 and 2014, and the actual appropriations for the years ended December 31, 2014 and 2013, please refer to Note 39.

The 2014 and 2013 earnings appropriations proposed by the AGM on June 10, 2015 and June 12, 2014, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Fiscal Year 2014	For Fiscal Year 2013	For Fiscal Year 2014	For Fiscal Year 2013
Appropriation of legal reserve	\$ 1,500,543	\$ 2,275,622		
Appropriation of special reserve	302,986	-		
Cash dividends to shareholders	<u>15,243,655</u>	<u>15,064,599</u>	\$ 5.6	\$ 5.6
	<u>\$ 17,047,184</u>	<u>\$ 17,340,221</u>		

As of June 30, 2015, the cash dividends to shareholders of TWM of \$15,243,655 thousand were recognized under dividends payable.

d. Other equity interests

	Exchange Differences on Translation	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Total
Balance, January 1, 2015	\$ 31,294	\$ (334,280)	\$ (302,986)
Exchange differences on translation	(6,807)	-	(6,807)
Changes in fair value of available-for-sale financial assets	-	(572,244)	(572,244)
Changes in other comprehensive income of associates accounted for using equity method	<u>109</u>	<u>(1,899)</u>	<u>(1,790)</u>
Balance, June 30, 2015	<u>\$ 24,596</u>	<u>\$ (908,423)</u>	<u>\$ (883,827)</u>
Balance, January 1, 2014	\$ 24,948	\$ 387,734	\$ 412,682
Exchange differences on translation	(4,553)	-	(4,553)
Changes in fair value of available-for-sale financial assets	-	(204,121)	(204,121)
Changes in other comprehensive income of associates accounted for using equity method	<u>22</u>	<u>16,487</u>	<u>16,509</u>
Balance, June 30, 2014	<u>\$ 20,417</u>	<u>\$ 200,100</u>	<u>\$ 220,517</u>

e. Treasury shares

As of June 30, 2015, December 31, 2014 and June 30, 2014, TWM's stocks held for the investment purposes by TCCI, TUI and TID, which are all wholly-owned by TWM, were 698,752 thousand shares, 698,752 thousand shares and 730,726 thousand shares, respectively, and the market values were \$71,971,415 thousand, \$73,019,542 thousand and \$67,519,068 thousand, respectively. Since the shares held by subsidiaries are regarded as treasury shares, TWM recognized \$29,717,344 thousand, \$29,717,344 thousand and \$31,077,183 thousand, respectively, as treasury shares. For those treasury shares holders, they have the same rights as the other shareholders, except that they are not allowed to subscribe new shares issued by TWM for cash. In addition, based on the ROC Company Act,

subsidiaries with over 50% shareholding owned by TWM cannot exercise the voting rights over such treasury shares.

TID disposed of 31,974 thousand shares of TWM for \$2,970,389 thousand in October 2014. TWM recognized “capital surplus - treasury share transactions” at the amount of \$1,520,403 thousand.

f. Non-controlling interests

	For the Six Months Ended June 30	
	2015	2014
Retrospective application beginning balance	\$ 6,252,897	\$ 1,086,747
Portion attributable to non-controlling interests		
Profit	242,960	222,298
Unrealized gains (losses) on available-for-sale financial assets	(22,823)	21,885
Exchange differences on translation	(7,344)	(2,555)
Changes in capital surplus of associates accounted for using equity method	-	(258)
Disposal of partial ownership interests in subsidiaries	-	120,420
Cash dividends from subsidiaries paid to non-controlling interests	(670,583)	(224,481)
Increase in non-controlling interests	<u>-</u>	<u>1,736,460</u>
Ending balance	<u>\$ 5,795,107</u>	<u>\$ 2,960,516</u>

29. EARNINGS PER SHARE

	For the Three Months Ended June 30, 2015		
	Amount After Income Tax	Weighted- average Number of Common Stock	EPS
Basic EPS			
Profit from continuing operations attributable to owners of parent	<u>\$ 3,947,422</u>	2,722,081	<u>\$ 1.45</u>
Diluted EPS			
Profit from continuing operations attributable to owners of parent	\$ 3,947,422	2,722,081	
Effect of potential dilutive common stock	<u>-</u>	<u>4,946</u>	
Profit attributable to owners of parent (adjusted for potential effect of dilutive common stock)	<u>\$ 3,947,422</u>	<u>2,727,027</u>	<u>\$ 1.45</u>

	For the Three Months Ended June 30, 2014		
	Amount After Income Tax	Weighted- average Number of Common Stock	EPS
Basic EPS			
Profit from continuing operations attributable to owners of parent	\$ 4,156,408	2,690,107	\$ 1.54
Loss from discontinued operations attributable to owners of parent	<u>(19,271)</u>	2,690,107	<u>-</u>
Profit attributable to owners of parent	<u>\$ 4,137,137</u>	2,690,107	<u>\$ 1.54</u>
Diluted EPS			
Profit from continuing operations attributable to owners of parent	\$ 4,156,408	2,690,107	
Effect of potential dilutive common stock	<u>-</u>	<u>5,970</u>	
Profit from continuing operations attributable to owners of parent	4,156,408	2,696,077	\$ 1.54
Loss from discontinued operations attributable to owners of parent	<u>(19,271)</u>	2,696,077	<u>-</u>
Profit attributable to owners of parent (adjusted for potential effect of dilutive common stock)	<u>\$ 4,137,137</u>	2,696,077	<u>\$ 1.54</u>
	For the Six Months Ended June 30, 2015		
	Amount After Income Tax	Weighted- average Number of Common Stock	EPS
Basic EPS			
Profit from continuing operations attributable to owners of parent	\$ 7,760,109	2,722,081	\$ 2.85
Diluted EPS			
Profit from continuing operations attributable to owners of parent	\$ 7,760,109	2,722,081	
Effect of potential dilutive common stock	<u>-</u>	<u>5,405</u>	
Profit attributable to owners of parent (adjusted for potential effect of dilutive common stock)	<u>\$ 7,760,109</u>	<u>2,727,486</u>	<u>\$ 2.85</u>

	For the Six Months Ended June 30, 2014		
	Amount After Income Tax	Weighted- average Number of Common Stock	EPS
Basic EPS			
Profit from continuing operations attributable to owners of parent	\$ 8,260,696	2,690,107	\$ 3.07
Loss from discontinued operations attributable to owners of parent	<u>(39,109)</u>	2,690,107	<u>(0.01)</u>
Profit attributable to owners of parent	<u>\$ 8,221,587</u>	2,690,107	<u>\$ 3.06</u>
Diluted EPS			
Profit from continuing operations attributable to owners of parent	\$ 8,260,696	2,690,107	
Effect of potential dilutive common stock	<u>-</u>	<u>6,439</u>	
Profit from continuing operations attributable to owners of parent	8,260,696	2,696,546	\$ 3.06
Loss from discontinued operations attributable to owners of parent	<u>(39,109)</u>	2,696,546	<u>(0.01)</u>
Profit attributable to owners of parent (adjusted for potential effect of dilutive common stock)	<u>\$ 8,221,587</u>	2,696,546	<u>\$ 3.05</u>

If TWM may settle the bonus to employees by cash or shares, TWM 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 by dividing the entire amount of the bonus by the closing price of the shares at the reporting 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.

30. OPERATING REVENUES FROM CONTINUING OPERATIONS

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Telecommunication service	\$ 14,637,681	\$ 14,596,401	\$ 28,951,234	\$ 29,135,887
Sales revenue	11,144,803	10,008,748	24,066,444	20,854,293
Cable TV and broadband	1,578,025	1,545,339	3,158,813	3,074,160
Other operating revenues	<u>966,382</u>	<u>785,751</u>	<u>1,867,970</u>	<u>1,598,373</u>
	<u>\$ 28,326,891</u>	<u>\$ 26,936,239</u>	<u>\$ 58,044,461</u>	<u>\$ 54,662,713</u>

31. OTHER INCOME AND EXPENSES FROM CONTINUING OPERATIONS

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Interest income	\$ 36,719	\$ 25,703	\$ 66,776	\$ 49,843
Dividend income	10,658	12,967	10,658	12,967
Other income	<u>10,163</u>	<u>10,696</u>	<u>18,937</u>	<u>21,228</u>
	<u>\$ 57,540</u>	<u>\$ 49,366</u>	<u>\$ 96,371</u>	<u>\$ 84,038</u>

b. Other gains and losses, net

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Loss on disposal of property, plant and equipment	\$ (26,200)	\$ (86,938)	\$ (62,900)	\$ (159,481)
Gain on disposal of non-current assets held for sale	-	-	-	158,658
Foreign exchange losses	(569)	(15,417)	(25,633)	(7,548)
Valuation on financial assets at fair value through profit or loss	8,268	-	8,268	-
Gain on disposal of investments	2,660	-	2,660	-
Others	<u>(2,549)</u>	<u>(2,440)</u>	<u>(4,932)</u>	<u>(5,291)</u>
	<u>\$ (18,390)</u>	<u>\$ (104,795)</u>	<u>\$ (82,537)</u>	<u>\$ (13,752)</u>

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Interest expense				
Bank loans	\$ 92,346	\$ 87,788	\$ 186,206	\$ 178,265
Corporate bonds	49,096	49,133	97,693	97,730
Others	<u>32,123</u>	<u>10,253</u>	<u>62,085</u>	<u>26,308</u>
	173,565	147,174	345,984	302,303
Less: Capitalized interest	<u>(1,327)</u>	<u>(2,590)</u>	<u>(3,220)</u>	<u>(5,988)</u>
	<u>\$ 172,238</u>	<u>\$ 144,584</u>	<u>\$ 342,764</u>	<u>\$ 296,315</u>
Capitalization rates	1.33%	1.27%-1.30%	1.33%	1.20%-1.35%

32. CAPITAL MANAGEMENT

The Group maintains and manages its capital to meet the minimal paid-in capital required by the competent authority, and to optimize the balance of liabilities and equity in order to maximize shareholders' return. By periodically reviewing and measuring relative cost, risk, and rate of return to ensure profit and maintain financial ratios, the Group may adopt various financing approaches to balance its capital structure in order to meet the demands for capital expenditures, working capital, settlements of liabilities, and dividend payments in the future.

33. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	June 30, 2015	December 31, 2014	June 30, 2014
<u>Financial assets</u>			
Available-for-sale financial assets (including current and non-current portions)	\$ 4,110,356	\$ 5,693,910	\$ 1,988,794
Financial assets at fair value through profit or loss	<u>208,051</u>	<u>-</u>	<u>-</u>
Financial assets carried at cost	<u>192,652</u>	<u>192,652</u>	<u>175,926</u>
Held-to-maturity financial assets	<u>6</u>	<u>6</u>	<u>-</u>
Loans and receivables:			
Cash and cash equivalents	8,787,664	7,903,777	6,000,358
Receivables (including current and non-current portions)	21,321,625	20,743,165	19,234,253
Debt instrument investments without active market (including current and non-current portions)	823,940	500,000	500,000
Other financial assets (including current and non-current portions)	1,884,334	3,239,400	1,207,733
Refundable deposits	<u>605,891</u>	<u>579,457</u>	<u>580,421</u>
Subtotal	<u>33,423,454</u>	<u>32,965,799</u>	<u>27,522,765</u>
Total	<u>\$ 37,934,519</u>	<u>\$ 38,852,367</u>	<u>\$ 29,687,485</u>
<u>Financial liabilities</u>			
Short-term borrowings	\$ 12,650,000	\$ 18,900,000	\$ 12,371,276
Short-term notes and bills payable	7,390,761	5,593,031	1,299,113
Payables (including current and non-current portions)	33,706,121	21,086,502	34,740,897
Bonds payable	14,795,116	14,794,293	14,793,470
Long-term borrowings (including current portion)	19,856,436	15,390,544	16,494,653
Guarantee deposits	<u>794,318</u>	<u>820,504</u>	<u>827,656</u>
Total	<u>\$ 89,192,752</u>	<u>\$ 76,584,874</u>	<u>\$ 80,527,065</u>

b. Fair value of financial instruments

1) Financial instruments not at fair value

Except for the table below, the management of the Group considers that the book value of financial assets and liabilities that are not at fair value is close to the fair value, or the fair value cannot be reliably measured.

	<u>June 30, 2015</u>		<u>December 31, 2014</u>		<u>June 30, 2014</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Financial liabilities</u>						
Corporate bonds payable	\$ 14,795,116	\$ 14,776,094	\$ 14,794,293	\$ 14,774,375	\$ 14,793,470	\$ 14,721,055

The fair value of corporate bonds payable is measured by Level 2 inputs, using a volume-weighted-average price on the OTC on the reporting date.

2) Financial instruments at fair value

The table below provides the related analysis of financial instruments at fair value after initial recognition. Based on the extent that fair value can be observed, the fair value measurements are grouped into Levels 1 to 3:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the assets or liabilities are not based on observable market data (unobservable inputs).

Financial instruments at fair value

June 30, 2015

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>				
Domestic listed stock	\$ 213,873	\$ -	\$ -	\$ 213,873
Domestic emerging stock	1,069,017	-	-	1,069,017
Domestic unlisted stocks	-	1,838,362	-	1,838,362
Beneficiary certificates	<u>989,104</u>	<u>-</u>	<u>-</u>	<u>989,104</u>
	<u>\$ 2,271,994</u>	<u>\$ 1,838,362</u>	<u>\$ -</u>	<u>\$ 4,110,356</u>
Financial assets at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,051</u>	<u>\$ 208,051</u>

December 31, 2014

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>				
Domestic listed stock	\$ 204,310	\$ -	\$ -	\$ 204,310
Domestic emerging stock	893,103	-	-	893,103
Domestic unlisted stocks	-	2,587,050	-	2,587,050
Beneficiary certificates	<u>2,009,447</u>	<u>-</u>	<u>-</u>	<u>2,009,447</u>
	<u>\$ 3,106,860</u>	<u>\$ 2,587,050</u>	<u>\$ -</u>	<u>\$ 5,693,910</u>

June 30, 2014

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>				
Domestic listed stock	\$ 209,092	\$ -	\$ -	\$ 209,092
Domestic emerging stock	1,010,379	-	-	1,010,379
Beneficiary certificates	<u>769,323</u>	<u>-</u>	<u>-</u>	<u>769,323</u>
	<u>\$ 1,988,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,988,794</u>

There was no transfer between the fair value measurements of Levels 1 and 2 for the six months ended June 30, 2015 and 2014.

Valuation techniques and assumptions used in fair value determination

- a) The fair value of financial instruments traded in active markets is based on quoted market prices (including stocks and bonds of companies that went public).
- b) Valuation techniques and inputs applied for Level 2 fair value measurement: The Group uses market comparison approach to evaluate fair values of target financial instruments based on observable prices of the similar financial instruments at the end of the period and their market liquidity.
- c) Valuation techniques and inputs applied for Level 3 fair value measurement: The embedded derivatives instruments of convertible notes are evaluated by using binary tree evaluation models to evaluate fair value, considering significant unobservable inputs are historical volatility of stock prices and liquidity discount rate. On June 30, 2015, the historical volatility of stock prices was estimated at 80.05% and the liquidity discount rate was estimated at 48.68%. Assuming all other variables are constant, an increase (or decrease) in the historical volatility of stock prices used in isolation would result in an increase (or decrease) in the liquidity discount rate. There is a positive correlation between historical volatility of stock prices and fair value and a negative correlation between liquidity discount rate and fair value. As a result, the fair value is affected by historical volatility of stock prices and liquidity discount rate.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2015

	Financial Assets at Fair Value Through Profit or Loss <u>Convertible Notes</u>
Balance, January 1, 2015	\$ -
Purchases	198,794
Recognized in profit or loss	
Valuation gain on financial assets at fair value through profit or loss	8,268
Unrealized gain on foreign currency exchange	<u>989</u>
Balance, June 30, 2015	<u>\$ 208,051</u>

c. Financial risk management

1) The Group is exposed to the following risks due to usage of financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

This note presents information concerning the Group's risk exposure and the Group's targets, policies and procedures to measure and manage the risks.

2) Risk management framework

a) Decision-making mechanism:

The Board of Directors is the highest supervisory and decision-making body responsible for assessing material risks, designating actions to control these risks, and keeping track of their execution. In addition, the Operations and Management Committee conducts periodic reviews of each business group's operating target and performance to meet the Group's guidance and budget.

b) Risk management policies:

- i. Promote a risk-management-based business model.
- ii. Establish a risk management mechanism that can effectively recognize, evaluate, supervise and control risk.
- iii. Create a company-wide risk management structure that can limit risk to an acceptable level.
- iv. Introduce best risk management practices and continue to seek improvements.

c) Monitoring mechanism:

The Internal Audit Office regularly monitors and assesses the potential risks that the Group may face and use this information as a reference for drafting its annual audit plan. The Internal Audit Office should report any discrepancy to the concerned unit chief and ensure that remediation efforts are completed.

3) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, which arises principally from the Group's receivables from customers and financial instruments. The Group deals with customers with good reputations and monitors customers' credit risk and credit ratings continuously. The Group does not concentrate transactions significantly with any single customer or counterparty or in similar areas. The Group's maximum exposure to credit risk of all kinds of financial instruments is equal to the carrying amount.

4) Liquidity risk

Liquidity risk is the risk that the Group fails to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or damage to the Group's reputation.

The Group ensures sufficient cash for the requirements of paying estimated operating expenditures, including financial obligations. The Group also monitors its bank credit facilities to ensure that the provisions of loan contracts are all complied with properly. As of June 30, 2015, December 31, 2014 and June 30, 2014, the Group had unused bank facilities of \$57,468,520 thousand, \$51,516,644 thousand and \$63,064,896 thousand, respectively.

The Group's working capital is sufficient to meet the cash flow demand; therefore, liquidity risk is not considered to be significant.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, but not including the financial liabilities whose carrying amounts approximate contractual cash flows.

	Carrying Amount	Contractual Cash Flows	Within 1 Year	1-5 Years	More Than 5 Years
<u>June 30, 2015</u>					
Unsecured loans	\$ 29,220,000	\$ 29,542,012	\$ 23,851,928	\$ 5,665,791	\$ 24,293
Secured loans	3,286,436	3,431,797	281,320	3,150,477	-
Short-term notes and bills payable	7,390,761	7,400,000	7,400,000	-	-
Bonds payable	<u>14,795,116</u>	<u>15,529,750</u>	<u>195,420</u>	<u>15,334,330</u>	<u>-</u>
	<u>\$ 54,692,313</u>	<u>\$ 55,903,559</u>	<u>\$ 31,728,668</u>	<u>\$ 24,150,598</u>	<u>\$ 24,293</u>

(Continued)

	Carrying Amount	Contractual Cash Flows	Within 1 Year	1-5 Years	More Than 5 Years
<u>December 31, 2014</u>					
Unsecured loans	\$ 30,900,000	\$ 31,109,636	\$ 21,063,203	\$ 10,046,433	\$ -
Secured loans	3,390,544	3,395,000	210,000	3,185,000	-
Short-term notes and bills payable	5,593,031	5,600,000	5,600,000	-	-
Bonds payable	<u>14,794,293</u>	<u>15,604,570</u>	<u>195,420</u>	<u>15,409,150</u>	<u>-</u>
	<u>\$ 54,677,868</u>	<u>\$ 55,709,206</u>	<u>\$ 27,068,623</u>	<u>\$ 28,640,583</u>	<u>\$ -</u>
<u>June 30, 2014</u>					
Unsecured loans	\$ 25,200,000	\$ 25,470,805	\$ 14,364,467	\$ 11,106,338	\$ -
Secured loans	3,665,929	3,677,413	387,413	3,290,000	-
Short-term notes and bills payable	1,299,113	1,300,000	1,300,000	-	-
Bonds payable	<u>14,793,470</u>	<u>15,725,170</u>	<u>195,420</u>	<u>10,969,450</u>	<u>4,560,300</u>
	<u>\$ 44,958,512</u>	<u>\$ 46,173,388</u>	<u>\$ 16,247,300</u>	<u>\$ 25,365,788</u>	<u>\$ 4,560,300</u> (Concluded)

5) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within an acceptable range and to optimize the return.

The Group engages in financial instrument transactions without involving any significant risk such as exchange rate risk, interest rate risk, and market price risk; therefore, the Group's market risk is insignificant.

a) Exchange rate risk

The Group mainly operates in Taiwan, except for international roaming services. Most of the operating revenues and expenses are measured in NTD. A small portion of the expenses is paid in EUR and USD; thus, the Group purchases currency at the spot rate based on the conservative principle in order to hedge exchange rate risk. Overall, exchange rate risk does not affect the Group significantly.

The Group's financial assets and liabilities exposed to significant exchange rate risk were as follows:

	June 30, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,743	4.987	\$ 8,693
USD	47,538	30.97	1,472,238
JPY	567	0.252	143
HKD	118,256	3.994	472,316
EUR	879	34.3	30,159

(Continued)

	June 30, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Non-monetary items</u>			
RMB	\$ 172,825	4.987	\$ 861,880
HKD	52,091	3.994	208,051
THB	164,422	0.9203	151,317
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	10,676	30.97	330,645
JPY	11,587	0.252	2,920
HKD	149	3.994	596
EUR	6	34.3	217
			(Concluded)

	December 31, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 320	5.095	\$ 1,631
USD	60,483	31.71	1,916,691
JPY	652	0.2647	173
HKD	326	4.087	1,332
EUR	416	38.57	16,062
<u>Non-monetary items</u>			
RMB	38,031	5.095	193,869
THB	155,756	0.9682	150,803
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	18,767	31.71	595,107
JPY	4,683	0.2647	1,240
HKD	144	4.087	589
EUR	14	38.57	548

	June 30, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 493	4.811	\$ 2,372
USD	29,205	29.915	873,664
JPY	235	0.295	69
HKD	270	3.859	1,040
EUR	1,241	40.75	50,573
			(Continued)

	June 30, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Non-monetary items			
THB	\$ 155,926	0.9263	\$ 144,434
<u>Financial liabilities</u>			
Monetary items			
USD	5,493	29.915	164,307
JPY	6,018	0.295	1,775
HKD	515	3.859	1,987
EUR	3	40.75	105
			(Concluded)

The Group's foreign exchange loss, including realized and unrealized, for the three months ended June 30, 2015 and 2014, were an exchange loss of \$569 thousand and \$15,417 thousand, respectively. And for the six months ended June 30, 2015 and 2014, were an exchange loss of \$25,633 thousand and \$7,548 thousand, respectively. Due to the variety of functional currencies, the Group could not disclose the foreign exchange gains (losses) for each foreign currency with significant influence.

Sensitivity analysis

The Group's exchange rate risk comes mainly from conversion gains and losses of accounts measured in foreign currencies such as cash and cash equivalents, accounts receivable, other receivables, debt instrument investments without active market, other financial assets, refundable deposits, accounts payable, other payables, guarantee deposits, etc. If the NTD, when compared with the RMB, USD, JPY, HKD, EUR and GBP, had depreciated 5% (with other factors remaining constant on the reporting date and with analyses of the two periods on the same basis), profit would have increased by \$82,458 thousand and by \$37,977 thousand for the six months ended June 30, 2015 and 2014, respectively.

b) Interest rate risk

The Group issued unsecured corporate bonds and signed facility letters with banks, locking in medium- and long-term fixed interest rates. In respect of interest payables, the fluctuation of interest rates does not affect the Group significantly. Also, interest rate risk does not impact short-term bank loans significantly.

The balances of the Group's financial instruments exposed to interest rate risk were as follows:

	Carrying Amount		
	June 30, 2015	December 31, 2014	June 30, 2014
Fair value interest rate risk			
Financial assets	\$ 8,504,488	\$ 8,530,060	\$ 5,260,769
Financial liabilities	48,435,877	51,287,324	41,292,583
Cash flow interest rate risk			
Financial assets	2,379,721	2,472,715	1,803,284
Financial liabilities	6,256,436	3,390,544	3,665,929

Sensitivity analysis

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative instruments on the reporting date. For floating-rate assets and liabilities, the analysis assumes that the balances of outstanding assets and liabilities on the reporting date have been outstanding for the whole period and that the changes in interest rates are reasonable. If the interest rate had increased by 0.5% (with other factors remaining constant on the reporting date and with analyses of the two periods on the same basis), for the six months ended June 30, 2015 and 2014, the Group's profit would have decreased by \$9,692 thousand and increased by \$4,657 thousand, respectively.

c) Other market price risk

The Group's exposure to equity price risk is mainly due to holding equity financial instruments. The Group supervises the equity price risk actively and manages the risk based on fair value.

Sensitivity analysis

If the equity securities price had increased by 5% (with other factors remaining constant and with the analyses of the two periods on the same basis), for the six months ended June 30, 2015 and 2014, other comprehensive income would have increased by \$205,518 thousand and \$99,440 thousand, respectively.

34. RELATED-PARTY TRANSACTIONS

a. Parent company and ultimate controlling party

TWM is the ultimate controlling party of the Group.

b. Significant transactions with related parties

1) Operating revenue

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Associates	\$ 6,774	\$ 4,271	\$ 11,511	\$ 8,822
Other related parties	<u>59,203</u>	<u>60,130</u>	<u>90,768</u>	<u>92,541</u>
	<u>\$ 65,977</u>	<u>\$ 64,401</u>	<u>\$ 102,279</u>	<u>\$ 101,363</u>

The Group renders telecommunication services to other related parties. The transaction terms with related parties were not significantly different from those with third parties.

2) Purchases

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Associates	\$ 107,924	\$ 106,760	\$ 229,674	\$ 229,714
Other related parties	64,840	60,279	126,568	119,052
Less: Purchases from discontinued operations	<u>-</u>	<u>(1,504)</u>	<u>-</u>	<u>(6,370)</u>
	<u>\$ 172,764</u>	<u>\$ 165,535</u>	<u>\$ 356,242</u>	<u>\$ 342,396</u>

The entities mentioned above provide logistics, copyright, insurance, and other services. The transaction terms with related parties were not significantly different from those with third parties.

3) Receivables from related parties

Account	Related Party Category	June 30, 2015	December 31, 2014	June 30, 2014
Accounts receivables	Associates	\$ 3,394	\$ 2,792	\$ 3,859
Accounts receivables	Other related parties	<u>42,248</u>	<u>31,769</u>	<u>46,070</u>
		<u>\$ 45,642</u>	<u>\$ 34,561</u>	<u>\$ 49,929</u>
Other receivables	Associates	\$ 81,768	\$ 109,211	\$ 171,755
Other receivables	Other related parties	<u>66,416</u>	<u>60,568</u>	<u>93,117</u>
		<u>\$ 148,184</u>	<u>\$ 169,779</u>	<u>\$ 264,872</u>

Receivables from related parties were not secured with collateral, and no provisions for bad debt expenses were accrued.

4) Payables to related parties

Account	Related Party Category	June 30, 2015	December 31, 2014	June 30, 2014
Accounts payable	Associates	\$ 35,928	\$ 45,329	\$ 45,704
Accounts payable	Other related parties	<u>42,121</u>	<u>34,063</u>	<u>34,404</u>
		<u>\$ 78,049</u>	<u>\$ 79,392</u>	<u>\$ 80,108</u>
Other payable	Other related parties	<u>\$ 65,507</u>	<u>\$ 57,195</u>	<u>\$ 87,452</u>

5) Prepayments

	June 30, 2015	December 31, 2014	June 30, 2014
Other related parties	<u>\$ 47,911</u>	<u>\$ 15,986</u>	<u>\$ 21,206</u>

6) Long-term and short-term borrowings from related parties

The amount of borrowings from related parties was as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Other related parties	<u>\$ 705,000</u>	<u>\$ 727,500</u>	<u>\$ 921,276</u>

The rate on borrowings from related parties was equivalent to the rate in the market. Additionally, the Group had drawn \$32,500 thousand of performance guarantee from related parties.

7) Bank deposits, time deposits and other financial assets

	June 30, 2015	December 31, 2014	June 30, 2014
Other related parties	<u>\$ 1,884,854</u>	<u>\$ 3,197,591</u>	<u>\$ 1,831,500</u>

8) Disposal of available-for-sale financial assets-current

The Group invested beneficiary certificates from other related parties. In June 2015, the Group disposed the certificates of \$200,506 thousand to the original related parties. The disposal gain was \$506 thousand.

9) Acquisition of investments

In April 2014, the Group acquired 35% of TVD Shopping, and the investment amount was \$148,118 thousand.

10) Others

	June 30, 2015		December 31, 2014	
			June 30, 2014	
Guarantee deposits				
Other related parties	<u>\$ 32,518</u>		<u>\$ 32,489</u>	<u>\$ 32,417</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Donation expense				
Other related parties	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ 17,667</u>	<u>\$ 15,000</u>
Other expenses				
Other related parties	\$ 79,063	\$ 96,350	\$ 159,663	\$ 176,593
Less: Other expense from discontinued operations	<u>-</u>	<u>(146)</u>	<u>-</u>	<u>(314)</u>
	<u>\$ 79,063</u>	<u>\$ 96,204</u>	<u>\$ 159,663</u>	<u>\$ 176,279</u>
Repair and maintenance expense				
Other related parties	<u>\$ 14,479</u>	<u>\$ 12,850</u>	<u>\$ 14,479</u>	<u>\$ 12,850</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Rental expenses				
Other related parties	\$ 21,241	\$ 20,695	\$ 42,481	\$ 39,186
Less: Rental expenses from discontinued operations	<u>-</u>	<u>(705)</u>	<u>-</u>	<u>(1,557)</u>
	<u>\$ 21,241</u>	<u>\$ 19,990</u>	<u>\$ 42,481</u>	<u>\$ 37,629</u>

Leases were conducted at market prices, and the rental was paid by the month.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Interest income				
Other related parties	<u>\$ 10,596</u>	<u>\$ 4,045</u>	<u>\$ 10,596</u>	<u>\$ 4,045</u>

c. Key management compensation

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Short-term employee benefits	\$ 75,167	\$ 70,786	\$ 148,888	\$ 143,670
Post-employment benefits	720	701	1,449	1,402
Termination benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,560</u>
	<u>\$ 75,887</u>	<u>\$ 71,487</u>	<u>\$ 150,337</u>	<u>\$ 172,632</u>

35. ASSETS PLEDGED

The assets pledged as collateral for bank loans, syndicated loans, and performance bonds for contraction contracts were as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Other current financial assets			
Time deposits and restricted deposits	\$ 124,902	\$ 124,806	\$ 44,951
Services concession	7,762,013	7,597,295	7,382,880
Other non-current financial assets			
Time deposits and restricted deposits	<u>109,030</u>	<u>107,380</u>	<u>344,516</u>
	<u>\$ 7,995,945</u>	<u>\$ 7,829,481</u>	<u>\$ 7,772,347</u>

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments

1)

	June 30, 2015	December 31, 2014	June 30, 2014
Purchases of property, plant and equipment etc.	<u>\$ 4,862,252</u>	<u>\$ 8,857,528</u>	<u>\$ 12,758,678</u>
Purchases of cellular phones	<u>\$ 3,306,358</u>	<u>\$ 7,057,442</u>	<u>\$ 3,808,911</u>

2) For business development, in January 2015, momo's Board of Directors resolved to construct a logistics center and acquire equipment, and the estimated amounts to invest in the projects are \$1,828,250 thousand and \$642,890 thousand, respectively. As of June 30, 2015, this program is still in the process of evaluation and planning.

b. As of June 30, 2015, December 31, 2014 and June 30, 2014, the amounts of endorsements and guarantees (provided to each entity in the Group) were \$21,550,000 thousand, \$22,057,360 thousand and \$22,028,640 thousand, respectively.

c. On January 15, 2009, TNH signed a BOT contract with the Department of Cultural Affairs, Taipei City Government. The primary terms of the contract are summarized as follows:

1) Construction and operating period:

The construction and operating period is 50 years from the day following the signing of the contract.

2) Development concession:

The total initial amount of concession was \$1,238,095 thousand (tax excluded). According to the supplemental agreement signed in November 2014, the concession will be paid with additional business tax from the signing date of the agreement; thus, the concession will be increased by \$48,750 thousand. The rest of the concession will be paid over 14 years from the year 2015. As of June 30, 2015, \$353,031 thousand (tax included) of the concession had been paid.

3) Performance guarantee:

As of June 30, 2015, TNH had provided a \$65,000 thousand performance guarantee regarding the BOT contract.

4) Rental of land:

During the construction period, TNH should pay land value tax (1% of the announced land value) and other expenses.

During the operating period, TNH should pay 60% of 5% of the announced land value, that is, 3% of the announced land value. According to the supplemental agreement signed in November 2014, the concession will be paid with additional business tax from the date of agreement signing.

The second supplemental agreement is in the process of negotiation.

37. SIGNIFICANT CASUALTY LOSS: NONE

38. SIGNIFICANT SUBSEQUENT EVENTS

- a. In April 2015, the Group resolved to invest the amount of HK\$150,000 thousand in convertible notes issued by Media Asia Group Holdings Limited. As of June 30, 2015, the Group has invested HK\$130,000 thousand. The remaining HK\$20,000 thousand was paid in July 2015.
- b. TCCI holds \$500,000 thousand of the registered convertible preferred stocks series A issued by Taiwan High Speed Rail Corporation (THSRC). On June 25, 2015, the Board of Directors of THSRC resolved to redeem the aforementioned preferred stocks, and the record date for redemption was set at July 18, 2015. The principal amount of the aforementioned preferred stocks will be distributed on August 7, 2015.
- c. In May 2015, Far EasTone Telecommunications (FET) filed a provisional injunction to the court regarding TWM using the spectrum 1715.1-1721.3/1810.1-1816.3 MHz.

On July 1, 2015, the Court ruled that FET must provide \$1,408,703 thousand or the same amount of Negotiable Certificates of Deposit of Bank of Taiwan (NCD) as collateral to restrict TWM from using spectrum 1715.1-1721.3/1810.1-1816.3 MHz before the TWM's returning of spectrum 1748.7-1754.9/1843.7-1849.9 MHz approved by the NCC, during the time span of July 1, 2015 to June 30, 2017. TWM can provide \$927,000 thousand or the same amount of NCD of Bank of Taiwan as counter-security to be exempt from, or to move for revocation of, the ruling of provisional injunction.

TWM has provided the aforementioned counter-security on July 14, 2015 and the use of spectrum 1715.1-1721.3/1810.1-1816.3 MHz remains status quo. TWM's use of spectrum complies with the related regulation approved by the NCC thus has no impact on the interests of TWM's subscribers.

- d. In July 2015, the Board of Directors resolved that TWM will participate in the 2500MHz-2600MHz spectrum auction announced by the NCC.

39. OTHERS

Employee benefits, depreciation, and amortization are summarized as follows:

	For the Three Months Ended June 30					
	2015			2014		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 501,342	\$ 926,149	\$ 1,427,491	\$ 494,700	\$ 951,814	\$ 1,446,514
Insurance expenses	42,267	80,408	122,675	41,070	81,767	122,837
Pension	22,293	40,585	62,878	21,640	40,758	62,398
Others	26,028	52,610	78,638	24,527	46,869	71,396
Depreciation	2,507,547	126,527	2,634,074	2,245,647	128,238	2,373,885
Amortization	635,457	94,303	729,760	319,248	77,948	397,196

For the Six Months Ended June 30

	2015			2014		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 1,005,879	\$ 1,887,976	\$ 2,893,855	\$ 1,038,477	\$ 2,028,078	\$ 3,066,555
Insurance expenses	85,142	164,849	249,991	86,050	168,860	254,910
Pension	44,363	81,646	126,009	44,092	83,968	128,060
Others	50,234	102,759	152,993	48,879	94,424	143,303
Depreciation	4,997,784	257,806	5,255,590	4,461,824	257,052	4,718,876
Amortization	1,165,027	195,922	1,360,949	564,281	155,179	719,460

- a. For the three months and six months ended June 30, 2015 and 2014, the depreciation expense in non-operating expenses was \$760 thousand, \$794 thousand, \$1,514 thousand and \$1,712 thousand, respectively.
- b. TWM's estimated bonuses to employees and estimated remuneration to directors are accrued by a certain percentage of the net income. For the three months and six months ended June 30, 2015 and 2014, the TWM's estimated bonuses to employees amounted to \$97,810 thousand, \$111,697 thousand, \$192,098 thousand and \$221,971 thousand, respectively, and estimated remuneration to directors amounted to \$8,341 thousand, \$11,170 thousand, \$16,330 thousand and \$22,197 thousand, respectively. The significant difference between annual accruals and the amount approved by the Board of Directors shall be adjusted in the current year. If the Board of Directors' approval differs from the amount ratified at the annual general shareholders' meeting (AGM), the difference will be treated as a change in accounting estimate and will be adjusted in profit and losses in the year of the AGM. If employee bonuses are paid in the form of company shares, the number of employee bonus shares shall be derived by dividing the approved bonus amount by the closing price one day prior to the AGM, adjusted for cash and/or stock dividends, if any.

For the years ended December 31, 2014 and 2013, the AGM resolved on June 10, 2015 and June 12, 2014, to distribute bonuses to employees amounting to \$396,057 thousand and \$420,753 thousand, respectively, and remuneration to directors amounting to \$33,846 thousand and \$42,075 thousand, respectively. There were no differences between the above actual distributions and the amounts recognized in the financial statements for 2014 and 2013.

Information on the appropriation of the earnings, bonus to employees, and remuneration to directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

40. ADDITIONAL DISCLOSURES

- a. Information on significant transactions and b. Information on investees:

The following were the additional disclosures required by the Securities and Futures Bureau for TWM and its investees:

- 1) Financing extended to other parties: Table 1 (attached)
- 2) Endorsements/guarantees provided to other parties: Table 2 (attached)
- 3) Marketable securities held: Table 3 (attached) (excluding investments in subsidiaries and associates)

- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
 - 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
 - 8) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
 - 9) Names, locations and related information of investees on which TWM exercised significant influence: Table 7 (attached) (excluding information on investment in Mainland China)
 - 10) Trading in derivative instruments: Note 33.
 - 11) Business relationships and significant intercompany transactions: Table 8 (attached)
- c. Information on investment in Mainland China:
- 1) The names of investees in Mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, net income or loss and recognized investment gain or loss, ending balance, amount received as earnings distributions from the investment, and limitation on investment: Table 9 (attached)
 - 2) Significant direct or indirect transactions with the investee companies, the 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: Please refer to “Information on significant transactions” above.

41. SEGMENT INFORMATION

The Group divides its business into four reportable segments with different market attributes and operation modes. The four segments are described as follows.

Telecommunication: Providing mobile communication services, data mobile services, and fixed-line services.

Retail: Providing TV shopping, online shopping, and catalog shopping.

Cable Television: Providing pay TV and cable broadband services.

Others: Business other than telecommunication, retail, and cable television.

The amount of discontinued operations is not included in the following segment information. For the information about discontinued operations, please refer to Note 11.

For the Three Months Ended June 30, 2015						
	Telecommuni- cation	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenues	\$ 20,481,278	\$ 6,198,935	\$ 1,627,439	\$ 142,577	\$ (123,338)	\$ 28,326,891
Operating costs	12,784,957	5,436,924	782,459	110,883	(59,016)	19,056,207
Operating expenses	3,684,249	490,197	186,926	31,005	(38,853)	4,353,524
Other gains and losses, net	26,967	(1,242)	5,189	-	1	30,915
Profit	4,039,039	270,572	663,243	689	(25,468)	4,948,075
EBITDA (Note)	7,047,064	304,934	893,811	53,247	13,613	8,312,669
For the Three Months Ended June 30, 2014						
	Telecommuni- cation	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenues	\$ 19,733,113	\$ 5,616,264	\$ 1,581,575	\$ 108,956	\$ (103,669)	\$ 26,936,239
Operating costs	11,703,219	4,830,808	742,978	76,616	(21,276)	17,332,345
Operating expenses	3,658,315	417,346	183,538	13,516	(33,232)	4,239,483
Other gains and losses, net	21,217	-	8,378	-	-	29,595
Profit	4,392,796	368,110	663,437	18,824	(49,161)	5,394,006
EBITDA (Note)	6,854,737	400,183	859,184	58,768	(8,388)	8,164,484
For the Six Months Ended June 30, 2015						
	Telecommuni- cation	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenues	\$ 42,296,084	\$ 12,458,587	\$ 3,251,347	\$ 280,199	\$ (241,756)	\$ 58,044,461
Operating costs	27,438,420	10,920,939	1,560,354	222,234	(106,044)	40,035,903
Operating expenses	7,469,389	970,991	375,443	58,483	(73,378)	8,800,928
Other gains and losses, net	75,284	(1,214)	7,093	-	1	81,164
Profit	7,463,559	565,443	1,322,643	(518)	(62,333)	9,288,794
EBITDA (Note)	13,372,780	633,456	1,782,306	102,533	15,772	15,906,847
For the Six Months Ended June 30, 2014						
	Telecommuni- cation	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenues	\$ 40,260,986	\$ 11,280,197	\$ 3,162,876	\$ 148,074	\$ (189,420)	\$ 54,662,713
Operating costs	24,032,188	9,765,235	1,479,117	108,913	(62,729)	35,322,724
Operating expenses	7,679,127	864,085	366,625	14,123	(33,236)	8,890,724
Other gains and losses, net	37,978	1,042	17,026	-	-	56,046
Profit	8,587,649	651,919	1,334,160	25,038	(93,455)	10,505,311
EBITDA (Note)	13,427,612	717,199	1,721,047	82,700	(12,077)	15,936,481

Note: The Group uses EBITDA as the measurement for segment profit and the basis of performance assessment.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING EXTENDED TO OTHER PARTIES
FOR THE SIX MONTHS ENDED JUNE 30, 2015

(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	Financial Statement Account	Related Parties	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts	Interest Rate	Nature of Financing	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		
1	Taiwan Fixed Network Co., Ltd.	TWM	Other receivables	Yes	\$ 9,000,000	\$ 9,000,000	\$ 8,180,000	1.29622%	Short-term financing	\$ -	Operation requirements	\$ -	-	\$ -	\$ 20,177,803 (Note 2)	\$ 20,177,803 (Note 2)
2	Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	Yes	260,000	250,000	250,000	1.29489%	Short-term financing	-	Repayment of financing	-	-	-	267,744 (Note 3)	482,828 (Note 3)
3	Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	Yes	540,000	530,000	530,000	1.29489%	Transactions	545,741	-	-	-	-	545,741 (Note 3)	947,417 (Note 3)
4	Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	Yes	480,000	390,000	335,000	1.29489%-1.29633%	Transactions	496,086	-	-	-	-	496,086 (Note 3)	754,351 (Note 3)
5	Wealth Media Technology Co., Ltd.	TWM	Other receivables	Yes	2,800,000	2,800,000	2,800,000	1.29556%-1.298%	Short-term financing	-	Operation requirements	-	-	-	7,807,877 (Note 2)	7,807,877 (Note 2)
		Taiwan Kuro Times Co., Ltd.	Other receivables	Yes	100,000	100,000	-	-	Short-term financing	-	Operation requirements	-	-	-	7,807,877 (Note 2)	7,807,877 (Note 2)
		Win TV Broadcasting Co., Ltd.	Other receivables	Yes	600,000	600,000	100,000	1.294%-1.29789%	Short-term financing	-	Operation requirements	-	-	-	7,807,877 (Note 2)	7,807,877 (Note 2)
		TFN Media Co., Ltd.	Other receivables	Yes	3,000,000	3,000,000	810,000	1.294%-1.29789%	Short-term financing	-	Operation requirements	-	-	-	7,807,877 (Note 2)	7,807,877 (Note 2)
6	Taiwan Cellular Co., Ltd.	TWM	Other receivables	Yes	300,000	300,000	300,000	1.29478%-1.29622%	Short-term financing	-	Operation requirements	-	-	-	32,571,907 (Note 2)	32,571,907 (Note 2)

Note 1: The maximum balance for the period and the ending balance represent quotas, not actual drawdown.

Note 2: Where funds are loaned for reasons of business dealings and short-term financing needs, the amount of loaned funds shall be limited to 40% of the lending company's net worth. For short-term financing needs, the aggregate amount of loaned funds shall not exceed 40% of the lending company's net worth. The individual loan funds shall be limited to the lowest amount of the following items: 1) 40% of the lending company's net worth; 2) The amount that the lending company invests in the borrowing entities; or 3) An amount equal to (the share portion of the borrowing entities that the lending company invests in) * (the total loaning amounts of the lending company). In the event that a lending company directly or indirectly owns 100% of the borrowing company, or the borrowing company directly or indirectly owns 100% of the lending company, the individual lending amount and the aggregate amount of loaned 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 loaned funds shall be limited to the total amount of business dealings and 40% of the lending company's net worth. 1) For reasons of business dealings: The individual lending amount and the aggregate amount of loaned funds shall not exceed the amount of business dealings. 2) For short-term financing needs: The individual lending amount and the aggregate amount of loaned funds shall not exceed 40% of the lending company's net worth.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
ENDORSEMENT/GUARANTEE PROVIDED TO OTHER PARTIES
FOR THE SIX MONTHS ENDED JUNE 30, 2015

(In Thousands of New Taiwan Dollars)

No.	Company Providing Endorsements/ Guarantees	Receiving Party		Limits on Endorsements/ Guarantees Amount Provided to Each Entity	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts (Note 1)	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth of the Guarantor (Note 1)	Maximum Endorsements/ Guarantees Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	TWM	Taiwan Fixed Network Co., Ltd.	Note 2	\$ 42,000,000 (Note 3)	\$ 21,500,000	\$ 21,500,000	\$ 13,113,050 (Note 4)	\$ -	41.20	\$ 52,183,048 (Note 3)	Y	N	N
		Taiwan Kuro Times Co., Ltd.	Note 2	259,800 (Note 3)	50,000	50,000	50,000	-	0.10	52,183,048 (Note 3)	Y	N	N
1	momo.com Inc.	Fubon Gehua (Beijing) Enterprise Ltd.	Note 2	781,620 (Note 5)	495,520	- (Note 5)	- (Note 5)	-	-	5,598,175 (Note 5)	N	N	Y

Note 1: The maximum guarantee/endorsement balance for the period, the ending balance, and the drawdown amounts represent quotas, not actual drawdown.

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 TWM, and the upper limit for each subsidiary shall be double the investment amount.

Note 4: Including US\$65,000 thousand.

Note 5: FGE is more than 50% directly and indirectly owned by momo. The aggregate endorsement/guarantee amount provided by momo shall be limited to the net worth of momo, and the individual amount shall be limited to the investment amount in FGE.

- a. Limit for individual amount: The limit of guarantee/endorsement provided by momo to FGE is limited to the investment amount (US\$12,322,314 × 30.97 + RMB60,000,000 × 4.987 + US\$3,254,043.15 × 30.97 = NT\$781,620 thousand).
- b. The momo Board of Directors authorized the guarantee amount: \$0 thousand.
- c. Drawn-down amount: \$0 thousand.
- d. Amount of guarantee collateralized by property: \$0 thousand.

Note 6: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1=NT\$30.97 and RMB1=NT\$4.987 at the end of the period.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
JUNE 30, 2015

(In Thousands of New Taiwan Dollars)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	June 30, 2015				Note
				Units/Shares (Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
TWM	<u>Stock</u>							
	Chunghwa Telecom Co., Ltd.	-	Current available-for-sale financial assets	2,174	\$ 213,873	0.028	\$ 213,873	
	Ambit Microsystems Corporation	-	Non-current available-for-sale financial assets	298,000	1,838,362	14.9	1,838,362	
	Bridge Mobile Pte Ltd.	-	Non-current financial assets at cost	800	7,050	10	-	
	Yes Mobile Holdings Company	-	Non-current financial assets at cost	74	-	0.19	-	Note 1
momo.com Inc.	<u>Beneficiary Certificates</u>							
	Fubon Strategic High Income Fund B	Related party in substance	Current available-for-sale financial assets	18,302	186,191	-	186,191	
	Fubon China High Yield Bond Fund-B (RMB)	Related party in substance	Current available-for-sale financial assets	3,886	189,786	-	189,786	
	Fuh Hwa Emerging Market High Yield Bond Fund B	-	Current available-for-sale financial assets	10,225	68,712	-	68,712	
	PineBridge Global Multi - Strategy High Yield Bond Fund-B	-	Current available-for-sale financial assets	23,351	183,470	-	183,470	
	Eastspring Investments Global High Yield Bond Fund B	-	Current available-for-sale financial assets	19,028	174,251	-	174,251	
	JPMorgan (Taiwan) Asia High Yield Total Return Bond Fund - Monthly Distribution Share Class	-	Current available-for-sale financial assets	18,916	186,694	-	186,694	
	<u>Stock</u>							
	We Can Medicines Co., Ltd.	-	Non-current financial assets at cost	2,400	60,000	7.73	-	
Taiwan Cellular Co., Ltd.	<u>Stock</u>							
	Arcoa Communication Co., Ltd.	-	Non-current financial assets at cost	6,998	67,731	5.21	-	
	Parawin Venture Capital Corp.	-	Non-current financial assets at cost	2,160	11,471	3	-	
	Transportation High Tech Inc.	-	Non-current financial assets at cost	1,200	-	12	-	Note 1
	WEB Point Co., Ltd.	-	Non-current financial assets at cost	803	6,773	3.17	-	
TFN Media Co., Ltd.	<u>Beneficiary Certificates</u>							
	Dragon Tiger Capital Partners Limited	-	Current held-to-maturity financial assets	0.2	6	-	-	
	<u>Bonds</u>							
	Media Asia Group Holdings Limited	-	Non-current financial assets at fair value through profit or loss	-	208,051	-	208,051	
		-	Non-current debt instrument investment without active market	-	323,940	-	-	

(Continued)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	June 30, 2015				Note
				Units/Shares (Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
TCC Investment Co., Ltd.	<u>Stock</u> TWM Great Taipei Broadband Co., Ltd.	TWM	Non-current available-for-sale financial assets	200,497	\$ 20,651,167	5.86	\$ 20,651,167	
		-	Non-current financial assets at cost	10,000	39,627	6.67	-	
	<u>Preferred Stock</u> Taiwan High Speed Rail Corporation Unlisted Convertible Preferred Stock-Series A	-	Current debt instrument investment without active market	50,000	500,000	1.24	-	
TCCI Investment and Development Co., Ltd.	<u>Stock</u> TWM	TWM	Non-current available-for-sale financial assets	87,590	9,021,724	2.56	9,021,724	
Taiwan Fixed Network Co., Ltd.	<u>Stock</u> Taiwan High Speed Rail Corporation	-	Non-current available-for-sale financial assets	225,531	1,069,017	3.46	1,069,017	
TFN Union Investment Co., Ltd.	<u>Stock</u> TWM	TWM	Non-current available-for-sale financial assets	410,665	42,298,524	12	42,298,524	

Note 1: Impairment loss was recognized in 2004. The value was reduced to zero.

Note 2: For the information on investments in subsidiaries and associates, please refer to Table 7 and Table 9.

(Concluded)

TABLE 4

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2015

(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Units/Shares (Thousands)	Amount	Units/Shares (Thousands)	Amount	Units/Shares (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Units/Shares (Thousands)	Amount
momo.com Inc.	Stock Honest Development Co., Ltd.	Investments accounted for using equity method	Capital increase	Subsidiary	-	\$ -	21,778	\$ 670,448	-	\$ -	\$ -	\$ -	21,778	\$ 672,117 (Note 1)
Honest Development Co., Ltd.	Stock HK Yue Numerous Investment Co., Ltd. (Note 2)	Investments accounted for using equity method	Young Label Holdings Limited	-	-	-	16,600	670,448 (Note 2)	-	-	-	-	16,600	672,117 (Note 1)
momo.com Inc.	Beneficiary Certificates Allianz Global Investors Taiwan Money Market Fund	Current available-for-sale financial assets	-	-	32,520	400,007	-	-	32,520	401,122	400,000	1,122	-	-
	Eastspring Inv Well Pool Money Market	Current available-for-sale financial assets	-	-	29,933	400,006	-	-	29,933	401,032	400,000	1,032	-	-
TFN Media Co., Ltd.	Bonds Media Asia Group Holdings Limited - Convertible Notes	Non-current financial assets at fair value through profit or loss	-	-	-	-	-	198,794	-	-	-	-	-	208,051 (Note 1)
		Non-current debt instrument investment without active market	-	-	-	-	-	317,956	-	-	-	-	-	323,940 (Note 1)

Note 1: The ending balance includes financial assets evaluation adjustments, exchange gains and losses, interest income, and related adjustments of investments accounted for using equity method.

Note 2: Through acquiring 100% equity of HK Yue Numerous to indirectly acquire 100% equity of Haobo Information Consulting (Shenzhen) Co., Ltd. and 20% equity of GHS Co., Ltd. (Beijing).

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2015

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	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	
TWM	Taiwan Fixed Network Co., Ltd.	Subsidiary	Sale	\$ 693,117	2	Based on contract terms	-	-	\$ 163,230	1	(Note 1)
			Purchase	2,326,610	(Note 2)	Based on contract terms	-	-	(458,403)	(Note 3)	(Note 1)
	Taiwan Kuro Times Co., Ltd.	Subsidiary	Purchase	173,230	1	Based on contract terms	-	-	(88,658)	3	(Note 1)
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	555,295	(Note 2)	Based on contract terms	-	-	(90,194)	(Note 3)	
	Taiwan Digital Service Co., Ltd.	Subsidiary	Sale	6,729,779	16	Based on contract terms	-	-	990,927	9	(Note 1)
			Purchase	6,383,951	(Note 4)	Based on contract terms	-	-	(1,302,160)	(Note 1)	
Taiwan Teleservices & Technologies Co., Ltd.	TWM	Ultimate parent	Sale	555,295	91	Based on contract terms	-	-	90,194	91	
Taiwan Fixed Network Co., Ltd.	TWM	Ultimate parent	Sale	2326,610	42	Based on contract terms	-	-	458,403	53	(Note 1)
			Purchase	693,117	(Note 2)	Based on contract terms	-	-	(163,230)	(Note 3)	(Note 1)
Taiwan Digital Service Co., Ltd.	TWM	Ultimate parent	Sale	6,383,952	70	Based on contract terms	-	-	1,302,160	99	
			Purchase	6,729,779	(Note 2)	Based on contract terms	-	-	(990,927)	98	(Note 1)
Taiwan Kuro Times Co., Ltd.	TWM	Ultimate parent	Sale	173,230	55	Based on contract terms	-	-	88,658	100	(Note 1)
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	235,352	15	Based on contract terms	(Note 5)	(Note 5)	-	-	
	Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	212,688	13	Based on contract terms	(Note 5)	(Note 5)	-	-	
	Union Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	110,332	7	Based on contract terms	(Note 5)	(Note 5)	-	-	
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	212,688	54	Based on contract terms	(Note 5)	(Note 5)	-	-	
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	235,352	57	Based on contract terms	(Note 5)	(Note 5)	-	-	
Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	110,332	48	Based on contract terms	(Note 5)	(Note 5)	-	-	
momo.com Inc.	Taiwan Pelican Express Co., Ltd.	Equity-method investee	Purchase	220,750	2	Based on contract terms	-	-	(33,892)	2	

Note 1: Accounts receivable (payable) was the net amount of accounts receivable minus accounts payable, custodial receipts, and payment on behalf of others.

Note 2: Including operating costs and operating expenses.

Note 3: Including accounts payable and other payables.

Note 4: Recognized as operating expenses.

Note 5: The companies authorized a related party to deal with the copyright fees for cable television. As said account item is the only one, there is no comparable transaction.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2015

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
TWM	Taiwan Fixed Network Co., Ltd.	Subsidiary	Accounts receivable	\$ 163,230	6.29	\$ -	-	\$ 161,964	\$ -
			Other receivables	34,577		-	-	33,306	-
	Taiwan Digital Service Co., Ltd.	Subsidiary	Accounts receivable	990,927	10.09	-	-	990,927	-
			Other receivables	255,997		-	-	255,160	-
Taiwan Cellular Co., Ltd. Wealth Media Technology Co., Ltd.	TWM	Parent	Other receivables	300,593	-	-	-	-	
	TWM	Parent	Other receivables	2,805,735	-	-	1,803,566	-	
	Win TV Broadcasting Co., Ltd.	Subsidiary	Other receivables	100,097	-	-	-	-	
	TFN Media Co., Ltd.	Subsidiary	Other receivables	811,748	-	-	210,426	-	
Taiwan Fixed Network Co., Ltd.	TWM	Ultimate parent	Accounts receivable	458,403	10.78	-	-	419,101	-
			Other receivables	8,277,246		-	-	2,507,849	-
Taiwan Digital Service Co., Ltd.	TWM	Ultimate parent	Accounts receivable	1,302,160	8.18	-	-	1,302,160	-
			Other receivables	4,485		-	-	-	-
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	8,084	5.68	-	-	-	-
			Other receivables	530,054		-	-	-	-
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	3,469	5.60	-	-	-	-
			Other receivables	250,001		-	-	-	-
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	8,523	5.34	-	-	-	-
			Other receivables	335,001		-	-	-	-

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEEES ON WHICH TWM EXERCISED SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE SIX MONTHS ENDED JUNE 30, 2015

(In Thousands of New Taiwan Dollars and Other Currencies)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2015			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				June 30, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
TWM	Taiwan Cellular Co., Ltd.	Taiwan	Investment	\$ 41,872,288	\$ 41,872,288	502,970	100	\$ 22,305,152	\$ 1,995,231	\$ 2,530,486	Note 1
	Taipei New Horizon Co., Ltd.	Taiwan	Building and operating Songshan Cultural and Creative Park BOT project	1,918,655	1,918,655	191,866	49.9	1,695,979	(54,003)	(26,947)	
	Wealth Media Technology Co., Ltd. Alliance Digital Tech Co., Ltd.	Taiwan Taiwan	Investment Technology development of mobile payment and information processing services	16,802,000 30,000	16,802,000 30,000	42,065 3,000	100 13.33	19,519,692 18,675	1,354,131 (33,485)	1,354,131 (4,465)	
Wealth Media Technology Co., Ltd.	momo.com Inc.	Taiwan	Wholesale and retail sales	8,129,394	8,129,394	63,047	44.38	9,035,658	543,208	-	Note 2
	Win TV Broadcasting Co., Ltd.	Taiwan	TV program provider	222,417	222,417	18,177	100	253,893	31,179	-	Note 2
	TFN Media Co., Ltd.	Taiwan	Cable broadband and value added service provider	5,210,443	5,210,443	230,921	100	6,154,800	1,123,130	-	Note 2
	Global Wealth Media Technology Co., Ltd. Global Forest Media Technology Co., Ltd.	Taiwan Taiwan	Investment Investment	92,189 16,984	92,189 16,984	8,945 1,500	100 100	95,338 17,408	2,595 307	- -	Note 2 Note 2
Global Wealth Media Technology Co., Ltd.	Globalview Cable TV Co., Ltd.	Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	93,732	39,489	-	Note 2
Global Forest Media Technology Co., Ltd.	Union Cable TV Co., Ltd.	Taiwan	Cable TV service provider	16,218	16,218	1,300	0.76	15,629	57,981	-	Note 2
momo.com Inc.	Fu Sheng Travel Service Co., Ltd.	Taiwan	Travel agent	30,000	6,000	3,000	100	39,935	3,558	-	Note 2
	Fuli Life Insurance Agent Co., Ltd.	Taiwan	Life insurance agent	5,000	3,000	500	100	9,702	1,206	-	Note 2
	Fuli Property Insurance Agent Co., Ltd.	Taiwan	Property insurance agent	5,000	3,000	500	100	8,582	(315)	-	Note 2
	Asian Crown (BVI)	British Virgin Islands	Investment	789,864	789,864	26,500	76.26	115,406	(97,570)	-	Note 2
	Taiwan Pelican Express Co., Ltd.	Taiwan	Logistics industry	337,860	337,860	16,893	17.7	428,212	95,463	-	Note 2
	TVD Shopping	Thailand	Wholesale and retail sales	143,337	143,337	31,150	35	151,317	21,048	-	Note 2
	Honest Development Co., Ltd.	Samoa	Investment	(THB 155,750) 670,448	(THB 155,750) -	21,778	100	672,117	1,677	-	Note 2
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,035,051	1,035,051	33,633	100	146,725	(97,301)	-	Note 2
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,035,051	1,035,051	33,633	100	146,725	(97,301)	-	Note 2
Honest Development Co., Ltd.	HK Yue Numerous Yue Numerous Investment Co., Ltd.	Hong Kong	Investment	670,448	-	16,600	100	672,117	1,677	-	Notes 2 and 7

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2015			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				June 30, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Taiwan Cellular Co., Ltd.	TWM Holding	British Virgin Islands	Investment	\$ 347,951	\$ 347,951	-	100	\$ 256,865	\$ (2,509)	\$ -	Notes 2 and 6
	Taiwan Fixed Network Co., Ltd.	Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	50,445,470	1,631,698	-	Note 2
	Taiwan Digital Communication Co., Ltd.	Taiwan	Mobile phone wholesaling and TV program production	112,000	112,000	11,200	100	116,065	(174)	-	Note 2
	TCC Investment Co., Ltd.	Taiwan	Investment	17,785,441	17,785,441	154,721	100	28,708,771	(4,726)	-	Note 2
	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	87,343	29,664	-	Note 2
	Taiwan Digital Service Co., Ltd.	Taiwan	Telecommunications service agencies and retail business	1,000,000	1,000,000	20,000	100	1,398,895	329,502	-	Note 2
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Holdings	Samoa	Investment	36,284	36,284	1,300	100	51,181	(1,103)	-	Note 2
TCC Investment Co., Ltd.	TCCI Investment and Development Co., Ltd.	Taiwan	Investment	3,602,782	3,602,782	104,712	100	7,886,389	(186)	-	Note 2
TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	Taiwan	Cable TV service provider	2,061,522	2,061,522	33,940	100	2,170,142	101,229	-	Note 2
	Mangrove Cable TV Co., Ltd.	Taiwan	Cable TV service provider	510,724	510,724	6,248	29.53	602,098	52,362	-	Notes 2 and 3
	Phoenix Cable TV Co., Ltd.	Taiwan	Cable TV service provider	3,261,073	3,261,073	68,090	100	3,328,974	105,303	-	Note 2
	Union Cable TV Co., Ltd.	Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,033,015	57,981	-	Note 2
	Globalview Cable TV Co., Ltd.	Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,240,880	39,489	-	Note 2
	Taiwan Kuro Times Co., Ltd.	Taiwan	Online music and game service	129,900	129,900	12,000	100	277,295	31,193	-	Note 2
Taiwan Fixed Network Co., Ltd.	Kbro Media Co., Ltd.	Taiwan	Film distribution, arts and literature service, and entertainment	292,500	292,500	29,250	32.5	276,314	3,146	-	Note 2
	TFN Union Investment Co., Ltd.	Taiwan	Investment	22,314,536	22,314,536	400	100	36,947,909	(134)	-	Note 2
	TFN HK Limited	Hong Kong	Telecommunications service provider	2,972	2,972	1,300	100	18,488	2,008	-	Note 2
				HK\$ (744)	HK\$ (744)						

Note 1: Downstream transactions, upstream transactions, and consolidated unrealized gain or loss with intercompany effect are included.

Note 2: The income/loss of the investee was already included in the income/loss of the investor, and is not presented in this table.

Note 3: 70.47% of shares are held under trustee accounts.

Note 4: The above amounts were translated into New Taiwan dollars at the exchange rate of HK\$1=NT\$3.994 and THB1=NT\$0.9203 at the end of the period.

Note 5: For information on investment in Mainland China, please refer to Table 9.

Note 6: Held 1 share on June 30, 2015.

Note 7: Through acquiring 100% equity of HK Yue Numerous to indirectly acquire 100% equity of Haobo Information Consulting (Shenzhen) Co., Ltd. and 20% equity of GHS Co., Ltd. (Beijing).

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2015

(In Thousands of New Taiwan Dollars)

Number	Company Name	Counter Party	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
0	TWM	Taiwan Digital Service Co., Ltd.	1	Accounts and notes receivable, net	\$ 195,638	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		momo.com Inc.	1	Accounts and notes receivable, net	5,055	"	-
		Taiwan Fixed Network Co., Ltd.	1	Accounts and notes receivable, net	1,288	"	-
		Taiwan Digital Service Co., Ltd.	1	Other receivables	255,997	"	-
		Taiwan Fixed Network Co., Ltd.	1	Other receivables	34,577	"	-
		Taiwan Kuro Times Co., Ltd.	1	Other receivables	4,752	"	-
		momo.com Inc.	1	Other receivables	3,723	"	-
		Taiwan Digital Service Co., Ltd.	1	Prepayments	46,790	"	-
		Taiwan Kuro Times Co., Ltd.	1	Disposal of property, plant and equipment	5,136	"	-
		Taipei New Horizon Co., Ltd.	1	Other non-current assets	16,308	"	-
		Taiwan Fixed Network Co., Ltd.	1	Short-term borrowings	8,180,000	"	5
		Wealth Media Technology Co., Ltd.	1	Short-term borrowings	2,800,000	"	2
		Taiwan Cellular Co., Ltd.	1	Short-term borrowings	300,000	"	-
		Taiwan Kuro Times Co., Ltd.	1	Accounts payable	88,454	"	-
		Taiwan Fixed Network Co., Ltd.	1	Accounts payable	58,931	"	-
		Taiwan Digital Service Co., Ltd.	1	Accounts payable	3,893	"	-
		Taiwan Fixed Network Co., Ltd.	1	Other payables	508,895	"	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Other payables	90,187	"	-
		Wealth Media Technology Co., Ltd.	1	Other payables	5,735	"	-
		Taiwan Digital Service Co., Ltd.	1	Other payables	4,485	"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other payables	2,399	"	-
		Taipei New Horizon Co., Ltd.	1	Other payables	1,628	"	-
		Phoenix Cable TV Co., Ltd.	1	Other payables	1,431	"	-
		Taiwan Kuro Times Co., Ltd.	1	Other payables	1,266	"	-
		Taiwan Fixed Network Co., Ltd.	1	Other current liabilities	38,310	"	-
		Taiwan Kuro Times Co., Ltd.	1	Other current liabilities	2,102	"	-
		Taiwan Digital Service Co., Ltd.	1	Advance receipts	9,007	"	-
		Taiwan Digital Service Co., Ltd.	1	Operating revenues	6,729,779	"	12
		Taiwan Fixed Network Co., Ltd.	1	Operating revenues	693,117	"	1
		momo.com Inc.	1	Operating revenues	71,879	"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating revenues	1,095	"	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	1,041	"	-
		Taiwan Fixed Network Co., Ltd.	1	Operating costs	2,316,991	"	4
		Taiwan Kuro Times Co., Ltd.	1	Operating costs	173,230	"	-
		Taipei New Horizon Co., Ltd.	1	Operating costs	15,467	"	-
		TFN Media Co., Ltd.	1	Operating costs	4,931	"	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets	
				Account	Amount	Transaction Terms		
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating costs	\$ 3,559	The terms of transaction are determined in accordance with mutual agreements or general business practices	-	
		Globalview Cable TV Co., Ltd.	1	Operating costs	1,544		"	-
		Taiwan Digital Service Co., Ltd.	1	Unrealized gain on sales	9,314		"	-
		Taiwan Digital Service Co., Ltd.	1	Operating expenses	6,383,951		"	11
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating expenses	555,259		"	1
		Taipei New Horizon Co., Ltd.	1	Operating expenses	35,900		"	-
		Taiwan Fixed Network Co., Ltd.	1	Operating expenses	28,530		"	-
		momo.com Inc.	1	Other income	20,772		"	-
		Taiwan Fixed Network Co., Ltd.	1	Other income	18,173		"	-
		Taiwan Digital Service Co., Ltd.	1	Other income	3,703		"	-
		Taiwan Fixed Network Co., Ltd.	1	Finance costs	52,580		"	-
		Wealth Media Technology Co., Ltd.	1	Finance costs	14,531		"	-
		Taiwan Cellular Co., Ltd.	1	Finance costs	1,928		"	-
1	Wealth Media Technology Co., Ltd.	TFN Media Co., Ltd.	1	Other receivables	811,748	"	1	
		Win TV Broadcasting Co., Ltd.	1	Other receivables	100,097	"	-	
		TFN Media Co., Ltd.	1	Other income	8,190	"	-	
		Win TV Broadcasting Co., Ltd.	1	Other income	1,037	"	-	
2	momo.com Inc.	Fu Sheng Travel Service Co., Ltd.	1	Accounts and notes receivable, net	18,885	"	-	
		TFN Media Co., Ltd.	3	Accounts payable	5,004	"	-	
		Honest Development Co., LTD	1	Other payables	67,045	"	-	
		Fu Sheng Travel Service Co., Ltd.	1	Other payables	1,321	"	-	
		Fu Sheng Travel Service Co., Ltd.	1	Operating revenues	6,377	"	-	
		TFN Media Co., Ltd.	3	Operating costs	46,199	"	-	
		Mangrove Cable TV Co., Ltd.	3	Operating costs	4,608	"	-	
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating costs	2,580	"	-	
3	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts and notes receivable, net	34,248	"	-	
		Phoenix Cable TV Co., Ltd.	1	Accounts and notes receivable, net	32,579	"	-	
		Union Cable TV Co., Ltd.	1	Accounts and notes receivable, net	22,235	"	-	
		Globalview Cable TV Co., Ltd.	1	Accounts and notes receivable, net	14,234	"	-	
		Mangrove Cable TV Co., Ltd.	1	Accounts and notes receivable, net	12,384	"	-	
		Phoenix Cable TV Co., Ltd.	1	Short-term borrowings	530,000	"	-	
		Yeong Jia Leh Cable TV Co., Ltd.	1	Short-term borrowings	335,000	"	-	
		Globalview Cable TV Co., Ltd.	1	Short-term borrowings	250,000	"	-	
		Win TV Broadcasting Co., Ltd.	3	Accounts payable	29,471	"	-	
		Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts payable	4,860	"	-	
		Phoenix Cable TV Co., Ltd.	1	Accounts payable	4,759	"	-	
		Union Cable TV Co., Ltd.	1	Accounts payable	2,956	"	-	
		Globalview Cable TV Co., Ltd.	1	Accounts payable	1,954	"	-	
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other payables	3,663	"	-	
		Phoenix Cable TV Co., Ltd.	1	Other payables	3,380	"	-	
		Union Cable TV Co., Ltd.	1	Other payables	2,379	"	-	
		Globalview Cable TV Co., Ltd.	1	Other payables	1,523	"	-	
		Mangrove Cable TV Co., Ltd.	1	Other payables	1,313	"	-	

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets	
				Account	Amount	Transaction Terms		
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	\$ 256,272	The terms of transaction are determined in accordance with mutual agreements or general business practices	-	
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating revenues	231,477		"	-
		Union Cable TV Co., Ltd.	1	Operating revenues	110,332		"	-
		Globalview Cable TV Co., Ltd.	1	Operating revenues	100,354		"	-
		Mangrove Cable TV Co., Ltd.	1	Operating revenues	7,533		"	-
		Win TV Broadcasting Co., Ltd.	3	Operating costs	37,993		"	-
		Phoenix Cable TV Co., Ltd.	1	Operating costs	17,863		"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating costs	17,338		"	-
		Union Cable TV Co., Ltd.	1	Operating costs	11,288		"	-
		Globalview Cable TV Co., Ltd.	1	Operating costs	7,204		"	-
		Mangrove Cable TV Co., Ltd.	1	Operating costs	3,565		"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating expenses	1,355		"	-
		Phoenix Cable TV Co., Ltd.	1	Finance costs	3,423		"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Finance costs	2,851		"	-
		Globalview Cable TV Co., Ltd.	1	Finance costs	1,635	"	-	
4	Taiwan Fixed Network Co., Ltd.	TFN Media Co., Ltd.	3	Accounts and notes receivable, net	23,418	"	-	
		momo.com Inc.	3	Accounts and notes receivable, net	1,239	"	-	
		Taiwan Digital Service Co., Ltd.	3	Other receivables	1,474	"	-	
		Taipei New Horizon Co., Ltd.	3	Other non-current assets	6,621	"	-	
		TFN HK LIMITED	1	Other payables	17,700	"	-	
		Taiwan Teleservices & Technologies Co., Ltd.	3	Other payables	7,933	"	-	
		Taipei New Horizon Co., Ltd.	3	Other payables	1,073	"	-	
		TFN Media Co., Ltd.	3	Operating revenues	73,362	"	-	
		momo.com Inc.	3	Operating revenues	3,889	"	-	
		Taiwan Kuro Times Co., Ltd.	3	Operating revenues	2,656	"	-	
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	2,216	"	-	
		Union Cable TV Co., Ltd.	3	Operating revenues	1,926	"	-	
		TFN HK LIMITED	1	Operating costs	55,818	"	-	
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating expenses	48,779	"	-	
		Taipei New Horizon Co., Ltd.	3	Operating expenses	20,023	"	-	
		Win TV Broadcasting Co., Ltd.	3	Other income	2,744	"	-	
5	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Kuro Times Co., Ltd.	3	Operating revenues	2,173	"	-	
6	Taiwan Digital Service Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Other non-current assets	5,838	"	-	
		Yeong Jia Leh Cable TV Co., Ltd.	3	Other payables	1,460	"	-	
		Taipei New Horizon Co., Ltd.	3	Other payables	1,088	"	-	
		Taipei New Horizon Co., Ltd.	3	Operating costs	1,316	"	-	
		Taipei New Horizon Co., Ltd.	3	Operating expenses	17,547	"	-	

Note: 1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2015

(In Thousands of New Taiwan Dollars and Other Currencies)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2015	Net (Loss) Income of Investee	% Ownership through Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of June 30, 2015	Accumulated Inward Remittance of Earnings as of June 30, 2015
					Outflow	Inflow						
Xiamen Taifu Teleservices & Technologies Co., Ltd.	System integration, management, analysis and development of CRM application and information consulting services	\$ - (Note 3)	b	\$ 40,261 (US\$ 1,300)	\$ -	\$ -	\$ 40,261 (US\$ 1,300)	\$ -	100% indirect ownership through TWM's subsidiary	\$ -	\$ - (Note 3)	\$ -
TWM Communications (Beijing) Co., Ltd.	Mobile application development and design	92,910 (US\$ 3,000)	b	150,886 (US\$ 4,872)	-	-	150,886 (US\$ 4,872)	406	100% indirect ownership through TWM's subsidiary	406	112,604	-
Fubon Gehua (Beijing) Enterprise Ltd.	Wholesaling	1,147,010 (RMB 230,000)	b	781,378 (US\$ 14,000 and RMB 69,741)	-	-	781,378 (US\$ 14,000 and RMB 69,741)	(106,554)	69.63% indirect ownership through TWM's subsidiary	(74,194)	111,449	-
Haobo Information Consulting (Shenzhen) Co., Ltd.	Investment	54,857 (RMB 11,000)	b	-	-	-	- (Note 4)	1,677	100% indirect ownership through TWM's subsidiary	1,677	672,117	-
GHS Co., Ltd. (Beijing)	Wholesaling	58,672 (RMB 11,765)	b	-	-	-	- (Note 4)	166,072	20% indirect ownership through TWM's subsidiary	1,677	672,094	-

Accumulated Investment in Mainland China as of June 30, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
\$1,578,355 (US\$20,172, RMB69,741 and HK\$151,685)	\$1,727,802 (US\$21,172, RMB80,000 and HK\$168,539)	\$34,786,893

Note 1: The investment types are as follows:

- Direct investment in Mainland China.
- Indirect investment in Mainland China through a subsidiary in a third place, e.g. TT&T, TCC and momo.
- Others.

Note 2: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1=NT\$30.97, RMB1=NT\$4.987 and HK\$1=NT\$3.994 at the end of the period.

Note 3: Xiamen Taifu Teleservices & Technologies Co., Ltd. was dissolved in November 2013 and contributed capital to the parent company, TT&T Holdings.

Note 4: momo purchased Honest Development to acquire HK Yue Numerous, its subsidiary, Haobo Information Consulting (Shenzhen) Co., Ltd., and the associate, GHS Co., Ltd. (Beijing) at \$670,448 thousand. As of June 30, 2015, the investment of \$67,045 thousand has not been remitted.