

**Taiwan Mobile Co., Ltd. and Subsidiaries**  
**Consolidated Financial Statements for the**  
**Three Months Ended March 31, 2015 and 2014, and**  
**Independent Auditors' Review Report**



## Independent Auditors' Review Report

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

We have reviewed the accompanying consolidated balance sheets of Taiwan Mobile Co., Ltd. and subsidiaries as of March 31, 2015, and March 31, 2014 (restated), and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three months ended March 31, 2015, and March 31, 2014 (restated). These interim consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim consolidated financial statements based on our review.

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

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

As stated in Note 3 of the consolidated financial statements, Taiwan Mobile Co., Ltd. and subsidiaries prepared the financial statements in accordance with the 2013 IFRSs, IASs, IFRIC Interpretations and SIC Interpretations, endorsed by the Financial Supervisory Commission, R.O.C. since January 1, 2015, and restated the financial statements of the first quarter of 2014.

KPMG  
Taipei, Taiwan (the Republic of China)  
April 30, 2015

### Notes to Readers

The accompanying consolidated 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 auditors' review report and the accompanying consolidated 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 auditors' review report and consolidated financial statements shall prevail.

**(Reviewed, Not Audited, as of March 31, 2015 and 2014)**  
**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2015, DECEMBER 31 AND MARCH 31, 2014**  
**(In Thousands of New Taiwan Dollars)**

	<b>2015.3.31</b>		<b>2014.12.31</b>		<b>2014.3.31</b>			<b>2015.3.31</b>		<b>2014.12.31</b>		<b>2014.3.31</b>			
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>		
<b>ASSETS</b>							<b>LIABILITIES AND EQUITY</b>								
<b>CURRENT ASSETS</b>							<b>CURRENT LIABILITIES</b>								
1100	Cash and cash equivalents (Notes 6(a) and 7)	\$ 8,217,370	5	7,903,777	5	8,178,517	6	2100	Short-term borrowings (Notes 6(n) and 7)	\$ 13,800,000	9	18,900,000	12	23,844,858	17
1125	Current available-for-sale financial assets (Note 6(b))	2,215,954	1	2,213,757	1	968,198	1	2110	Short-term notes and bills payable (Note 6(n))	11,984,492	8	5,593,031	4	499,328	-
1130	Current held-to-maturity financial assets	6	-	6	-	-	-	2150	Notes payable	1,467	-	191,951	-	4,677	-
1170	Accounts and notes receivable, net (Note 6(d))	14,994,000	10	14,990,240	10	14,091,403	10	2170	Accounts payable	6,988,449	4	7,590,325	5	6,020,209	4
1180	Accounts receivable from related parties (Note 7)	39,534	-	34,561	-	56,249	-	2180	Accounts payable to related parties (Note 7)	71,906	-	79,392	-	38,495	-
1200	Other receivables (Note 7)	927,797	1	1,000,549	1	794,278	-	2219	Other payables (Note 7)	11,318,540	7	12,310,967	8	11,622,096	8
130x	Inventories (Note 6(e))	3,251,466	2	3,210,988	2	2,937,872	2	2230	Current tax liabilities	2,152,004	1	2,114,614	1	2,230,805	2
1410	Prepayments (Note 7)	637,187	-	486,343	-	544,833	-	2250	Current provisions (Note 6(r))	225,476	-	217,083	-	195,604	-
1460	Non-current assets held for sale (Note 6(f))	-	-	-	-	46,310	-	2310	Advance receipts (Note 6(o))	2,331,257	2	2,264,612	2	2,440,823	2
1476	Other current financial assets (Notes 7 and 8)	2,983,299	2	2,967,826	2	865,957	1	2320	Long-term liabilities, current portion(Note 6(q))	5,208,218	3	2,208,218	2	1,208,218	1
1479	Other current assets	26,275	-	26,657	-	55,100	-	2399	Other current liabilities	2,042,793	1	1,998,735	1	1,511,762	1
	<b>Total current assets</b>	<b>33,292,888</b>	<b>21</b>	<b>32,834,704</b>	<b>21</b>	<b>28,538,717</b>	<b>20</b>		<b>Total current liabilities</b>	<b>56,124,602</b>	<b>35</b>	<b>53,468,928</b>	<b>35</b>	<b>49,616,875</b>	<b>35</b>
<b>NON-CURRENT ASSETS</b>							<b>NON-CURRENT LIABILITIES</b>								
1523	Non-current available-for-sale financial assets (Note 6(b))	3,193,574	2	3,480,153	2	1,066,762	1	2530	Bonds payable (Note 6(p))	14,794,704	9	14,794,293	10	14,793,058	10
1543	Non-current financial assets at cost (Note 6(c))	192,652	-	192,652	-	178,325	-	2540	Long-term borrowings (Notes 6(q) and 7)	10,627,772	7	13,182,326	9	8,285,989	6
1546	Non-current debt instrument investment without active market	500,000	-	500,000	-	500,000	-	2550	Non-current provisions (Note 6(r))	1,039,973	1	1,014,349	1	916,543	1
1550	Investments accounted for using equity method (Note 6(g))	879,875	1	897,246	1	725,578	-	2570	Deferred tax liabilities	2,805,669	2	2,688,568	2	2,657,310	2
1600	Property, plant and equipment (Note 6(j))	47,179,634	30	47,066,319	31	42,808,799	30	2640	Non-current net defined benefit liabilities (Note 4)	131,127	-	136,782	-	128,264	-
1760	Investment properties, net (Note 6(k))	325,607	-	354,208	-	339,688	-	2645	Guarantee deposits	803,288	1	820,504	-	830,657	-
1791	Concessions (Notes 6(l) and 8)	42,304,379	27	39,103,292	26	40,018,829	28	2670	Other non-current liabilities (Note 6(s))	772,547	-	933,611	-	1,293,483	1
1805	Goodwill (Note 6(l))	15,845,930	10	15,845,930	10	15,845,930	11		<b>Total non-current liabilities</b>	<b>30,975,080</b>	<b>20</b>	<b>33,570,433</b>	<b>22</b>	<b>28,905,304</b>	<b>20</b>
1821	Other intangible assets, net (Note 6(l))	6,140,095	4	6,219,622	4	6,194,933	5		<b>Total liabilities</b>	<b>87,099,682</b>	<b>55</b>	<b>87,039,361</b>	<b>57</b>	<b>78,522,179</b>	<b>55</b>
1840	Deferred tax assets	810,542	1	885,173	1	897,449	1	<b>EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Note 6(w))</b>							
1980	Other non-current financial assets (Notes 6(o), 7 and 8)	273,057	-	271,574	-	272,350	-	3110	Ordinary shares	34,208,328	22	34,208,328	22	34,208,328	24
1995	Other non-current assets (Notes 6(m) and 7)	6,291,537	4	5,888,820	4	5,541,122	4	3200	Capital surplus	14,715,830	9	14,715,830	10	12,475,389	9
	<b>Total non-current assets</b>	<b>123,936,882</b>	<b>79</b>	<b>120,704,989</b>	<b>79</b>	<b>114,389,765</b>	<b>80</b>		Retained earnings						
								3310	Legal reserve	21,537,666	14	21,537,666	14	19,262,044	14
								3350	Unappropriated retained earnings	23,618,628	15	19,805,941	13	26,242,219	18
								3400	Other equity interests	(591,474)	-	(302,986)	-	257,250	-
								3500	Treasury shares	(29,717,344)	(19)	(29,717,344)	(20)	(31,077,183)	(22)
									<b>Total equity attributable to owners of parent</b>	<b>63,771,634</b>	<b>41</b>	<b>60,247,435</b>	<b>39</b>	<b>61,368,047</b>	<b>43</b>
								36xx	Non-controlling interests (Note 6(w))	6,358,454	4	6,252,897	4	3,038,256	2
									<b>Total equity</b>	<b>70,130,088</b>	<b>45</b>	<b>66,500,332</b>	<b>43</b>	<b>64,406,303</b>	<b>45</b>
<b>TOTAL</b>		<b>\$ 157,229,770</b>	<b>100</b>	<b>153,539,693</b>	<b>100</b>	<b>142,928,482</b>	<b>100</b>	<b>TOTAL</b>		<b>\$ 157,229,770</b>	<b>100</b>	<b>153,539,693</b>	<b>100</b>	<b>142,928,482</b>	<b>100</b>

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)  
(Reviewed, Not Audited)

		For the Three Months Ended March 31			
		2015		2014 (Restated)	
		Amount	%	Amount	%
4000	<b>OPERATING REVENUES (Notes 6(y) and 7)</b>	\$ 29,717,570	100	27,726,474	100
5000	<b>OPERATING COSTS (Notes 7 and 12)</b>	20,979,696	70	17,990,379	65
5900	<b>GROSS PROFIT FROM OPERATIONS</b>	8,737,874	30	9,736,095	35
6000	<b>OPERATING EXPENSES (Notes 7 and 12)</b>				
6100	Marketing	3,213,664	11	3,434,959	12
6200	Administrative	1,233,740	4	1,216,282	5
		4,447,404	15	4,651,241	17
6500	<b>NET OTHER INCOME AND EXPENSES (Note 6(z))</b>	50,249	-	26,451	-
6900	<b>NET OPERATING INCOME</b>	4,340,719	15	5,111,305	18
	<b>NON-OPERATING INCOME AND EXPENSES (Note 6(aa))</b>				
7010	Other income	38,831	-	34,672	-
7020	Other gains and losses, net	(64,147)	-	91,043	-
7050	Finance costs	(170,526)	(1)	(151,731)	-
7060	Share of profit (loss) of associates accounted for using equity method	1,469	-	(5,950)	-
7000	<b>Total non-operating income and expenses</b>	(194,373)	(1)	(31,966)	-
7900	<b>PROFIT BEFORE TAX</b>	4,146,346	14	5,079,339	18
7950	<b>TAX EXPENSE (Note 6(v))</b>	211,312	1	863,488	3
8000	<b>PROFIT FROM CONTINUING OPERATIONS</b>	3,935,034	13	4,215,851	15
8100	<b>LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX</b> (Note 6(f))	-	-	(39,732)	-
8200	<b>PROFIT</b>	<b>3,935,034</b>	<b>13</b>	<b>4,176,119</b>	<b>15</b>
	<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation	(5,353)	-	275	-
8362	Unrealized gains (losses) on available-for-sale financial assets	(282,000)	(1)	(152,576)	-
8370	Share of other comprehensive income (loss) of associates accounted for using equity method	(17,925)	-	88	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-
8300	<b>OTHER COMPREHENSIVE INCOME (AFTER TAX)</b>	<b>(305,278)</b>	<b>(1)</b>	<b>(152,213)</b>	<b>-</b>
8500	<b>COMPREHENSIVE INCOME</b>	<b>\$ 3,629,756</b>	<b>12</b>	<b>4,023,906</b>	<b>15</b>
	<b>PROFIT ATTRIBUTABLE TO</b>				
8610	Owners of parent	\$ 3,812,687	13	4,084,450	15
8620	Non-controlling interests	122,347	-	91,669	-
		<b>\$ 3,935,034</b>	<b>13</b>	<b>4,176,119</b>	<b>15</b>
	<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>				
8710	Owners of parent	\$ 3,524,199	12	3,929,018	15
8720	Non-controlling interests	105,557	-	94,888	-
		<b>\$ 3,629,756</b>	<b>12</b>	<b>4,023,906</b>	<b>15</b>
	<b>EARNINGS PER SHARE</b>				
9710	<b>BASIC (Note 6(x))</b>				
9720	Basic earnings per share from continuing operations	\$	1.40	1.53	
9750	Basic loss per share from discontinued operations	-		(0.01)	
	<b>Total basic earnings per share</b>	<b>\$</b>	<b>1.40</b>	<b>1.52</b>	
9810	<b>DILUTED (Note 6(x))</b>				
9820	Diluted earnings per share from continuing operations	\$	1.40	1.52	
9850	Diluted loss per share from discontinued operations	-		(0.01)	
	<b>Total diluted earnings per share</b>	<b>\$</b>	<b>1.40</b>	<b>1.51</b>	

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

Account Number	Equity Attributable to Owners of Parent										
	Ordinary Shares	Capital Surplus	Retained Earnings		Other Equity Interests		Treasury Shares	Total	Non-controlling Interests	Total Equity	
			Legal Reserve	Unappropriated	Exchange Differences On Translation	Unrealized Gain (Loss) on Available-for-Sale Financial Assets					
A1	<b>BALANCE, JANUARY 1, 2014</b>	\$ 34,208,328	12,456,891	19,262,044	22,171,132	24,948	387,734	(31,077,183)	57,433,894	1,086,747	58,520,641
A3	Effects of retrospective application and retrospective restatement	-	-	-	(13,363)	-	-	-	(13,363)	-	(13,363)
A5	<b>RESTATED BALANCE, JANUARY 1, 2014</b>	34,208,328	12,456,891	19,262,044	22,157,769	24,948	387,734	(31,077,183)	57,420,531	1,086,747	58,507,278
D1	Profit for the three months ended March 31, 2014	-	-	-	4,084,450	-	-	-	4,084,450	91,669	4,176,119
D3	Other comprehensive income for the three months ended March 31, 2014	-	-	-	-	100	(155,532)	-	(155,432)	3,219	(152,213)
D5	Total comprehensive income for the three months ended March 31, 2014	-	-	-	4,084,450	100	(155,532)	-	3,929,018	94,888	4,023,906
C7	Changes in equity of associates accounted for using equity method	-	(257)	-	-	-	-	-	(257)	(259)	(516)
M5	Difference between consideration and carrying amount of subsidiaries' shares disposed of	-	18,755	-	-	-	-	-	18,755	120,420	139,175
O1	Effects of obtaining control of subsidiaries	-	-	-	-	-	-	-	-	1,736,460	1,736,460
Z1	<b>BALANCE, MARCH 31, 2014</b>	<b>\$ 34,208,328</b>	<b>12,475,389</b>	<b>19,262,044</b>	<b>26,242,219</b>	<b>25,048</b>	<b>232,202</b>	<b>(31,077,183)</b>	<b>61,368,047</b>	<b>3,038,256</b>	<b>64,406,303</b>
A1	<b>BALANCE, JANUARY 1, 2015</b>	\$ 34,208,328	14,715,830	21,537,666	19,817,858	31,294	(334,280)	(29,717,344)	60,259,352	6,252,898	66,512,250
A3	Effects of retrospective application and retrospective restatement	-	-	-	(11,917)	-	-	-	(11,917)	(1)	(11,918)
A5	<b>RESTATED BALANCE, JANUARY 1, 2015</b>	34,208,328	14,715,830	21,537,666	19,805,941	31,294	(334,280)	(29,717,344)	60,247,435	6,252,897	66,500,332
D1	Profit for the three months ended March 31, 2015	-	-	-	3,812,687	-	-	-	3,812,687	122,347	3,935,034
D3	Other comprehensive income for the three months ended March 31, 2015	-	-	-	-	(2,581)	(285,907)	-	(288,488)	(16,790)	(305,278)
D5	Total comprehensive income for the three months ended March 31, 2015	-	-	-	3,812,687	(2,581)	(285,907)	-	3,524,199	105,557	3,629,756
Z1	<b>BALANCE, MARCH 31, 2015</b>	<b>\$ 34,208,328</b>	<b>14,715,830</b>	<b>21,537,666</b>	<b>23,618,628</b>	<b>28,713</b>	<b>(620,187)</b>	<b>(29,717,344)</b>	<b>63,771,634</b>	<b>6,358,454</b>	<b>70,130,088</b>

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014**  
**(In Thousands of New Taiwan Dollars)**  
**(Reviewed, Not Audited)**

		<b>For the Three Months Ended March 31</b>	
		<b>2015</b>	<b>2014 (Restated)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
A00010	<b>Profit from continuing operations before tax</b>	\$ 4,146,346	5,079,339
A00020	<b>Loss from discontinued operations before tax</b>	-	(47,867)
A10000	<b>Profit before tax</b>	4,146,346	5,031,472
A20000	<b>Adjustments</b>		
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	2,622,270	2,345,909
A20200	Amortization expense	631,189	322,264
A23000	Gain on disposal of non-current assets held for sale	-	(158,568)
A22500	Loss on disposal of property, plant and equipment, net	36,700	73,735
A20300	Provision for bad debt expense	90,872	63,032
A20900	Finance costs	170,526	151,731
A21200	Interest income	(30,057)	(24,170)
A23700	Impairment loss on non-financial assets (from discontinued operations)	-	17,794
A22300	Share of loss (profit) of associates accounted for using equity method	(1,469)	5,950
A29900	Others	1,980	80
A20010	Total adjustments to reconcile profit (loss)	3,522,011	2,797,757
A30000	<b>Changes in operating assets and liabilities</b>		
A31150	Accounts and notes receivable	(437,541)	40,647
A31160	Accounts receivable from related parties	(4,973)	(6,692)
A31180	Other receivables	72,665	67,544
A31200	Inventories	(40,478)	843,465
A31230	Prepayments	(150,948)	24,741
A31240	Other current assets	1,987	3,337
A31990	Other assets	(8,455)	10,912
A32130	Notes payable	(190,484)	(404,227)
A32150	Accounts payable	(601,876)	(645,710)
A32160	Accounts payable to related parties	(7,486)	(34,585)
A32180	Other payables	(1,040,181)	(653,165)
A32200	Provisions	15,013	(13,433)
A32210	Advance receipts	66,497	(124,354)
A32230	Other current liabilities	44,058	(33,061)
A32240	Net defined benefit liabilities	(5,655)	(3,300)
A30000	Total changes in operating assets and liabilities	(2,287,857)	(927,881)
A33000	<b>Net cash inflows generated from operating activities</b>	5,380,500	6,901,348
A33100	Interest received	267	-
A33300	Interest paid	(145)	(807)
A33500	Income taxes paid	(4,152)	(57,772)
AAAA	<b>Net cash flows from operating activities</b>	5,376,470	6,842,769

(Continued)

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014**  
**(In Thousands of New Taiwan Dollars)**  
**(Reviewed, Not Audited)**

		<b>For the Three Months Ended March 31</b>	
		<b>2015</b>	<b>2014 (Restated)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
B02700	Acquisition of property, plant and equipment	(2,962,132)	(2,164,714)
B04500	Acquisition of intangible assets	(3,690,467)	(44,099)
B07100	Increase in prepayments for equipment	(69,502)	(59,835)
B02200	Net cash inflows from new consolidated entities	-	1,193,252
B02000	Increase in prepayments for investments	-	(320,273)
B03700	Increase in refundable deposits	(57,165)	(44,755)
B03800	Decrease in refundable deposits	40,876	38,504
B06500	Increase in other financial assets	(16,963)	(25,253)
B06600	Decrease in other financial assets	45,000	203,431
B02600	Proceeds from disposal of non-current assets held for sale	-	208,843
B02800	Proceeds from disposal of property, plant and equipment	749	2,127
B07500	Interest received	29,243	24,028
BBBB	<b>Net cash used in investing activities</b>	<u>(6,680,361)</u>	<u>(988,744)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
C00100	Increase in short-term borrowings	14,800,000	25,129,281
C00200	Decrease in short-term borrowings	(19,900,000)	(31,890,000)
C00500	Increase in short-term notes and bills payable	17,368,991	2,596,445
C00600	Decrease in short-term notes and bills payable	(10,979,407)	(4,493,533)
C01600	Proceeds from long-term borrowings	550,000	3,000,000
C01700	Repayments of long-term borrowings	(105,000)	-
C05500	Disposal of ownership interests in subsidiaries (without losing control)	-	142,246
C03000	Increase in guarantee deposits received	59,281	31,658
C03100	Decrease in guarantee deposits received	(69,383)	(60,920)
C05600	Interest paid	(104,787)	(85,520)
CCCC	<b>Net cash flows from (used in) financing activities</b>	<u>1,619,695</u>	<u>(5,630,343)</u>
DDDD	<b>EFFECT OF EXCHANGES RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(2,211)</u>	<u>541</u>
EEEE	<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>313,593</u>	<u>224,223</u>
E00100	<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>7,903,777</u>	<u>7,954,294</u>
E00200	<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>\$ 8,217,370</u></u>	<u><u>8,178,517</u></u>

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

(Concluded)

**(Reviewed, Not Audited, for the Three Months Ended March 31, 2015 and 2014)**

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014**

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

**1. ORGANIZATION AND OPERATIONS**

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

TWM's received a second-generation (2G) mobile telecommunications concession operation license issued by the Directorate General of Telecommunications (DGT) of the ROC. The license allows TWM to provide services for 15 years from 1997 onwards. The license was renewed and its expiry date was extended to June 2017 by the National Communications Commission (NCC) in November 2012. In March 2005, TWM received a third-generation (3G) concession operation license issued by the DGT. The 3G license allows TWM to provide services from the issuance date of the license to December 2018.

TWM acquired the Mobile Broadband Spectrum (4G) in October 2013. In April 2014 and March 2015, TWM acquired the concession license for the Mobile Broadband Spectrum frequency of 20 MHz x 2 in the 700 MHz frequency band. And in August 2014, TWM acquired the concession license for the Mobile Broadband Spectrum frequency of 5 MHz x 2 in the 1800 MHz frequency band. The 4G licenses shall be valid from the issuance date of the license until December 2030.

The consolidated financial statements of TWM as of and for the three months ended March 31, 2015, comprise TWM and its subsidiaries (the Group).

**2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**3. ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

- a. The effect of first-time adoption of the amended "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the newly issued and the amended standards endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

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

Except for the following description, the adoption of the 2013 IFRSs and the amended "Regulations Governing the Preparation of Financial Reports by Securities Issuers" would not have any significant influence to the financial statements.



**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(1) IAS 19 *Employee Benefits*

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

<b>Effect on Assets, Liabilities and Equity</b>	<b>Amounts before Restatement</b>	<b>Adjustment for First-time Adoption</b>	<b>Restated Amounts</b>
<b><u>2014.12.31</u></b>			
Deferred tax assets	\$ 882,732	2,441	885,173
Non-current net defined benefit liabilities	\$ 122,423	14,359	136,782
Retained earnings	\$ 19,817,858	(11,917)	19,805,941
Non-controlling interests	\$ 6,252,898	(1)	6,252,897
<b><u>2014.3.31</u></b>			
Deferred tax assets	\$ 894,765	2,684	897,449
Deferred tax liabilities	\$ 2,657,317	(7)	2,657,310
Non-current net defined benefit liabilities	\$ 112,437	15,827	128,264
Retained earnings	\$ 26,255,355	(13,136)	26,242,219
<b><u>2014.1.1</u></b>			
Deferred tax assets	\$ 924,576	2,738	927,314
Non-current net defined benefit liabilities	\$ 115,463	16,101	131,564
Retained earnings	\$ 22,171,132	(13,363)	22,157,769

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<u>Effect on Comprehensive Income</u>	<u>Amounts before Restatement</u>	<u>Adjustment for First-time Adoption</u>	<u>Restated Amounts</u>
<b>For the Three Months Ended March 31, 2014</b>			
Operating costs	\$ 17,990,553	(174)	17,990,379
Operating expenses	\$ 4,651,341	(100)	4,651,241
Tax expenses	\$ 863,441	47	863,488
Profit	\$ 4,175,892	227	4,176,119
Effect on profit attributable to:			
Owners of parent	\$ 4,084,223	227	4,084,450
Non-controlling interests	91,669	-	91,669
	<u>\$ 4,175,892</u>	<u>227</u>	<u>4,176,119</u>
Effect on comprehensive income attributable to:			
Owners of parent	\$ 3,928,791	227	3,929,018
Non-controlling interests	94,888	-	94,888
	<u>\$ 4,023,679</u>	<u>227</u>	<u>4,023,906</u>
 <b>Effect on Earnings per Share</b>			
<b>For the Three Months Ended March 31, 2014</b>			
Basic earnings per share	\$ 1.52	-	1.52
Diluted earnings per share	\$ 1.51	-	1.51

(2) *IAS 1 Presentation of Financial Statements*

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

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

adoption of the above amendment will not influence profit, other comprehensive income (loss), and comprehensive income.

(3) *IFRS 12 Disclosure of Interests in Other Entities*

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

(4) *IFRS 13 Fair Value Measurement*

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

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

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

*IFRS 15 Revenue from Contracts with Customers*

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

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

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

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Except for the following description, the significant accounting policies adopted for the interim consolidated financial statements are the same as those adopted for the consolidated financial statements for the year ended December 31, 2014. The Group adopted the 2013 IFRSs endorsed by the FSC in 2015. For the influence after adoption, please refer to Note 3(a).

**Statement of Compliance**

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

**Basis of Consolidation**

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

The consolidated entities were as follows:

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			2015.3.31	2014.12.31	2014.3.31	
TWM	Wealth Media Technology Co., Ltd. (WMT)	Investment	100.00	100.00	100.00	-
WMT	momo.com Inc. (momo)	Wholesale and retail sales	44.38	44.38	49.93	Note 1
momo	Fu Sheng Travel Service Co., Ltd. (FST)	Travel agent	100.00	100.00	100.00	-
momo	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.00	100.00	100.00	-
momo	Fuli Property Insurance Agent Co., Ltd. (FPI)	Property insurance agent	100.00	100.00	100.00	-
momo	Asian Crown International Co., Ltd. (Asian Crown)	Investment	76.26	76.26	100.00	Note 2

(Continued)

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			2015.3.31	2014.12.31	2014.3.31	
Asian Crown	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.00	100.00	100.00	-
Fortune Kingdom	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.00	100.00	100.00	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesaling	91.30	91.30	87.50	Note 2
WMT	Global Wealth Media Technology Co., Ltd. (GWMT)	Investment	100.00	100.00	100.00	-
GWMT	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV service provider	6.83	6.83	6.83	-
WMT	Global Forest Media Technology Co., Ltd. (GFMT)	Investment	100.00	100.00	100.00	-
GFMT	Union Cable TV Co., Ltd. (UCTV)	Cable TV service provider	0.76	0.76	0.76	-
WMT	Win TV Broadcasting Co., Ltd. (WTVB)	TV program provider	100.00	100.00	100.00	-
WMT	TFN Media Co., Ltd. (TFNM)	Cable broadband and value-added services provider	100.00	100.00	100.00	-
TFNM	UCTV	Cable TV service provider	99.22	99.22	99.22	-
TFNM	Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Cable TV service provider	100.00	100.00	100.00	-
TFNM	Mangrove Cable TV Co., Ltd. (MCTV)	Cable TV service provider	29.53	29.53	29.53	The other 70.47% of shares were held under trustee accounts.
TFNM	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV service provider	100.00	100.00	100.00	-
TFNM	GCTV	Cable TV service provider	92.38	92.38	92.38	-
TFNM	Taiwan Kuro Times Co., Ltd. (TKT)	Online music and game service	100.00	100.00	100.00	-
TWM	Taiwan Cellular Co., Ltd. (TCC)	Investment	100.00	100.00	100.00	-

(Continued)

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<u>Investor</u>	<u>Subsidiary</u>	<u>Main Business and Products</u>	<u>Percentage of Ownership</u>			<u>Note</u>
			<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>	
TCC	TCC Investment Co., Ltd. (TCCI)	Investment	100.00	100.00	100.00	TCCI, TID and TUI collectively owned 698,752 thousand shares of TWMT representing 20.42% of total outstanding shares as of March 31, 2015.
TCCI	TCCI Investment & Development Co., Ltd. (TID)	Investment	100.00	100.00	100.00	-
TCC	Taiwan Fixed Network Co., Ltd. (TFN)	Fixed-line service provider	100.00	100.00	100.00	-
TFN	TFN Union Investment Co., Ltd. (TUI)	Investment	100.00	100.00	100.00	-
TFN	TFN HK Ltd.	Telecommunication service provider	100.00	100.00	100.00	-
TCC	Taiwan Digital Communications Co., Ltd. (TDC)	Mobile phone wholesaling and TV program production	100.00	100.00	100.00	-
TCC	TWM Holding Co., Ltd. (TWM Holding)	Investment	100.00	100.00	100.00	-
TWM Holding	TWM Communications (Beijing) Co., Ltd. (TWMC)	Mobile application development and design	100.00	100.00	100.00	-
TCC	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Call center service and telephone marketing	100.00	100.00	100.00	-
TT&T	Taiwan Mobile Basketball Co., Ltd. (TMB)	Basketball team management	-	-	100.00	TMB was sold in September 2014.
TT&T	TT&T Holdings Co., Ltd. (TT&T Holdings)	Investment	100.00	100.00	100.00	-
TCC	Taiwan Digital Service Co., Ltd. (TDS)	Telecommunications service agencies and retail business	100.00	100.00	100.00	-
TWM	Taipei New Horizon Co., Ltd. (TNH)	Building and operating Songshan Cultural and Creative Park BOT project	49.90	49.90	49.90	Note 3

(Concluded)

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

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

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

Note 3: TWMM subscribed for the shares based on its proportion of the shareholding in TNH, which remained at 49.9%. Since February 21, 2014, TWMM has had control over TNH due to a change in the board members of TNH, and therefore TNH is included in the consolidated entities as a subsidiary.

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

**Employee Benefits**

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

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

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

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**Income Tax**

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

**5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the consolidated financial statements in conformity with IAS 34 *Interim Financial Reporting* endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except for the following paragraph, the same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were stated in Note 5 of the consolidated financial statements for the year ended December 31, 2014.

The Group would decide whether to engage a third party to determine the appropriate valuation techniques for fair value measurement. The Group would determine appropriate inputs by referring to the operating results of investees, recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities. If the actual changes in inputs in the future differ from expectation, fair value might vary accordingly.

Information about the valuation techniques and inputs used in determining a financial instrument's fair value is disclosed in Note 6(ac).

**6. DESCRIPTION OF SIGNIFICANT ACCOUNTS**

a. Cash and cash equivalents

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Government bonds with repurchase rights	\$ 3,881,961	3,481,084	3,797,622
Time deposits	2,532,559	1,777,771	2,183,825
Cash in banks	1,620,438	2,214,593	2,066,145
Short-term notes and bills	89,893	229,786	-
Cash on hand	83,202	121,546	120,842
Revolving funds	9,317	8,997	10,083
	<u>\$ 8,217,370</u>	<u>7,903,777</u>	<u>8,178,517</u>



**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

b. Available-for-sale financial assets

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Domestic listed stock	\$ 216,265	204,310	203,658
Domestic emerging stock	1,073,527	893,103	1,066,762
Domestic unlisted stock	2,120,047	2,587,050	-
Beneficiary certificates	1,999,689	2,009,447	764,540
	<u>\$ 5,409,528</u>	<u>5,693,910</u>	<u>2,034,960</u>
Current	<u>\$ 2,215,954</u>	<u>2,213,757</u>	<u>968,198</u>
Non-current	<u>\$ 3,193,574</u>	<u>3,480,153</u>	<u>1,066,762</u>

c. Non-current financial assets at cost

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Domestic unlisted stock	\$ 185,602	185,602	128,001
Foreign unlisted stock	7,050	7,050	50,324
	<u>\$ 192,652</u>	<u>192,652</u>	<u>178,325</u>

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

For the three months ended March 31, 2015 and 2014, there was no impairment loss.

d. Accounts and notes receivable, net

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Notes receivable	\$ 71,722	110,093	72,897
Accounts receivable	15,196,539	15,157,962	14,298,822
Less: allowance for doubtful accounts	(274,261)	(277,815)	(280,316)
Accounts receivable, net	<u>14,922,278</u>	<u>14,880,147</u>	<u>14,018,506</u>
Total	<u>\$ 14,994,000</u>	<u>14,990,240</u>	<u>14,091,403</u>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

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

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

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

	<b>2015.3.31</b>	<b>2014.12.31</b>	<b>2014.3.31</b>
Neither past due nor impaired	\$ 14,571,604	14,417,430	13,648,979
Past due but not impaired			
Past due within 180 days	350,422	462,436	360,427
Past due over 180 days	252	281	9,100
	<b>\$ 14,922,278</b>	<b>14,880,147</b>	<b>14,018,506</b>

Movements of allowance for doubtful receivables for the three months ended March 31, 2015 and 2014, were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Beginning balance	\$ 277,815	288,620
Add: Provision	99,265	27,953
Reversal	16,421	61,517
Less: Write-off	(119,240)	(97,774)
Ending balance	<b>\$ 274,261</b>	<b>280,316</b>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

e. Inventories

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Merchandise	\$ 3,179,097	3,131,412	2,864,388
Materials for maintenance	70,634	78,214	73,484
Catering inventories	1,735	1,362	-
	<u>\$ 3,251,466</u>	<u>3,210,988</u>	<u>2,937,872</u>

For the three months ended March 31, 2015 and 2014, the cost of goods sold recognized in consolidated comprehensive income amounted to \$12,658,965 thousand and \$10,120,014 thousand, respectively, which included the inventory recovery based on net realizable value amounting to \$37,508 thousand and \$13,694 thousand, respectively. The inventory recovery based on net realizable value was due to good inventory management and the clearing of slow-moving inventory.

f. Non-current assets held for sale and discontinued operations

(1) Non-current assets held for sale

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(2) Disclosure of profit and loss, and cash flows from discontinued operations

	<b>For the Three Months Ended March 31</b>
	<b>2014</b>
Profit and loss from discontinued operations:	
Operating revenue	\$ 122,648
Operating costs	91,330
Gross profit	31,318
Operating expenses	60,389
Other income and expenses	(184)
Loss from discontinued operations before tax	(29,255)
Non-operating income and expenses	
Loss on disposal of property, plant, and equipment	(1,192)
Interest income	30
Others	344
Tax revenue	5,110
Loss from discontinued operations after tax	(24,963)
Gain (loss) on disposal of the assets from discontinued operations	
Loss recognized on measurement of fair value less costs to sell of the assets from discontinued operations before tax	(17,794)
Tax revenue	3,025
Loss recognized on measurement of fair value less costs to sell of the assets from discontinued operations after tax	(14,769)
Loss from discontinued operations after tax	<b>\$ (39,732)</b>
Cash flows from (used in) discontinued operations:	
Net cash from operating activities	\$ 34,046
Net cash from investing activities	1,880
Net cash from financing activities	(313)
Net increase in cash	<b>\$ 35,613</b>

(3) Profit (loss) from discontinued operations attributable to owners of parent:

Please refer to Note 6(x).

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

g. Investments accounted for using equity method

The Group's associates using equity method were as follows:

<u>Investee Company</u>	<u>2015.3.31</u>		<u>2014.12.31</u>		<u>2014.3.31</u>	
	<u>Amount</u>	<u>% of Ownership</u>	<u>Amount</u>	<u>% of Ownership</u>	<u>Amount</u>	<u>% of Ownership</u>
Taiwan Pelican Express Co., Ltd. (TPE)	\$ 442,078	17.70	455,426	17.70	414,788	17.70
Kbro Media Co., Ltd.	266,314	32.50	267,878	32.50	283,561	32.50
TVD Shopping Co., Ltd. (TVD Shopping)	150,728	35.00	150,803	35.00	-	-
Alliance Digital Tech Co., Ltd. (ADT)	20,755	13.33	23,139	13.33	27,229	19.23
	<u>\$ 879,875</u>		<u>897,246</u>		<u>725,578</u>	

Summary of respectively not significant associates:

	<b>For the Three Months Ended March 31</b>	
	<u>2015</u>	<u>2014</u>
Attributable to the Group:		
Profit (Loss)	\$ 1,469	(5,950)
Other comprehensive income (loss)	(17,925)	88
Comprehensive income	<u>\$ (16,456)</u>	<u>(5,862)</u>

(1) TPE

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

As of December 2013, momo held 17.70% of TPE due to not subscribing for new shares and selling part of its shares when TPE went public. Momo still has significant influence on TPE due to two seats on the Board.

(2) Kbro Media Co., Ltd.

In August 2012, TFNM, a subsidiary of TWM, acquired 32.5% of Kbro Media Co., Ltd.

On December 26, 2012, Kbro Media Co., Ltd.'s Board of Directors resolved to increase Kbro Media Co., Ltd.'s capital by \$660,000 thousand, divided into 66,000 thousand shares with a par value of \$10 per share, with a record date of January 31, 2013. TFNM subscribed for the shares based on its proportion of the shareholding, which remains at 32.5%.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(3) TVD Shopping

In April 2014, momo acquired 35% of TVD Shopping. It was recognized under investment prepayment as of March 31, 2014.

(4) ADT

In November 2013, TWM acquired 19.23% of ADT.

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

TWM holds less than 20% of ADT but still has significant influence on ADT due to a seat on the Board.

h. Subsidiaries with material non-controlling interests

Subsidiary	<b>Proportion of Non-controlling Interests' Ownership and Voting Rights</b>		
	<b>2015.3.31</b>	<b>2014.12.31</b>	<b>2014.3.31</b>
momo	55.62%	55.62%	50.07%

For information on the principal place of business and the Company's country of registration, please refer to Table 6.

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

	<b>2015.3.31</b>	<b>2014.12.31</b>	<b>2014.3.31</b>
Current assets	\$ 6,853,572	6,792,676	4,066,921
Non-current assets	10,680,843	10,716,690	8,959,192
Current liabilities	(3,187,500)	(3,385,989)	(2,924,674)
Non-current liabilities	(249,125)	(253,661)	(250,858)
Equity	<b>\$ 14,097,790</b>	<b>13,869,716</b>	<b>9,850,581</b>
Equity attributable to:			
Owners of parent	\$ 9,461,310	9,352,414	8,552,324
momo's non-controlling interests	4,570,151	4,433,431	1,288,660
momo's subsidiaries' non-controlling interests	66,329	83,871	9,597
	<b>\$ 14,097,790</b>	<b>13,869,716</b>	<b>9,850,581</b>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

	<b>For the Three Months</b>	
	<b>Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Operating revenues	\$ 6,259,652	5,663,933
Profit	257,526	196,006
Other comprehensive income	(29,452)	6,401
Comprehensive income	<u><b>\$ 228,074</b></u>	<u><b>202,407</b></u>
Profit attributable to:		
Owners of parent	\$ 121,558	102,331
momo's non-controlling interests	152,588	101,017
momo's subsidiaries' non-controlling interests	(16,620)	(7,342)
	<u><b>\$ 257,526</b></u>	<u><b>196,006</b></u>
Comprehensive income attributable to:		
Owners of parent	\$ 108,897	105,512
momo's non-controlling interests	136,719	104,186
momo's subsidiaries' non-controlling interests	(17,542)	(7,291)
	<u><b>\$ 228,074</b></u>	<u><b>202,407</b></u>
	<b>For the Three Months</b>	
	<b>Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Net cash from operating activities	\$ 82,731	(82,046)
Net cash from investing activities	35,903	47,724
Net cash from financing activities	(547)	20,626
Effect of exchange rate changes	(971)	491
Net increase (decrease) in cash	<u><b>\$ 117,116</b></u>	<u><b>(13,205)</b></u>

i. Acquisition of subsidiaries and non-controlling interests

(1) Acquisition of subsidiaries

TWM obtained control of TNH due to the change in the members on the Board of TNH through the election on February 21, 2014. TWM's shareholding remained at 49.9%. TNH mainly engages in building and operating Songshan Cultural and Creative Park BOT project.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(a) Assets acquired and liabilities assumed

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

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

(b) Operating influences of combination

The Group's share of operating revenue and net loss of TNH was \$28,261 thousand and \$4,363 thousand, respectively, for the period from February 21 to March 31, 2014. If the business combination had occurred at the beginning of the fiscal year, the pro forma operating revenue and net loss in the Group's consolidated comprehensive income statement would have been \$64,437 thousand and \$23,559 thousand, respectively, for the period from January 1 to March 31, 2014. The pro forma revenue and net loss could not be regarded as the actual operating outcome on the basis that the business combination occurred at the beginning of the year and revenue and net loss were projected into the future.



**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(2) Transactions with non-controlling interests

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

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

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

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

The above transactions did not result in losing control over momo and FGE; therefore, the above transactions were accounted for as equity transactions.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

j. Property, plant and equipment

Movements of the cost, depreciation, and impairment of property, plant and equipment of the Group for the three months ended March 31, 2015 and 2014, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Telecommunication equipment and machinery</u>	<u>Miscellaneous equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<b>Cost:</b>						
Balance, January 1, 2015	\$ 10,366,685	4,947,700	78,863,132	6,979,293	3,985,597	105,142,407
Additions	-	-	176,246	112,425	2,460,681	2,749,352
Reclassification	23,437	8,511	2,631,434	101,476	(2,736,277)	28,581
Disposals	-	-	(181,753)	(27,754)	(454)	(209,961)
Effect of exchange rate changes	-	-	(2,340)	(980)	-	(3,320)
Balance, March 31, 2015	<u>\$ 10,390,122</u>	<u>4,956,211</u>	<u>81,486,719</u>	<u>7,164,460</u>	<u>3,709,547</u>	<u>107,707,059</u>
Balance, January 1, 2014	\$ 8,675,595	4,961,737	73,940,408	6,049,561	3,162,832	96,790,133
Additions	-	2,061	84,267	97,867	2,140,707	2,324,902
Acquisition from combination	-	-	-	10,232	-	10,232
Reclassification	(14,300)	(10,076)	1,924,090	133,309	(2,192,933)	(159,910)
Disposals	-	-	(267,180)	(58,164)	(3,087)	(328,431)
Effect of exchange rate changes	-	-	(430)	(188)	-	(618)
Balance, March 31, 2014	<u>\$ 8,661,295</u>	<u>4,953,722</u>	<u>75,681,155</u>	<u>6,232,617</u>	<u>3,107,519</u>	<u>98,636,308</u>
<b>Accumulated depreciation and impairment:</b>						
Balance, January 1, 2015	\$ 83,426	1,398,811	51,830,986	4,762,865	-	58,076,088
Depreciation	-	35,985	2,327,296	258,235	-	2,621,516
Reclassification	-	4,102	-	-	-	4,102
Disposals	-	-	(144,956)	(27,556)	-	(172,512)
Effect of exchange rate changes	-	-	(1,154)	(615)	-	(1,769)
Balance, March 31, 2015	<u>\$ 83,426</u>	<u>1,438,898</u>	<u>54,012,172</u>	<u>4,992,929</u>	<u>-</u>	<u>60,527,425</u>
Balance, January 1, 2014	\$ 83,426	1,260,526	48,470,898	3,989,482	-	53,804,332
Depreciation	-	35,984	2,095,797	213,210	-	2,344,991
Acquisition from combination	-	-	-	835	-	835
Reclassification	-	(4,165)	(29,065)	(36,483)	-	(69,713)
Disposals	-	-	(200,249)	(52,320)	-	(252,569)
Effect of exchange rate changes	-	-	(232)	(135)	-	(367)
Balance, March 31, 2014	<u>\$ 83,426</u>	<u>1,292,345</u>	<u>50,337,149</u>	<u>4,114,589</u>	<u>-</u>	<u>55,827,509</u>
<b>Carrying amount:</b>						
Balance, January 1, 2015	<u>\$ 10,283,259</u>	<u>3,548,889</u>	<u>27,032,146</u>	<u>2,216,428</u>	<u>3,985,597</u>	<u>47,066,319</u>
Balance, March 31, 2015	<u>\$ 10,306,696</u>	<u>3,517,313</u>	<u>27,474,547</u>	<u>2,171,531</u>	<u>3,709,547</u>	<u>47,179,634</u>
Balance, March 31, 2014	<u>\$ 8,577,869</u>	<u>3,661,377</u>	<u>25,344,006</u>	<u>2,118,028</u>	<u>3,107,519</u>	<u>42,808,799</u>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(1) The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

(a) Buildings	
Primary buildings	20~55 years
Mechanical and electrical equipment	15 years
(b) Telecommunication equipment and machinery	
	2~20 years
(c) Miscellaneous equipment	
	2~20 years

(2) The non-cash investing activities of the Group for the three months ended March 31, 2015 and 2014, were as follows:

	<b>For the Three Months</b>	
	<b>Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Acquisition of property, plant and equipment	\$ 2,749,352	2,324,902
Changes in other payables	228,403	(137,210)
Changes in provisions	(15,623)	(22,978)
Cash paid for acquisition of property, plant and equipment	<b>\$ 2,962,132</b>	<b>2,164,714</b>

k. Investment property

	<b>2015.3.31</b>	<b>2014.12.31</b>	<b>2014.3.31</b>
Land			
Cost	<b>\$ 238,469</b>	<b>261,905</b>	<b>249,368</b>
Buildings			
Cost	\$ 128,955	137,465	131,443
Accumulated depreciation	41,817	45,162	41,123
Carrying amount	<b>\$ 87,138</b>	<b>92,303</b>	<b>90,320</b>
Total investment property	<b>\$ 325,607</b>	<b>354,208</b>	<b>339,688</b>
Fair value	<b>\$ 854,632</b>	<b>1,113,847</b>	<b>750,538</b>
Capitalization rate	<b>0.76%~4.20%</b>	<b>1.06%~4.20%</b>	<b>1.19%~3.12%</b>

Properties were reclassified from property, plant and equipment to investment property since the properties were no longer used by the Group and it was decided to lease them to a third party.

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

1. Intangible assets

The cost, amortization, and impairment of intangible assets of the Group for the three months ended March 31, 2015 and 2014, were as follows:

	Concessions			Other intangible assets					Total
	Concession license	Service concession	Goodwill	Computer software	Customer relationship	Operating rights	Trademarks	Others	
<b>Cost:</b>									
Balance, January 1, 2015	\$ 39,291,000	7,736,128	15,845,930	2,484,186	2,849,197	1,382,000	2,517,866	5,217	72,111,524
Addition	3,433,375	324,436	-	26,847	-	-	-	-	3,784,658
Disposals	-	-	-	(44)	(195,108)	-	-	-	(195,152)
Adjustment and reclassification	-	(68,204)	-	36,424	-	-	-	-	(31,780)
Effect of exchange rate changes	-	-	-	(295)	-	-	-	(39)	(334)
Balance, March 31, 2015	<u>\$ 42,724,375</u>	<u>7,992,360</u>	<u>15,845,930</u>	<u>2,547,118</u>	<u>2,654,089</u>	<u>1,382,000</u>	<u>2,517,866</u>	<u>5,178</u>	<u>75,668,916</u>
Balance, January 1, 2014	\$ 39,291,000	-	15,845,930	2,020,208	2,849,197	1,382,000	2,517,860	5,107	63,911,302
Addition	-	14,294	-	28,374	-	-	7	-	42,675
Acquisition from Combination	-	7,460,415	-	-	-	-	-	-	7,460,415
Reclassification	-	-	-	41,614	-	-	-	-	41,614
Effect of exchange rate changes	-	-	-	(55)	-	-	-	(7)	(62)
Balance, March 31, 2014	<u>\$ 39,291,000</u>	<u>7,474,709</u>	<u>15,845,930</u>	<u>2,090,141</u>	<u>2,849,197</u>	<u>1,382,000</u>	<u>2,517,860</u>	<u>5,100</u>	<u>71,455,944</u>
<b>Amortization and impairment:</b>									
Balance, January 1, 2015	\$ 7,785,003	138,833	-	1,852,678	1,160,171	-	778	5,217	10,942,680
Amortization	445,553	42,967	-	108,519	34,100	-	50	-	631,189
Disposals	-	-	-	(44)	(195,108)	-	-	-	(195,152)
Effect of exchange rate changes	-	-	-	(166)	-	-	-	(39)	(205)
Balance, March 31, 2015	<u>\$ 8,230,556</u>	<u>181,800</u>	<u>-</u>	<u>1,960,987</u>	<u>999,163</u>	<u>-</u>	<u>828</u>	<u>5,178</u>	<u>11,378,512</u>
Balance, January 1, 2014	\$ 6,542,455	-	-	1,502,406	1,023,771	-	579	4,820	9,074,031
Amortization	186,927	17,498	-	83,398	34,100	-	51	290	322,264
Effect of exchange rate changes	-	-	-	(33)	-	-	-	(10)	(43)
Balance, March 31, 2014	<u>\$ 6,729,382</u>	<u>17,498</u>	<u>-</u>	<u>1,585,771</u>	<u>1,057,871</u>	<u>-</u>	<u>630</u>	<u>5,100</u>	<u>9,396,252</u>
<b>Carrying amounts:</b>									
Balance, January 1, 2015	<u>\$ 31,505,997</u>	<u>7,597,295</u>	<u>15,845,930</u>	<u>631,508</u>	<u>1,689,026</u>	<u>1,382,000</u>	<u>2,517,088</u>	<u>-</u>	<u>61,168,844</u>
Balance, March 31, 2015	<u>\$ 34,493,819</u>	<u>7,810,560</u>	<u>15,845,930</u>	<u>586,131</u>	<u>1,654,926</u>	<u>1,382,000</u>	<u>2,517,038</u>	<u>-</u>	<u>64,290,404</u>
Balance, March 31, 2014	<u>\$ 32,561,618</u>	<u>7,457,211</u>	<u>15,845,930</u>	<u>504,370</u>	<u>1,791,326</u>	<u>1,382,000</u>	<u>2,517,237</u>	<u>-</u>	<u>62,059,692</u>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

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

(1) 4G concession license	15 years and 10 months ~16 years and 7 months
(2) 3G concession license	13 years and 9 months
(3) Service concession	44 years ~50 years
(4) Computer software	2~10 years
(5) Customer relationship	20 years
(6) Trademarks	10 years

(1) Service concession

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

(2) Customer relationship, trademarks, and operating rights

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

(a) On April 17, 2007, TFN, TWM's 100%-owned subsidiary, acquired more than 50% of the former Taiwan Fixed Network Co., Ltd. (the former TFN) through a public tender offer. TWM divided the former TFN and its subsidiaries into two cash-generating units: fixed network service and cable television business. Accordingly, customer relationship and operating rights are identified as major intangible assets.

(b) Taiwan United Communication Co., Ltd. (TUC) was merged into TFN on January 1, 2008. In September 2007, TUC, TWM's 100%-owned subsidiary, acquired more than 50% of Taiwan Telecommunication Network Services Co., Ltd. (TTN) shares. TTN was merged into TFN on August 1, 2008. TWM measured the fair value of the acquired assets and viewed TTN's ISP services as one cash-generating unit. Accordingly, customer relationship is identified as a major intangible asset.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- (c) On September 1, 2010, TFNM, TWM's 100%-owned subsidiary, acquired 55% of TKT. On August 12, 2011, TFNM acquired 45% of TKT. TWM measured the fair value of the acquired assets and viewed TKT's wireless services as one cash-generating unit. Accordingly, trademarks and customer relationship are identified as major intangible assets.
- (d) On July 13, 2011, WMT, TWM's 100%-owned subsidiary, acquired more than 50% of momo. TWM measured the fair value of the acquired assets and viewed momo's retail business as one cash-generating unit. Accordingly, trademarks are identified as major intangible assets.

(3) Goodwill

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

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Mobile communication service	\$ 7,238,758	7,238,758	7,238,758
Fixed network service	357,970	357,970	357,970
Cable television business	3,269,636	3,269,636	3,269,636
Retail business	4,979,566	4,979,566	4,979,566
	<u>\$ 15,845,930</u>	<u>15,845,930</u>	<u>15,845,930</u>

(4) Impairment of assets

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

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

(a) Mobile communication service

(i) Assumptions on cash flows

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(ii) 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.

(iii) Assumptions on operating costs and expenses

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

(iv) Assumptions on discount rate

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

(b) Fixed network service

(i) Assumptions on cash flows

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

(ii) Assumptions on operating revenues

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

(iii) Assumptions on operating costs and expenses

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

(iv) Assumptions on discount rate

For the years ended December 31, 2014 and 2013, the discount rates were 6.17% and 5.31%, respectively, in calculating the asset recoverable amounts of TFN.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(c) Cable television business

(i) Assumptions on cash flows

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

(ii) Assumptions on operating revenues

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

(iii) Assumptions on operating costs and expenses

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

(iv) Assumptions on discount rate

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

(d) Retail business

(i) Assumptions on cash flows

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

(ii) Assumptions on operating revenues

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

(iii) Assumptions on operating costs and expenses

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



**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(iv) Assumptions on discount rate

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

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

m. Other non-current assets

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Long-term accounts receivable	\$ 5,058,736	4,717,815	4,225,861
Refundable deposits	595,336	579,457	567,685
Prepayments for equipment	113,775	78,501	82,170
Prepayments for investment	-	-	148,118
Others	523,690	513,047	517,288
	<u>\$ 6,291,537</u>	<u>5,888,820</u>	<u>5,541,122</u>

n. Short-term borrowings and short-term notes and bills payable

	<u>2015.3.31</u>	
	<u>Annual interest rate</u>	<u>Amount</u>
Unsecured loans — financial institutions	0.83%~1.15%	\$ <u>13,800,000</u>
Short-term notes and bills payable	0.778%~1%	\$ 12,000,000
Less: Discount on short-term notes and bills payable		(15,508)
		<u>\$ 11,984,492</u>
	<u>2014.12.31</u>	
	<u>Annual interest rate</u>	<u>Amount</u>
Unsecured loans — financial institutions	0.83%~1.08%	\$ <u>18,900,000</u>
Short-term notes and bills payable	0.868%~0.915%	\$ 5,600,000
Less: Discount on short-term notes and bills payable		(6,969)
		<u>\$ 5,593,031</u>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

	<b>2014.3.31</b>	
	<b>Annual interest rate</b>	<b>Amount</b>
Unsecured loans – financial institutions	0.78%~1.085%	\$ 23,700,000
Secured loans – financial institutions (related parties)	7.2%~7.224%	144,858
		<b>\$ 23,844,858</b>
Short-term notes and bills payable	0.6%	\$ 500,000
Less: Discount on short-term notes and bills payable		(672)
		<b>\$ 499,328</b>

Information on time deposits pledged as collateral for bank loans and commitments, please refer to Note 8 and Note 9.

o. Advance receipts

	<b>2015.3.31</b>	<b>2014.12.31</b>	<b>2014.3.31</b>
Advance receipts from customers	\$ 2,128,877	2,100,001	2,287,261
Deferred customer loyalty revenues	63,170	58,172	52,155
Others	139,210	106,439	101,407
	<b>\$ 2,331,257</b>	<b>2,264,612</b>	<b>2,440,823</b>

- (1) In accordance with the NCC's policy, TWM entered into a contract with First Commercial Bank Co., Ltd. which provided a performance guarantee for advance receipts from prepaid cards and electronic gift certificates amounting to \$774,204 thousand and \$14,358 thousand, respectively, as of March 31, 2015.
- (2) In accordance with the NCC's policy, TFN entered into a contract with First Commercial Bank Co., Ltd. which provided a performance guarantee for advance receipts from International Direct Dialing (IDD) calling cards amounting to \$38 thousand as of March 31, 2015.
- (3) In accordance with the NCC's policy, cable television companies should provide a performance deposit based on a certain proportion of the advance receipts for a prepaid period. As of March 31, 2015, the cable television companies had provided \$55,907 thousand as a performance deposit, classified as other non-current financial assets.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- (4) In accordance with the Ministry of Economic Affairs' policy, momo entered into a contract with First Commercial Bank Co., Ltd. which provided a performance guarantee for advance receipts from prepaid bonus amounting to \$2,406 thousand as of March 31, 2015.
- (5) In accordance with the NCC's and the Ministry of Economic Affairs' policies, TKT entered into a contract with Mega International Commercial Bank Co., Ltd. which provided a performance guarantee for advance receipts from prepaid music cards amounting to \$1,465 thousand as of March 31, 2015.

p. Bonds payable

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
3rd domestic unsecured bonds	\$ 8,996,880	8,996,692	8,996,125
4th domestic unsecured bonds	5,797,824	5,797,601	5,796,933
	<u>\$ 14,794,704</u>	<u>14,794,293</u>	<u>14,793,058</u>

(1) 3rd domestic unsecured bonds

On December 20, 2012, TWM authorized Hua Nan Commercial Bank as a trustee to issue \$9,000,000 thousand of seven-year 3rd domestic unsecured bonds, each having a face value of \$10,000 thousand and a coupon rate of 1.34% per annum, with simple interest due annually. Repayment will be made in the sixth and seventh years with equal installments, i.e., \$4,500,000 thousand. As of March 31, 2015, the amount of unamortized bond issue cost was \$3,120 thousand.

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

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

(2) 4th domestic unsecured bonds

On April 25, 2013, TWM authorized Hua Nan Commercial Bank as a trustee to issue \$5,800,000 thousand of five-year 4th domestic unsecured bonds, each having a face value of \$10,000 thousand and a coupon rate of 1.29% per annum, with simple interest due annually. Repayment will be made in the fourth and fifth years with equal installments, i.e., \$2,900,000 thousand. As of March 31, 2015, the amount of unamortized bond issue cost was \$2,176 thousand.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

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

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

q. Long-term borrowings

<b>2015.3.31</b>		
	Annual interest rate	Amount
Unsecured loans – financial institutions	1.05%~2.15%	\$ 12,550,000
Secured loans – financial institutions	2.2526%	3,285,990
Less: current portion	1.05%~2.2526%	(5,208,218)
		<b>\$ 10,627,772</b>

<b>2014.12.31</b>		
	Annual interest rate	Amount
Unsecured loans – financial institutions	1.05%~1.095%	\$ 12,000,000
Secured loans – financial institutions	2.2526%	3,390,544
Less: current portion	1.05%~2.2526%	(2,208,218)
		<b>\$ 13,182,326</b>

<b>2014.3.31</b>		
	Annual interest rate	Amount
Unsecured loans – financial institutions	1.05%~1.07%	\$ 6,000,000
Secured loans – financial institutions	2.2526%	3,494,207
Less: current portion	1.05%~2.2526%	(1,208,218)
		<b>\$ 8,285,989</b>

(1) Unsecured loans

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(2) Secured loans

On January 22, 2010, TNH entered into a syndicated loan agreement with Bank of Taiwan, Taipei Fubon Bank, etc., nine banks in total, for the investment under the BOT contract. The aggregate credit and guarantee amount were up to \$3,565,000 thousand for 7 years, including the grace period of 4 years. TWM would pay interest monthly. In accordance with the contract, the financial covenants regarding the current ratio, equity ratio, and interest protection multiples must be complied with during the facility period. TNH has pledged the property of the BOT contract and its superficies as collateral; please refer to Note 8.

r. Provisions

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Restoration	\$ 1,120,934	1,105,662	1,033,363
Decommissioning	75,154	63,246	29,269
Warranties	69,361	62,524	49,515
	<u>\$ 1,265,449</u>	<u>1,231,432</u>	<u>1,112,147</u>
Current	\$ 225,476	217,083	195,604
Non-current	1,039,973	1,014,349	916,543
	<u>\$ 1,265,449</u>	<u>1,231,432</u>	<u>1,112,147</u>

	<u>Restoration</u>	<u>Decommissioning</u>	<u>Warranties</u>	<u>Total</u>
Balance, January 1, 2015	\$ 1,105,662	63,246	62,524	1,231,432
Provision	19,317	11,333	31,368	62,018
Reversal	(3,318)	-	(8,725)	(12,043)
Unwinding of discount	2,806	575	-	3,381
Payment	(3,533)	-	(15,806)	(19,339)
Balance, March 31, 2015	<u>\$ 1,120,934</u>	<u>75,154</u>	<u>69,361</u>	<u>1,265,449</u>
Balance, January 1, 2014	\$ 1,021,896	-	52,059	1,073,955
Provision	26,973	3,682	21,783	52,438
Acquisition from combination	-	25,494	-	25,494
Reversal	(15,085)	-	(11,257)	(26,342)
Unwinding of discount	3,332	93	-	3,425
Payment	(3,753)	-	(13,070)	(16,823)
Balance, March 31, 2014	<u>\$ 1,033,363</u>	<u>29,269</u>	<u>49,515</u>	<u>1,112,147</u>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

s. Other non-current liabilities

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Construction retainage payable	\$ 2,039	95,465	508,526
Concession payable	877,500	950,325	905,357
Less: Discounts on concession payable	(126,736)	(131,923)	(140,144)
Others	19,744	19,744	19,744
	<u>\$ 772,547</u>	<u>933,611</u>	<u>1,293,483</u>

Concession payable is the development concession from the BOT contract between the Department of Cultural Affairs and TNH, please refer to Note 9.

t. Operating lease

(1) Lessee

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

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Less than one year	\$ 3,027,911	2,989,343	2,908,235
Between one and five years	4,769,965	4,823,342	5,164,061
More than five years	99,145	102,907	115,725
	<u>\$ 7,897,021</u>	<u>7,915,592</u>	<u>8,188,021</u>

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

The payment of leases and subleases, recognized as gains or losses, was as follows:

	<b>For the Three Months</b>	
	<b>Ended March 31</b>	
	<u>2015</u>	<u>2014</u>
Minimum lease payment	\$ 881,285	856,863
Sublease payment	(145)	(94)
	<u>\$ 881,140</u>	<u>856,769</u>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(2) Lessor

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

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Less than one year	\$ 13,137	15,232	22,055
Between one and five years	11,783	14,866	21,851
	<u>\$ 24,920</u>	<u>30,098</u>	<u>43,906</u>

u. Employee benefits

(1) Defined benefit plan

The Group recognized pension expense of \$1,197 thousand and \$1,213 thousand for the three months ended March 31, 2015 and 2014, respectively, by using the actuarially determined pension cost rate.

(2) Defined contribution plans

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

The Group's contribution to the pension plan amounted to \$64,241 thousand and \$65,193 thousand for the three months ended March 31, 2015 and 2014, respectively.

v. Income tax from continuing operations

	<b>For the Three Months Ended March 31</b>	
	<u>2015</u>	<u>2014</u>
Current income tax expense		
Current period	\$ 523,786	759,351
Prior years' adjustment on current income tax	(499,016)	16,753
	<u>24,770</u>	<u>776,104</u>
Deferred income tax expense		
Current period	186,542	87,384
Income tax expense	<u>\$ 211,312</u>	<u>863,488</u>

Integrated income tax information was as follows:

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Balance of the Group's imputation credit account (ICA)	<u>\$ 1,234,356</u>	<u>1,234,356</u>	<u>1,333,860</u>

## TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

As of March 31, 2015, there were no unappropriated earnings generated before 1997.

The estimated tax creditable ratio for 2014 and actual tax creditable ratio for 2013 were 16.27% and 14.14%, respectively, based on Decree No. 10204562810 announced on October 17, 2013, by the Ministry of Finance of the Republic of China. Under the Integrated Income Tax System, ROC resident shareholders are allowed a tax credit for the income tax paid by TWM. An imputation credit account (ICA) is maintained by TWM for such income tax, and a tax credit is allocated to each shareholder. Actual allocation of the imputation credit account is based on the balance on the date of dividend distribution. Therefore, the estimated tax creditable ratio may differ from the actual tax creditable ratio for the 2014 earnings appropriation.

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

	<u>Year</u>
TWM	2012
TCC	2013
WMT	2013
GWMT	2012
GFMT	2012
TDC	2013
TDS	2013
TCCI	2013
TID	2013
TFN	2013
TT&T	2013
TUI	2013
WTVB	2012
TFNM	2012
UCTV	2011
YJCTV	2012
MCTV	2012
PCTV	2012
GCTV	2013
TKT	2012
momo	2012
FST	2013
FLI	2012
FPI	2013
TNH	2013

TWM's income tax returns for the years up to 2012 have been examined by the tax authorities. TWM disagreed with the examination results of the income tax returns for 2011 and 2012 and applied for correction and requested reexamination, respectively.



**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

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

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

w. Equity

(1) Ordinary shares

As of March 31, 2015, TWM had authorized 6,000,000 thousand ordinary shares, with 3,420,833 thousand shares outstanding (par value \$10 (dollars)).

(2) Capital surplus

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Additional paid-in capital from convertible corporate bonds	\$ 8,775,820	8,775,820	8,775,820
Treasury share transactions	5,159,704	5,159,704	3,639,301
Difference between consideration and carrying amount of subsidiaries' shares disposed of	85,965	85,965	18,755
Changes in equity of subsidiaries	652,219	652,219	1,313
Changes in equity of associates accounted for using equity method	26,705	26,705	24,783
Others	15,417	15,417	15,417
	<u>\$ 14,715,830</u>	<u>14,715,830</u>	<u>12,475,389</u>

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(3) Legal reserve

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

(4) Appropriation of earnings and dividend policy

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

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

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

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

The appropriation of earnings should be resolved by the shareholders' meeting and recognized in the financial statements in the following year.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

TWM's estimated bonuses to employees and estimated remuneration to directors are accrued by a certain percentage of the net income. TWM's estimated bonuses to employees amounted to \$94,288 thousand and \$110,274 thousand for the three months ended March 31, 2015 and 2014, respectively, and estimated remuneration to directors amounted to \$7,989 thousand and \$11,027 thousand for the three months ended March 31, 2015 and 2014, respectively. The significant difference between annual accruals and the amount approved by the Board of Directors shall be adjusted in the current year. If the Board of Directors' approval differs from the amount ratified at the annual general shareholders' meeting (AGM), the difference will be treated as a change in accounting estimate and will be adjusted in profit and losses in the year of the AGM. If employee bonuses are paid in the form of company shares, the number of employee bonus shares shall be derived by dividing the approved bonus amount by the closing price one day prior to the AGM, adjusted for cash and/or stock dividends, if any.

The 2014 and 2013 earnings appropriations proposed by the Board of Directors on April 30, 2015, and resolved by the AGM on June 12, 2014, respectively, were as follows:

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

For the years ended December 31, 2014 and 2013, the Board of Directors proposed on April 30, 2015, and the AGM resolved on June 12, 2014, to distribute bonuses to employees amounting to \$396,057 thousand and \$420,753 thousand, respectively, and remuneration to directors amounting to \$33,846 thousand and \$42,075 thousand, respectively. There were no differences between the above actual distributions and the amounts recognized in the financial statements for 2014 and 2013.

TWM's appropriation of the earnings, bonus to employees, and remuneration to directors for 2014 is awaiting approval at the AGM.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

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

(5) Other equity interests

	<b>Exchange Differences on Translation</b>	<b>Unrealized Gain (Loss) on Available-for-sale Financial Assets</b>	<b>Total</b>
Balance, January 1, 2015	\$ 31,294	(334,280)	(302,986)
Exchange differences on translation	(2,665)	-	(2,665)
Changes in fair value of available-for-sale financial assets	-	(277,898)	(277,898)
Changes in other comprehensive income of associates accounted for using equity method	84	(8,009)	(7,925)
Balance, March 31, 2015	<u>\$ 28,713</u>	<u>(620,187)</u>	<u>(591,474)</u>
Balance, January 1, 2014	\$ 24,948	387,734	412,682
Exchange differences on translation	63	-	63
Changes in fair value of available-for-sale financial assets	-	(155,560)	(155,560)
Changes in other comprehensive income of associates accounted for using equity method	37	28	65
Balance, March 31, 2014	<u>\$ 25,048</u>	<u>232,202</u>	<u>257,250</u>

(6) Treasury shares

As of March 31, 2015, and December 31 and March 31, 2014, TWM's stock held for the purpose of investing by TCCI, TUI and TID (all are subsidiaries 100% owned by TWM) was 698,752 thousand shares, 698,752 thousand shares and 730,726 thousand shares, respectively, and the carrying and market values were \$76,513,300 thousand, \$73,019,542 thousand and \$69,711,246 thousand, respectively. Since the shares held by subsidiaries are regarded as treasury shares, TWM recognized \$29,717,344 thousand, \$29,717,344 thousand and \$31,077,183 thousand, respectively, as treasury shares. Although these shares are treated as treasury shares in the financial statements, the shareholders are entitled to excise their rights over these shares, except for participation in capital injection by cash. In addition, based on the ROC Company Act, subsidiaries with over 50% shareholding by TWM cannot exercise the voting rights over their treasury shares.

TID disposed of 31,974 thousand shares of TWM for \$2,970,389 thousand in October

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

2014. TWM recognized “capital surplus – treasury share transactions” in the amount of \$1,520,403 thousand.

(7) Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Restated beginning balance	\$ 6,252,897	1,086,747
Portion attributable to non-controlling interests		
Profit	122,347	91,669
Unrealized gains (losses) on available-for-sale financial assets	(14,140)	2,984
Exchange differences on translation	(2,650)	235
Changes in capital surplus of associates accounted for using equity method	-	(259)
Disposal of partial ownership interests in subsidiaries	-	120,420
Increase in non-controlling interests	-	1,736,460
Ending balance	<b>\$ 6,358,454</b>	<b>3,038,256</b>

x. Earnings per share

The calculations of the basic and diluted EPS were as follows:

	<b>For the Three Months Ended March 31, 2015</b>		
	<b>Amount after income tax</b>	<b>Weighted-average number of ordinary shares</b>	<b>EPS</b>
<b>Basic EPS</b>			
Profit attributable to owners of parent	<b>\$ 3,812,687</b>	<b>2,722,081</b>	<b>\$ 1.40</b>
<b>Diluted EPS</b>			
Profit from continuing operations attributable to owners of parent	\$ 3,812,687	2,722,081	
Effect of potential dilutive ordinary shares:			
Effect of employees' bonuses	-	4,478	
Profit attributable to owners of parent (adjusted for potential effect of dilutive ordinary shares)	<b>\$ 3,812,687</b>	<b>2,726,559</b>	<b>\$ 1.40</b>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

	<b>For the Three Months Ended March 31, 2014</b>		
	<b>Amount after income tax</b>	<b>Weighted-average number of ordinary shares</b>	<b>EPS</b>
<b>Basic EPS</b>			
Profit from continuing operations attributable to owners of parent	\$ 4,104,288	2,690,107	\$ 1.53
Loss from discontinued operations attributable to owners of parent	(19,838)	2,690,107	(0.01)
Profit attributable to owners of parent	<b>\$ 4,084,450</b>	<b>2,690,107</b>	<b>\$ 1.52</b>
<b>Diluted EPS</b>			
Profit from continuing operations attributable to owners of parent	\$ 4,104,288	2,690,107	
Effect of potential dilutive ordinary shares:			
Effect of employees' bonuses	-	5,566	
Profit from continuing operations attributable to owners of parent	\$ 4,104,288	2,695,673	\$ 1.52
Loss from discontinued operations attributable to owners of parent	(19,838)	2,695,673	(0.01)
Profit attributable to owners of parent (adjusted for potential effect of dilutive ordinary shares)	<b>\$ 4,084,450</b>	<b>2,695,673</b>	<b>\$ 1.51</b>

If TWM may settle the bonus to employees by cash or shares, TWM should presume that the entire amount of the bonus will be settled in shares, and the potential share dilution should be included in the weighted-average number of shares outstanding used in the calculation of diluted EPS if the shares have a dilutive effect. In the calculation of diluted EPS, the number of outstanding shares is derived by dividing the entire amount of the bonus by the closing price of the shares at the reporting date. Such potential dilutive effect should be taken into consideration in the calculation of diluted EPS until the shareholders resolve the actual number of shares to be distributed to employees at the AGM of the following year.

y. Operating revenues from continuing operations

	<b>For the Three Months Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Telecommunication service	\$ 14,313,553	14,539,486
Sales revenue	12,921,641	10,845,545
Cable TV and broadband	1,580,788	1,528,821
Other operating revenues	901,588	812,622
	<b>\$ 29,717,570</b>	<b>27,726,474</b>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

z. Other income and expenses from continuing operations

	<b>For the Three Months Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Police inquiry	\$ 3,945	7,499
Government subsidy	1,522	8,432
Others	44,782	10,520
	<b>\$ 50,249</b>	<b>26,451</b>

aa. Non-operating income and expenses from continuing operations

(1) Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Interest income	\$ 30,057	24,140
Rent income	7,987	8,545
Other income	787	1,987
	<b>\$ 38,831</b>	<b>34,672</b>

(2) Other gains and losses, net

	<b>For the Three Months Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Loss on disposal of property, plant and equipment, net	\$ (36,700)	(72,543)
Foreign exchange gains (losses)	(25,064)	7,869
Gain on disposal of non-current assets held for sale	-	158,568
Others	(2,383)	(2,851)
	<b>\$ (64,147)</b>	<b>91,043</b>

(3) Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Interest expense	\$ 93,860	90,477
Bank loans	48,597	48,597
Corporate bonds	29,962	16,055
Others	172,419	155,129
Less: capitalized interest	(1,893)	(3,398)
	<b>\$ 170,526</b>	<b>151,731</b>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

	<b>For the Three Months Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Capitalization rates	1.33%	1.20%~1.35%

ab. Capital management

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

ac. Financial instruments

(1) Categories of financial instruments

Financial assets

	<b>2015.3.31</b>	<b>2014.12.31</b>	<b>2014.3.31</b>
Available-for-sale financial assets (including current and non-current portions)	\$ 5,409,528	5,693,910	2,034,960
Financial assets carried at cost	192,652	192,652	178,325
Held-to-maturity financial assets	6	6	-
Loans and receivables:			
Cash and cash equivalents	8,217,370	7,903,777	8,178,517
Receivables (including current and non-current portions)	21,020,067	20,743,165	19,167,791
Debt instrument investment without active market	500,000	500,000	500,000
Other financial assets (including current and non-current portions)	3,256,356	3,239,400	1,138,307
Refundable deposits	595,336	579,457	567,685
Subtotal	33,589,129	32,965,799	29,552,300
Total	<b>\$ 39,191,315</b>	<b>38,852,367</b>	<b>31,765,585</b>



**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Financial liabilities

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Short-term borrowings	\$ 13,800,000	18,900,000	23,844,858
Short-term notes and bills payable	11,984,492	5,593,031	499,328
Payables (including current and non-current portions)	19,133,165	21,086,502	18,959,216
Bonds payable	14,794,704	14,794,293	14,793,058
Long-term borrowings (including current portion)	15,835,990	15,390,544	9,494,207
Guarantee deposits	803,288	820,504	830,657
Total	<u>\$ 76,351,639</u>	<u>76,584,874</u>	<u>68,421,324</u>

(2) Credit risk

The maximum credit risk exposure of the Group's financial instruments is equal to the carrying amount.

(3) Liquidity risk

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

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~5 years</u>	<u>More than 5 years</u>
<b>2015.3.31</b>					
Unsecured loans	\$ 26,350,000	26,517,335	18,948,225	7,469,110	100,000
Secured loans	3,285,990	3,290,000	210,000	3,080,000	-
Short-term notes and bills payable	11,984,492	12,000,000	12,000,000	-	-
Bonds payable	14,794,704	15,604,570	195,420	15,409,150	-
	<u>\$ 56,415,186</u>	<u>57,411,905</u>	<u>31,353,645</u>	<u>25,958,260</u>	<u>100,000</u>
<b>2014.12.31</b>					
Unsecured loans	\$ 30,900,000	31,109,636	21,063,203	10,046,433	-
Secured loans	3,390,544	3,395,000	210,000	3,185,000	-
Short-term notes and bills payable	5,593,031	5,600,000	5,600,000	-	-
Bonds payable	14,794,293	15,604,570	195,420	15,409,150	-
	<u>\$ 54,677,868</u>	<u>55,709,206</u>	<u>27,068,623</u>	<u>28,640,583</u>	<u>-</u>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Within 1 year</b>	<b>1~5 years</b>	<b>More than 5 years</b>
<b>2014.3.31</b>					
Unsecured loans	\$ 29,700,000	29,848,674	24,806,134	5,042,540	-
Secured loans	3,639,065	3,883,155	437,335	3,445,820	-
Short-term notes and bills payable	499,328	500,000	500,000	-	-
Bonds payable	14,793,058	15,799,990	195,420	11,044,270	4,560,300
	<b>\$ 48,631,451</b>	<b>50,031,819</b>	<b>25,938,889</b>	<b>19,532,630</b>	<b>4,560,300</b>

(4) Exchange rate risk

(a) Information on exchange rate of financial assets and liabilities

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

	<b>2015.3.31</b>			<b>2014.12.31</b>			<b>2014.3.31</b>		
	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>NTD</b>
<b>Financial Assets</b>									
RMB	38,213	5.035	192,402	38,351	5.095	195,500	488	4.915	2,401
USD	57,494	31.285	1,798,358	60,483	31.71	1,916,691	35,829	30.495	1,092,641
JPY	673	0.2614	176	652	0.2647	173	40	0.2986	12
HKD	301	4.034	1,213	326	4.087	1,332	224	3.930	881
EUR	626	33.89	21,218	416	38.57	16,062	1,588	41.87	66,489
<b>Financial Liabilities</b>									
USD	17,161	31.285	536,875	18,767	31.71	595,107	16,474	30.495	502,359
JPY	6,504	0.2614	1,700	4,683	0.2647	1,240	4,932	0.2986	1,473
HKD	197	4.034	794	144	4.087	589	492	3.930	1,935
EUR	12	33.89	399	14	38.57	548	4	41.87	161

The Group's foreign exchange gain (loss), including realized and unrealized, for the three months ended March 31, 2015 and 2014, were an exchange loss of \$25,064 thousand and exchange gain of \$7,869 thousand, respectively. Due to the variety of functional currencies, the Group could not disclose the foreign exchange gains (losses) for each foreign currency with significant influence.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(b) Sensitivity analysis

The Group's exchange rate risk comes mainly from conversion gains and losses of accounts measured in foreign currencies such as cash and cash equivalents, available-for-sale financial assets, accounts receivable, other receivables, other financial assets, refundable deposits, accounts payable, other payables, guarantee deposits, etc. If the NTD, when compared with the RMB, USD, JPY, HKD, EUR, and GBP, had depreciated 5% (with other factors remaining constant on the reporting date and with analyses of the two periods on the same basis), profit would have increased by \$74,052 thousand and by \$32,786 thousand for the three months ended March 31, 2015 and 2014, respectively.

(5) Interest rate analysis

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

	<b>Carrying amount</b>		
	<b>2015.3.31</b>	<b>2014.12.31</b>	<b>2014.3.31</b>
Fair value interest rate risk			
Financial assets	\$ 9,482,478	8,530,060	6,969,889
Financial liabilities	49,779,196	51,287,324	44,992,386
Cash flow interest rate risk			
Financial assets	\$ 1,886,657	2,472,715	2,205,052
Financial liabilities	6,635,990	3,390,544	3,639,065

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative instruments on the reporting date. For floating-rate assets and liabilities, the analysis assumes that the balances of outstanding assets and liabilities on the reporting date have been outstanding for the whole period and that the changes in interest rates are reasonable. If the interest rate had increased by 0.5% (with other factors remaining constant on the reporting date and with analyses of the two periods on the same basis), for the three months ended March 31, 2015 and 2014, the Group's profit would have decreased by \$5,937 thousand and increased by \$1,793 thousand, respectively.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(6) Fair value of financial instruments

(a) Financial instruments not at fair value

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

	2015.3.31		2014.12.31		2014.3.31	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities						
Corporate bonds payable	\$ 14,794,704	14,775,239	14,794,293	14,774,375	14,793,058	14,717,038

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

(b) Financial instruments at fair value

Fair value levels are defined based on the extent that fair value can be observed. Definitions are as follows:

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

	2015.3.31				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>					
Domestic listed stock	\$ 216,265	216,265	-	-	216,265
Domestic emerging stock	1,073,527	1,073,527	-	-	1,073,527
Domestic unlisted stocks	2,120,047	-	2,120,047	-	2,120,047
Beneficiary certificates	1,999,689	1,999,689	-	-	1,999,689
	<b>\$ 5,409,528</b>	<b>3,289,481</b>	<b>2,120,047</b>	<b>-</b>	<b>5,409,528</b>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

	2014.12.31				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>					
Domestic listed stock	\$ 204,310	204,310	-	-	204,310
Domestic emerging stock	893,103	893,103	-	-	893,103
Domestic unlisted stocks	2,587,050	-	2,587,050	-	2,587,050
Beneficiary certificates	2,009,447	2,009,447	-	-	2,009,447
	<b>\$ 5,693,910</b>	<b>3,106,860</b>	<b>2,587,050</b>	<b>-</b>	<b>5,693,910</b>

	2014.3.31				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>					
Domestic listed stock	\$ 203,658	203,658	-	-	203,658
Domestic emerging stock	1,066,762	1,066,762	-	-	1,066,762
Beneficiary certificates	764,540	764,540	-	-	764,540
	<b>\$ 2,034,960</b>	<b>2,034,960</b>	<b>-</b>	<b>-</b>	<b>2,034,960</b>

There was no transfer between the fair value levels for the three months ended March 31, 2015 and 2014.

Valuation techniques and assumptions used in fair value determination

- (i) The fair value of financial instruments traded in active markets is based on quoted market prices (including stocks and bonds of companies that went public).
- (ii) Valuation techniques and inputs applied for Level 2 fair value measurement: The Group uses market comparison approach to evaluate fair values of target financial instruments based on observable prices of the similar financial instruments at the end of the period and their market liquidity.

ad. Financial risk management

(1) Overview

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

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

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

(2) Risk management framework

(a) Decision-making mechanism:

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

(b) Risk management policies:

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

(c) Monitoring mechanism:

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

(3) Credit risk

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(4) Liquidity risk

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

The Group ensures sufficient cash for the requirements of paying estimated operating expenditures, including financial obligations. The Group also monitors its bank credit facilities and ensures that the provisions of loan contracts are all complied with properly. As of March 31, 2015, and December 31 and March 31, 2014, the Group had unused bank facilities of \$57,799,827 thousand, \$51,516,644 thousand and \$58,409,216 thousand, respectively.

(5) Market risk

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

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

(a) Exchange rate risk

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(b) Interest rate risk

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

(c) Other market price risk

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

Sensitivity analysis: If the equity securities price had increased by 5% (with other factors remaining constant and with the analyses of the two periods on the same basis), for the three months ended March 31, 2015 and 2014, other comprehensive income would have increased by \$270,476 thousand and \$101,748 thousand, respectively.

**7. RELATED-PARTY TRANSACTIONS**

a. Parent company and ultimate controlling party

TWM is the ultimate controlling party of the Group.

b. Significant transactions with related parties

(1) Operating revenue

	<b>For the Three Months Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Associates	\$ 4,737	4,551
Other related parties	31,565	32,411
	<b>\$ 36,302</b>	<b>36,962</b>

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



**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(2) Purchases

	<b>For the Three Months Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Associates	\$ 121,750	122,954
Other related parties	61,728	58,773
Less: purchases from discontinued operations	-	(4,866)
	<b><u>\$ 183,478</u></b>	<b><u>176,861</u></b>

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

(3) Receivables from related parties

<b>Account</b>	<b>Related Party</b>		<b>2015.3.31</b>	<b>2014.12.31</b>	<b>2014.3.31</b>
	<b>Category</b>				
Accounts receivable	Associates	\$ 2,132	2,792	3,783	
Accounts receivable	Other related parties	37,402	31,769	52,466	
		<b><u>\$ 39,534</u></b>	<b><u>34,561</u></b>	<b><u>56,249</u></b>	
Other receivables	Associates	\$ 70,428	109,211	95,043	
Other receivables	Other related parties	58,497	60,568	53,859	
		<b><u>\$ 128,925</u></b>	<b><u>169,779</u></b>	<b><u>148,902</u></b>	

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

(4) Payables to related parties

<b>Account</b>	<b>Related Party</b>		<b>2015.3.31</b>	<b>2014.12.31</b>	<b>2014.3.31</b>
	<b>Category</b>				
Accounts payable	Associates	\$ 35,098	45,329	38,495	
Accounts payable	Other related parties	36,808	34,063	-	
		<b><u>\$ 71,906</u></b>	<b><u>79,392</u></b>	<b><u>38,495</u></b>	
Other payables	Other related parties	<b><u>\$ 66,464</u></b>	<b><u>56,419</u></b>	<b><u>38,703</u></b>	

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(5) Prepayments

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Other related parties	\$ <u>30,401</u>	<u>15,986</u>	<u>27,632</u>

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

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
Other related parties	\$ <u>705,000</u>	<u>727,500</u>	<u>894,858</u>

The rate on borrowings from related parties was equivalent to the rate in the market.

Additionally, the Group had drawn \$32,500 thousand of performance guarantee from related parties.

(7) Bank deposits

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
(a) <u>Bank deposits and time deposits</u>			
Other related parties	\$ <u>989,218</u>	<u>1,610,122</u>	<u>1,287,251</u>
(b) <u>Other financial assets (including current and non-current)</u>			
Other related parties	\$ <u>1,603,107</u>	<u>1,587,469</u>	<u>784,942</u>

(8) Acquisition of investments

The Group planned to invest \$148,118 thousand in TVD Shopping and recognized the amount as prepayments for investments as of March 31, 2014. In April 2014 the Group paid the amount and acquired 35% of TVD Shopping.

(9) Others

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
(a) <u>Guarantee deposits</u>			
Other related parties	\$ <u>32,429</u>	<u>32,489</u>	<u>30,772</u>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

	<b>For the Three Months Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
(b) <u>Donation expense</u>		
Other related parties	<b>\$ 10,667</b>	<b>15,000</b>
(c) <u>Other expense</u>		
Other related parties	\$ 80,600	80,243
Less: other expense from discontinued operations	-	(168)
	<b>\$ 80,600</b>	<b>80,075</b>
(d) <u>Rental expenses</u>		
Other related parties	\$ 21,240	18,491
Less: rental expenses from discontinued operations	-	(852)
	<b>\$ 21,240</b>	<b>17,639</b>

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

c. Key management compensation

	<b>For the Three Months Ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Short-term employee benefits	\$ 73,721	72,884
Post-employment benefits	729	701
Termination benefits	-	27,560
	<b>\$ 74,450</b>	<b>101,145</b>

**8. ASSETS PLEDGED**

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

	<b>2015.3.31</b>	<b>2014.12.31</b>	<b>2014.3.31</b>
Other current financial assets			
Time deposits and restricted deposits	\$ 124,806	124,806	85,735
Services concession	7,810,560	7,597,295	7,457,211
Other non-current financial assets			
Time deposits and restricted deposits	108,864	107,380	272,350
	<b>\$ 8,044,230</b>	<b>7,829,481</b>	<b>7,815,296</b>

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS**

a. Unrecognized commitments

	<u>2015.3.31</u>	<u>2014.12.31</u>	<u>2014.3.31</u>
(1) Purchases of property, plant and equipment etc.	<u>\$ 6,865,395</u>	<u>8,857,528</u>	<u>14,667,741</u>
Purchases of cellular phones	<u>\$ 5,290,075</u>	<u>7,057,442</u>	<u>5,014,719</u>

(2) For business development, in January 2015, momo's Board of Directors resolved to construct a logistics center and acquire equipment, and the estimated amounts to invest in the projects are \$1,828,250 thousand and \$642,890 thousand, respectively. As of March 31, 2015, this program is still in the process of evaluation and planning.

b. As of March 31, 2015, and December 31 and March 31, 2014, the amounts of endorsements and guarantees (provided to each entities in the Group) were \$21,550,000 thousand, \$22,057,360 thousand and \$21,793,960 thousand, respectively.

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

(1) Construction and operating period:

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

(2) Development concession:

The total initial amount of concession was \$1,238,095 thousand (tax excluded). According to the supplemental agreement signed in November 2014, the concession will be paid with additional business tax from the signing date of the agreement; thus, the concession will be increased by \$48,750 thousand. The rest of the concession will be paid over 14 years from the year 2015. As of March 31, 2015, \$336,221 thousand of the concession had been paid.

(3) Operating concession

TNH has to pay 0.5% of total sales revenue as operating concession. According to the supplemental agreement signed in November 2014, the concession will be paid with additional business tax from the date of agreement signing.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(4) Performance guarantee

As of March 31, 2015, TNH had provided a \$65,000 thousand performance guarantee regarding the BOT contract.

(5) Rental of land

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

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

**10. SIGNIFICANT CASUALTY LOSS: NONE**

**11. SIGNIFICANT SUBSEQUENT EVENTS**

- a. In April 2015, the Board of Director of momo resolved to authorize chairman of the Board to establish Honest Development Co., Ltd, within RMB 145,000 thousand, and to acquire 100% of Hongkong Yue Numerous Investment Co. Limited from Young Label Holdings Limited, to indirectly own 100% of Haobo Information Consulting (Shenzhen) Co., Ltd..
- b. In April 2015, the Group resolved to invest in convertible note issued by Media Asia Group Holdings Limited by HKD 150,000 thousand.

**12. OTHERS**

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

	For the Three Months Ended March 31					
	2015			2014		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 504,537	961,827	1,466,364	543,777	1,076,264	1,620,041
Insurance expenses	42,875	84,441	127,316	44,980	87,093	132,073
Pension	22,070	41,061	63,131	22,452	43,210	65,662
Others	24,206	50,149	74,355	24,352	47,555	71,907
Depreciation	2,490,237	131,279	2,621,516	2,216,177	128,814	2,344,991
Amortization	529,570	101,619	631,189	245,033	77,231	322,264

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

For the three months ended March 31, 2015 and 2014, the depreciation expense in non-operating expenses was \$754 thousand and \$918 thousand, respectively.

**13. ADDITIONAL DISCLOSURES**

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

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

- (1) Financing extended to other parties: Table 1 (attached)
- (2) Endorsements/guarantees provided to other parties: Table 2 (attached)
- (3) Marketable securities held: Table 3 (attached) (excluding investments in subsidiaries and associates)
- (4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- (5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None
- (6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None
- (7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- (8) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- (9) Names, locations and related information of investees on which TWM exercised significant influence: Table 6 (attached) (excluding information on investment in Mainland China)
- (10) Trading in derivative instruments: None
- (11) Business relationships and significant intercompany transactions: Table 7 (attached)

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

c. Information on investment in Mainland China:

- (1) The names of investees in Mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, net income or loss and recognized investment gain or loss, ending balance, amount received as earnings distributions from the investment, and limitation on investment: Table 8 (attached)
- (2) Significant direct or indirect transactions with the investee companies, the prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please refer to “Information on significant transactions” above.

**14. SEGMENT INFORMATION**

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

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

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

Cable Television: Providing pay TV and cable broadband services.

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

The amount of discontinued operations is not included in the following segment information. For the information about discontinued operations, please refer to Note 6(f).

<b>For the Three Months Ended March 31, 2015</b>	<b>Telecommu- nication</b>	<b>Retail</b>	<b>Cable Television</b>	<b>Others</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
Operating revenues	\$ 21,814,806	6,259,652	1,623,908	137,622	(118,418)	29,717,570
Operating costs	14,653,463	5,484,015	777,895	111,351	(47,028)	20,979,696
Operating expenses	3,785,140	480,794	188,517	27,478	(34,525)	4,447,404
Other gains and losses, net	48,317	28	1,904	-	-	50,249
Profit	3,424,520	294,871	659,400	(1,207)	(36,865)	4,340,719
EBITDA (Note)	6,325,716	328,522	888,495	49,286	2,159	7,594,178

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<b>For the Three Months Ended March 31, 2014</b>	<b>Telecommu- nication</b>	<b>Retail</b>	<b>Cable Television</b>	<b>Others</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
Operating revenues	\$ 20,527,873	5,663,933	1,581,301	39,118	(85,751)	27,726,474
Operating costs	12,328,969	4,934,427	736,139	32,297	(41,453)	17,990,379
Operating expenses	4,020,812	446,739	183,087	607	(4)	4,651,241
Other gains and losses, net	16,761	1,042	8,648	-	-	26,451
Profit	4,194,853	283,809	670,723	6,214	(44,294)	5,111,305
EBITDA (Note)	6,572,875	317,016	861,863	23,932	(3,689)	7,771,997

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



**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**FINANCING EXTENDED TO OTHER PARTIES**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015**

TABLE 1

(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	Financial Statement Account	Related Parties	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits
													Item	Value		
1	Taiwan Fixed Network Co., Ltd.	TWM	Other receivables	Yes	\$ 9,000,000	\$ 9,000,000	\$ 8,180,000	1.29622%	Short-term financing	\$ -	Operation requirements	\$ -	-	-	\$ 22,773,854 (Note 2)	\$ 22,773,854 (Note 2)
2	Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	Yes	260,000	250,000	250,000	1.29489%	Short-term financing	-	Repayment of financing	-	-	-	287,798 (Note 3)	502,628 (Note 3)
3	Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	Yes	540,000	530,000	530,000	1.29489%	Transactions	545,228	-	-	-	-	545,228 (Note 3)	1,000,452 (Note 3)
4	Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	Yes	480,000	480,000	480,000	1.29489%~1.29567%	Transactions	495,160	-	-	-	-	495,160 (Note 3)	808,855 (Note 3)
5	Wealth Media Technology Co., Ltd.	TWM	Other receivables	Yes	2,300,000	2,300,000	2,300,000	1.29556%~1.298%	Short-term financing	-	Operation requirements	-	-	-	8,507,723 (Note 2)	8,507,723 (Note 2)
		Taiwan Kuro Times Co., Ltd.	Other receivables	Yes	100,000	100,000	-	-	Short-term financing	-	Operation requirements	-	-	-	8,507,723 (Note 2)	8,507,723 (Note 2)
		Win TV Broadcasting Co., Ltd.	Other receivables	Yes	600,000	600,000	180,000	1.294%~1.29789%	Short-term financing	-	Operation requirements	-	-	-	8,507,723 (Note 2)	8,507,723 (Note 2)
		TFN Media Co., Ltd.	Other receivables	Yes	3,000,000	2,580,000	1,080,000	1.294%~1.29567%	Short-term financing	-	Operation requirements	-	-	-	8,507,723 (Note 2)	8,507,723 (Note 2)
6	Taiwan Cellular Co., Ltd.	TWM	Other receivables	Yes	300,000	300,000	300,000	1.29478%~1.29622%	Short-term financing	-	Operation requirements	-	-	-	36,001,717 (Note 2)	36,001,717 (Note 2)

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

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

Note 3: Where funds are loaned for reasons of business dealings and short-term financing needs, the amount of loaned funds shall be limited to the total amount of business dealings and 40% of the lending company's net worth. A) For reasons of business dealings: the individual lending amount and the aggregate amount of loaned funds shall not exceed the amount of business dealings. B) For short-term financing needs: the individual lending amount and the aggregate amount of loaned funds shall not exceed 40% of the lending company's net worth.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**ENDORSEMENTS/GUARANTEES PROVIDED TO OTHER PARTIES**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015**

TABLE 2  
(In Thousands of New Taiwan Dollars)

No.	Company Providing Endorsements/Guarantees	Receiving Party		Limit on Endorsements/ Guarantees Amount Provided to Each Entity	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts (Note 1)	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth of the Guarantor (Note 1)	Maximum Endorsements/ Guarantees Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	TWM	Taiwan Fixed Network Co., Ltd.	(Note 2)	\$ 42,000,000 (Note 3)	\$ 21,500,000	\$ 21,500,000	\$ 11,569,275 (Note 4)	\$ -	33.71%	\$ 63,771,634 (Note 3)	Y	N	N
		Taiwan Kuro Times Co., Ltd.	(Note 2)	259,800 (Note 3)	50,000	50,000	50,000	-	0.08%	63,771,634 (Note 3)	Y	N	N
1	momo.com Inc.	Fubon Gehua (Beijing) Enterprise Ltd.	(Note 2)	789,406 (Note 5)	502,960	-	- (Note 5)	-	0.00%	6,556,806 (Note 5)	N	N	Y

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

Note 2: Direct/indirect subsidiary.

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

Note 4: Including USD15,000 thousand.

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

※Limit for individual amount: The limit of guarantee/endorsement provided by momo to FGE is limited to the investment amount (USD12,322,314 × 31.285 + RMB60,000,000 × 5.035 + US\$3,254,043.15 × 31.285 = NTD789,406 thousand).

※The momo Board of Directors authorized the guarantee amount: 0 thousand.

※Drawn-down amount: 0 thousand.

※Amount of guarantee collateralized by property: 0 thousand.

Note 6: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$31.285 and RMB 1 = NT\$5.035 at the end of the period.

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)**  
**MARCH 31, 2015**

TABLE 3

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

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	MARCH 31, 2015				Note
				Units /Shares (Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
TWM	<u>Stock</u> Chunghwa Telecom Co., Ltd.	—	Current available-for-sale financial assets	2,174	\$ 216,265	0.028	\$ 216,265	
	Ambit Microsystems Corporation	—	Non-current available-for-sale financial assets	298,000	2,120,047	14.9	2,120,047	
	Bridge Mobile Pte Ltd.	—	Non-current financial assets at cost	800	7,050	10	-	
	Yes Mobile Holdings Company	—	Non-current financial assets at cost	74	-	0.19	-	Note 1
momo.com Inc.	<u>Beneficiary Certificate</u> Fubon Strategic High Income Fund B	Related party in substance	Current available-for-sale financial assets	18,302	187,450	-	187,450	
	Fubon Chi-Hsiang Money Market Fund	Related party in substance	Current available-for-sale financial assets	12,970	200,276	-	200,276	
	Fubon China High Yield Bond Fund-B (RMB)	Related party in substance	Current available-for-sale financial assets	3,886	187,603	-	187,603	
	Fuh Hwa Emerging Market High Yield Bond Fund B	—	Current available-for-sale financial assets	10,225	70,041	-	70,041	
	PineBridge Global Multi - Strategy High Yield Bond Fund-B	—	Current available-for-sale financial assets	23,351	185,506	-	185,506	
	Eastspring Investments Global High Yield Bond Fund B	—	Current available-for-sale financial assets	19,028	179,350	-	179,350	
	Eastspring Investments Well Pool Money Market Fund	—	Current available-for-sale financial assets	29,933	400,563	-	400,563	
	JPMorgan (Taiwan) Asia High Yield Total Return Bond Fund - Monthly Distribution Share Class	—	Current available-for-sale financial assets	18,916	188,285	-	188,285	
	Allianz Global Investors Taiwan Money Market Fund	—	Current available-for-sale financial assets	32,520	400,615	-	400,615	
	<u>Stock</u> We Can Medicines Co., Ltd.	—	Non-current financial assets at cost	2,400	60,000	7.73	-	
Taiwan Cellular Co., Ltd.	<u>Stock</u> Arcoa Communication Co., Ltd.	—	Non-current financial assets at cost	6,998	67,731	5.21	-	
	Parawin Venture Capital Corp.	—	Non-current financial assets at cost	2,160	11,471	3	-	
	Transportation High Tech Inc.	—	Non-current financial assets at cost	1,200	-	12	-	Note 1
	WEB Point Co., Ltd.	—	Non-current financial assets at cost	803	6,773	3.17	-	

(Continued)

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)**  
**MARCH 31, 2015**

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	MARCH 31, 2015				Note
				Units /Shares (Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
TFN Media Co., Ltd.	Beneficiary Certificate Dragon Tiger Capital Partners Limited	—	Current held-to-maturity financial assets	0.2	\$ 6	-	\$ -	
TCC Investment Co., Ltd.	Stock TWM	TWM	Non-current available-for-sale financial assets	200,497	21,954,395	5.86	21,954,395	
	Great Taipei Broadband Co., Ltd.	—	Non-current financial assets at cost	10,000	39,627	6.67	-	
	Preferred stock Taiwan High Speed Rail Corporation Unlisted Convertible Preferred Stock – Series A	—	Non-current debt instrument investment without active market	50,000	500,000	1.24	-	
TCCI Investment and Development Co., Ltd.	Stock TWM	TWM	Non-current available-for-sale financial assets	87,590	9,591,056	2.56	9,591,056	
Taiwan Fixed Network Co., Ltd.	Stock Taiwan High Speed Rail Corporation	—	Non-current available-for-sale financial assets	225,531	1,073,527	3.46	1,073,527	
TFN Union Investment Co., Ltd.	Stock TWM	TWM	Non-current available-for-sale financial assets	410,665	44,967,849	12	44,967,849	

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

Note 2: For the information on investments in subsidiaries and associates, please refer to table 6 and table 8.

(Concluded)

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE THREE MONTHS ENDED MARCH 31, 2015**

TABLE 4

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TWM	Taiwan Fixed Network Co., Ltd.	Subsidiary	Sale	\$ (357,825)	2	Based on contract terms	—	—	\$ 225,933	2	(Note 1)
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	1,140,890	(Note 2)	Based on contract terms	—	—	(441,569)	(Note 3)	(Note 1)
			Purchase	281,229	(Note 2)	Based on contract terms	—	—	(94,211)	(Note 3)	
			Sale	(3,693,934)	17	Based on contract terms	—	—	1,002,188	9	(Note 1)
Taiwan Digital Service Co., Ltd.	Subsidiary	Purchase	3,591,598	(Note 4)	Based on contract terms	—	—	(1,539,921)	(Note 1)		
Taiwan Teleservices & Technologies Co., Ltd.	TWM	Ultimate parent	Sale	(281,229)	91	Based on contract terms	—	—	94,211	91	
Taiwan Fixed Network Co., Ltd.	TWM	Ultimate parent	Sale	(1,140,890)	41	Based on contract terms	—	—	441,569	50	(Note 1)
Taiwan Digital Service Co., Ltd.	TWM	Ultimate parent	Purchase	357,825	(Note 2)	Based on contract terms	—	—	(225,933)	(Note 3)	(Note 1)
			Sale	(3,591,600)	71	Based on contract terms	—	—	1,539,921	99	
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Purchase	3,693,934	(Note 2)	Based on contract terms	—	—	(1,002,188)	(98)	(Note 1)
	Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(117,676)	15	Based on contract terms	(Note 5)	(Note 5)	-	-	
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Channel leasing fee	(106,344)	13	Based on contract terms	(Note 5)	(Note 5)	-	-	
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	106,344	54	Based on contract terms	(Note 5)	(Note 5)	-	-	
momo.com Inc.	Taiwan Pelican Express Co., Ltd.	Equity-method investee	Royalty for copyright	117,676	57	Based on contract terms	(Note 5)	(Note 5)	-	-	
			Purchase	117,327	2	Based on contract terms	—	—	(33,632)	(2)	

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

Note 2: Including operating costs and operating expenses.

Note 3: Including accounts payable and other payables.

Note 4: Recognized as operating expenses.

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**MARCH 31, 2015**

TABLE 5  
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
TWM	Taiwan Fixed Network Co., Ltd.	Subsidiary	Accounts receivable	\$ 225,933	5.68	\$ -	-	\$ 224,350	\$ -
			Other receivables	33,624		-	-	31,826	-
	Taiwan Digital Service Co., Ltd.	Subsidiary	Accounts receivable	1,002,188	11.03	-	-	1,002,188	-
			Other receivables	245,611		-	-	241,692	-
Taiwan Cellular Co., Ltd.	TWM	Parent	Other receivables	301,541		-	-	1,341	-
Wealth Media Technology Co., Ltd.	TWM	Parent	Other receivables	2,309,277		-	-	2,309,277	-
			Win TV Broadcasting Co., Ltd.	Subsidiary	Other receivables	180,370		-	-
Taiwan Fixed Network Co., Ltd.	TWM	Ultimate parent	Other receivables	1,082,221		-	-	1,082,221	-
			Accounts receivable	441,569	10.78	-	-	439,644	-
Taiwan Digital Service Co., Ltd.	TWM	Ultimate parent	Other receivables	8,306,539			-	-	44,640
			Accounts receivable	1,539,921	8.55	-	-	1,539,921	-
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Other receivables	5,712			-	-	101
			Accounts receivable	4,999	7.51	-	-	-	-
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Other receivables	531,766			-	-	-
			Accounts receivable	2,137	7.24	-	-	-	-
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Other receivables	250,829			-	-	-
			Accounts receivable	5,396	6.84	-	-	-	-
			Other receivables	481,483			-	-	-

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEEES ON WHICH TWM EXERCISED SIGNIFICANT INFLUENCE**  
**(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015**

TABLE 6

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2015			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				March 31, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
TWM	Taiwan Cellular Co., Ltd.	Taiwan	Investment	\$ 41,872,288	\$ 41,872,288	371,196	100	\$ 26,572,411	\$ 974,090	\$ 1,472,407	Note 1
	Taipei New Horizon Co., Ltd.	Taiwan	Building and operating Songshan Cultural and Creative Park BOT project	1,918,655	1,918,655	191,866	49.9	1,709,205	(27,498)	(13,722)	
	Wealth Media Technology Co., Ltd.	Taiwan	Investment	16,802,000	16,802,000	42,065	100	21,269,307	667,006	667,006	
	Alliance Digital Tech Co., Ltd.	Taiwan	Technology development of mobile payment and information processing services	30,000	30,000	3,000	13.33	20,755	(17,881)	(2,384)	
Wealth Media Technology Co., Ltd.	momo.com Inc.	Taiwan	Wholesale and retail sales	8,129,394	8,129,394	63,047	44.38	9,461,310	274,346	-	Note 2
	Win TV Broadcasting Co., Ltd.	Taiwan	TV program provider	222,417	222,417	18,177	100	278,502	21,641	-	Note 2
	TFN Media Co., Ltd.	Taiwan	Cable broadband and value added service provider	5,210,443	5,210,443	230,921	100	7,581,034	544,556	-	Note 2
	Global Wealth Media Technology Co., Ltd.	Taiwan	Investment	92,189	92,189	8,945	100	98,637	1,246	-	Note 2
	Global Forest Media Technology Co., Ltd.	Taiwan	Investment	16,984	16,984	1,500	100	17,752	145	-	Note 2
Global Wealth Media Technology Co., Ltd.	Globalview Cable TV Co., Ltd.	Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	97,156	19,259	-	Note 2
Global Forest Media Technology Co., Ltd.	Union Cable TV Co., Ltd.	Taiwan	Cable TV service provider	16,218	16,218	1,300	0.76	16,144	27,977	-	Note 2
momo.com Inc.	Fu Sheng Travel Service Co., Ltd.	Taiwan	Travel agent	6,000	6,000	2,500	100	50,960	541	-	Note 2
	Fuli Life Insurance Agent Co., Ltd.	Taiwan	Life insurance agent	3,000	3,000	300	100	11,846	563	-	Note 2
	Fuli Property Insurance Agent Co., Ltd.	Taiwan	Property insurance agent	3,000	3,000	300	100	12,420	(111)	-	Note 2
	Asian Crown (BVI)	British Virgin Islands	Investment	789,864	789,864	26,500	76.26	153,220	(50,013)	-	Note 2
	Taiwan Pelican Express Co., Ltd.	Taiwan	Logistics industry	337,860	337,860	16,893	17.70	442,078	39,780	-	Note 2
	TVD Shopping	Thailand	Wholesale and retail sales	150,345	150,345	31,150	35.00	150,728	3,668	-	Note 2
				(THB 155,750)	(THB 155,750)						
Asian Crown(BVI)	Fortune Kingdom	Samoa	Investment	1,035,051	1,035,051	33,633	100	196,209	(49,847)	-	Note 2
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,035,051	1,035,051	33,633	100	196,209	(49,847)	-	Note 2
Taiwan Cellular Co., Ltd.	TWM Holding	British Virgin Islands	Investment	347,951	347,951	-	100	258,689	(1,507)	-	Notes 2 & 6
	Taiwan Fixed Network Co., Ltd.	Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	56,935,598	767,997	-	Note 2
	Taiwan Digital Communication Co., Ltd.	Taiwan	Mobile phone wholesaling and TV program production	112,000	112,000	11,200	100	116,140	(100)	-	Note 2
	TCC Investment Co., Ltd.	Taiwan	Investment	17,785,441	17,785,441	22,103	100	30,480,713	(3,976)	-	Note 2
	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	121,950	14,983	-	Note 2
	Taiwan Digital Service Co., Ltd.	Taiwan	Telecommunications service agencies and retail business	1,000,000	1,000,000	20,000	100	1,686,188	196,064	-	Note 2
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Holdings	Samoa	Investment	36,284	36,284	1,300	100	51,649	(635)	-	Note 2

(Continued)

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEES ON WHICH TWM EXERCISED SIGNIFICANT INFLUENCE**  
**(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015**

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2015			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				March 31, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
TCC Investment Co., Ltd.	TCCI Investment and Development Co., Ltd.	Taiwan	Investment	\$ 3,602,782	\$ 3,602,782	400	100	\$ 8,421,824	\$ 28	-	Note 2
TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	Taiwan	Cable TV service provider	2,061,522	2,061,522	33,940	100	2,308,719	49,815	-	Note 2
	Mangrove Cable TV Co., Ltd.	Taiwan	Cable TV service provider	510,724	510,724	6,248	29.53	669,478	24,485	-	Notes 2 & 3
	Phoenix Cable TV Co., Ltd.	Taiwan	Cable TV service provider	3,261,073	3,261,073	68,090	100	3,462,846	51,725	-	Note 2
	Union Cable TV Co., Ltd.	Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,099,958	27,977	-	Note 2
	Globalview Cable TV Co., Ltd.	Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,287,196	19,259	-	Note 2
	Taiwan Kuro Times Co., Ltd.	Taiwan	Online music and game service	129,900	129,900	14	100	261,096	14,993	-	Note 2
	Kbro Media Co., Ltd.	Taiwan	Film distribution, arts and literature service, and entertainment	292,500	292,500	29,250	32.5	266,314	(4,974)	-	Note 2
Taiwan Fixed Network Co., Ltd.	TFN Union Investment Co., Ltd.	Taiwan	Investment	22,314,536	22,314,536	400	100	39,457,138	(70)	-	Note 2
	TFN HK LIMITED	Hong Kong	Telecommunications service provider	3,001	3,001	1,300	100	17,656	1,005	-	Note 2
				(HK\$744)	(HK\$744)						

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

(Concluded)

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

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

Note 4: The above amounts were translated into New Taiwan dollars at the exchange rate of HK\$1 = NT\$4.034 and THB1 = NT\$0.9653 at the end of the period.

Note 5: For information on investment in Mainland China, please refer to table 8.

Note 6: Held 1 share on March 31, 2015.



**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015**

TABLE 7

(In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
0	TWM	momo.com Inc.	1	Accounts and notes receivable, net	\$ 16,336	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Accounts and notes receivable, net	1,598	"	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Other receivables	245,611	"	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Other receivables	33,624	"	-
	TWM	Taiwan Kuro Times Co., Ltd.	1	Other receivables	5,000	"	-
	TWM	momo.com Inc.	1	Other receivables	3,612	"	-
	TWM	TFN Media Co., Ltd.	1	Other receivables	2,310	"	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Prepayments	50,781	"	-
	TWM	Taipei New Horizon Co., Ltd.	1	Other non-current assets	16,761	"	-
	TWM	Taiwan Kuro Times Co., Ltd.	1	Disposal of property, plant and equipment	2,682	"	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Short-term borrowings	8,180,000	"	5%
	TWM	Wealth Media Technology Co., Ltd.	1	Short-term borrowings	2,300,000	"	1%
	TWM	Taiwan Cellular Co., Ltd.	1	Short-term borrowings	300,000	"	-
	TWM	Taiwan Kuro Times Co., Ltd.	1	Accounts payable	86,998	"	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Accounts payable	31,629	"	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Accounts payable	13,862	"	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Other payables	517,443	"	-
	TWM	Taiwan Teleservices & Technologies Co., Ltd.	1	Other payables	94,212	"	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Other payables	16,090	"	-
	TWM	Wealth Media Technology Co., Ltd.	1	Other payables	9,277	"	-
	TWM	Taipei New Horizon Co., Ltd.	1	Other payables	2,508	"	-
	TWM	Yeong Jia Leh Cable TV Co., Ltd.	1	Other payables	1,764	"	-
	TWM	Taiwan Cellular Co., Ltd.	1	Other payables	1,541	"	-
	TWM	Taiwan Kuro Times Co., Ltd.	1	Other payables	1,336	"	-
	TWM	Phoenix Cable TV Co., Ltd.	1	Other payables	1,207	"	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Advance receipts	9,020	"	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Other current liabilities	42,316	"	-
	TWM	Taiwan Kuro Times Co., Ltd.	1	Other current liabilities	2,205	"	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Operating revenues	3,693,934	"	12%
	TWM	Taiwan Fixed Network Co., Ltd.	1	Operating revenues	357,825	"	1%
	TWM	momo.com Inc.	1	Operating revenues	36,593	"	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Operating costs	1,135,568	"	4%
	TWM	Taiwan Kuro Times Co., Ltd.	1	Operating costs	85,901	"	-
	TWM	Taipei New Horizon Co., Ltd.	1	Operating costs	7,976	"	-
	TWM	TFN Media Co., Ltd.	1	Operating costs	2,319	"	-
	TWM	Yeong Jia Leh Cable TV Co., Ltd.	1	Operating costs	1,751	"	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Unrealized gain on sales	8,357	"	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Operating expenses	3,591,598	"	12%
	TWM	Taiwan Teleservices & Technologies Co., Ltd.	1	Operating expenses	281,214	"	1%
	TWM	Taipei New Horizon Co., Ltd.	1	Operating expenses	17,918	"	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Operating expenses	14,781	"	-
	TWM	momo.com Inc.	1	Other income	10,241	"	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Other income	9,327	"	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Other income	1,953	"	-

(Continued)

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015**

Num ber	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
1	TWM	Taiwan Fixed Network Co., Ltd.	1	Finance costs	\$ 26,145	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
	TWM	Wealth Media Technology Co., Ltd.	1	Finance costs	6,426		
2	Wealth Media Technology Co., Ltd.	TFN Media Co., Ltd.	1	Other receivables	1,082,221	"	1%
	Wealth Media Technology Co., Ltd.	Win TV Broadcasting Co., Ltd.	1	Other receivables	180,370	"	-
3	Wealth Media Technology Co., Ltd.	TFN Media Co., Ltd.	1	Other income	4,783	"	-
	momo.com Inc.	Fu Sheng Travel Service Co., Ltd.	1	Accounts and notes receivable, net	10,913	"	-
4	momo.com Inc.	TFN Media Co., Ltd.	3	Accounts payable	1,189	"	-
	momo.com Inc.	Fu Sheng Travel Service Co., Ltd.	1	Operating revenues	3,914	"	-
3	momo.com Inc.	TFN Media Co., Ltd.	3	Operating costs	21,787	"	-
	momo.com Inc.	Mangrove Cable TV Co., Ltd.	3	Operating costs	2,142	"	-
3	momo.com Inc.	Taiwan Teleservices & Technologies Co., Ltd.	3	Operating costs	1,290	"	-
	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts and notes receivable, net	34,911	"	-
3	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Accounts and notes receivable, net	33,800	"	-
	TFN Media Co., Ltd.	Union Cable TV Co., Ltd.	1	Accounts and notes receivable, net	22,709	"	-
3	TFN Media Co., Ltd.	Globalview Cable TV Co., Ltd.	1	Accounts and notes receivable, net	14,342	"	-
	TFN Media Co., Ltd.	Mangrove Cable TV Co., Ltd.	1	Accounts and notes receivable, net	13,170	"	-
3	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Short-term borrowings	530,000	"	-
	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Short-term borrowings	480,000	"	-
3	TFN Media Co., Ltd.	Globalview Cable TV Co., Ltd.	1	Short-term borrowings	250,000	"	-
	TFN Media Co., Ltd.	Win TV Broadcasting Co., Ltd.	3	Accounts payable	23,684	"	-
3	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts payable	1,889	"	-
	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Accounts payable	1,745	"	-
3	TFN Media Co., Ltd.	Union Cable TV Co., Ltd.	1	Accounts payable	1,107	"	-
	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Other payables	5,032	"	-
3	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Other payables	4,990	"	-
	TFN Media Co., Ltd.	Union Cable TV Co., Ltd.	1	Other payables	2,286	"	-
3	TFN Media Co., Ltd.	Globalview Cable TV Co., Ltd.	1	Other payables	2,241	"	-
	TFN Media Co., Ltd.	Mangrove Cable TV Co., Ltd.	1	Other payables	1,247	"	-
3	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Operating revenues	128,136	"	-
	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Operating revenues	115,738	"	-
3	TFN Media Co., Ltd.	Union Cable TV Co., Ltd.	1	Operating revenues	55,166	"	-
	TFN Media Co., Ltd.	Globalview Cable TV Co., Ltd.	1	Operating revenues	50,177	"	-
3	TFN Media Co., Ltd.	Mangrove Cable TV Co., Ltd.	1	Operating revenues	3,767	"	-
	TFN Media Co., Ltd.	Win TV Broadcasting Co., Ltd.	3	Operating costs	23,258	"	-
3	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Operating costs	8,913	"	-
	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Operating costs	8,640	"	-
3	TFN Media Co., Ltd.	Union Cable TV Co., Ltd.	1	Operating costs	5,625	"	-
	TFN Media Co., Ltd.	Globalview Cable TV Co., Ltd.	1	Operating costs	3,589	"	-
3	TFN Media Co., Ltd.	Mangrove Cable TV Co., Ltd.	1	Operating costs	1,770	"	-
	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Finance costs	1,712	"	-
4	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Finance costs	1,482	"	-
	Taiwan Fixed Network Co., Ltd.	TFN Media Co., Ltd.	3	Accounts and notes receivable, net	25,137	"	-

(Continued)

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015**

Num ber	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
	Taiwan Fixed Network Co., Ltd.	momo.com Inc.	3	Accounts and notes receivable, net	\$ 1,521	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
	Taiwan Fixed Network Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Other receivables	12,068	"	-
	Taiwan Fixed Network Co., Ltd.	Taiwan Digital Service Co., Ltd.	3	Other receivables	1,676	"	-
	Taiwan Fixed Network Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Other non-current assets	6,621	"	-
	Taiwan Fixed Network Co., Ltd.	TFN HK LIMITED	1	Other payables	25,357	"	-
	Taiwan Fixed Network Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	3	Other payables	8,588	"	-
	Taiwan Fixed Network Co., Ltd.	Taiwan Digital Service Co., Ltd.	3	Advance receipts	1,325	"	-
	Taiwan Fixed Network Co., Ltd.	TFN Media Co., Ltd.	3	Operating revenues	37,227	"	-
	Taiwan Fixed Network Co., Ltd.	momo.com Inc.	3	Operating revenues	2,013	"	-
	Taiwan Fixed Network Co., Ltd.	Taiwan Kuro Times Co., Ltd.	3	Operating revenues	1,393	"	-
	Taiwan Fixed Network Co., Ltd.	Phoenix Cable TV Co., Ltd.	3	Operating revenues	1,133	"	-
	Taiwan Fixed Network Co., Ltd.	TFN HK LIMITED	1	Operating costs	28,292	"	-
	Taiwan Fixed Network Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	3	Operating expenses	24,646	"	-
	Taiwan Fixed Network Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Operating expenses	9,924	"	-
	Taiwan Fixed Network Co., Ltd.	Win TV Broadcasting Co., Ltd.	3	Other income	1,365	"	-
5	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Kuro Times Co., Ltd.	3	Operating revenues	1,175	"	-
6	Taiwan Digital Service Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Other non-current assets	5,838	"	-
	Taiwan Digital Service Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Operating costs	1,312	"	-
	Taiwan Digital Service Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Operating expenses	8,150	"	-

(Concluded)

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

**TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES**  
**INFORMATION ON INVESTMENT IN MAINLAND CHINA**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2015**

TABLE 8

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2015	Net (Loss) Income of Investee	% Ownership through Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of March 31, 2015	Accumulated Inward Remittance of Earnings as of March 31, 2015
					Outflow	Inflow						
Xiamen Taifu Teleservices & Technologies Co., Ltd.	System integration, management, analysis and development of CRM application and information consulting services	\$ - (Note 3)	2	\$ 40,671 (US\$1,300)	\$ -	\$ -	\$ 40,671 (US\$1,300)	\$ -	100% indirect ownership through TWM's subsidiary	\$ -	- (Note 3)	\$ -
TWM Communications (Beijing) Co. Ltd.	Mobile application development and design	93,855 (US\$3,000)	2	152,421 (US\$4,872)	-	-	152,421 (US\$4,872)	225	100% indirect ownership through TWM's subsidiary	225	113,245	-
Fubon Gehua (Beijing) Enterprise Ltd.	Wholesaling	1,158,050 (RMB230,000)	2	789,136 (US\$14,000, RMB69,741)	-	-	789,136 (US\$14,000, RMB69,741)	(54,586)	69.63% indirect ownership through TWM's subsidiary	(38,007)	149,179	-

Investee Company Name	Accumulated Investment in Mainland China as of March 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
Xiamen Taifu Teleservices & Technologies Co., Ltd.	40,671 (US\$1,300)	40,671 (US\$1,300)	\$80,000
TWM Communications (Beijing) Co., Ltd.	152,421 (US\$4,872)	152,421 (US\$4,872)	\$54,002,575
Fubon Gehua (Beijing) Enterprise Ltd.	789,136 (US\$14,000, RMB69,741)	872,075 (US\$15,000, RMB80,000)	\$3,973,881

Note 1: The investment types are as follows:

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

Note 2: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$31.285 and RMB1 = NT\$5.035 at the end of the period.

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