Taiwan Mobile Co., Ltd.

Financial Statements for the
Three Months Ended March 31, 2010 and 2009 and
Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying balance sheets of Taiwan Mobile Co., Ltd. (the "Corporation") as of March 31, 2010 and 2009, and the related statements of income and cash flows for the three months then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report based on our reviews.

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

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

We have also reviewed the consolidated balance sheets of the Corporation and its subsidiaries as of March 31, 2010 and 2009 and the related consolidated statements of income and cash flows for the three months then ended, on which we have issued a review report dated April 13, 2010, with an unqualified review report, respectively.

April 13, 2010

<u>*Notice to Readers*</u>

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

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

TAIWAN MOBILE CO., LTD.

BALANCE SHEETS
MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

	2010		2009	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 2, 3 and 22)	$ 1,077,824	1	$ 2,352,889	3
Available-for-sale financial assets - current (Notes 2 and 4)	168,719	-	168,176	-
Hedging derivative financial assets - current (Notes 2, 21 and 25)	-	-	76,397	-
Notes receivable	16,834	-	12,090	-
Accounts receivable - third parties (Notes 2 and 5)	5,449,991	7	5,443,831	6
Accounts receivable - related parties (Notes 2 and 22)	4,851	-	28,455	-
Other receivables - third parties	179,367	-	256,913	-
Other receivables - related parties (Note 22)	5,606,039	7	7,587,065	9
Inventories (Note 2)	597,234	1	274,270	-
Prepayments (Notes 6 and 22)	582,955	1	521,750	1
Deferred income tax assets - current (Notes 2 and 18)	20,975	-	146,022	-
Pledged time deposits (Notes 22 and 23)	10,000	-	10,000	-
Other current assets	4,142	-	3,552	-
Total current assets	13,718,931	17	16,881,410	19
INVESTMENTS				
Investments accounted for using the equity method (Notes 2 and 7)	10,540,174	13	10,624,887	12
Financial assets carried at cost - non-current (Notes 2 and 8)	50,324	-	60,064	-
Total investments	10,590,498	13	10,684,951	12
PROPERTY AND EQUIPMENT (Notes 2 and 9)				
Cost				
Land	3,866,289	5	3,866,289	4
Buildings	2,385,587	3	2,385,587	3
Telecommunication equipment	57,974,524	72	59,780,405	67
Office equipment	30,438	-	66,546	-
Leased assets	1,285,920	2	1,285,921	1
Miscellaneous equipment	2,557,588	3	2,391,037	3
Total cost	68,100,346	85	69,775,785	78
Less accumulated depreciation	(31,633,584)	(40)	(29,986,522)	(33)
	36,466,762	45	39,789,263	45
Construction in progress and prepayments for equipment	1,401,761	2	1,944,844	2
Net property and equipment	37,868,523	47	41,734,107	47
INTANGIBLE ASSETS (Note 2)				
3G concession	6,542,455	8	7,290,164	8
Computer software cost	2,381	-	4,037	-
Goodwill (Note 10)	6,835,370	9	6,835,370	8
	13,380,206	17	14,129,571	16
OTHER ASSETS				
Assets leased to others (Notes 2, 11 and 22)	2,194,178	3	2,283,986	3
Idle assets (Notes 2 and 11)	221,655	-	153,814	-
Refundable deposits	317,630	-	324,399	-
Deferred charges (Note 2)	391,822	1	432,633	-
Deferred income tax assets - non-current (Notes 2 and 18)	1,561,387	2	2,441,875	3
Other (Notes 2, 16 and 22)	44,117	-	64,569	-
Total other assets	4,730,789	6	5,701,276	6
TOTAL	$ 80,288,947	100	$ 89,131,315	100

	2010		2009	
LIABILITIES AND SHAREHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings (Note 12)	$ -	-	$ 2,100,000	2
Accounts payable - third parties	2,378,813	3	2,526,489	3
Accounts payable - related parties (Note 22)	12,077	-	19	-
Income taxes payable (Notes 2 and18)	2,111,093	3	3,006,841	3
Accrued expenses (Note 22)	4,419,340	5	4,284,326	5
Other payables (Notes 2 and 22)	3,458,310	4	3,903,205	4
Advance receipts (Note 13)	1,831,527	2	1,073,293	1
Current portion of long-term liabilities (Note 14)	-	-	7,500,000	9
Guarantee deposits - current	55,351	-	64,963	-
Other current liabilities (Note 22)	459,021	1	411,341	1
Total current liabilities	14,725,532	18	24,870,477	28
LONG-TERM LIABILITIES				
Bonds payable (Notes 14 and 21)	8,000,000	10	8,000,000	9
OTHER LIABILITIES				
Guarantee deposits	274,080	-	248,576	-
Deferred credits - gains on intercompany accounts (Notes 2 and 7)	1,238,378	2	1,238,378	2
Other (Note 2)	369,473	1	310,509	-
Total other liabilities	1,881,931	3	1,797,463	2
Total liabilities	24,607,463	31	34,667,940	39
SHAREHOLDERS' EQUITY (Notes 2 and 17)				
Capital stock - NT$10 par value				
Authorized: 6,000,000 thousand shares				
Issued: 3,800,925 thousand shares	38,009,254	47	38,009,254	43
Capital surplus				
From convertible bonds	8,775,819	11	8,775,819	10
From treasury stock transactions	3,639,302	5	3,509,118	4
From long-term investments	3,743	-	1,166	-
From employees stock options	-	-	10,779	-
Other	12,840	-	-	-
Retained earnings				
Legal reserve	13,943,913	17	12,406,775	14
Special reserve	3,350,000	4	3,406,744	4
Unappropriated earnings	19,774,397	25	20,970,517	23
Other equity				
Cumulative translation adjustments	7,874	-	30,778	-
Net loss not recognized as pension cost	(3,797)	-	2,862	-
Unrealized gains (losses) of financial instruments	57,239	-	(30,644)	-
Treasury stock	(31,889,100)	(40)	(32,629,793)	(37)
Total shareholders' equity	55,681,484	69	54,463,375	61
TOTAL	$ 80,288,947	100	$ 89,131,315	100

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

TAIWAN MOBILE CO., LTD.

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2010		2009	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 2 and 22)				
Telecommunication service revenue	$ 13,496,749	95	$ 13,622,130	96
Other revenue	740,510	5	559,284	4
Total operating revenues	14,237,259	100	14,181,414	100
OPERATING COSTS (Notes 2, 20 and 22)	7,412,694	52	6,854,229	48
GROSS PROFIT	6,824,565	48	7,327,185	52
OPERATING EXPENSES (Notes 2, 20 and 22)				
Marketing	2,118,883	15	2,313,983	16
Administrative	978,631	7	953,726	7
Total operating expenses	3,097,514	22	3,267,709	23
OPERATING INCOME	3,727,051	26	4,059,476	29
NON-OPERATING INCOME AND GAINS				
Investment income recognized under the equity method, net (Notes 2 and 7)	785,802	6	556,200	4
Penalty income	69,477	1	62,712	1
Rental income (Notes 2 and 22)	47,588	-	49,321	-
Interest income (Notes 2 and 22)	4,933	-	13,209	-
Other (Notes 2 and 5)	66,258	-	42,365	-
Total non-operating income and gains	974,058	7	723,807	5
NON-OPERATING EXPENSES AND LOSSES				
Loss on disposal and retirement of property and equipment (Note 2)	260,014	2	473,097	4
Interest expenses (Notes 2, 9, 22 and 25)	76,227	1	124,672	1
Other (Note 2)	37,117	-	34,802	-
Total non-operating expenses and losses	373,358	3	632,571	5
INCOME BEFORE INCOME TAX	4,327,751	30	4,150,712	29
INCOME TAX EXPENSE (Notes 2 and 18)	708,972	5	896,207	6
NET INCOME	$ 3,618,779	25	$ 3,254,505	23

(Continued)

TAIWAN MOBILE CO., LTD.

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2010		2009	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 19)				
Basic	$ 1.45	$ 1.21	$ 1.40	$ 1.10
Diluted	$ 1.44	$ 1.21	$ 1.39	$ 1.09

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

	2010	2009
NET INCOME	$ 3,618,779	$ 3,254,505
EARNINGS PER SHARE		
Basic	$ 0.95	$ 0.86
Diluted	$ 0.95	$ 0.86

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

TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 3,618,779	$ 3,254,505
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,802,752	1,742,116
Investment income recognized under the equity method, net	(785,802)	(556,200)
Loss on disposal and retirement of property and equipment, net	260,014	473,097
Amortization	219,967	214,077
Bad debts	108,534	154,991
Deferred income taxes	71,344	23,799
Provision for loss on (recovery of) inventories	1,600	(9,585)
Pension cost	780	645
Net changes in operating assets and liabilities		
Notes receivable	(61)	2,049
Accounts receivable - third parties	(14,237)	210,958
Accounts receivable - related parties	17,817	(22,986)
Other receivables - third parties	(22,035)	(5,579)
Other receivables - related parties	2,276	5,920
Inventories	(169,705)	45,214
Prepayments	(100,357)	106,587
Other current assets	(1,608)	4,329
Accounts payable - third parties	475,604	312,408
Accounts payable - related parties	12,063	(4,093)
Income taxes payable	632,740	867,578
Accrued expenses	(282,401)	(401,875)
Other payables	(124,084)	(36,269)
Advance receipts	635,695	(288,118)
Other current liabilities	4,388	39,198
Net cash provided by operating activities	6,364,063	6,132,766
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,025,256)	(1,093,991)
Increase in deferred charges	(19,827)	(145,850)
Increase in refundable deposits	(4,715)	(6,831)
Proceeds from investees' capital reduction	2,717	5,356
Decrease in other assets	71	708
Increase in computer software costs	-	(285)
Net cash used in investing activities	(1,047,010)	(1,240,893)

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TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2010	2009
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	$ (5,000,000)	$ 800,000
Decrease in short-term notes and bills payable	(299,872)	-
Increase (decrease) in guarantee deposits	3,601	(1,442)
Decrease in long-term borrowings	-	(5,200,000)
Transfer of treasury stock to employees	-	318,083
Net cash used in financing activities	(5,296,271)	(4,083,359)
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,782	808,514
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,057,042	1,544,375
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,077,824	$ 2,352,889
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 5,953	$ 20,996
Less interest capitalized	2,415	4,116
Interest paid - excluding interest capitalized	$ 3,538	$ 16,880
Income tax paid	$ 88	$ 126
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Receivables from subsidiary's capital reduction	$ 3,500,000	$ -
Current portion of long-term liabilities	$ -	$ 7,500,000
Reclassification of the corporation's shares held by its subsidiaries to treasury stock	$ 31,889,100	$ 31,889,100
CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment	$ 891,414	$ 925,199
Decrease in other payables	149,921	123,030
(Increase) decrease in other liabilities - other	(16,079)	45,762
Cash paid for acquisition of property and equipment	$ 1,025,256	$ 1,093,991

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

TAIWAN MOBILE CO., LTD.

NOTES TO FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

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

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

As of March 31, 2010 and 2009, the Corporation had 2,447 and 2,508 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

Classification of Current and Non-current Assets and Liabilities

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

Cash Equivalents

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

Available-for-sale Financial Assets

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

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

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

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

Allowance for Doubtful Accounts

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

Inventories

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

Investments Accounted for Using the Equity Method

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

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

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

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

Financial Assets Carried at Cost

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

Property and Equipment and Assets Leased to Others

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

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

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

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

Accounting for Leases

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

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

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

Intangible Assets

a. Franchise

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

b. Computer software

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

c. Goodwill

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

Idle Assets

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

Deferred Charges

Deferred charges, mainly interior decoration costs, are amortized by the straight-line method over 3 to 7 years.

Asset Impairment

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

Share-based Compensation

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

Pension Costs

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

Income Taxes

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

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

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

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

Treasury Stock

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

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

Foreign-currency Transactions

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

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

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

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

Revenue Recognition

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

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

Promotion Expenses

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

Hedging Derivative Financial Instruments

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

Hedge Accounting

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

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

Reclassification

Certain accounts in the financial statements as of and for the three months ended March 31, 2009 have been reclassified to conform to the presentation of financial statements as of and for the three months ended March 31, 2010.

3. CASH AND CASH EQUIVALENTS

	March 31	
	2010	**2009**
Short-term notes and bills with repurchase rights	$ 579,311	$ 1,100,097
Cash in banks	296,452	392,452
Government bonds with repurchase rights	142,008	763,167
Cash on hand	35,924	23,843
Time deposits	17,496	68,047
Revolving funds	6,633	5,283
	$ 1,077,824	$ 2,352,889

4. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	March 31	
	2010	**2009**
Domestic listed stocks		
Chunghwa Telecom Co., Ltd.	$ 168,719	$ 168,176

5. ACCOUNTS RECEIVABLE - THIRD PARTIES

	March 31 2010	March 31 2009
Accounts receivable	$ 5,827,254	$ 5,885,917
Less allowance for doubtful accounts	(377,263)	(442,086)
	$ 5,449,991	$ 5,443,831

For the first quarter of 2010, the Corporation entered into an accounts receivable factoring contract with HC First Asset Management Co., Ltd. The Corporation sold $1,867,628 thousand of the overdue accounts receivable, which had been written off, to HC First Asset Management Co., Ltd. The aggregate selling price was $27,268 thousand. Under this contract, the Corporation would no longer assume the risk on this receivable.

6. PREPAYMENTS

	March 31 2010	March 31 2009
Prepaid commissions	$ 346,941	$ 253,923
Prepaid rents	101,081	126,295
Prepaid insurance	23,156	26,088
Others	111,777	115,444
	$ 582,955	$ 521,750

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31			
	2010		2009	
	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship
Taiwan Cellular Co., Ltd. (TCC)	$ 10,140,168	100.0	$ 10,173,232	100.0
Taipei New Horizons Co., Ltd. (TNH)	205,365	49.9	235,862	49.9
Wealth Media Technology Co., Ltd. (WMT)	194,641	100.0	215,793	100.0
	$ 10,540,174		$ 10,624,887	

a. Taiwan Cellular Co., Ltd.

On December 24, 2009, TCC's Board of Directors resolved to:

1) Transfer $2,300,417 thousand from capital surplus into capital, which increased its issued shares by 230,042 thousand on the record date of December 25, 2009;

2) Reduce $3,500,000 thousand of capital to shareholders through the cancellation of 350,000 thousand shares. On the record date of capital reduction (December 26, 2009), the Corporation, based on its 100% ownership in TCC, was entitled to receive $3,500,000 thousand.

The Corporation invested in Taiwan Fixed Network Co., Ltd. (TFN) indirectly through Taiwan Cellular Co. Ltd. (TCC) with shares of the former TFN as investment. Based on the revised SFAS No. 5, "Long-term Investments in Equity Securities," unrealized gains and losses on downstream transactions should be deferred. Thus, the difference between the original carrying cost and the investment price of the former TFN shares of this transaction should be treated as deferred gains. As of March 31, 2010, the amount of deferred credits recognized by the Corporation was $1,238,378 thousand.

As of March 31, 2010, TCC Investment Co., Ltd. (TCCI, 100%-owned by Taiwan Cellular Co., Ltd), TCCI Investment & Development Co., Ltd. (TID, 100%-owned by TCCI) and TFN Union Investment Co., Ltd. (TUI, 100%-owned by TFN), collectively held 811,918 thousand shares of the Corporation. Based on SFAS No. 30, "Accounting for Treasury Stock", the Corporations' shares held by subsidiaries are treated as treasury stock. This accounting treatment reduced the Corporation's long-term investment value by the same amount as treasury stock account value of $31,889,100 thousand. Please refer to Note 17 for details.

b. Taipei New Horizons Co., Ltd.

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

c. Wealth Media Technology Co., Ltd.

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

d. Equity in investees' net gains or losses

The financial statements used as basis for calculating the carrying values of equity-method investments and the related income or losses were all unreviewed, except the financial statements of TFN (the subsidiary of TCC) for the three months ended March 31, 2010 and 2009. The Corporation's management considered that, had these financial statements been reviewed, any adjustments would have been immaterial and would thus have had no material effects on the Corporation's financial statements.

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

	Three Months Ended March 31	
	2010	**2009**
TCC	$ 790,385	$ 579,779
TNH	(6,609)	(13,638)
WMT	2,026	(9,941)
	$ 785,802	$ 556,200

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

8. FINANCIAL ASSETS CARRIED AT COST - NON-CURRENT

	March 31	
	2010	2009
Foreign unlisted stocks		
Bridge Mobile Pte Ltd.	$ 50,324	$ 60,064

Because there is no active market quotation and a reliable fair value can not be estimated, the above investments are measured at cost. An impairment loss of $9,740 thousand was recognized in 2009.

9. PROPERTY AND EQUIPMENT - ACCUMULATED DEPRECIATION

	March 31	
	2010	2009
Buildings	$ 405,246	$ 356,074
Telecommunication equipment	29,458,797	28,089,456
Office equipment	20,618	40,909
Leased assets	501,743	436,591
Miscellaneous equipment	1,247,180	1,063,492
	$ 31,633,584	$ 29,986,522

Capitalized interest for three months ended March 31, 2010 and 2009 amounted to $2,415 thousand and $4,116 thousand, respectively, with capitalization rates ranging from 2.4%-2.76% and 2.4%-2.64%, respectively.

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

10. GOODWILL

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

In conformity with SFAS No. 35, “Accounting for Asset Impairment,” the Corporation, engaged in mobile service, which was viewed as one cash-generating unit in 2009 and 2008. The critical assumptions to evaluate the recoverable amounts of operating assets and goodwill were as follows:

a. Assumptions on operating revenues

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

b. Assumptions on operating costs and expenses

   The estimates of commissions, customer retention costs, customer service costs and bill processing costs were based on the projected changes in subscriber numbers. The estimates of remaining costs and expenses were based on the proportion of the actual costs and expenses to operating revenues in the 2009 financial statements.

c. Assumptions on discount rate

For the years ended December 31, 2009 and 2008, the Corporation used the discount rate of 8.50% and 7.48%, respectively, in calculating the asset recoverable amounts.

Based on the key assumptions of the cash-generating unit, the Corporation's management believes that the carrying amounts of these assets for operating and goodwill will not exceed their recoverable amounts even if there are changes in the critical assumptions used to estimate recoverable amounts as long as these changes are reasonable for the years ended December 31, 2009 and 2008.

11. ASSETS LEASED TO OTHERS AND IDLE ASSETS

	March 31	
	2010	2009
Assets leased to others		
Cost	$ 2,337,892	$ 2,469,440
Less accumulated depreciation	(133,123)	(130,961)
Less accumulated impairment	(10,591)	(54,493)
	$ 2,194,178	$ 2,283,986
Idle assets		
Cost	$ 427,547	$ 531,007
Less allowance for value decline	(35,928)	(187,519)
Less accumulated depreciation	(43,535)	(105,227)
Less accumulated impairment	(126,429)	(84,447)
	$ 221,655	$ 153,814

12. SHORT-TERM BORROWINGS

	March 31	
	2010	2009
Unsecured loans - related party	$ -	$ 1,600,000
Unsecured loans from financial institutions	-	500,000
	$ -	$ 2,100,000
Interest rate	-	0.7%-2.417%

13. ADVANCE RECEIPTS

The Corporation entered into a contract with Mega International Commercial Bank Co., Ltd., which provided performance guarantee for advance receipts from prepaid card customers in accordance with NCC's policy effective on April 1, 2007. The guaranteed advance receipts from prepaid card customers were $723,109 thousand as of March 31, 2010.

14. BONDS PAYABLE

	March 31			
	2010		2009	
	Current	Non-current	Current	Non-current
Domestic unsecured bonds	$ -	$ 8,000,000	$ 7,500,000	$ 8,000,000

a. 1st domestic unsecured bonds

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

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

The last installments of the above-mentioned corporate bonds were repaid by the Corporation in December 2009.

b. 2nd domestic unsecured bonds

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

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

Year	Amount
2012	$ 4,000,000
2013	4,000,000
	$ 8,000,000

15. LONG-TERM BORROWINGS

To provide medium-term working capital, the Corporation and its subsidiary, TFN, entered into a syndicated loan with a joint credit line of $13,500,000 thousand with 9 banks led by Chinatrust Commercial Bank on February 21, 2008. The tenor is three years starting from May 20, 2008. Based on contract term, interests are payable monthly and the principal is due upon maturity. Upon maturity, the loan is allowed to revolve within its credit limits. The contract requires the Corporation to maintain certain financial ratio including debt ratios, interest coverage, and tangible net asset ratio based on semi-annual financials. The Corporation also bears the repayment liability with respect to TFN's borrowing. Please refer to Note 22 for further information.

16. PENSION PLAN

The Labor Pension Act (LPA) provides for a defined contribution pension plan. Starting from July 1, 2005, the Corporation should contribute monthly an amount equal to 6% of the employees' monthly wages to the employees' individual pension accounts. The contributed amount was $26,734 thousand and $27,275 thousand for the three months ended March 31, 2010 and 2009, respectively.

The Labor Standards Act (LSA) provides for a defined benefit pension plan. Benefits are based on the length of service and average basic pay of the six months before retirement. The Corporation contributes monthly an amount equal to 2% of the employees' monthly wages to a pension fund. The pension fund is managed by an independently administered pension fund committee and deposited in the committee's name in the Bank of Taiwan (formerly the Central Trust of China, which was merged into the Bank of Taiwan in July 2007.) Approved by Department of Labor of Taipei City Government, the Corporation suspended contributing from February 2007 to January 2011.

17. SHAREHOLDERS' EQUITY

a. Capital surplus

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

b. Appropriation of earnings and dividend policy

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

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

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

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

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

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

For the three months ended March 31, 2010, the bonuses to employees and remuneration to directors and supervisors were accrued based on respective 3% and 0.3% of net income (net of the bonus to employees and remuneration to directors and supervisors) after setting aside 10% net income as legal reserve. The significant difference between annual accruals and the amount approved by the Board shall be adjusted in the current year. If the Board of Director's approval differs from the amount ratified at the annual general shareholders' meeting (AGM), the difference will be treated as changes in accounting estimation and will be adjusted in 2011's P&L. If employee bonuses are paid in the form of company shares, the number of employee bonus shares shall be derived from dividing the approved bonus amount by its closing price one day prior to the AGM, adjusted for cash and/or stock dividends if any.

The 2008 earnings appropriations resolved by the AGM on June 19, 2009 was as follows:

	Appropriation of Earnings	Dividend Per Share (NT$)
	For Fiscal Year 2008	**For Fiscal Year 2008**
Appropriation of legal reserve	$ 1,537,138	
Reversal of special reserve	(56,744)	
Cash dividends	13,968,864	$4.68704
	$ 15,449,258	

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

As of April 13, 2010, the date of the accompanying auditors' report, the appropriation of the Corporation's 2009's earnings had not yet been resolved by the Board of Directors. The information related to the appropriation of the Company's 2009's earnings as resolved by the Board of Directors and approved by the AGM will be posted in the "Market Observation Post System" on the website of the Taiwan Stock Exchange.

c. Treasury stock

(Shares in Thousands)

Purpose of Buyback	Beginning Shares	Increase	Decrease	Ending Shares
<u>Three months ended March 31, 2010</u>				
Shares held by subsidiaries	811,918	-	-	811,918
<u>Three months ended March 31, 2009</u>				
To be transferred to employees	24,193	-	7,284	16,909
Shares held by subsidiaries	811,918	-	-	811,918

1) Transfer of stock to employees

For the three months ended March 31, 2009, the Corporation transferred 7,284 thousand shares bought back from the market to employees at NT$43.8 per share, resulting in a reduction of $957 thousand in capital surplus.

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

2) Shares held by subsidiaries

As of March 31, 2010, the carrying and market value of the Corporation's stocks held by TCCI, TID and TUI (all are the subsidiaries 100%-owned by the Corporation) were $48,552,674 thousand. The Corporation reclassified $31,889,100 thousand from investments accounted for using the equity method to treasury stock based on SFAS No. 30, "Accounting for Treasury Stock". Although these shares are treated as treasury stock in the consolidated financial statements, the shareholders are entitled to excise their rights on these shares, except for participation in capital injection by cash. In addition, based on the ROC Company Act, the shareholders of treasury stocks can not exercise the voting right.

e. Unrealized gains or losses on financial instruments

Unrealized gains or losses on financial instruments for the three months ended March 31, 2010 and 2009 were summarized as follows:

	Three Months Ended March 31	
	2010	**2009**
Available-for-sale financial assets		
Balance, beginning of period	$ 63,624	$ 54,455
Fair value changes recognized directly in equity	(6,385)	(476)
	57,239	53,979
Changes in unrealized gains (losses) of cash flow hedge		
Balance, beginning of period	-	61,864
Fair value changes recognized directly in equity	-	(4,566)
	-	57,298

(Continued)

	Three Months Ended March 31	
	2010	**2009**
Changes in unrealized gains (losses) recognized by the equity method		
Balance, beginning of period	$ -	$ (122,216)
Fair value changes recognized directly in equity	-	(19,705)
	-	(141,921)
Unrealized gains (losses) on financial instruments	$ 57,239	$ (30,644)

(Concluded)

18. INCOME TAX EXPENSE

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

	Three Months Ended March 31	
	2010	**2009**
Tax on pretax income at statutory tax rate	$ 865,526	$ 1,037,668
Add (deduct) tax effects of:		
Permanent differences		
Investment income from domestic investees accounted for using the equity method	(157,160)	(139,050)
Other	-	(85)
Temporary differences	(72,898)	(29,803)
Deferred income tax	71,344	23,799
Prior years' adjustment	4,835	4,703
Investment tax credits	(2,675)	-
Tax on short-term bills	-	67
Others	-	(1,092)
Income tax expense	$ 708,972	$ 896,207

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

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

	March 31	
	2010	2009
Unrealized loss on retirement of property and equipment	$ 1,353,617	$ 2,101,603
Provision for doubtful accounts	465,289	723,094
Amortization of goodwill	(144,302)	(66,455)
Provision for impairment losses on idle assets	30,033	59,403
Investment tax credits	-	34,285
Unrealized gain on financial liabilities	-	(19,099)
Other	111,752	36,724
	1,816,389	2,869,555
Less valuation allowance	(234,027)	(281,658)
	$ 1,582,362	$ 2,587,897
Deferred income tax assets		
Current	$ 20,975	$ 146,022
Non-current	1,561,387	2,441,875
	$ 1,582,362	$ 2,587,897

c. Integrated income tax information was as follows:

	March 31	
	2010	2009
Balance of imputation credit account (ICA)	$ 2,990,207	$ 2,798,444

As of March 31, 2010, there were no unappropriated earnings generated before January 1, 1998. The estimated creditable ratio for the 2009 earnings appropriation and the actual creditable ratio for the 2008 earnings appropriation were 32.17% and 35.28%, respectively.

The imputation credits allocated to the shareholders are based on the ICA balance as of the date of dividend distribution. Should the accrued credits balance be different from actual numbers when the imputation credits are distributed, the estimated creditable ratio for the 2009 earnings appropriation may be adjusted accordingly.

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

	Year
The Corporation	2005
TAT	2007
The former TAT	All applicable
Mobitai Communication	2006

The Corporation's income tax returns as of 2005 had been examined by the tax authorities. The Corporation filed for corrections of its 1999 through 2001 income tax returns. The Corporation also disagreed with the results on the income tax returns of 2002 through 2005 and had filed requests for reexamination.

TAT's income tax returns as of 2007 had been examined by the tax authorities. TAT disagreed with the examination results of the income tax returns and had requested a reexamination of the 2006 and 2007 income tax returns.

The former TAT's income tax returns as of 2006 had been examined by the tax authorities. The former TAT disagreed with the examination results of the 2002 and 2003 income tax returns and had filed an appeal, which is reviewed by the Supreme Court of the R.O.C. The former TAT also filed administrative proceedings for 2004 and 2005's income tax returns.

Mobitai's income tax returns as of 2006 had been examined by the tax authorities. Mobitai disagreed with the result on the income tax returns and plans to apply for a reexamination of the 2006 income tax return.

19. EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share (EPS) were as follows:

	Amounts (Numerator)		Shares	EPS (NT$)	
	Before Income Tax	After Income Tax	(Denominator) Thousands)	Before Income Tax	After Income Tax
Three months ended March 31, 2010					
Basic EPS					
Income of common shareholders	$ 4,327,751	$ 3,618,779	2,989,008	$ 1.45	$ 1.21
Add effect of dilutive potentially common stocks					
- Bonus to employees	-	-	7,902		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	$ 4,327,751	$ 3,618,779	2,996,910	$ 1.44	$ 1.21
Three months ended March 31, 2009					
Basic EPS					
Income of common shareholders	$ 4,150,712	$ 3,254,505	2,971,128	$ 1.40	$ 1.10
Add effect of dilutive potentially common stocks					
- Bonus to employees	-	-	10,272		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	$ 4,150,712	$ 3,254,505	2,981,400	$ 1.39	$ 1.09

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

20. LABOR COST, DEPRECIATION AND AMORTIZATION EXPENSE

	Three Months Ended March 31					
	2010			2009		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary	$ 233,554	$ 507,896	$ 741,450	$ 210,858	$ 419,677	$ 630,535
Labor and health insurance	12,722	22,630	35,352	12,839	23,789	36,628
Pension	9,262	15,754	25,016	9,236	16,649	25,885
Other	10,078	18,028	28,106	9,949	17,639	27,588
	$ 265,616	$ 564,308	$ 829,924	$ 242,882	$ 477,754	$ 720,636
Depreciation	$ 1,655,786	$ 142,704	$ 1,798,490	$ 1,602,324	$ 134,913	$ 1,737,237
Amortization	189,980	29,653	219,633	189,081	24,663	213,744

21. FINANCIAL INSTRUMENT TRANSACTIONS

a. Fair value information

	March 31			
	2010		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Non-derivative financial instruments				
Liabilities				
Bonds payable (including current portion)	$ 8,000,000	$ 8,346,448	$ 15,500,000	$ 15,802,233

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

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

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

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

4) Derivative financial instruments - based on valuation results provided by banks. As of March 31, 2009, the financial instrument held by the Corporation was evaluated by the bid price of counter party.

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

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

d. The financial assets exposed to fair value interest rate risk amounted to $748,815 thousand and $1,941,311 thousand as of March 31, 2010 and 2009, respectively, and the financial liabilities exposed to fair value interest rate risk amounted to $8,000,000 thousand and $12,600,000 thousand as of March 31, 2010 and 2009, respectively. The financial assets exposed to cash flow interest rate risk amounted to $287,594 thousand and $461,232 thousand as of March 31, 2010 and 2009, respectively, and the financial liabilities exposed to cash flow interest rate risk amounted to $0 thousand and $5,000,000 thousand as of March 31, 2010 and 2009, respectively.

e. Information on financial risks:

1) Market risk

The Corporation didn't enter into any financial derivatives transactions, which will have big exposure to exchange rate and interest rate risks.

2) Credit risk

Credit risk represents the potential impacts to financial assets that the Corporation might encounter if counter-parties or third parties breach the contracts. Factors that affect the impacts include credit risk concentration, components of financial instruments, contract amount and other receivables. The Corporation's evaluation of credit risk exposure as of March 31, 2010 and 2009 were both zero because all counter-parties are reputable financial institutions with good credit ratings.

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

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

3) Liquidity risk

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

22. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Corporation
Taiwan Cellular Co., Ltd. (TCC)	Subsidiary
Wealth Media Technology Co., Ltd. (WMT)	Subsidiary
Tai Fu Media Technology Co., Ltd. (TFMT)	Subsidiary
Global Wealth Media Technology Co., Ltd.	Subsidiary
Fu Sin Media Technology Co., Ltd.	Subsidiary
Fu Jia Leh Media Technology Co., Ltd.	Subsidiary
Global Forest Media Technology Co., Ltd.	Subsidiary
TWM Holding Co. Ltd.	Subsidiary
Taiwan Super Basketball Co., Ltd. (TSBC)	Subsidiary
TT&T Holdings Co., Ltd.	Subsidiary
Xiamen Taifu Teleservices & Technologies Co., Ltd.	Subsidiary
Taiwan Fixed Network Co., Ltd. (TFN)	Subsidiary
Taiwan Digital Communications Co., Ltd.	Subsidiary
Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Subsidiary
TCC Investment Co., Ltd. (TCCI)	Subsidiary
TFN Union Investment Co., Ltd. (TUI)	Subsidiary
TCCI Investment and Development Co., Ltd. (TID)	Subsidiary
Win TV Broadcasting Co., Ltd.	Subsidiary
TFN Media Co., Ltd. (TFNM)	Subsidiary
Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary
Mangrove Cable TV Co., Ltd.	Related party in substance
Phoenix Cable TV Co., Ltd.	Subsidiary
Globalview Cable TV Co., Ltd.	Subsidiary
Union Cable TV Co., Ltd.	Subsidiary
TFN HK LIMITED	Subsidiary
TWM Communications (Beijing) Ltd. (formerly named Hurray! Times Communications (Beijing) Ltd.)	Subsidiary
Taiwan Mobile Foundation (TWM Foundation)	Over one third of the Foundation's issued fund came from the Corporation
Taipei New Horizons Co., Ltd.	Equity-method investee
Fubon Life Assurance Co., Ltd.	Same chairman
Fubon Securities Investment Trust Co., Ltd.	Related party in substance
Fubon Marketing Co., Ltd. (formerly named Fubon Direct Marketing Consulting Co., Ltd.)	Related party in substance (renamed on April 13, 2009)
Fubon Financial Venture Capital Co., Ltd.	Related party in substance
Fubon Multimedia Technology Co., Ltd. (FMT)	Related party in substance
Fubon Asset Management Co., Ltd.	Related party in substance
Chung Hsing Constructions Co., Ltd.	Related party in substance
Fubon Land Development Co., Ltd.	Related party in substance
Fubon Financial Holding Company	Related party in substance
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Related party in substance
Fubon Securities Co., Ltd.	Related party in substance
Fubon Future Co., Ltd.	Related party in substance
Fubon Investment Services Co., Ltd.	Related party in substance

(Continued)

Related Party	Relationship with the Corporation
Fubon Insurance Co., Ltd. (Fubon Ins.)	Related party in substance
Fubon Property Management Co., Ltd.	Related party in substance
Taiwan Sport Lottery Corporation (TSL)	Related party in substance
Tai Yi Digital Broadcasting Co., Ltd.	Equity-method investee of TCC (liquidated on February 28, 2009)
Reach & Range Inc.	Subsidiary (merged into TFN on May 1, 2009)
TFN Investment Co., Ltd.	Subsidiary (merged into TCCI on September 19, 2009)
Shin Ho Cable TV Co., Ltd.	Related party in substance (liquidated on December 1, 2009)

(Concluded)

b. Significant transactions with related parties were summarized below:

1) Operating revenues

	Three Months Ended March 31			
	2010		2009	
	Amount	% of Total Revenues	Amount	% of Total Revenues
TFN	$ 549,897	4	$ 596,946	4

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

2) Operating costs

	Three Months Ended March 31			
	2010		2009	
	Amount	% of Total Costs	Amount	% of Total Costs
TFN	$ 419,830	6	$ 306,518	4
Fubon Ins.	11,218	-	13,488	-
	$ 431,048		$ 320,006	

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

3) Rental income

		Three Months Ended March 31	
	Leased Sites/Equipment	2010	2009
TFN	Offices and BTS, etc.	$ 29,820	$ 29,887

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

4) Cash in banks

	March 31			
	2010		2009	
	Amount	%	Amount	%
a) Cash in banks				
TFCB	$ 75,100	7	$ 121,004	5
b) Pledged time deposits				
TFCB	$ 10,000	100	$ 10,000	100

5) Receivables and payables

	March 31			
	2010		2009	
	Amount	%	Amount	%
a) Accounts receivable				
TFN	$ 550	-	$ 20,685	-
Other (Note)	4,301	-	7,770	-
	$ 4,851		$ 28,455	

Note: Leasehold receivables from TSL were as follows:

March 31, 2009	Current Portion	Maturities of Over One Year (Classified Under Other Assets)	Total
Leasehold receivables	$ 2,995	$ 9,983	$ 12,978
Less unrealized interest income	(491)	(728)	(1,219)
	$ 2,504	$ 9,255	$ 11,759

	March 31			
	2010		2009	
	Amount	%	Amount	%
b) Other receivables				
TCC (Note 1)	$ 3,500,000	60	$ 5,525,231	70
TFNM (Note 2)	2,007,969	35	1,099	-
WMT (Note 2)	45,158	1	-	-
TFN	43,893	1	32,732	-
TFMT (Note 2)	-	-	2,019,998	26
Other	9,019	-	8,005	
	$ 5,606,039		$ 7,587,065	

Note 1: Including receivables from capital reduction and dividend receivable on March 31, 2010 and 2009, respectively.

Note 2: Financing to related parties was as follows:

Related Party	Three Months Ended March 31, 2010 Ending Balance	Maximum Balance	Interest Rate (%)	Interest Income
TFNM	$ 2,000,000	$ 2,000,000	0.838	$ 4,133
WMT	45,000	45,000	0.838	93
	$ 2,045,000	$ 2,045,000		$ 4,226

Related Party	Three Months Ended March 31, 2009 Ending Balance	Maximum Balance	Interest Rate (%)	Interest Income
TFMT	$ 2,000,000	$ 2,000,000	2.417	$ 11,919

	March 31 2010 Amount	%	2009 Amount	%
c) Prepayments				
Fubon Ins.	$ 28,551	5	$ 31,604	6
d) Accounts payable				
TFN	$ 12,060	1	$ -	-
Other	17	-	19	-
	$ 12,077		$ 19	
e) Accrued expenses				
TFN	$ 153,416	3	$ 204,796	5
TT&T	67,904	2	75,926	2
TSBC	9,000	-	15,000	-
	$ 230,320		$ 295,722	
f) Other payables				
TFN	$ 103,639	3	$ 95,020	2
g) Other current liabilities - collections and temporary credits for the following				
TFN	$ 86,595	19	$ 97,196	24

	Three Months Ended March 31	
	2010	2009
6) Telecommunication service expenses		
TFN	$ 19,251	$ 18,003
7) Professional service fees		
TT&T	$ 200,112	$ 222,970
8) Advertisement expenses		
TSBC	$ 9,000	$ 10,000

9) Financing from related parties was as follows:

	Three Months Ended March 31, 2009			
Related Party	Ending Balance	Maximum Balance	Interest Rate (%)	Interest Expense
TFN	$ 1,600,000	$ 1,600,000	1.068-2.417	$ 7,755

10) Endorsement/guarantee provided

a) The Corporation provided $21,500,000 thousand guarantee for TFN's bank loan. The Corporation also provided $21,313,350 thousand in promissory notes outstanding for TFN's borrowing with banks. TFN has drawn down $693,562 thousand from banks within the guarantee amount.

b) The Corporation and its subsidiary, TFN, obtained $13,500,000 thousand of syndicated loan from 9 banks led by Chinatrust Commercial Bank. The Corporation provided a guarantee for TFN's bank loan. As of March 31, 2010, the Corporation and TFN had not made any drawdown on this loan.

c) As of March 31, 2010, the Corporation had provided TFN with $50,000 thousand as performance guarantee for IDD calling card service issued by July 31, 2008 in accordance with NCC's new policy effective on April 1, 2007.

11) Other

For the three months ended March 31, 2010 and 2009, the Corporation provided services to companies below and fees received by the Corporation, which were recorded as deductions from related costs and expenses. The Corporation's service charges were as follows:

	Three Months Ended March 31	
	2010	2009
TFN	$ 109,322	$ 92,776

23. ASSETS PLEDGED

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

	March 31	
	2010	2009
Time deposits	$ 10,000	$ 10,000

24. COMMITMENTS AND CONTINGENT EVENTS

a. To enhance 3G mobile communications, expand network coverage and increase the service functions, the Corporation entered into a 3G expansion contract with Nokia Siemens Networks Taiwan Co., Ltd. for $4,800,000 thousand in September 2006 and $3,242,661 thousand in May 2009, respectively. As of March 31, 2010, the purchase amount was $4,735,510 thousand and $1,435,077 thousand, respectively.

b. Future minimum rental payments as of March 31, 2010 for significant operating lease agreements are summarized as follows:

	Amount
From the second to the fourth quarter, 2010	$ 37,939
2011	26,268
2012	17,893
2013	8,976
2014	8,976

25. ADDITIONAL DISCLOSURES

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

a. Financing provided: Table 1 (attached).

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

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

d. Marketable securities acquired and disposed of at costs or prices of at least $100 million or 20% of the paid-in capital: None.

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

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

g. Total purchase from or sale to related parties amounting to at least $100 million or 20% of the paid-in capital: Table 4 (attached).

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

i. Names, locations, and related information of investees on which the Corporation exercised significant influence: Table 6 (attached).

j. Derivative transactions

The Corporation entered into interest rate swap (IRS) contracts in December 2002 to hedge fluctuation on inverse floating interest rates of bonds, which are settled semiannually. Please refer to Note 21 for the related information.

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

The Corporation entered into IRS contracts to hedge inverse floating interest rate fluctuation. For the year ended 2009, the Corporation recognized gains of $84,485 thousand, recorded as deduction to interest expense.

k. Investment in Mainland China:

1) The name of the investee company in Mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, investment gain or loss, ending balance, amount received as earnings distributions from the investment, and the limitation on investment: Table 7 (attached).

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

TABLE 1

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
THREE MONTHS ENDED MARCH 31, 2010
(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Financing Purpose	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits
											Item	Value		
0	Taiwan Mobile Co., Ltd. (the "Corporation")	Wealth Media Technology Co., Ltd.	Other receivables	$ 45,000	$ 45,000	0.838%	Short-term financing	$ -	Operation requirements	$ -	-	-	$ 22,272,594 (Note 1)	$ 22,272,594 (Note 1)
		TFN Media Co., Ltd.	Other receivables	2,000,000	2,000,000	0.838%	Short-term financing	-	Operation requirements	-	-	-	22,272,594 (Note 1)	22,272,594 (Note 1)
1	Taiwan Cellular Co., Ltd.	TFN Media Co., Ltd.	Other receivables	4,670,000	4,000,000	0.838%-0.847%	Short-term financing	-	Operation requirements	-	-	-	20,431,362 (Note 1)	20,431,362 (Note 1)
		TCC Investment Co., Ltd.	Other receivables	2,270,000	2,270,000	0.845%	Short-term financing	-	Operation requirements	-	-	-	20,431,362 (Note 1)	20,431,362 (Note 1)
3	Taiwan Fixed Network Co., Ltd.	Taiwan Cellular Co., Ltd.	Other receivables	8,040,000	7,370,000	0.838%-0.847%	Short-term financing	-	Operation requirements	-	-	-	13,833,943 (Note 1)	13,833,943 (Note 1)
4	Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	725,000	725,000	0.838%-0.940%	Transactions	274,979	Business requirements	-	-	-	13,500,000 (Note 2)	13,500,000 (Note 2)
5	Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	200,000	200,000	0.8450%-0.940%	Transactions	226,640	Business requirements	-	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)
6	Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	715,000	715,000	0.838%-0.893%	Transactions	571,216	Business requirements	-	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)
7	Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	390,000	390,000	0.838%-1.068%	Transactions	495,766	Business requirements	-	-	-	24,000,000 (Note 2)	24,000,000 (Note 2)
8	TFN Media Co., Ltd.	WinTV Broadcasting Co., Ltd.	Other receivables - related parties	307,000	52,000	0.839%-0.845%	Transactions	58,213	Business requirements	-	-	-	15,000,000 (Note 2)	15,000,000 (Note 2)
9	Wealth Media Technology Co., Ltd.	Tai Fu Media Technology Co., Ltd.	Other receivables - related parties	45,000	45,000	0.838%	Short-term financing	-	Repayment of financing	-	-	-	77,856 (Note 1)	77,856 (Note 1)
10	Tai Fu Media Technology Co., Ltd.	Global Wealth Media Technology Co., Ltd.	Other receivables - related parties	4,000	4,000	0.867%	Short-term financing	-	To meet its financing needs in acquiring minorities	-	-	-	77,302 (Note 1)	77,302 (Note 1)

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

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

TABLE 2

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
THREE MONTHS ENDED MARCH 31, 2010
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantor (A)	Receiving Party		Maximum Guarantee/ Endorsement Amount Can Be Provided to Each Receiving Party	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Value of Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Worth of the Guarantor (Note 1)	Maximum Guarantee/ Endorsement Can Be Provided by the Guarantor/Endorser
		Name (B)	Nature of Relationship (B is A's)						
0	Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	(Note 2)	$ 42,000,000 (Note 3)	$ 34,878,330	$ 34,863,350	$ -	62.61%	$ 55,681,484
1	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Fixed Network Co., Ltd.	(Note 4)	20,000 (Note 5)	146	146	-	0.16%	92,858 (Note 5)

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

Note 2: Direct/indirect subsidiary

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

Note 4: Parent company

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

TABLE 3

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
THREE MONTHS ENDED MARCH 31, 2010
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	March 31, 2010				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Taiwan Mobile Co., Ltd. (the "Corporation")	Stock							
	Chunghwa Telecom Co., Ltd.	-	Available-for-sale financial assets - current	2,717	$ 168,719	0.028	$ 168,719 (Note 5)	
	Bridge Mobile Pte Ltd.	-	Financial assets carried at cost - non-current	2,200	50,324	10.00	- (Note 3)	
	Yes Mobile Holdings Company	-	Financial assets carried at cost - non-current	74	- (Note 2)	0.19	- (Note 3)	
	Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	27,200	194,641	100.00	194,641	
	Taiwan Cellular Co., Ltd.	Subsidiary	Long-term investments - equity method	30,000	10,140,168 (Note 4)	100.00	51,078,404	
	Taipei New Horizons Co., Ltd.	Equity-method investee	Long-term investments - equity method	24,950	205,365	49.90	205,365	
Wealth Media Technology Co., Ltd.	Stock							
	Tai Fu Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	27,000	193,256	100.00	193,256	
Tai Fu Media Technology Co., Ltd.	Stock							
	Global Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	8,400	88,018	100.00	88,018	
	Fu Jia Leh Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	100	862	100.00	862	
	Fu Sin Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	13,500	142,230	100.00	142,230	
	Global Forest Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	100	740	100.00	740	
Global Wealth Media Technology Co., Ltd.	Stock							
	Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	3,815	91,969	6.813	44,065	
Fu Sin Media Technology Co., Ltd.	Stock							
	Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	2,272	133,463	3.34	33,183	
Taiwan Cellular Co., Ltd.	Stock							
	Arcoa Communication Co., Ltd.	-	Financial assets carried at cost - non-current	6,998	67,731	5.21	- (Note 3)	
	Parawin Venture Capital Corp.	-	Financial assets carried at cost - non-current	3,000	20,207	3.00	- (Note 3)	
	Transportation High Tech Inc.	-	Financial assets carried at cost - non-current	1,200	- (Note 2)	12.00	- (Note 3)	
	WEB Point Co., Ltd.	-	Financial assets carried at cost - non-current	803	6,773	3.17	- (Note 3)	
	TWM Holding Co. Ltd.	Subsidiary	Long-term investments - equity method	1 share	US$ 7,953	100.00	US$ 7,953	

(Continued)

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	March 31, 2010				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
	Taiwan Fixed Network Co., Ltd.	Subsidiary	Long-term investments - equity method	2,100,000	$ 34,584,859	100.00	$ 34,584,859	
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Long-term investments - equity method	1,200	10,805	100.00	10,805	
	TCC Investment Co., Ltd.	Subsidiary	Long-term investments - equity method	2,100	20,624,057	100.00	20,496,874	
TWM Holding Co. Ltd.	Stock							
	TWM Communications (Beijing) Ltd.	Subsidiary	Long-term investments - equity method	-	US$ 3,410	100.00	US$ 2,520	
TCC Investment Co., Ltd.	Stock							
	Taiwan Mobile Co., Ltd. (the "Corporation"	The Corporation	Available-for-sale financial assets - non-current	222,774	13,321,896	5.86	13,321,896 (Note 5)	
	WinTV Broadcasting Co., Ltd.	Subsidiary	Long-term investments - equity method	17,905	272,637	98.50	269,819	
	TFN Media Co., Ltd.	Subsidiary	Long-term investments - equity method	230,526	2,112,927	100.00	3,986,790	
	TCCI Investment & Development Co., Ltd.	Subsidiary	Long-term investments - equity method	400	7,812,775	100.00	7,812,775	
	Great Taipei Broadband Co., Ltd.	-	Financial assets carried at cost - non-current	10,000	46,074	6.67	- (Note 3)	
	Preferred stock							
	Taiwan High Speed Rail Corporation Unlisted Convertible Preferred Stock - Series A	-	Bonds measured at amortized cost - non-current	50,000	500,000	1.24	- (Note 3)	
TCCI Investment & Development Co., Ltd.	Stock							
	Taiwan Mobile Co., Ltd. (the "Corporation")	The Corporation	Available-for-sale financial assets - non-current	132,849	7,944,351	3.50	7,944,351 (Note 5)	
TFN Media Co., Ltd.	Stock							
	Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	33,940	2,137,091	100.00	612,611	
	Mangrove Cable TV Co., Ltd.	Related party in substance	Long-term investments - equity method	6,248	567,021	29.53	303,846 (Note 6)	
	Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	65,818	3,185,855	96.66	961,350	
	Union Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	170,441	2,089,062	99.99	1,884,314	
	Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	51,733	1,220,009	92.38	597,488	
Taiwan Fixed Network Co., Ltd.	Stock							
	TFN Union Investment Co., Ltd.	Subsidiary	Long-term investments - equity method	400	26,834,639	100.00	26,834,639	
	TFN HK LIMITED	Subsidiary	Long-term investments - equity method	1,300	3,673	100.00	3,673	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments - equity method	1,000	92,858	100.00	92,858	
	Taiwan High Speed Rail Corporation	-	Financial assets carried at cost - non-current	225,531	2,120,829	3.47	- (Note 3)	
	New Century InfoComm Technology Co., Ltd.	-	Financial assets carried at cost - non-current	21,890	187,042	0.84	- (Note 3)	
TFN Union Investment Co., Ltd.	Stock							
	Taiwan Mobile Co., Ltd. (the "Corporation")	The Corporation	Available-for-sale financial assets - non-current	456,295	27,286,427	12.00	27,286,427 (Note 5)	

(Continued)

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	March 31, 2010				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Taiwan Teleservices & Technologies Co., Ltd.	Stock							
	TT&T Holdings Co., Ltd.	Subsidiary	Long-term investments - equity method	1,300	US$ 1,358	100.00	US$ 1,358	
	Taiwan Super Basketball Co., Ltd.	Subsidiary	Long-term investments - equity method	2,000	20,522	100.00	20,522	
TT&T Holdings Co., Ltd.	Stock							
	Xiamen Taifu Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments - equity method	-	US$ 1,348	100.00	US$ 1,348	

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

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

Note 3: As of April 13, 2010, the independent auditors' report date, the investee's net worth was not available.

Note 4: The Corporation's shares held by TCCI, TID and TUI (all are subsidiaries 100%-owned by TCC) are classified as treasury shares. Therefore, the Corporation's carrying cost of $51,078,404 thousand on TCC shall be reduced by 1) downward adjusting $31,889,100 thousand, the carrying value of total treasury shares on the Corporation's book, 2) excluding $9,520,530 thousand unrealized gain from financial assets investment, 3) adding back $475,907 thousand income tax expenses resulted from TFN and TFNI's disposal gain from the Corporation's shares, and 4) excluding recognition of upstream transactions gain of $4,513 thousand.

Note 5: Based on the closing price on March 31, 2010

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

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2010
(In Thousands of New Taiwan Dollars)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	Subsidiary	Sale	$ (549,897)	(4)	Based on contract terms	-	-	$ 368,738	6	(Note 1)
			Purchase	439,081	(Note 2)	Based on contract terms	-	-	(179,093)	(Note 3)	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	200,112	(Note 4)	Based on contract terms	-	-	(67,904)	(Note 5)	
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Sale	(200,158)	(85)	Based on contract terms	-	-	67,921	85	
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Sale	(437,957)	(18)	Based on contract terms	-	-	177,273	20	
			Purchase	550,606	33	Based on contract terms	-	-	(368,738)	(43)	
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(121,050)	(18)	Based on contract terms	(Note 6)	(Note 6)	121,324	25	
	Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(109,574)	(17)	Based on contract terms	(Note 6)	(Note 6)	110,794	23	
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty of copyright	109,574	61	Based on contract terms	(Note 6)	(Note 6)	(110,794)	(87)	
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty of copyright	121,050	65	Based on contract terms	(Note 6)	(Note 6)	(121,324)	(96)	

Note 1: The $368,738 thousand accounts receivable amount was expressed on a gross basis in accord with sales amount. The net accounts receivable should be $550 thousand after deducting accounts payable and accrued custodial receipts/payments totaled $368,188 thousand.

Note 2: Included operating costs and operating expenses.

Note 3: Included accounts payable and accrued expenses.

Note 4: Recognized as operating expenses.

Note 5: Recognized as accrued expenses.

Note 6: No comparables on such kind of transactions.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2010
(In Thousands of New Taiwan Dollars)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	Subsidiary	Accounts receivable	$ 368,738	5.97	$ -	-	$ -	$ -
			Other receivables	43,893		-	-	-	-
	TFN Media Co., Ltd.	Subsidiary	Other receivables	2,007,969		-	-	-	-
	Taiwan Cellular Co., Ltd.	Subsidiary	Other receivables	3,500,000		-	-	-	-
Taiwan Cellular Co., Ltd.	TFN Media Co., Ltd.	Subsidiary	Other receivables	4,015,671		-	-	72,604	-
	TCC Investment Co., Ltd.	Subsidiary	Other receivables	2,279,197		-	-	8,513	-
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable	67,921	11.97	-	-	17	-
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable	177,273	7.43	-	-	576	-
			Other receivables	198,437		-	-	76,507	-
	Taiwan Cellular Co., Ltd.	Parent	Other receivables	7,399,246		-	-	85,242	-
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Accounts receivable	151,821	5.15	-	-	10,460	-
	Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Accounts receivable	140,011	5.21	-	-	9,394	-
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	17,609	6.33	-	-	-	-
			Other receivables	716,944		-	-	-	-
Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	12,576	4.39	-	-	-	-
			Other receivables	726,655		-	-	-	-
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	7,067	5.58	-	-	-	-
			Other receivables	200,545		-	-	-	-
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	17,455	5.9	-	-	-	-
			Other receivables	391,126		-	-	-	-

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
THREE MONTHS ENDED MARCH 31, 2010
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2010			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				March 31, 2010	December 31, 2009	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Cellular Co., Ltd.	Taipei, Taiwan	Telecom engineering and IT service	$ 37,558,330	$ 37,558,330	30,000	100.00	$ 10,140,168 (Note 1)	$ 787,370	$ 790,385	
	Taipei New Horizons Co., Ltd.	Taipei, Taiwan	Real Estate Rental and Sale	249,500	249,500	24,950	49.90	205,365	(13,245)	(6,609)	
	Wealth Media Technology Co., Ltd.	Taipei, Taiwan	Investment	272,000	272,000	27,200	100.00	194,641	2,026	2,026	
Wealth Media Technology Co., Ltd.	Tai Fu Media Technology Co., Ltd.	Taipei, Taiwan	Investment	270,000	270,000	27,000	100.00	193,256	2,078	NA	
Tai Fu Media Technology Co., Ltd.	Global Wealth Media Technology Co., Ltd.	Taipei County, Taiwan	Investment	84,000	84,000	8,400	100.00	88,018	1,037	NA	
	Fu Jia Leh Media Technology Co., Ltd.	Taipei, Taiwan	Investment	1,700	1,700	100	100.00	862	(107)	NA	
	Fu Sin Media Technology Co., Ltd.	Taipei, Taiwan	Investment	135,000	135,000	13,500	100.00	142,230	1,372	NA	
	Global Forest Media Technology Co., Ltd.	Taipei, Taiwan	Investment	1,000	1,000	100	100.00	740	(40)	NA	
Global Wealth Media Technology Co., Ltd.	Globalview Cable TV Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	91,691	90,099	3,815	6.813	91,969	17,407	NA	
Fu Sin Media Technology Co., Ltd.	Phoenix Cable TV Co., Ltd.	Kaohsiung County, Taiwan	Cable TV service provider	133,358	133,358	2,272	3.34	133,463	45,737	NA	
Taiwan Cellular Co., Ltd.	TWM Holding Co.Ltd.	British Virgin Islands	Investment	US$ 10,800	US$ 10,800	1 share	100.00	US$ 7,953	US$ (463)	NA	
	Taiwan Fixed Network Co., Ltd.	Taipei, Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100.00	34,584,859	441,439	NA	
	Taiwan Digital Communication Co., Ltd.	Taipei, Taiwan	Telecom engineering and IT service	12,000	12,000	1,200	100.00	10,805	(145)	NA	
	TCC Investment Co., Ltd.	Taipei, Taiwan	Investment	20,451,000	20,451,000	2,100	100.00	20,624,057	363,396	NA	
TWM Holding Co. Ltd.	TWM Communications (Beijing) Ltd.	Beijing, China	Mobile application development and design	US$ 4,936	US$ 4,936	-	100.00	US$ 3,410	US$ (463)	NA	
TCC Investment Co., Ltd.	WinTV Broadcasting Co., Ltd.	Taipei, Taiwan	TV program provider	179,047	179,047	17,905	98.50	272,637	19,193	NA	
	TFN Media Co., Ltd.	Taipei, Taiwan	Cable broadband and value added service provider	2,035,714	2,035,714	230,526	100.00	2,112,927	383,406	NA	
	TCCI Investment & Development Co., Ltd.	Taipei, Taiwan	Investment	6,629,149	6,629,149	400	100.00	7,812,775	-	NA	
TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	1,616,824	1,616,824	33,940	100.00	2,137,091	25,270	NA	
	Mangrove Cable TV Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	397,703	397,703	6,248 (Note 2)	29.53	567,021	20,507	NA	
	Phoenix Cable TV Co., Ltd.	Kaohsiung County, Taiwan	Cable TV service provider	2,294,967	2,294,967	65,818	96.66	3,185,855	45,737	NA	
	Union Cable TV Co., Ltd.	Yilan County, Taiwan	Cable TV service provider	1,904,440	1,904,440	170,441	99.99	2,089,062	30,762	NA	
	Globalview Cable TV Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	841,413	841,413	51,733	92.38	1,220,009	17,407	NA	
Taiwan Fixed Network Co., Ltd.	TFN Union Investment Co., Ltd.	Taipei, Taiwan	Investment	22,769,109	$ 22,769,109	400	100.00	26,834,639	-	NA	
	TFN HK LIMITED	Hong Kong	Telecommunications service provider	5,816	5,816	1,300	100.00	3,673	375	NA	
	Taiwan Teleservices & Technologies Co., Ltd.	Taipei, Taiwan	Call center service and ISR (international simple resales)	10,000	10,000	1,000	100.00	92,858	379	NA	
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Holdings Co., Ltd.	Samoa	Investment	US$ 1,300	US$ 1,300	1,300	100.00	US$ 1,358	US$ (52)	NA	
	Taiwan Super Basketball Co., Ltd.	Taipei, Taiwan	Basketball team management	20,000	20,000	2,000	100.00	20,522	500	NA	
TT&T Holdings Co., Ltd.	Xiamen Taifu Teleservices & Technologies Co., Ltd.	Xiamen, China	Call center service	US$ 1,300	US$ 1,300	-	100.00	US$ 1,348	US$ (56)	NA	

Note 1: The Corporation's shares held by TCCI, TID and TUI (all are subsidiaries 100%-owned by TCC) are classified as treasury shares. Therefore, the Corporation's carrying cost of $51,078,404 thousand on TCC shall be reduced by 1) downward adjusting $31,889,100 thousand, the carrying value of total treasury shares on the Corporation's book, 2) excluding $9,520,530 thousand unrealized gain from financial assets investment, 3) adding back $475,907 thousand income tax expenses resulted from TFN and TFNI's disposal gain from the Corporation's shares, and 4) excluding recognition of upstream transactions gain of $4,513 thousand.

Note 2: 70.47% shares are held under trustee accounts.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
THREE MONTHS ENDED MARCH 31, 2010
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2010	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2010	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Value as of March 31, 2010	Accumulated Inward Remittance of Earnings as of March 31, 2010
					Outflow	Inflow					
Xiamen Taifu Teleservices & Technologies Co., Ltd.	Call center service	US$ 1,300 (NT$ 41,353)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary, Taiwan Teleservices & Technologies Co., Ltd.	US$ 1,300 (NT$ 41,353)	$ -	$ -	US$ 1,300 (NT$ 41,353)	100% ownership of indirect investment by the Corporation's subsidiary	US$ (56) (NT$ (1,781))	US$ 1,348 (NT$ 42,880)	$ -
TWM Communications (Beijing) Ltd.	Mobile application development and design	US$ 3,000 (NT$ 95,430)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary, Taiwan Cellular Co., Ltd.	US$ 4,872 (NT$ 154,978)	-	-	US$ 4,872 (NT$ 154,978)	100% ownership of indirect investment by the Corporation's subsidiary	US$ (463) (NT$ (14,728))	US$ 3,410 (NT$ 108,472)	-

Accumulated Investment in Mainland China as of March 31, 2010	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 2)
US$1,300 (NT$41,353)	US$1,300 (NT$41,353)	$92,858
US$4,872 (NT$154,978)	US$5,300 (NT$168,593)	$51,078,404

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US$1=NT$31.81 and RMB1=NT$4.6599 as of March 31, 2010.

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

Note 3: Calculation was based on unreviewed financial statements.