

Taiwan Mobile Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2007 and 2006 and
Independent Accountants' Review Report**

INDEPENDENT ACCOUNTANTS' 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. (the "Corporation") and subsidiaries as of June 30, 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the six months then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report based on our reviews.

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

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

As stated in Note 2 to the consolidated financial statements, to position as an integrated telecom and media player down the road differentiating from competition and build growth momentum through exposure to higher margin lines of business, Taihsing International Telecommunications Co., Ltd. (TIT), the subsidiary of the Corporation, acquired up to 84.6% of Taiwan Fixed Network, Ltd. (TFN)'s shares since April 17, 2007. Because TFN is controlled by the Corporation, TFN and its subsidiaries have been included in the accompanying consolidated financial statements for the period from April 17, 2007 to June 30, 2007.

As stated in Note 3 to the financial statements, on January 1, 2006, the Corporation adopted the newly issued Statement of Financial Accounting Standards (SFAS) No. 34, "Accounting for Financial Instruments" No. 36, "Disclosure and Presentation of Financial Instruments" and the revisions of previously released statements, which were amended to harmonizing with SFAS No. 34 and 36.

July 13, 2007

Notice 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 accountants' 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 accountants' review report and financial statements shall prevail.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2007 AND 2006

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

(Reviewed, Not Audited)

ASSETS	2007		2006		LIABILITIES AND SHAREHOLDERS' EQUITY	2007		2006	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2, 4 and 25)	\$ 14,645,563	12	\$ 14,358,002	12	Short-term bank loans (Notes 15, 25 and 26)	\$ 16,370,000	14	\$ -	-
Financial assets at fair value through profit or loss - current (Notes 2, 3 and 5)	-	-	9,568,268	8	Notes payable	216,678	-	6,921	-
Available-for-sale financial assets - current (Notes 2, 3 and 6)	3,306,701	3	8,775,000	7	Accounts payable (Note 25)	2,940,024	2	1,672,968	1
Notes receivable	31,850	-	14,573	-	Income taxes payable (Notes 2 and 21)	1,936,526	2	2,220,136	2
Accounts receivable - third parties (Notes 2 and 7)	6,928,038	6	6,433,558	5	Accrued expenses (Note 25)	4,297,757	4	3,767,387	3
Accounts receivable - related parties (Notes 2 and 25)	86,752	-	211,553	-	Other payables (Note 25)	14,071,125	12	17,338,478	14
Other receivables - third parties	291,747	-	242,207	-	Advance receipts	1,594,853	1	612,205	-
Other receivables - related parties (Note 25)	5,636	-	48,471	-	Current portion of long-term liabilities (Notes 2, 16, 17 and 18)	10,412,558	9	1,587,881	1
Inventories (Note 2)	118,511	-	3,475	-	Guarantee deposits	96,440	-	152,130	-
Prepayments (Note 25)	863,600	1	356,780	-	Deferred income tax liabilities - current (Notes 2 and 21)	33,100	-	-	-
Deferred income tax assets - current (Notes 2 and 21)	159,999	-	138,420	-	Other current liabilities (Note 25)	459,669	-	739,985	1
Pledged time deposits (Notes 25 and 26)	47,283	-	10,000	-					
Other current assets	11,939	-	20,033	-	Total current liabilities	52,428,730	44	28,098,091	22
Total current assets	26,497,619	22	40,180,340	32	LONG-TERM LIABILITIES				
INVESTMENTS					Long-term bank loans (Notes 17, 25 and 26)	4,580,931	4	-	-
Financial assets carried at cost - non-current (Notes 2 and 9)	2,386,415	2	4,005,359	3	Hedging derivative financial liabilities (Notes 2, 3, 24 and 28)	260,081	-	420,522	1
Bonds measured at amortized cost - non-current (Notes 2 and 10)	500,000	-	-	-	Bonds payable (Notes 2 and 16)	10,000,000	8	14,050,544	11
Total investments	2,886,415	2	4,005,359	3	Total long-term liabilities	14,841,012	12	14,471,066	12
PROPERTY AND EQUIPMENT (Notes 2, 11 and 26)					OTHER LIABILITIES				
Cost					Accrued pension cost (Notes 2 and 19)	91,329	-	83,615	-
Land	5,666,257	5	3,966,835	3	Guarantee deposits	374,197	1	237,896	-
Buildings	3,651,148	3	2,528,580	2	Deferred income tax liabilities - non-current (Notes 2 and 21)	16,783	-	-	-
Telecommunication equipment	87,469,703	73	80,505,959	65	Other	15,790	-	206	-
Office equipment	297,538	-	264,885	-	Total other liabilities	498,099	1	321,717	-
Leased assets	1,276,191	1	1,284,961	1	Total liabilities	67,767,841	57	42,890,874	34
Leasehold improvements	299,262	-	-	-	SHAREHOLDERS' EQUITY (Notes 2 and 20)				
Miscellaneous equipment	2,233,819	2	1,494,203	1	Parent's shareholders' equity				
Total cost	100,893,918	84	90,045,423	72	Capital stock - \$10 par value				
Less accumulated depreciation	(37,746,292)	(31)	(30,703,542)	(25)	Authorized: 6,000,000 thousand shares				
Accumulated impairment	(901,854)	(1)	-	-	Issued: 5,000,414 thousand shares in 2007 and 4,975,656 thousand shares in 2006	50,004,141	42	49,756,558	40
Construction in progress and advance payments	3,443,852	3	2,031,290	2	Entitlement certificates	-	-	31,030	-
Net property and equipment	65,689,624	55	61,373,171	49	Capital surplus	8,771,786	7	8,386,740	7
INTANGIBLE ASSETS (Note 2)					Retained earnings				
3G concession	8,598,655	7	9,346,364	8	Legal reserve	11,745,475	10	10,128,401	8
Computer software cost	155,187	-	192,648	-	Special reserve	3,493,563	3	3,350,000	3
Goodwill (Note 12)	9,950,910	9	6,835,370	5	Unappropriated earnings	12,108,451	10	10,864,170	9
Customer relationship (Note 12)	2,280,176	2	-	-	Other equity				
Operating rights (Note 12)	1,169,172	1	-	-	Cumulative translation adjustments	7,495	-	3,426	-
Other intangible assets	8,264	-	-	-	Unrealized gains on financial instruments	(268,846)	-	(1,501,726)	1
Total intangible assets	22,162,364	19	16,374,382	13	Treasury stock	(37,746,803)	(32)	(2,079,542)	(2)
OTHER ASSETS									
Assets leased to others (Notes 2 and 13)	408,438	-	917,532	1	Minority interests	48,115,262	40	81,942,509	66
Idle assets (Notes 2 and 13)	262,530	-	232,431	-		3,971,415	3	70,118	-
Refundable deposits	420,539	1	304,819	-	Total shareholders' equity	52,086,677	43	82,012,627	66
Deferred charges (Notes 2 and 14)	401,824	-	314,892	1					
Deferred income tax assets - non-current (Notes 2 and 21)	1,046,684	1	1,115,160	1					
Other (Note 26)	78,481	-	85,415	-					
Total other assets	2,618,496	2	2,970,249	3					
TOTAL	\$ 119,854,518	100	\$ 124,903,501	100	TOTAL	\$ 119,854,518	100	\$ 124,903,501	100

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

(With Deloitte & Touche review report dated July 13, 2007)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

(Reviewed, Not Audited)

	2007		2006	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 25)	\$ 31,173,980	100	\$ 29,343,984	100
OPERATING COSTS (Notes 2, 23 and 25)	<u>13,557,460</u>	<u>43</u>	<u>12,118,791</u>	<u>41</u>
GROSS PROFIT	<u>17,616,520</u>	<u>57</u>	<u>17,225,193</u>	<u>59</u>
OPERATING EXPENSES (Notes 2, 23 and 25)				
Marketing	4,661,858	15	5,746,670	20
Administrative	<u>2,357,564</u>	<u>8</u>	<u>2,130,259</u>	<u>7</u>
Total operating expenses	<u>7,019,422</u>	<u>23</u>	<u>7,876,929</u>	<u>27</u>
OPERATING INCOME	<u>10,597,098</u>	<u>34</u>	<u>9,348,264</u>	<u>32</u>
NON-OPERATING INCOME AND GAINS				
Investment income recognized under the equity method, net (Notes 2 and 8)	172,290	1	554,770	2
Interest income	133,709	1	116,066	1
Penalty income	104,108	-	109,708	-
Gain on disposal of investments, net (Note 2)	92,989	-	626,561	2
Valuation gain on financial assets (Note 2)	47,390	-	31,824	-
Rental income (Note 25)	38,528	-	35,259	-
Exchange gain (Note 2)	15,020	-	18,734	-
Gain on disposal of property and equipment (Note 2)	5,200	-	10,335	-
Other	<u>186,023</u>	<u>1</u>	<u>227,215</u>	<u>1</u>
Total non-operating income and gains	<u>795,257</u>	<u>3</u>	<u>1,730,472</u>	<u>6</u>
NON-OPERATING EXPENSES AND LOSSES				
Loss on disposal and retirement of property and equipment (Note 2)	387,936	2	1,727,724	6
Interest expenses (Notes 2 and 11)	352,424	1	227,359	1
Impairment loss (Notes 2, 9 and 13)	23,596	-	2,953	-
Other (Note 2)	<u>56,619</u>	<u>-</u>	<u>152,212</u>	<u>-</u>
Total non-operating expenses and losses	<u>820,575</u>	<u>3</u>	<u>2,110,248</u>	<u>7</u>
INCOME BEFORE INCOME TAX	10,571,780	34	8,968,488	31
INCOME TAX EXPENSE (Notes 2 and 21)	<u>2,558,635</u>	<u>8</u>	<u>1,173,910</u>	<u>4</u>

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TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

(Reviewed, Not Audited)

	2007		2006	
	Amount	%	Amount	%
INCOME AFTER INCOME TAX	\$ 8,013,145	26	\$ 7,794,578	27
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES (Note 3)	<u>-</u>	<u>-</u>	<u>35</u>	<u>-</u>
CONSOLIDATED NET INCOME	<u>\$ 8,013,145</u>	<u>26</u>	<u>\$ 7,794,613</u>	<u>27</u>
ATTRIBUTED TO:				
Shareholders of the parent	\$ 8,001,218		\$ 7,750,031	
Minority interests	<u>11,927</u>		<u>44,582</u>	
	<u>\$ 8,013,145</u>		<u>\$ 7,794,613</u>	
	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 2.36</u>	<u>\$ 1.82</u>	<u>\$ 1.63</u>	<u>\$ 1.57</u>
Diluted	<u>\$ 2.36</u>	<u>\$ 1.82</u>	<u>\$ 1.62</u>	<u>\$ 1.55</u>

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

(With Deloitte & Touche review report dated July 13, 2007)

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TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Capital Stock			Capital Surplus	Retained Earnings				Cumulative Translation Adjustments	Unrealized Gain on Financial Instruments	Treasury Stock	Minority Interests	Total Shareholders' Equity
	Capital Stock	Entitlement Certificates	Total		Legal Reserve	Special Reserve	Unappropriated	Total					
BALANCE, JANUARY 1, 2007	\$ 49,993,251	\$ -	\$ 49,993,251	\$ 8,748,571	\$ 10,128,401	\$ 3,350,000	\$ 19,228,424	\$ 32,706,825	\$ 3,860	\$ (147,423)	\$ (1,437,290)	\$ 24,508	\$ 89,892,302
Appropriation of the 2006 earnings													
Legal reserve	-	-	-	-	1,617,074	-	(1,617,074)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	143,563	(143,563)	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	(43,231)	(43,231)	-	-	-	-	(43,231)
Bonus to employees - cash	-	-	-	-	-	-	(432,303)	(432,303)	-	-	-	-	(432,303)
Cash dividends - \$2.58757 per share	-	-	-	-	-	-	(12,880,151)	(12,880,151)	-	-	-	-	(12,880,151)
Balance after appropriation	49,993,251	-	49,993,251	8,748,571	11,745,475	3,493,563	4,112,102	19,351,140	3,860	(147,423)	(1,437,290)	24,508	76,536,617
Consolidated net income for the six months ended June 30, 2007	-	-	-	-	-	-	8,001,218	8,001,218	-	-	-	11,927	8,013,145
Adjustments on change of equity in equity-method investments	-	-	-	-	-	-	-	-	3,635	(150,290)	-	-	(146,655)
Transfer of treasury stock to employees	-	-	-	4,127	-	-	(4,869)	(4,869)	-	-	735,801	-	735,059
Conversion of convertible bonds to capital stock	10,890	-	10,890	19,088	-	-	-	-	-	-	-	-	29,978
Unrealized losses on financial instruments, net	-	-	-	-	-	-	-	-	-	28,867	-	-	28,867
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	-	578,402	578,402
Adjustments of treasury stock held by subsidiaries	-	-	-	-	-	-	-	-	-	-	(37,045,314)	-	(37,045,314)
Effect of acquisition the subsidiary	-	-	-	-	-	-	-	-	-	-	-	3,356,578	3,356,578
BALANCE, JUNE 30, 2007	\$ 50,004,141	\$ -	\$ 50,004,141	\$ 8,771,786	\$ 11,745,475	\$ 3,493,563	\$ 12,108,451	\$ 27,347,489	\$ 7,495	\$ (268,846)	\$ (37,746,803)	\$ 3,971,415	\$ 52,086,677
BALANCE, JANUARY 1, 2006	\$ 49,492,065	\$ 29,871	\$ 49,521,936	\$ 7,905,337	\$ 8,504,731	\$ 2,201,631	\$ 19,175,425	\$ 29,881,787	\$ 3,240	\$ -	\$ (323,544)	\$ 806,817	\$ 87,795,573
Appropriation of the 2005 earnings													
Legal reserve	-	-	-	-	1,623,670	-	(1,623,670)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	1,150,000	(1,150,000)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(1,631)	1,631	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	(40,394)	(40,394)	-	-	-	-	(40,394)
Bonus to employees - cash	-	-	-	-	-	-	(403,940)	(403,940)	-	-	-	-	(403,940)
Cash dividends - \$2.61677 per share	-	-	-	-	-	-	(12,843,997)	(12,843,997)	-	-	-	-	(12,843,997)
Balance after appropriation	49,492,065	29,871	49,521,936	7,905,337	10,128,401	3,350,000	3,115,055	16,593,456	3,240	-	(323,544)	806,817	74,507,242
Consolidated net income for the six months ended June 30, 2006	-	-	-	-	-	-	7,750,031	7,750,031	-	-	-	44,582	7,794,613
Adjustments on change of equity in equity-method investments	-	-	-	-	-	-	-	-	186	-	-	2,483	2,669
Transfer of treasury stock to employees	-	-	-	-	-	-	(916)	(916)	-	-	62,372	-	61,456
Conversion of convertible bonds to capital stock and entitlement certificates	264,493	1,159	265,652	481,403	-	-	-	-	-	-	-	-	747,055
Buyback of issued shares	-	-	-	-	-	-	-	-	-	-	(1,818,370)	-	(1,818,370)
Effect of the first time adoption of new issued SFASs No.34	-	-	-	-	-	-	-	-	-	1,834,639	-	-	1,834,639
Unrealized losses on financial instruments, net	-	-	-	-	-	-	-	-	-	(332,913)	-	-	(332,913)
Decrease in minority interests	-	-	-	-	-	-	-	-	-	-	-	(808,814)	(808,814)
Adjustments for the change of consolidated entities	-	-	-	-	-	-	-	-	-	-	-	25,050	25,050
BALANCE, JUNE 30, 2006	\$ 49,756,558	\$ 31,030	\$ 49,787,588	\$ 8,386,740	\$ 10,128,401	\$ 3,350,000	\$ 10,864,170	\$ 24,342,571	\$ 3,426	\$ 1,501,726	\$ (2,079,542)	\$ 70,118	\$ 82,012,627

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

(With Deloitte & Touche review report dated July 13, 2007)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 8,013,145	\$ 7,794,613
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,639,163	3,343,897
Deferred income taxes	548,048	(443,326)
Amortization	524,500	542,259
Bad debts	461,091	516,795
Loss on disposal and retirement of property and equipment, net	382,736	1,717,389
Investment income recognized under the equity method, net	(172,290)	(554,770)
Gain on disposal of available-for-sale financial assets	(92,989)	(625,506)
Pension cost	(29,936)	(6,965)
Amortization of long-term notes payable	28,078	-
Impairment loss	23,596	2,953
Reversal of allowance for gain on inventory	(8,052)	-
Accrued interest compensation	910	34,209
Loss on buyback of bonds payable	-	59,327
Cash dividends received from equity-method investees	-	11,989
Gain on disposal of long-term investments, net	-	(1,569)
Other	-	6,264
Net changes in operating assets and liabilities		
Financial assets held for trading	14,077,168	(8,968,268)
Notes receivable	(6,049)	(525)
Accounts receivable - third parties	(347,714)	(807,123)
Accounts receivable - related parties	163,186	27,911
Other receivables - third parties	42,824	266,648
Other receivables - related parties	10,305	(44,588)
Inventories	81,577	(2,576)
Prepayments	66,175	199,888
Other current assets	51,210	2,875
Notes payable	85,638	(2,196)
Accounts payable	(66,358)	(87,603)
Income taxes payable	(1,295,325)	1,047,567
Accrued expenses	(335,968)	(508,398)
Other payables	(12,728)	2,146,990
Advance receipts	(178,137)	(474,639)
Other current liabilities	(367,538)	(71,464)
Net cash provided by operating activities	<u>25,286,266</u>	<u>5,122,058</u>

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TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2007	2006
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in acquired subsidiaries	\$ (39,986,288)	\$ -
Proceeds from disposal of available-for-sale financial assets	10,758,576	2,944,800
Acquisition of property and equipment	(3,131,045)	(2,839,092)
Acquisition of available-for-sale financial assets	(334,000)	-
Increase in deferred charges	(35,865)	(40,140)
Decrease (increase) in refundable deposits	(25,411)	5,215
Increase in financial assets carried at cost-non-current	(19,892)	-
Decrease in other assets	14,893	41,018
Increase in computer software cost and other intangible assets	(6,588)	-
Proceeds from disposal of property and equipment	6,055	913
Decrease (increase) in pledged time deposits	(5,077)	2,000
Increase in goodwill	(2)	(421,341)
Proceeds from disposal of long-term investments	-	71,718
Proceeds from disposal of idle assets	-	44,633
	<u>(32,764,644)</u>	<u>(190,276)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	16,370,000	-
Decrease in long-term loans	(11,879,069)	(1,500,000)
Transfer of treasury stock to employees	735,059	61,456
Increase (decrease) in minority interests	578,402	(808,814)
Decrease in guarantee deposits	(33,691)	(14,848)
Increase (decrease) in other liabilities	15,790	(30)
Buyback of issued shares	-	(1,818,370)
Buyback of bonds payable	-	(1,335,201)
	<u>5,786,491</u>	<u>(5,415,807)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>1,775</u>	<u>484</u>
ACQUISITION OF CASH AND CASH EQUIVALENT FOR SUBSIDIARIES	<u>3,919,950</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,229,838	(483,541)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>12,415,725</u>	<u>14,841,543</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 14,645,563</u>	<u>\$ 14,358,002</u>

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TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2007	2006
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 214,929	\$ 168,807
Deduct: Interest capitalized	<u>16,928</u>	<u>5,582</u>
Interest paid - excluding interest capitalized	<u>\$ 198,001</u>	<u>\$ 163,225</u>
Income taxes paid	<u>\$ 2,779,141</u>	<u>\$ 519,331</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 10,412,588</u>	<u>\$ 1,587,881</u>
Conversion of convertible bonds to capital stock and entitlement certificates	<u>\$ 25,700</u>	<u>\$ 644,000</u>
CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment	\$ 3,208,198	\$ 1,933,605
Decrease (increase) in other payables	<u>(77,153)</u>	<u>905,487</u>
Cash paid for acquisition of property and equipment	<u>\$ 3,131,045</u>	<u>\$ 2,839,092</u>

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

(With Deloitte & Touche review report dated July 13, 2007)

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

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

The Corporation's services are under the type I license (nation-wide GSM 1800; "GSM" means "global system for mobile communications") issued by the Directorate General of Telecommunications (DGT) of the ROC. The license allows the Corporation to provide services for 15 years from 1997 onwards. It also entails the payment of an annual license fee consisting of 2% of total wireless communication service revenues. On March 24, 2005, the Corporation received the third generation (3G) concession operation license issued by the DGT. The 3G license allows the Corporation to provide services from the issuance date of the license to December 31, 2018.

As of June 30, 2007 and 2006, the Corporation and subsidiaries had 4,461 and 3,348 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

Consolidation

a. Basis of consolidation

The consolidated financial statements have been prepared in accordance with the Statement of Financial Accounting Standards (SFAS) No. 7, "Consolidated Financial Statements," and included the financial statements of the Corporation, its direct and indirect subsidiaries with at least 50% shareholding and other investees controlled by the Corporation. All significant intercompany transactions and balances are eliminated on consolidation. As obtaining the majority of the shareholder's equity of the subsidiaries during the year, the company starts to consolidate the related revenues and expenses of the subsidiaries since the date of having the controlling interest.

For foreign subsidiaries using their local currency as their functional currency, assets and liabilities are translated at exchange rates in effect on the balance sheet date; shareholders' equity accounts are translated using historical exchange rates and income statement accounts are translated using average exchange rates during the period.

All significant intercompany balances and transactions have been eliminated upon consolidation.

b. Under the above basis of consolidation, the consolidated entities were as follows:

Investor	Subsidiary	Nature of Business	Percentage of Ownership as of June 30		Note
			2007	2006	
Corporation	TransAsia Telecommunications Inc. (TAT)	Wireless service provider	100.00	100.00	Formerly TAT International Telecommunication Co., Ltd.; established on February 8, 2006 by investing the former TAT's shares; merged with the former TAT on June 27, 2006 and renamed as TransAsia Telecommunications Inc.
Corporation	Taiwan Cellular Co., Ltd. (TCC; formerly Taihsing Den Syun Co., Ltd. (TDS))	Equipment installation and IT service	100.00	100.00	Established in 2005 by investing the former Mobitai's shares
TCC (formerly TDS)	Mobitai Communications (Mobitai)	Wireless service provider	100.00	100.00	Formerly Tai Ya International Telecommunications Co., Ltd.; merged with the former Mobitai on January 1, 2006 and renamed as Mobitai Communications
TCC (formerly TDS)	Tai Yi Digital Broadcasting Co., Ltd. (TYDB)	Broadcasts business and cell phone number agency	49.90	49.90	-
TCC (formerly TDS)	TWM Holding Co. Ltd. (formerly Simax Investment Holdings Ltd.)	Investment	100.00	-	-
TCC (formerly TDS)	Taihsing International Telecommunications Co., Ltd. (TIT)	Investment	100.00	-	Established on January 30, 2007
TCC (formerly TDS)	Taiwan Digital Communications Co., Ltd. (TDC)	Communication service	100.00	-	Established on June 6, 2007
TCC (formerly TDS)	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Call center service	100.00	100.00	-
TT&T	TT&T Casualty & Property Insurance Agency Co., Ltd. (TCPIA)	Insurance agency	100.00	100.00	-
TT&T	TT&T Life Insurance Agency Co., Ltd. (TLIA)	Insurance agency	100.00	100.00	-
TT&T	TT&T Holdings Co., Ltd. (TT&T Holding)	Investment	100.00	100.00	-
TT&T Holding	Xiamen Taifu Teleservices & Technologies Ltd.	Call center service	100.00	100.00	-
TT&T Holding	Dalian Xinkai Teleservices & Technologies Ltd.	Call center service	-	50.00	Sold on July 10, 2006
TIT	Taiwan United Communication Co., Ltd. (TUC)	Communication service	100.00	-	Established on April 14, 2007
TIT	Taiwan Fixed Network Co., Ltd. (TFN)	Fixed network service	84.60	-	a. Acquired 84.6% equity on April 17, 2007; TFN and its subsidiaries merged into consolidated financial statement.

b. As of June 30, 2007, TFN and TFNI own the Corporation's 27.49% shareholding and 1,368,250 thousand shares.

(Continued)

Investor	Subsidiary	Nature of Business	Percentage of Ownership as of June 30		Note
			2007	2006	
TFN	TFN Investment Co., Ltd. (TFNI)	Investment	100.00	-	-
TFN	Hong Yuan Investment Co., Ltd. (HYI)	Investment	-	-	Merged into TFNI on June 5, 2007
TFN	TFN US Ltd.	Telecommunications	-	-	Liquidated on June 8, 2007
TFN	TFN HK Ltd.	Telecommunications	99.99	-	-
TFNI	Reach & Range Inc. (R&R)	Telecom equipment sales and maintainance	100.00	-	-
TFNI	TFN Digital Co., Ltd. (TFND)	Telecom equipment sales and maintainance	-	-	Merged into TFNI on June 30, 2007
TFNI	Win TV Broadcasting Co., Ltd. (WTVB)	TV program producing	98.50	-	-
TFNI	Fu Yang Media Co., Ltd. (FYM)	Cable TV MSO (Multi System Operator)	29.40	-	-
TFNI	TFN Media Ltd. (TFNM)	Cable broadband service	93.06	-	-
TFNM	FYM	Cable TV MSO (Multi System Operator)	70.60	-	-
FYM	Union Cable TV Co., Ltd. (UCTV)	Cable TV SO (System Operator)	99.987	-	-
FYM	Shin Ho Cable TV Co., Ltd. (SHCTV)	Cable TV SO (System Operator)	100.00	-	Partial shares held in trust
FYM	Yeong Jialeh Cable TV Co., Ltd. (YJCTV)	Cable TV SO (System Operator)	100.00	-	-
FYM	Mangrove Cable TV Corporation (MCTV)	Cable TV SO (System Operator)	100.00	-	Partial shares held in trust
FYM	North Coast Cable TV Co., Ltd. (NCCTV)	Cable TV SO (System Operator)	100.00	-	-
FYM	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV SO (System Operator)	70.00	-	-
FYM	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV SO (System Operator)	92.381	-	-

(Concluded)

To position as an integrated telecom and media player down the road differentiating from competition and build growth momentum through exposure to higher margin lines of business, the Board of Directors of the Corporation's subsidiary, TIT, resolved on March 1, 2007 and April 26, 2007 to acquire TFN through a public tender offer at NT\$8.3 per share, and the transaction was settled on April 17, 2007. As of June 30, 2007, 5,459,804 thousand shares had been held by TIT (84.6 percent of TFN's outstanding shares).

Since April 17, 2007, the Corporation acquired up to 84.6% of TFN's shares, and TFN thus became the Corporation's indirect subsidiary. The numbers of TFN and its subsidiaries from April 17 to June 30 have been included in the accompanying consolidated financial statements.

Among the consolidated subsidiaries, except the financial statements as of and for the six months ended June 30, 2007 and 2006 of TAT and Mobitai and the financial statements as of and for the six months ended June 30, 2007 of TFN and its subsidiaries, such as TFNI, HYI, TFND, R&R, WTVB, FYM, TFNM, UCTV, SHCTV, YJCTV, MCTV, NCCTV, PCTV and GCTV, had been audited, and the financial statements of the rest of the minor subsidiaries were unaudited (the Corporation's management considered that the adjustment might be immaterial if the carrying value of the investment income or losses were determined on the basis of audited financial statements).

- c. Under restriction on the Group's dividend distribution and the appropriation of earnings:

TFNM and its subsidiaries entered into a loan agreement with a banking syndicate led by Chinatrust Commercial Bank Co., Ltd. Under this agreement, TFNM and its subsidiaries (together, the "transacting parties") should not distribute dividend or earnings by means of cash, securities (stock dividend not included) or other assets to anyone outside the transacting parties.

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

Classification of Current and Non-current Assets and Liabilities

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

Cash Equivalents

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

Financial Instruments at Fair Value through Profit or Loss

Financial instruments at fair value through profit or loss include financial assets or liabilities held for trading and those designated on initial recognition to be measured at fair value with fair value changes recognized in profit or loss. On initial recognition, the financial instruments are recognized at fair value plus transaction costs and are subsequently measured at fair value with fair value changes recognized in profit or loss. The purchase or sale of the financial instruments is recognized and derecognized using trade date accounting.

The fair value of open-end mutual funds is based on the net assets value on the balance sheets date.

Available-for-sale Financial Assets

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

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

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

The fair value of listed securities is based on the closing price on the balance sheet date. The fair values of open-end mutual funds are referred to financial assets at fair value through profit or loss.

Allowance for Doubtful Accounts

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

Inventories

Inventories are stated at the lower of weighted-average cost or market value. Market value are evaluated on the basis of replacement cost or net realizable value.

Financial Assets Carried at Cost

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

Bonds Measured at Amortized Cost

Bond portfolios with fixed or determinable payments and with no quoted prices in an active market are carried at amortized cost using the effective interest method. These bond portfolios are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or the issuance of the financial assets. Profit or loss is recognized at the time of de-recognition, impairment or amortization. A regular purchase or sale of financial assets is recognized and de-recognized using trade date accounting.

If there is objective evidence of impairment loss as of the balance sheet date, impairment loss should be recognized. If the impairment loss decreases and the decrease can be related objectively to an event occurring after impairment loss recognition, the impairment loss should be reversed. This reversal should not result in the carrying amount of the financial asset exceeding the amortized cost that would have been determined had no impairment loss been recognized.

Investments Accounted for by the Equity Method

Long-term investments in which the Corporation and subsidiaries own 20% or more of an investee's outstanding voting shares or exercise significant influence on an investee are accounted for by the equity method.

Effective January 1, 2006, in accordance with the newly revised Statement of Financial Accounting Standards (SFAS), the cost of acquisition is subjected to an initial analysis, and goodwill represents the excess of the cost of acquisition over the fair value of the identifiable net assets value. Goodwill is no longer amortized but instead tested annually for impairment. An impairment test is also required if there is evidence indicating that goodwill might be impaired as a result of specific events or changes in economic environment. If the fair value of identifiable net assets acquired exceeds the cost of investments, the difference should be allocated to reduce non-current assets proportionately to their respective fair values (except for financial assets not under the equity method, assets for disposal, deferred income tax assets and prepaid pension costs or other retirement benefit costs). If these assets are all reduced to zero, the remaining excess should be recognized as extraordinary gain. Starting from January 1, 2006, the unamortized balance of the excess of the acquisition cost of the long-term investment by the equity method over the equity in the investee's net assets value is also no longer amortized and applies the same accounting treatment as goodwill.

Gains or losses from the Corporation's sales to its subsidiaries are deferred and included in deferred income and have been recorded as other liabilities. Gains or losses on the Corporation's equity accounted investee's sales to the Corporation are deferred in proportion to the Corporation's ownership percentages in the investees until realized through transactions with third parties. Gains or losses from transactions between two investees that are both accounted for using equity method are deferred in proportion to the Corporation's equivalent stock ownership in the investees if the Corporation has controlling power over each investee. If the Corporation does not have controlling power over both investees that have reciprocal transactions, unrealized gains or losses from reciprocal transactions should be deferred in proportion to the Corporation's ownership percentage in one investee multiplied by the ownership percentage in the other investee.

The cost and the resulted gain or loss from sales of investments is determined by the weighted-average method.

Property and Equipment and Assets Leased to Others

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

Depreciation is calculated using the straight-line method over the estimated service lives, which range as follows: buildings - 50 to 55 years; telecommunication equipment - 2 to 15 years; office equipment - 3 to 6 years; leased assets - 20 years; leasehold improvements - 3 to 10 years; and miscellaneous equipment - 2 to 6 years.

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

Intangible Assets

Franchise refer to the payment for the 3G mobile telecommunication service - License C. The 3G concession is recorded at acquisition cost and is amortized over 13 years and 9 months starting from the license issuance date.

Trademarks is amortized by the straight-line method over 10 years; computer software cost is amortized over 3 to 5 years.

Goodwill

Goodwill is the unidentifiable difference between the cost of acquisition and the equity in the investee's net asset value. Starting January 1, 2006, in accordance with the newly revised SFAS, goodwill is no longer amortized. Please refer to the accounting policy of investments accounted for by the equity method.

Customer Relationship and Operating Rights

The customer relationship and operating rights shall be identified when analyzing the excess of acquisition cost over the ownership in net assets value of an investee, and be booked at fair values provided by the purchase price allocation report.

Customer relationship and operating rights are measured on the basis of the future economic value and useful life of a subsidiary's cable TV business. Customer relationship is amortized by straight-line method over 20 years. Operating rights is based on a license issued by the Ministry of Transportation and Communications. Although the license has a statutory period, the subsidiary can file for license renewal. Although the license has a statutory period, it can be filed for renewal. Furthermore, it does not have a definite useful life in light of future competition from IPTV. Thus, this intangible asset should be tested annually for impairment instead of being amortized in accordance with SFAS No. 37. An impairment test is also required if there is evidence of goodwill impairment due to certain circumstances.

Idle Assets

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

Deferred Charges

Deferred charges, which included interior decoration, arrangement fee from syndicated bank loan, and issuance costs of bonds are amortized by the straight-line method over 1 to 7 years or contract periods.

Asset Impairment

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

Pension Costs

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

Bonds Payable

Convertible bonds with redemption rights are classified as current or non-current according to the redemption dates. The redemption price in excess of the face value of the bonds is amortized using the interest method from the issuance date through the maturity date and accounted for as accrued interest compensation. The accrued interest compensation is provided as a valuation account of convertible bonds. The issuance costs are recognized as deferred charges. The issuance costs for the non-convertible bonds are amortized over the term of the bond, and those for the convertible bonds with redemption rights are amortized from the issuance date to the maturity date of redemption rights.

When bondholders exercise their conversion rights, the face value of the bonds and the related accrued interest compensation are both transferred to capital stock or entitlement certificates and capital surplus.

Income Taxes

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

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

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

Income tax of 10% on unappropriated earnings generated is expensed in the year when the shareholders resolve the retention of the earnings.

Income Basic Tax Act has taken effect from January 1, 2006. The amount of basic income shall be the sum of the taxable income as calculated in accordance with the Income Tax Act, plus deductions claimed in regard to investment tax credit granted under the provisions of other laws. The amount of basic tax shall be the amount of basic income multiplied by the tax rate (10%). Between the basic tax under the Income Basic Tax Act and the regular income tax calculated based on the Income Tax Act, the Corporation should pay whichever is the higher amount for the current income tax.

Treasury Stock

The purchase of issued shares is accounted for by debiting treasury stock, which is a reduction of shareholders' equity. The Corporation's stock held by its subsidiaries is treated as treasury shares, i.e., the subsidiaries' holdings of Corporation shares have been reclassified from investment accounted for using equity method into treasury stock.

If the proceeds on the disposal of treasury stock bought back by the Corporation exceed the carrying value of treasury stock, the excess is credited to capital surplus from treasury stock. If the proceeds are less than the carrying value of treasury stock, the difference is debited to capital surplus from treasury stock. If the balance of capital surplus from treasury stock is not sufficient to absorb the difference, the rest is recorded as a reduction of retained earnings. The gain on the subsidiaries' disposal of treasury shares and cash dividends received by the subsidiaries from the Corporation are recorded under capital surplus - treasury stock transactions.

Foreign-currency Transactions

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

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

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

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

Revenue Recognition

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

Service revenues from wireless services, value-added services, and fixed network services, net of any applicable discount, are billed at predetermined rates; the fixed-monthly fees on basic cable TV services are accrued; prepaid card service are recognized on the basis of minutes of usage.

Promotion Expenses

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

Hedging Derivative Financial Instruments

The interest rate swap contracts which the Corporation entered into to manage its exposure to the interest rate risk are designated as a cash flow hedge. The hedging instrument is measured at fair value, and the change of fair value is recognized directly in equity and will be recognized as profit or loss when the hedged forecast transaction affects profit or loss. If the cumulative net loss recognized in equity is regarded as irrecoverable, it is immediately recognized as a loss in the current period.

Reclassification

Certain accounts in the financial statements as of and for the six months ended June 30, 2006 have been reclassified to conform to the presentation of financial statements as of and for the six months ended June 30, 2007.

3. REASONS AND EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES

Effective January 1, 2006, the Group adopted newly issued SFAS No. 34, "Accounting for Financial Instruments," SFAS No. 36, "Disclosure and Presentation of Financial Instruments," and the revisions on the related SFASs.

a. Effect of the first time adoption of the newly issued and revised SFASs

Upon adoption of the newly issued and revised SFASs, the Group appropriately reclassified the financial assets and liabilities, including derivatives. The adjustments to the carrying values of the financial instruments at fair value through profit or loss were recorded in the cumulative effect of changes in accounting principles, and those of the available-for-sale financial assets measured at fair value and of the derivatives for cash flow hedge were recorded in equity.

The effect of the first time adoption of these SFASs is summarized as follows:

	Recognized as Cumulative Effect of Changes in Accounting Principles (Net of Tax)	Recognized in Equity (Net of Tax)
Financial assets at fair value through profit or loss	\$ 35	\$ -
Available-for-sale financial assets	-	2,082,823
Hedging derivative financial liabilities	-	<u>(248,184)</u>
	<u>\$ 35</u>	<u>\$ 1,834,639</u>

The changes in accounting policy resulted in a decrease in income after income tax of \$35 thousand for the six months ended June 30, 2006, but had no effect on net income and earnings per share (net of tax).

- b. Starting on January 1, 2006, the Group adopted newly revised SFAS No. 1, "Conceptual Framework for Financial Accounting and Preparation of Financial Statements," SFAS No. 5, "Long-term Investments in Equity Securities," and SFAS No. 25, "Business Combinations - Accounting Treatment under Purchase Method." These revisions primarily included that goodwill is no longer amortized and that the difference between the cost of acquisition and the equity in the investee's net assets value is subjected to an initial analysis. If defined as goodwill, the difference is no longer amortized but instead tested annually for impairment. These adoptions increased the income after income tax by \$238,631 thousand and had no effect on the cumulative effect of changes in accounting principle for the six months ended June 30, 2006.

4. CASH AND CASH EQUIVALENTS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Short-term notes and bills with repurchase rights	\$ 9,518,717	\$ 5,425,592
Government bonds with repurchase rights	2,548,127	6,390,169
Cash in banks	1,275,189	1,251,163
Time deposits	1,264,677	1,264,600
Cash on hand	32,662	23,406
Revolving funds	<u>6,191</u>	<u>3,072</u>
	<u>\$ 14,645,563</u>	<u>\$ 14,358,002</u>

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

Information of financial instruments held for trading is summarized as follows:

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
<u>Financial assets held for trading</u>		
Beneficiary certificates		
Open-end mutual funds	<u>\$ -</u>	<u>\$ 9,568,268</u>

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Domestic listed stocks		
Fubon Financial Holding Company	\$ 2,638,134	\$ -
Chunghwa Telecom Co., Ltd.	168,538	8,775,000
Overseas listed stocks		
Hurray! Holding Co., Ltd. (NASDAQ listed company)	159,571	-
Mutual funds		
Open-end mutual bonds funds	<u>340,458</u>	<u>-</u>
	<u>\$ 3,306,701</u>	<u>\$ 8,775,000</u>

In the six months ended June 30, 2006, the Corporation recognized a gain of \$625,506 thousand from selling 50,000 thousand shares of Chunghwa Telecom Co., Ltd.

7. ACCOUNTS RECEIVABLE - THIRD PARTIES

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Accounts receivable	\$ 7,465,129	\$ 6,937,513
Less allowance for doubtful accounts	<u>(537,091)</u>	<u>(503,955)</u>
	<u>\$ 6,928,038</u>	<u>\$ 6,433,558</u>

8. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The subsidiary of the Corporation, TIT, acquired 84.6% of TFN's shares on April 17, 2007 and thus had control over TFN. The Corporation recognized investment income of \$172,290 thousand from January 1 to April 16, on its investment in TFN and its subsidiaries.

The investment income in Howin Technologies Co., Ltd. (HTC) was recognized under the equity method by debiting long-term investments. In the year ended December 31, 2006, HTC was divested. The investment income on HTC for the six months ended June 30, 2006, determined on the basis of this investee's unaudited financial statements, was \$554,770 thousand, and it included deferred gains or losses on the Corporation's equity accounted investee's sales to the Corporation and reciprocal transactions, amounting to \$552,725 thousand when the Corporation and its subsidiaries sold HTC.

9. FINANCIAL ASSETS CARRIED AT COST - NON-CURRENT

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Domestic emerging stocks		
Taiwan High Speed Rail Corporation	\$ 2,173,274	\$ -
Taiwan Fixed Network Co., Ltd.	-	3,869,974
Domestic unlisted stocks		
Arcoa Communication Co., Ltd.	67,731	67,731
Great Taipei Broadband Co., Ltd.	52,563	-
Parawin Venture Capital Corp.	22,202	25,144
Sunnet Technologies Co., Ltd.	11,820	3,266
WEB Point Co., Ltd.	6,773	7,084
Foreign unlisted stocks		
Bridge Mobile Pte Ltd.	<u>52,052</u>	<u>32,160</u>
	<u>\$ 2,386,415</u>	<u>\$ 4,005,359</u>

The above stocks had no active market quotation and reliably determining their fair values would entail an unreasonably high cost; thus, these investments were measured at cost. For the six months ended June 30, 2007, the Corporation recognized an impairment loss in proportion to its ownership percentage of net worth amounting to \$8,105 thousand.

10. BONDS MEASURED AT AMORTIZED COST - NON-CURRENT

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Taiwan High Speed Rail Corporation - unlisted convertible preferred stock - series A	<u>\$ 500,000</u>	<u>\$ -</u>

11. PROPERTY AND EQUIPMENT - ACCUMULATED DEPRECIATION

	June 30	
	2007	2006
Accumulated depreciation		
Buildings	\$ 340,605	\$ 290,169
Telecommunication equipment	35,706,884	29,429,937
Office equipment	141,578	125,597
Leased assets	324,366	260,556
Leasehold improvements	178,391	-
Miscellaneous equipment	<u>1,054,468</u>	<u>597,283</u>
	<u>\$ 37,746,292</u>	<u>\$ 30,703,542</u>
Accumulated impairment		
Land	\$ 12,287	\$ -
Buildings	12,740	-
Telecommunication equipment	857,948	-
Office equipment	1,523	-
Leasehold improvements	16,551	-
Miscellaneous equipment	<u>805</u>	<u>-</u>
	<u>\$ 901,854</u>	<u>\$ -</u>

Interest expenses capitalized for the six months ended June 30, 2007 and 2006 amounted to \$16,928 thousand and \$5,582 thousand, respectively, with interest rates ranging from 2.40% to 2.64% and from 2.28% to 3.12%, respectively.

12. INTANGIBLE ASSETS

	Six Months Ended June 30, 2007		
	Goodwill	Customer Relationship	Operating Rights
<u>Cost</u>			
Beginning balance	\$ 6,835,370	\$ -	\$ -
Add			
Consolidated acquisition	<u>3,115,540</u>	<u>2,280,176</u>	<u>1,169,172</u>
Ending balance	<u>\$ 9,950,910</u>	<u>\$ 2,280,176</u>	<u>\$ 1,169,172</u>

a. Customer relationship and operating rights

On April 17, 2007, TIT, the Corporation's 100%-owned subsidiary, acquired more than 50% of TFN through a public tender offer at the price of NT\$8.3 pre share. Under SFAS No. 25 - "Business Combinations" and No. 37 - "Accounting for Intangible Assets", the Corporation should measure the fair value of the acquired assets and identify major intangible assets as well as the amortization periods, at fixed network service and cable TV two cash generating units. Accordingly, customer relationship and operating rights are identified as major intangible assets whilst the rest is classified as goodwill.

b. Goodwill

In conformity with SFAS No. 35, "Accounting for Asset Impairment," the Group identified the Corporation, TAT and Mobitai in 2006 and the Corporation, the former TAT and the former Mobitai in 2005 as the smallest identifiable group of cash-generating units. TAT (including the former TAT) and Mobitai (including the former Mobitai) mainly provide second-generation GSM wireless communication services. The recoverable amounts of TAT (including the former TAT) and Mobitai (including the former Mobitai) were measured by the assets for operating and goodwill values in use under the following critical assumptions:

1) Assumptions on operating revenues

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

2) Assumptions on operating costs and expenses

The estimates of commissions, customer retention costs, customer service costs and bill processing costs were based on the projected changes in subscriber numbers. The estimates of remaining costs and expenses were based on the proportion of the actual costs and expenses to operating revenues in the 2006 and 2005 financial statements.

3) Assumptions on discount rate

In 2006, the Group used the discount rates of 8.70%, 9.84%, and 9.70% in calculating the asset recoverable amounts of the Corporation, TAT and the Mobitai, respectively. In 2005, the discount rates are 8.12%, 7.63%, and 8.72% for the Corporation, former TAT, and the former Mobitai, respectively.

On the basis of critical assumptions of each cash-generating unit, the Group's management believes that the carrying amounts of these assets for operating and goodwill will not exceed their recoverable amounts even if there are changes in the critical assumptions used to estimate recoverable amounts as long as these changes are reasonable for the year ended December 31, 2006 and 2005.

13. ASSETS LEASED TO OTHERS AND IDLE ASSETS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Assets leased to others		
Cost	\$ 595,142	\$ 985,831
Less accumulated depreciation	(133,163)	(57,708)
Less accumulated impairment	<u>(53,541)</u>	<u>(10,591)</u>
	<u>\$ 408,438</u>	<u>\$ 917,532</u>
Idle assets		
Cost	\$ 2,773,843	\$ 3,332,122
Less accumulated depreciation	(672,661)	(976,338)
Less accumulated impairment	(362,086)	(230,110)
Loss due to market decline	<u>(1,476,566)</u>	<u>(1,893,243)</u>
	<u>\$ 262,530</u>	<u>\$ 232,431</u>

The carrying values of idle property (including land, buildings and telecommunications equipment) were less than their net realizable values or appraisal values, thus, the difference was recognized as impairment loss. The Corporation recognized impairment losses \$15,491 thousand and \$2,005 thousand for the six months ended June 30, 2007 and 2006, respectively.

14. DEFERRED CHARGES

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Interior decoration	\$ 263,462	\$ 208,334
Construction expenditures	49,711	84,738
Other	<u>88,651</u>	<u>21,820</u>
	<u>\$ 401,824</u>	<u>\$ 314,892</u>

15. SHORT-TERM BANK LOANS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Unsecured loans (interest rates were 2.034%-2.170% in 2007)	\$ 14,190,000	\$ -
Secured loans (interest rate was 2.113% in 2007)	<u>2,180,000</u>	<u>-</u>
	<u>\$ 16,370,000</u>	<u>\$ -</u>

The assets provided as collaterals for loans to financial institutions as of June 30, 2007 are shown in Note 26.

16. BONDS PAYABLE

	<u>June 30</u>			
	<u>2007</u>		<u>2006</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Domestic unsecured bonds	\$ 3,750,000	\$ 10,000,000	\$ 1,250,000	\$ 13,750,000
1st domestic convertible bonds	-	-	272,900	-
2nd domestic convertible bonds	30,200	-	-	265,000
Add accrued interest compensation	<u>5,181</u>	<u>-</u>	<u>64,981</u>	<u>35,544</u>
	<u>\$ 3,785,381</u>	<u>\$ 10,000,000</u>	<u>\$ 1,587,881</u>	<u>\$ 14,050,544</u>

a. Domestic secured bonds

On February 1, 2001, the Corporation issued \$3,000,000 thousand of five-year domestic secured bonds, with each bond having a face value of \$1,000 thousand with a coupon rate of 5.31% per annum. The bonds will be redeemed in the fourth and fifth years after the issuance date at \$1,500,000 thousand for each of those years. Interest is payable annually. The bonds were repaid by the Corporation in February 2006.

b. Domestic unsecured bonds

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

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

c. 1st domestic convertible bonds

On August 25, 2001, the Corporation issued \$10,000,000 thousand of five-year domestic unsecured convertible bonds, with each bond having a face value of \$100 thousand and 0% interest. Within the conversion period, starting from 3 months after the issuance date to the 10th day before maturity, the bondholders may ask for bond conversion into common stocks or entitlement certificates of the Corporation. Cash is paid for those bonds that cannot be converted into one share. The conversion price is subject to adjustment based on the prescribed formula. The conversion price has been NT\$22.2 per share since July 20, 2006. As of August 24, 2006, bonds amounting to \$6,802,300 thousand had been converted to 226,716 thousand of common shares. As of August 24 (due date), 2006, bonds amounting to \$3,194,400 thousand were purchased and canceled by the Corporation, and the other \$3,300 thousand was repaid by the Corporation on August 24, 2006.

If the closing price of the Corporation's share is above 50% of the conversion price for 30 consecutive trading days of the Taiwan Stock Exchange from 3 months after bond issuance to the 40th day before maturity, the Corporation has the option to convert the bonds to entitlement certificates at the conversion price or to redeem the bonds by cash at face value. If the total value of outstanding convertible bonds becomes less than 10% of the total principal, the Corporation also has the option, at any time, to convert the bonds to entitlement certificates at the conversion price or to redeem the bonds by cash at face value.

On the third year after the issuance date, the holders may redeem the bonds by cash at face value plus interest accrued, which is 113.30% of face value calculated based on an implied yield rate of 4.25%. Upon maturity, the Corporation has redeemed the bonds by cash at face value plus interest accrued, which is 124.62% of face value, calculated based on an implied yield rate of 4.5%.

d. 2nd domestic convertible bonds

On August 16, 2002, the Corporation issued \$6,000,000 thousand of five-year domestic unsecured convertible bonds, with each bond having a face value of \$100 thousand and 0% interest. Within the conversion period from 3 months after issuance date to the 10th day before maturity, the bondholders may have the bonds converted into common stocks of the Corporation. Cash is paid for bonds that cannot be converted into one share. The conversion price is subject to adjustment based on the prescribed formula. The conversion price has been NT\$23.6 per share since July 20, 2006. As of June 30, 2007, bonds amounting to \$5,425,100 thousand have been converted to 210,360 thousand of common shares. Bonds amounting to \$544,700 thousand were purchased and canceled by the Corporation.

If the closing price of the Corporation's share is above 50% of the conversion price for 30 consecutive trading days of the Taiwan Stock Exchange from 3 months after bond issuance to the 40th day before maturity, the Corporation has the option to convert the bonds to common stocks at conversion price or to redeem the bonds by cash at face value. If the total value of outstanding convertible bonds becomes less than 10% of the total principal, the Corporation also has the option - from 3 months after bond issuance to the 40th day before maturity - to convert the bonds to common stocks at the conversion price or to redeem the bonds by cash at face value.

On the third year after the issuance date, the holders may redeem the bonds by cash at face value plus interest accrued, which is 109.59% of face value, calculated based on an implied yield rate of 3.1%. Upon maturity, the Corporation will redeem the bonds by cash at face value plus interest accrued, which is 117.63% of face value, calculated based on implied yield rate of 3.3%.

Future repayments of corporate bonds, excluding convertible bonds, are as follows:

Year	Amount
From the third to fourth quarter, 2007	\$ 3,750,000
2008	2,500,000
2009	<u>7,500,000</u>
	<u>\$ 13,750,000</u>

17. LONG-TERM BANK LOANS

	June 30, 2007
Unsecured loans	\$ 1,000,000
Secured loans	<u>7,824,931</u>
	8,824,931
Less current portion of long-term liabilities	<u>(4,244,000)</u>
	<u>\$ 4,580,931</u>

a. Unsecured loans

TFN entered into an agreement of \$15,000,000 thousand (\$12,500,000 thousand unsecured loan and \$2,500,000 thousand secured borrowing) 3-year syndicated bank loan starting from September 13, 2004 with 14 financial institutions led by Chinatrust Commercial Bank and Taipei Fubon Commercial Bank to fund its capital reduction. The interest ranged from 2.4095% to 2.5042% for the first half of 2007 and payable monthly. TFN had repaid \$11,500,000 thousand unsecured loan as of June 30, 2007 and the rest will be due in a lump sum at maturity.

b. Secured loans

The above-mentioned \$2,500,000 secured borrowing was of 3-year duration starting from September 13, 2004 with principal due in a lump sum at maturity. The interest rate ranged from 2.3568% to 2.4516% for the first half of 2007, payable monthly.

TFNM and its subsidiaries entered into an agreement of \$7,000,000 thousand 7-year syndicated bank loan with 18 financial institutions led by Chinatrust Commercial Bank on August 9, 2005 for the needs of capital expenditure and operations. The \$7,000,000 thousand of credit line is available from September 2, 2005 to September 2, 2012, with interest payable quarterly. The interest rate was based on "Moneyline Telerate page 51328 in 30, 60, 90 and 180 days short-term rate" plus 0.65% to 1.5% mark-up.

The assets provided as collaterals for loans to financial institutions are listed in Note 26.

18. LONG-TERM NOTES PAYABLE

	June 30, 2007
Long-term notes payable	\$ 2,450,000
Less discount on long-term notes payable	(66,823)
Less current portion of long-term liabilities	<u>(2,383,177)</u>
	<u>\$ -</u>

TFNI has \$2,450,000 thousand notes payable to Pacific Construction Co., Ltd. for the purchase of FYM in May 2006. This repayment date is 20 months from the transaction date. The present value of this payable is \$2,263,875 thousand, based on 4.75% discount rate.

19. PENSION PLAN

The Labor Pension Act (LPA) became effective on July 1, 2005. Employees on board before June 30, 2005 may choose to continue to be subject to the pension plan under the Labor Standards Act (LSA) or be subject to the new pension plan under LPA, with their service years accumulated as of July 1, 2005 to be retained and subject to the pension plan under LSA. Starting from July 1, 2005, new employees may only choose to be subject to the new pension plan under LPA.

The new LPA provides for a defined contribution pension plan. Starting from July 1, 2005, the Corporation should contribute monthly an amount equal to 6% of the employees' monthly wages to the employees' individual pension accounts. The Group recognized a pension cost of \$69,169 thousand and \$57,798 thousand for the six months ended June 30, 2007 and 2006, respectively.

The LSA provides for a defined benefit pension plan. Benefits are based on the length of service and average basic pay of the six months before retirement. The Corporation contributes monthly an amount equal to 2% of the employees' monthly wages to a pension fund. The pension fund is managed by an independently administered pension fund committee and deposited in the committee's name in the Central Trust of China. (Approved by Department of Labor, Taipei City Government on April 13, 2007, the Corporation stops contributions from February 2007 to January, 2008.)

20. SHAREHOLDERS' EQUITY

a. Capital surplus

Under the Company Law, capital surplus may only be used to offset a deficit. However, capital surplus generated from the excess of the issue price over the par value of capital stock, including the stock issued for new capital and the buyback of treasury stock, may be transferred to capital as stock dividends, and this transfer is restricted to a certain percentage of the capital surplus and may be made only within prescribed limits each time.

b. Appropriation of earnings and dividend policy

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

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

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

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

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

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

The 2006 and 2005 earnings appropriations resolved by the shareholders in their meetings on June 15, 2007 and 2006 were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividend Per Share</u> (NT\$)	
	<u>For Fiscal</u> <u>Year 2006</u>	<u>For Fiscal</u> <u>Year 2005</u>	<u>For Fiscal</u> <u>Year 2006</u>	<u>For Fiscal</u> <u>Year 2005</u>
Appropriation of legal reserve	\$ 1,617,074	\$ 1,623,670		
Appropriation of special reserve	143,563	1,150,000		
Reversal of special reserve	-	(1,631)		
Remuneration to directors and supervisors	43,231	40,394		
Cash bonus to employees	432,303	403,940		
Cash dividends	<u>12,880,151</u>	<u>12,843,997</u>	\$2.58757	\$2.61677
	<u>\$ 15,116,322</u>	<u>\$ 16,060,370</u>		

To increase ROE (return of equity) and maintain stable EPS (earnings per share) and dividend, the Corporation's AGM (annual general shareholders' meeting) resolved on June 15, 2007, a capital reduction of \$12,000,000 thousand, representing 24% of outstanding shares. A record date will be set and followed by subsequent related procedures after the authority's approval.

c. Treasury stock

Purpose of Buyback	(Shares in Thousands)			
	Beginning Shares	Increase	Decrease	Ending Shares
<u>Six months ended June 30, 2007</u>				
To be transferred to employees	46,537	-	23,824	22,713
Shares held by subsidiaries	-	1,368,250	-	1,368,250
<u>Six months ended June 30, 2006</u>				
To be transferred to employees	11,551	57,804	2,023	67,332

1) Transfer of stock

For the six months ended June 30, 2007, the Corporation transferred the treasury stocks through various tranches to employees of 23,824 thousand shares at NT\$28.17 and NT\$31.16 per share, respectively, resulting in a reduction of retained earnings, amounting to \$4,869 thousand and an increase on paid-in capital, amounting to \$4,127 thousand.

For the six months ended June 30, 2006, the Corporation transferred the treasury stock through various tranches to employees of 2,023 thousand shares at NT\$30.47 per share, resulting in a reduction of retained earnings, amounting to \$916 thousands.

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

2) Shares held by subsidiaries

TFN and its subsidiary (TFNI), have become the subsidiaries of the Corporation since April 17, 2007. On June 30, 2007, the market value of the treasury stocks which held by TFN and TFNI was \$55,072,072 thousand. The Corporation reclassified \$37,045,314 thousand from investments accounted for using equity method to treasury stock based on holding shares of 84.6%. Although these shares are treated as treasury stock in the consolidated financial statement, the shareholders are entitled to exercise their rights on these shares, except for participation in capital injection by cash. In addition, based on revised ROC Company Act, the shareholders of treasury stocks can not exercise the voting rights.

d. Unrealized gains (losses) on financial instruments

Unrealized gains or losses on financial instruments for the six months ended June 30, 2007 and 2006 were summarized as follows:

	<u>Six Months Ended June 30</u>	
	2007	2006
Available-for-sale financial assets		
Balance, beginning of period	\$ 40,652	\$ -
Effect of the first time adoption of new issued SFAS No. 34	-	2,082,823
Fair value changes recognized directly in equity	5,645	359,800
Transfer to current gains or loss upon sales of financial assets	<u>-</u>	<u>(625,506)</u>
	<u>46,297</u>	<u>1,817,117</u>
Changes in unrealized gains (losses) of cash flow hedge		
Balance, beginning of period	(218,284)	-
Effect of the first time adoption of new issued SFAS No. 34	-	(248,184)
Fair value changes recognized directly in equity	<u>23,222</u>	<u>(67,207)</u>
	<u>(195,062)</u>	<u>(315,391)</u>
Recognition of investees' changes in unrealized gains or losses by the equity method		
Balance, beginning of period	30,209	-
Fair value changes recognized directly in equity	<u>(150,290)</u>	<u>-</u>
	<u>(120,081)</u>	<u>-</u>
Unrealized gain (losses) of financial instruments	<u>\$ (268,846)</u>	<u>\$ 1,501,726</u>

21. INCOME TAX EXPENSE

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

	<u>Six Months Ended June 30</u>	
	2007	2006
Tax on pretax income at statutory tax rate (25%)	\$ 3,407,307	\$ 2,622,009
Add (deduct) tax effects of		
Permanent differences		
Investment income from domestic investees accounted for under the equity method	(857,572)	(518,308)
Gain on disposal of marketable securities	(39,802)	(159,766)
Other	110,636	(72,646)
Temporary differences	(574,493)	76,630
Tax-exempt income	-	(188,124)
Income tax (10%) on unappropriated earnings	106,091	471,771
Investment tax credits	(253,390)	(716,012)
Prior year's loss carryforward	(27,713)	-
Deferred income taxes	548,048	(443,326)
Prior year's adjustment	117,367	99,061
Tax on short-term bills	13,844	2,621
Income basic tax	<u>8,312</u>	<u>-</u>
Income tax expense	<u>\$ 2,558,635</u>	<u>\$ 1,173,910</u>

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

	June 30	
	2007	2006
Provision for doubtful accounts	\$ 879,912	\$ 766,481
Unrealized loss on retirement of property and equipment	427,292	247,945
Provision for impairment losses on idle assets	1,418,837	449,011
Amortization of goodwill	(136,224)	-
Unrealized loss on financial liabilities	65,020	105,131
Prior year's loss carryforward	80,732	48,390
Investment tax credits	1,429,957	-
Accrued interest compensation	1,295	25,131
Accrued pension cost	6,833	16,729
Other	<u>76,014</u>	<u>6,971</u>
	4,249,668	1,665,789
Less valuation allowance	<u>(3,092,868)</u>	<u>(412,209)</u>
	<u>\$ 1,156,800</u>	<u>\$ 1,253,580</u>
Deferred income tax assets		
Current	\$ 159,999	\$ 138,420
Non-current	<u>1,046,684</u>	<u>1,115,160</u>
	<u>\$ 1,206,683</u>	<u>\$ 1,253,580</u>
Deferred income tax liabilities		
Current	\$ (33,100)	-
Non-current	<u>(16,783)</u>	<u>-</u>
	<u>\$ (49,883)</u>	<u>\$ -</u>

c. As of June 30, 2007, TFN, TFNM and WTVB's investment tax credits consisted of the following:

Regulatory Basis of Tax Credits	Item	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 873,786	\$ 871,852	2010
	Personnel training	4,905	4,905	2011
	Investments in important technology - based enterprises	553,200	553,200	2007
		<u>\$ 1,431,891</u>	<u>\$ 1,429,957</u>	

- d. Following were the net operating loss carryforwards of TT&T, TYDB, WTVB, R&R and MCTV as of June 30, 2007:

Year	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
2002	\$ 122,673	\$ 23,755	2007
2003	146,160	75,489	2008
2004	23,955	23,955	2009
2005	16,886	16,886	2010
2006	<u>183,712</u>	<u>183,712</u>	2011
	<u>\$ 493,386</u>	<u>\$ 323,797</u>	

- e. Under Article 8 of the Statute for Upgrading Industries (SUI) before the SUI amendment in 1999, the Corporation is considered an important invested enterprise. Thus, the Corporation's net operating income generated from the following expansion of its equipment is exempt from income tax for five years during the period specified, as approved by the Ministry of Finance.

Equipment Expansion Projects	Tax-Exempt Period
Switches, BTS and related telecommunication equipment, acquired from September 30, 2000 to September 30, 2001	2002 to 2006

- f. Integrated income tax information was as follows:

	June 30	
	2007	2006
Balance of imputation credit account (ICA)		
The Corporation	\$ <u>3,733,789</u>	\$ <u>1,893,203</u>
TAT	\$ <u>338,993</u>	\$ <u>398,950</u>
Mobitai	\$ <u>260,087</u>	\$ <u>109,983</u>
TCC (formerly TDS)	\$ <u>711</u>	\$ <u>252</u>
TYDB	\$ <u>97</u>	\$ <u>-</u>
TDC	\$ <u>-</u>	\$ <u>-</u>
TT&T	\$ <u>27,798</u>	\$ <u>27,798</u>
TCPIA	\$ <u>-</u>	\$ <u>-</u>
TLIA	\$ <u>8</u>	\$ <u>-</u>
TIT	\$ <u>-</u>	\$ <u>-</u>
TUC	\$ <u>-</u>	\$ <u>-</u>
TFN	\$ <u>257,551</u>	\$ <u>-</u>
TFNI	\$ <u>391</u>	\$ <u>-</u>
HYI	Not applicable	
R&R	\$ <u>-</u>	\$ <u>-</u>
WTVB	\$ <u>-</u>	\$ <u>-</u>
TFND	Not applicable	
TFNM	\$ <u>18,491</u>	\$ <u>-</u>
FYM	\$ <u>578,164</u>	\$ <u>-</u>
UCTV	\$ <u>50,484</u>	\$ <u>-</u>
SHCTV	\$ <u>1,848</u>	\$ <u>-</u>
YJCTV	\$ <u>57,131</u>	\$ <u>-</u>
MCTV	\$ <u>13,680</u>	\$ <u>-</u>
NCCTV	\$ <u>3,752</u>	\$ <u>-</u>
PCTV	\$ <u>64,457</u>	\$ <u>-</u>
GCTV	\$ <u>50,468</u>	\$ <u>-</u>

As of June 30, 2007, there were no unappropriated earnings generated before January 1, 1998. The estimated or actual creditable ratio for the 2006 and 2005 earnings appropriation were as follows:

	2006	2005
The Corporation	19.42%	9.88%
TAT	23.74%	Not applicable
Mobitai	22.11%	Not applicable
TCC (formerly TDS)	18.04%	-
TYDB	-	-
TDC	Not applicable	Not applicable
TT&T	-	-
TCPIA	-	-
TLIA	33.33%	6.83%
TIT	Not applicable	Not applicable
TUC	Not applicable	Not applicable
TFN	-	
TFNI	17.81%	
HYI	-	
TFND	-	
R&R	-	
WTVB	-	
TFNM	24.76%	
FYM	33.33%	
UCTV	-	
SHCTV	23.89%	
YJCTV	33.34%	
MCTV	33.41%	
NCCTV	33.46%	
PCTV	33.33%	
GCTV	33.34%	

The imputation credits allocated to the shareholders are based on the ICA balance as of the date of dividend distribution. The estimated creditable ratio for the 2006 earnings appropriation may be adjusted when the imputation credits are distributed.

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

	Year
The Corporation	2003
The former TAT	2005
TAT	None
The former Mobitai	2004
Mobitai	None
TCC (formerly TDS)	2005
Taiwan Cellular Co., Ltd. (former TCC)	2004
TYDB	2005
TDC	Not applicable
TT&T	2004
TCPIA	2005
TLIA	2005

(Continued)

	Year
TIT	Not applicable
TUC	Not applicable
TFN	2003
TFNI	2004
HYI	2004
TFND	None
R&R	2005
WTVB	2005
TFNM	2005
FYM	2004
UCTV	None
SHCTV	2004
YJCTV	2003
MCTV	2004
NCCTV	2004
PCTV	2003
GCTV	2004
	(Concluded)

Income tax returns through 2003 had been examined by the tax authorities. However, the Corporation disagreed with the examination result of the income tax returns from 1999 to 2001, and filed requests for reexamination. And income tax returns from 2002 to 2003 are estimated to file requests for the reexamination in August, 2007.

The former TAT's income tax returns through 2005 had been examined by the tax authorities. However, the former TAT disagreed with the examination result on the income tax returns and filed administrative proceedings for 2002 to 2003 which was conducted by the Supreme Court of the R.O.C and petition for reexamination in 2004. TAT also plans to file an appeal in September 2007 for the reexamination of its 2005 return.

22. EARNINGS PER SHARE

(In New Taiwan Dollar)

	Six Months Ended June 30			
	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Basic EPS				
Income before cumulative effect of changes in accounting principles	\$ 2.36	\$ 1.82	\$ 1.63	\$ 1.57
Cumulative effect of changes in accounting principle	-	-	-	-
Net income	<u>\$ 2.36</u>	<u>\$ 1.82</u>	<u>\$ 1.63</u>	<u>\$ 1.57</u>
Diluted EPS				
Income before cumulative effect of changes in accounting principles	\$ 2.36	\$ 1.82	\$ 1.62	\$ 1.55
Cumulative effect of changes in accounting principle	-	-	-	-
Net income	<u>\$ 2.36</u>	<u>\$ 1.82</u>	<u>\$ 1.62</u>	<u>\$ 1.55</u>

	<u>Amounts (Numerator)</u>		<u>Shares (Denominator) (Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>		<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>Six months ended June 30, 2007</u>					
Basic EPS					
Income of common shareholders	\$ 10,395,252	\$ 8,001,218	4,395,383	<u>\$ 2.36</u>	<u>\$ 1.82</u>
Add effect of potentially dilutive convertible bonds 2nd convertible bonds (with implied yield rate of 3.3%)	<u>910</u>	<u>683</u>	<u>2,069</u>		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 10,360,162</u>	<u>\$ 8,001,901</u>	<u>4,397,452</u>	<u>\$ 2.36</u>	<u>\$ 1.82</u>
<u>Six months ended June 30, 2006</u>					
Basic EPS					
Income of common shareholders	\$ 8,057,020	\$ 7,750,031	4,938,328	<u>\$ 1.63</u>	<u>\$ 1.57</u>
Add effect of potentially dilutive convertible bonds 1st convertible bonds (with implied yield rate of 4.5%)	22,900	17,175	36,931		
2nd convertible bonds (with implied yield rate of 3.3%)	<u>11,309</u>	<u>8,482</u>	<u>25,543</u>		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 8,091,229</u>	<u>\$ 7,775,688</u>	<u>5,000,802</u>	<u>\$ 1.62</u>	<u>\$ 1.55</u>

23. LABOR COST, DEPRECIATION AND AMORTIZATION EXPENSE

	<u>Six Months Ended June 30</u>					
	<u>2007</u>			<u>2006</u>		
	<u>Classified as Operating Cost</u>	<u>Classified as Operating Expenses</u>	<u>Total</u>	<u>Classified as Operating Cost</u>	<u>Classified as Operating Expenses</u>	<u>Total</u>
Labor cost						
Salary	\$ 418,991	\$ 1,311,918	\$ 1,730,909	\$ 231,618	\$ 1,108,628	\$ 1,340,246
Labor and health insurance	25,034	76,327	101,361	14,682	71,055	85,737
Pension	19,078	51,257	70,335	13,229	55,076	68,305
Other	<u>21,932</u>	<u>56,917</u>	<u>78,849</u>	<u>12,758</u>	<u>63,520</u>	<u>76,278</u>
	<u>\$ 485,035</u>	<u>\$ 1,496,419</u>	<u>\$ 1,981,454</u>	<u>\$ 272,287</u>	<u>\$ 1,298,279</u>	<u>\$ 1,570,566</u>
Depreciation	\$ 3,351,049	\$ 283,093	\$ 3,634,142	\$ 3,116,122	\$ 220,165	\$ 3,336,287
Amortization	412,806	92,852	505,658	432,411	105,478	537,889

24. FINANCIAL INSTRUMENT TRANSACTIONS

a. Fair value information

	June 30			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Non-derivative financial instruments</u>				
Liabilities				
Bonds payable (including current portion)	\$ 13,785,381	\$ 13,718,734	\$ 15,638,425	\$ 15,625,381

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

- 1) Financial assets at fair value through profit or loss and available-for-sale financial assets - based on quoted prices in an active market on the balance sheet date.
- 2) Because there is no active market and a reliable fair value could only be verified at a more than reasonable cost, the fair values of investments in unlisted stocks carried at cost or accounted for using equity method can not be estimated.
- 3) The fair value of long-term liabilities is measured at the present value of expected cash flows. Since the interest rate is floating, fair value approximates book value.
- 4) Bonds payable - based on the over-the-counter quotations in June.
- 5) Derivative financial instruments - based on valuation results provided by banks. As of June 30, the financial instrument held by the Corporation turned into financial liability, evaluated by the bid price of counter party.
- 6) The above financial instruments do not include cash and cash equivalents, notes and accounts receivables, pledged time deposits, refundable deposits, short-term bank loans, notes and accounts payable and guarantee deposits. Because of the short maturities of these instruments, the carrying values represent a reasonable basis to estimate fair values.

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

d. The financial assets exposed to fair value interest rate risk amounted to \$13,400,648 thousand and \$13,090,361 thousand as of June 30, 2007 and 2006, respectively, and the financial liabilities exposed to fair value interest rate risk amounted to \$25,038,558 thousand and \$8,138,425 thousand as of June 30, 2007 and 2006, respectively. The financial assets exposed to cash flow interest rate risk amounted to \$1,250,293 thousand and \$813,118 thousand as of June 30, 2007 and 2006, respectively, and the financial liabilities exposed to cash flow interest rate risk amounted to \$16,585,012 thousand and \$7,920,522 thousand as of June 30, 2007 and 2006, respectively.

e. Information on financial risks:

1) Market risk

The interest rate swap (IRS) contracts are used to hedge interest rate fluctuation on its liabilities with anti-floating interest rates. Since the interest receivable and payable are settled at net amounts on the settlement date. The market risk is immaterial.

2) Credit risk

Credit risk represents the potential impacts to financial assets that the Corporation might encounter if counter-parties or third parties breach the contracts. Factors that affect the impacts include credit risk concentration, components of financial instruments, contract amount and other receivables. The Corporation's evaluation of credit risk exposure as of June 30, 2007 and 2006 were both zero because all of counter-parties are reputable financial institutions with good credit ratings.

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

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

3) Liquidity risk

The Group entered into IRS transactions to hedge cash flow risks. Because the IRS contracts are settled at net amounts, the expected cash demand is insignificant. The Group have sufficient working capital to meet cash demand.

4) Cash flow risk from interest rate fluctuations

The subsidiaries has long-term loans and long-term liabilities with floating interest rates. As a result, the effective interest rates on these loans will change as the market interest rates change. If the annual interest rates rise by 1%, net cash will increase \$88,249 thousand annually.

f. The purpose of derivative financial instruments held or issued and the strategies to meet the purpose

The Group uses IRS contracts to hedge fluctuation on its liabilities with anti-floating interest rates. The overall purpose of these contracts is to hedge the Group's exposure to cash flow risks. The Group uses interest rate swaps to hedge interest rate fluctuation risk and periodically evaluates the effectiveness of the hedging instruments.

25. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Group
Taiwan Mobile Foundation	Over one third of the Foundation's issued fund came from the Corporation
Fubon Life Assurance Co., Ltd.	Same chairman
Fubon Securities Investment Trust Co., Ltd.	Related party in substance

(Continued)

Related Party	Relationship with the Group
Chung Hsing Constructions Co., Ltd.	Related party in substance
Fubon Land Development Co., Ltd.	Related party in substance
Taiwan Fixed Network Co., Ltd. (TFN)	Related party in substance (included in consolidation on April 17, 2007)
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Related party in substance
Fubon Securities Co., Ltd. (FSC)	Related party in substance
Fubon Insurance Co., Ltd. (Fubon Ins.)	Related party in substance
Fubon Multimedia Technology Co., Ltd. (FMT)	Related party in substance
Fubon Property Management Co., Ltd.	Related party in substance
Dai-Ka Ltd. (DKL)	Related party in substance
Howin Technologies Co., Ltd. (HTC)	Equity-method investee (all shares were sold in June 2006)

(Concluded)

b. Significant transactions with related parties are summarized below:

1) Operating revenues

	Six Months Ended June 30			
	2007		2006	
	Amount	% of Total Revenues	Amount	% of Total Revenues
TFN	\$ 454,567	1	\$ 786,885	3
FMT	10,441	-	67,909	-
TFCB	<u>24,009</u>	-	<u>12,923</u>	-
	<u>\$ 489,017</u>		<u>\$ 867,717</u>	

The Group rendered mainly telecommunications services to the above companies. The average collection period for notes and accounts receivable was the same as transaction with non-related parties.

2) Operating costs

	Six Months Ended June 30			
	2007		2006	
	Amount	% of Total Costs	Amount	% of Total Costs
TFN	\$ 254,127	2	\$ 458,378	4
Fubon Ins.	51,533	-	52,279	-
DKL	<u>29,683</u>	-	<u>-</u>	-
	<u>\$ 335,343</u>		<u>\$ 510,657</u>	

The above companies rendered mainly telecommunications, maintenance and copyright services to the Group. The average payment term for notes and accounts payable was the same as transaction with non-related parties.

3) Rental income

		Six Months Ended June 30	
		2007	2006
		Leased Sites /Equipment	
TFN	Offices and BTS, etc.	\$ 22,523	\$ 14,413

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

4) Cash in banks and bank loans

		June 30			
		2007		2006	
		Amount	%	Amount	%
a) Cash in banks					
	TFCB	\$ 740,469	5	\$ 683,129	5
b) Pledged time deposits					
	TFCB	\$ 27,815	59	\$ 10,000	100

		Six Months Ended June 30, 2007	
c) Secured loans			
	<u>TFCB</u>		
	Short-term secured loans		
	Maximum balance for the period		\$ 2,180,000
	Ending balance		\$ 2,180,000
	Rate		2.113%
	Interest expenses		\$ 15,547
	Long-term secured loans		
	Maximum balance for the period		\$ 2,500,000
	Ending balance		\$ 2,500,000
	Rate		2.3568%-2.4516%
	Interest expenses		\$ 30,177

5) Receivables and payables

		June 30			
		2007		2006	
		Amount	%	Amount	%
a) Accounts receivable					
	TFCB	\$ 38,543	1	\$ 9,250	-
	FSC	23,720	-	-	-
	Fubon Ins.	11,900	-	303	-
	FMT	3,607	-	52,131	1
	TFN	-	-	148,866	2
	Other	8,982	-	1,003	-
		<u>\$ 86,752</u>		<u>\$ 211,553</u>	

	June 30			
	2007		2006	
	Amount	%	Amount	%
b) Other receivables				
HTC	\$ -	-	\$ 35,967	59
TFN	-	-	6,751	11
Other	<u>5,636</u>	2	<u>5,753</u>	9
	<u>\$ 5,636</u>		<u>\$ 48,471</u>	
c) Prepayments				
Fubon Ins.	<u>\$ 40,134</u>	5	<u>\$ 34,123</u>	10
d) Accounts payable				
TFN	\$ -	-	\$ 7,344	-
DKL	<u>23,879</u>	1	<u>-</u>	-
	<u>\$ 23,879</u>		<u>\$ 7,344</u>	
e) Accrued expenses				
TFN	<u>\$ -</u>	-	<u>\$ 52,908</u>	1
f) Other payables				
TFN	<u>\$ -</u>	-	<u>\$ 115,888</u>	1
g) Other current liabilities - collections and temporary credits for the following				
TFN	<u>\$ -</u>	-	<u>\$ 23,518</u>	3

	Six Months Ended June 30	
	2007	2006
6) Telecommunications service expenses		
TFN	<u>\$ 28,182</u>	<u>\$ 23,433</u>

7) Endorsement/guarantee provided

The Corporation and its subsidiaries provide guarantee contracts for related party. Please see Note 27.

8) Other

The Corporation bought a real estate from TFN based on the need for base station. Only a natural person could be the owner of the farmland due to the related regulations. The Corporation bought the farmland located in Yang-Mei, Taoyuan for the amount of \$12,000 thousand through setting up of a fiduciary contract with the landholder in December 2006 and is applying for the transfer of the ownership. The Corporation uses the land for operation purpose.

26. ASSETS PLEDGED

The assets pledged as collaterals for bank loans, credit line of deposit overdraft, guarantees and refundable deposits for construction contracts were as follows:

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Current assets - time deposits	\$ 47,283	\$ 10,000
Other assets - time deposits and impound account	21,844	-
Fixed assets, net carrying value	<u>5,119,456</u>	<u>-</u>
	<u>\$ 5,188,583</u>	<u>\$ 10,000</u>

The 641,900 thousand shares of TFN, held by TIT, had been used as collaterals for loan obtained from the Taipei Fubon Bank in April 2007.

In August 2005, the assets, which TFNM and its subsidiaries had pledged or mortgaged as collaterals for syndicated loan to Chinatrust Commercial Bank and other financial institutions were as follows:

Stocks	Thousand Shares
FYM	408,786
GCTV	51,733
UCTV	170,441
MCTV	21,160
NCCTV	21,160
PCTV	37,798
YJCTV	20,000
SHCTV	20,000

27. COMMITMENTS AND CONTINGENT EVENTS

- a. To enhance 3G mobile communications, expand network coverage and increase the service functions, the Corporation entered into a 3G expansion contract with Nokia for \$4,800,000 thousand in September 2006. As of June 30, 2007, payments of \$272,740 thousand has been made.
- b. To enhance the intensity and widen the coverage of the 3G signal and to increase the service functions and items provided by 3G mobile telecommunications, the Corporation entered into a 3G expansion contract with Nokia for \$4,800,000 thousand in September 2004. In accordance with the terms of the contract, as of June 30, 2007, payments of \$3,926,346 thousand has been made.
- c. Unused letters of credit for acquisition of equipment were EUR76 thousand as of June 30, 2007.
- d. The Corporation provided a \$18,000,000 thousand guarantee for TIT's bank loan. As of June 30, 2007, TIT had drawn down a bank loan of \$14,190,000 thousand under this guarantee.
- e. As of June 30, 2007, TFN had NT\$19,900,000 thousand and USD\$36,000 thousand promissory notes outstanding in related to its borrowings with banks.
- f. As of June 30, 2007, TFN had \$1,000 thousand performance guarantees issued by banks for TFN's construction and other projects.

- g. TFNM, FYM, UCTV, NNCTV, MCTV, GCTV, PCTV, SHCTV and YJCTV are each others' guarantors for their bank loans, for a total credit line of \$7,000,000 thousand. As of June 30, 2007, the used credit line was \$5,324,931 thousand, for which all of these nine companies were jointly liable.
- h. As of June 30, 2007, the Corporation had provided TFN \$50,000 thousand of performance guarantee for customers for IDD calling card business, in accordance with NCC's new policy, effective April 1, 2007.
- i. As of June 30, 2007, TAT had provided the Corporation \$1,000,000 thousand as performance guarantee for customers, when issuing prepaid card, in accordance with NCC's new policy effective April 1, 2007.
- j. Future minimum rental payments as of June 30, 2007 for significant operating lease agreements were summarized as follows:

	Amount
From the third to fourth quarter 2007	\$ 65,158
2008	30,355
2009	11,197
2010	11,476
2011	11,642

28. ADDITIONAL DISCLOSURES

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

- a. Financing provided: Table 1 (attached)
- b. Endorsement/guarantee provided: Table 2 (attached)
- c. Marketable securities held: Table 3 (attached)
- d. Marketable securities acquired and disposed of at costs or prices of at least \$100 million or 20% of the paid-in capital: Table 4 (attached)
- e. Acquisition of individual real estate at costs of at least \$100 million or 20% of the paid-in capital: None
- f. Disposal of individual real estate at prices of at least \$100 million or 20% of the paid-in capital: None
- g. Total purchase from or sale to related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 5 (attached)
- h. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 6 (attached)
- i. Names, locations, and related information of investees on which the Corporation exercised significant influence: Table 7 (attached)

j. Derivative transactions

- 1) The Corporation entered into interest rate swap (IRS) contracts in December 2002 to hedge fluctuation on anti-floating interest rates of bonds, which are settled semiannually. Please refer to Note 24 for the related information.

Financial Instrument	Term	Contract Amount
Interest rate swap contracts	Anti-floating interest rate in exchange for fixed interest rate of 2.25%	\$ 2,500,000
	Anti-floating interest rate in exchange for fixed interest rate of 2.45%	5,000,000

The Corporation entered into IRS contracts to hedge anti-floating interest rate fluctuation. For the six months ended June 30, 2007 and 2006, the Corporation recognized losses of \$79,721 thousand and \$56,989 thousand, respectively, recorded as addition to interest expense.

- 2) TFN entered into IRS contracts in June 2005 to hedge interest floating rate fluctuations on syndicated loans, which are settled quarterly. The IRS contracts were all cleared on June 25, 2007, and the related information is as follows:

Financial Instrument	Term	Contract Amount
Interest rate swap contracts	Floating interest rate in exchange for fixed interest rate of 1.61%	\$ 500,000
	Floating interest rate in exchange for fixed interest rate of 1.60%	500,000
	Floating interest rate in exchange for fixed interest rate of 1.63%	500,000

TFN entered into IRS contracts to hedge anti-floating interest rate fluctuation. For the six months ended June 30, 2007, TFN recognized gains \$894 thousand.

k. Investment in Mainland China:

- 1) The name of the investee company in Mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, investment gain or loss, ending balance, amount received as earnings distributions from the investment, and the limitation on investment: Table 8 (attached)
- 2) Significant direct or indirect transactions with the investee company, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: None
1. Business relationships and significant intercompany transactions: Table 9 and Table 10 (attached).

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED

JUNE 30, 2007

(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Financing Purpose	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company (Note)	Financing Company's Financing Amount Limits (Note)
											Item	Value		
0	The Corporation	Taihsing International Telecommunications Co., Ltd.	Other receivables	\$ 12,500,000	\$ 12,500,000 (Note 1)	2.474%	Short-term financing	\$ -	To meet its financing need in acquiring TFN	\$ -	-	-	\$ 19,246,105 (Note 2)	\$ 19,246,105 (Note 2)
1	Mobitai Communications	Taiwan Cellular Co., Ltd.	Other receivables	900,000	900,000	2.477%	Short-term financing	-	To finance subsidiaries to bid WiMAX license	-	-	-	1,025,114 (Note 2)	1,025,114 (Note 2)
2	Union Cable TV Co., Ltd.	Fu Yang Multimedia Co., Ltd.	Other receivables - related parties	160,000	160,000	2.8937%- 2.9516%	Transactions	19,200	-	-	-	-	13,500,000 (Note 3)	13,500,000 (Note 3)
3	North Coast Cable TV Co., Ltd.	Fu Yang Multimedia Co., Ltd.	Other receivables - related parties	140,000	140,000	2.8937%- 2.9516%	Transactions	5,129	-	-	-	-	12,000,000 (Note 3)	12,000,000 (Note 3)
4	Mangrove Cable TV Corporation	Fu Yang Multimedia Co., Ltd.	Other receivables - related parties	43,000	43,000	2.8937%- 2.9516%	Transactions	6,701	-	-	-	-	12,000,000 (Note 3)	12,000,000 (Note 3)
5	Globalview Cable TV Co., Ltd.	Fu Yang Multimedia Co., Ltd.	Other receivables - related parties	210,000	210,000	2.8937%- 2.9516%	Transactions	16,884	-	-	-	-	12,000,000 (Note 3)	12,000,000 (Note 3)
6	Shin Ho Cable TV Co., Ltd.	Fu Yang Multimedia Co., Ltd.	Other receivables - related parties	107,700	107,700	2.8937%- 2.9516%	Transactions	6,854	-	-	-	-	12,000,000 (Note 3)	12,000,000 (Note 3)

Note 1: To conform the reclassification of the Corporation's stock held by its subsidiaries treated as treasury stocks, the credit balance of long-term investment account was to reduce the loan of \$12,500,000 thousand to TIT. Therefore, the balance of book value is zero.

Note 2: The amount of financing provided, including short-term financing, shall not exceed 40% of the net worth of the financing company, the same as each counter-party.

Note 3: The limited amount of financing provided should not exceed the higher amount between a multiple of capital or the amount of transactions plus business cooperation.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

JUNE 30, 2007

(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantor	Receiving Party		Maximum Guarantee/ Endorsement Amount Allowed for Receiving Party	Maximum Balance for the Period (Note 4)	Ending Balance (Note 4)	Value of Collateral Property	Ratio of Accumulated Amount of Endorsement/Guarantee to Net Equity of the Latest Financial Statement (Note 4)	Maximum Total Guarantee/ Endorsement Allowed to Be Provided by the Guarantor/Endorser
		Name	Nature of Relationship						
0	The Corporation	Taihsing International Telecommunications Co., Ltd.	(Note 1)	\$ 36,138,400 (Note 5)	\$ 18,000,000	\$ 18,000,000	\$ -	37.41%	\$ 48,115,262 (Note 5)
0	The Corporation	Taiwan Fixed Network Co., Ltd.	(Note 1)	45,314,058 (Note 5)	50,000	50,000	-	0.1%	48,115,262 (Note 5)
1	TransAsia Telecommunications Inc.	The Corporation	(Note 2)	10,303,769 (Note 6)	1,000,000	1,000,000	-	9.71%	10,303,769 (Note 6)
2	TFN Investment Co., Ltd.	WinTV Broadcasting Co., Ltd.	(Note 3)	24,414,822 (Note 8)	200,000	200,000	-	1%	24,414,822 (Note 8)
3	TFN Media Ltd.	TFN Media Ltd.	(Note 1)	15,000,000 (Note 7)	7,000,000 (Note 9)	7,000,000 (Note 9)	6,416,290	254%	15,000,000 (Note 7)
4	Fu Yang Multimedia Co., Ltd.	Fu Yang Multimedia Co., Ltd.	(Note 1)	13,000,000 (Note 7)			8,865,269	103%	13,000,000 (Note 7)
5	Union Cable TV Co., Ltd.	Union Cable TV Co., Ltd.	(Note 1)	13,500,000 (Note 7)			208,607	399%	13,500,000 (Note 7)
6	North Coast Cable TV Co., Ltd.	North Coast Cable TV Co., Ltd.	(Note 1)	12,000,000 (Note 7)			40,480	3,065%	12,000,000 (Note 7)
7	Mangrove Cable TV Corporation	Mangrove Cable TV Corporation	(Note 1)	12,000,000 (Note 7)			56,170	3,121%	12,000,000 (Note 7)
8	Globalview Cable TV Co., Ltd.	Globalview Cable TV Co., Ltd.	(Note 1)	12,000,000 (Note 7)			273,422	1,143%	12,000,000 (Note 7)
9	Phoenix Cable TV Co., Ltd.	Phoenix Cable TV Co., Ltd.	(Note 1)	12,000,000 (Note 7)			420,496	829%	12,000,000 (Note 7)
10	Shin Ho Cable TV Co., Ltd.	Shin Ho Cable TV Co., Ltd.	(Note 1)	12,000,000 (Note 7)			13,855	3,123%	12,000,000 (Note 7)
11	Yeong Jialeh Cable TV Co., Ltd.	Yeong Jialeh Cable TV Co., Ltd.	(Note 1)	24,000,000 (Note 7)			431,330	1,492%	24,000,000 (Note 7)

Note 1: Direct/indirect subsidiary

Note 2: Parent company

Note 3: Direct subsidiary

Note 4: Maximum guarantee/endorsement amount for the period and the ending balance are the amount allowed, not actual appropriation.

Note 5: The Corporation limits the endorsement/guarantee amount for the company that directly or indirectly entitled the whole percentage of voting rights within net value of the corporation, and the endorsement/guarantee amount for each counter-party.

Note 6: The Corporation limits the endorsement/guarantee amount for directly or indirectly entitled the whole percentage of TAT within the net value of TAT, and the endorsement/guarantee amount should not exceed double TAT's investment amount.

Note 7: The limits amount of maximum guarantee/endorsement should not exceed the amount between higher a multiple of capital or the amount of transactions plus business cooperation.

Note 8: The limits amount of maximum guarantee/endorsement for each subsidiary and counter-party should not exceed the amount between higher the net worth of the corporation and the amount of transactions plus business cooperation.

Note 9: TFNM, FYM, UCTV, NCCTV, MCTV, GCTV, PCTV, SHCTV and YJCTV are issued sureties for each other to obtain a syndicate loan from Chinatrust Commercial Bank and other financial institutions. The credit line was \$7,000,000 thousand. Those nine companies are jointly liable for this loan. As of June 30, 2007, the Corporation had drawn down a bank loan of \$5,324,931 thousand under this credit line.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2007

(In Thousands of New Taiwan Dollars or U.S. Dollars)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Assets Value (Note 1)	
Taiwan Mobile Co., Ltd.	<u>Stock</u> Chunghwa Telecom Co., Ltd.	-	Available-for-sale financial assets - current	2,688	\$ 168,538	0.028	\$ 168,538 (Note 2)	
	Bridge Mobile Pte Ltd.	-	Financial assets carried at cost - non-current	1,600	52,052	10.81	43,511	
	TransAsia Telecommunications Inc.	Subsidiary	Long-term investments - equity method	900,000	10,303,770	100	10,303,770	
	Taiwan Cellular Co., Ltd.	Subsidiary	Long-term investments - equity method	343,028	- (Note 3)	100	22,132,533	
Taiwan Cellular Co., Ltd.	<u>Stock</u> Arcoa Communication Co., Ltd.	-	Financial assets carried at cost - non-current	6,998	67,731	5.21	- (Note 4)	
	Parawin Venture Capital Corp.	-	Financial assets carried at cost - non-current	3,000	22,202	3	- (Note 4)	
	Transportation High Tech Inc.	-	Financial assets carried at cost - non-current	1,200	- (Note 5)	12	- (Note 4)	
	WEB Point Co., Ltd.	-	Financial assets carried at cost - non-current	803	6,773	3.17	- (Note 4)	
	Sunnet Technologies Co., Ltd.	-	Financial assets carried at cost - non-current	375	2,583	1.51	1,925 (Note 6)	
	Mobitai Communications	Subsidiary	Long-term investments - equity method	200,000	2,562,785	100	2,562,785	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments - equity method	30,000	185,698	100	185,698	
	Tai Yi Digital Broadcasting Co., Ltd.	Subsidiary	Long-term investments - equity method	2,495	24,021	49.9	24,021	
	TWM Holding Co. Ltd.	Subsidiary	Long-term investments - equity method	1 share	US\$ 8,165	100	US\$ 8,165	
	Taihsing International Telecommunications Co., Ltd.	Subsidiary	Long-term investments - equity method	1,806,920	18,317,761	100	18,317,761	
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Long-term investments - equity method	26,000	259,269	100	259,269	
TWM Holding Co. Ltd.	<u>ADS</u> Hurray! Holding Co., Ltd.	-	Available-for-sale financial assets - current	1,080	US\$ 4,860	5.02	US\$ 4,860 (Note 2)	
Mobitai Communications	<u>Stock</u> Yes Mobile Holdings Company	-	Financial assets carried at cost - non-current	74	- (Note 5)	0.19	- (Note 4)	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Assets Value (Note 1)	
Taiwan Teleservices & Technologies Co., Ltd.	<u>Stock</u> TT&T Life Insurance Agency Co., Ltd.	Subsidiary	Long-term investments - equity method	300	\$ 2,991	100	\$ 2,991	
	TT&T Casualty & Property Insurance Agency Co., Ltd.	Subsidiary	Long-term investments - equity method	300	2,670	100	2,670	
	TT & T Holdings Co., Ltd.	Subsidiary	Long-term investments - equity method	1,300	US\$ 1,283	100	US\$ 1,283	
TT&T Holdings Co., Ltd.	<u>Stock</u> Xiamen Taifu Teleservices & Technologies Ltd.	Subsidiary	Long-term investments - equity method	-	US\$ 1,278	100	US\$ 1,278	
Taihsing International Telecommunications Co., Ltd.	<u>Stock</u> Taiwan United Communication Co., Ltd.	Subsidiary	Long-term investments - equity method	100	926	100	926	
	Taiwan Fixed Network Co., Ltd.	Subsidiary	Long-term investments - equity method	5,459,804	45,694,239	84.60	62,554,858	
Taiwan Fixed Network Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd.	The Corporation	Available-for-sale financial assets - non-current	900,353	33,909,473	18.09	33,909,473 (Note 2)	
	TFN Investment Co., Ltd.	Subsidiary	Long-term investments - equity method	2,061,939	24,414,773	100	24,414,822	
	TFN HK LIMITED	Subsidiary	Long-term investments - equity method	1,299	3,361	99.99	3,361	
	Taiwan High Speed Rail Corporation	-	Financial assets carried at cost - non-current	225,531	2,255,310	4.44	671,444 (Note 6)	
TFN Investment Co., Ltd.	<u>Beneficiary certificates</u> ING Taiwan Income Fund	-	Available-for-sale financial assets - current	16,745	267,144	-	267,144 (Note 7)	
	<u>Stock</u> Taiwan Mobile Co., Ltd.	The Corporation	Available-for-sale financial assets - non-current	467,897	17,622,155	9.4	17,622,155 (Note 2)	
	Reach & Range Inc.	Subsidiary	Long-term investments - equity method	2,400	31,764	100	24,692	
	WinTV Broadcasting Co., Ltd.	Subsidiary	Long-term investments - equity method	59,100	332,970	98.5	335,211	
	TFN Media Ltd.	Subsidiary	Long-term investments - equity method	156,240	2,569,145	93.06	2,569,300	
	Fu Yang Multimedia Co., Ltd.	Subsidiary	Long-term investments - equity method	170,231	2,992,610	29.4	2,001,630	
	Great Taipei Broadband Co., Ltd.	-	Financial assets carried at cost - non-current	10,000	52,563	6.67	52,589 (Note 6)	
	Sun Net Technology Co., Ltd.	-	Financial assets carried at cost - non-current	1,840	9,237	7.4	9,434 (Note 6)	
	Fubon Financial Holding Company	Related parties	Available-for-sale financial assets - current	87,938	2,638,134	1.14	2,638,134 (Note 2)	
	<u>Preferred stock</u> Taiwan High Speed Rail Corporation-Unlisted Convertible Preferred Stock - series A	-	Bonds measured at amortized cost-non-current	50,000	500,000	-	-	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Assets Value (Note 1)	
TFN Media Ltd.	<u>Beneficiary certificate</u> ING Taiwan Bond Fund	-	Available-for-sale financial assets - current	2,925	\$ 44,404	-	\$ 44,044 (Note 7)	
	<u>Stock</u> Fu Yang Multimedia Co., Ltd.	Subsidiary	Long-term investments - equity method	408,786	6,416,290	70.6	4,806,636	Total pledge
Fu Yang Multimedia Co., Ltd.	<u>Stock</u> Yeong Jialeh Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	20,000	1,993,584	100	469,172	Total pledge
	Shin Ho Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	20,000 (Note 8)	711,016	100 (Note 8)	224,144	Total pledge
	Mangrove Cable TV Corporation	Subsidiary	Long-term investments - equity method	21,160 (Note 8)	487,438	100 (Note 8)	224,262	Total pledge
	North Coast Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	21,160	520,211	100	228,373	Total pledge
	Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	37,798	2,003,930	70	590,832	Total pledge
	Union Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	170,441	1,960,927	99.99	1,756,227	Total pledge
	Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	51,733	1,188,160	92.38	565,674	Total pledge
Reach & Range Inc.	<u>Beneficiary certificate</u> Capital Income Fund	-	Available-for-sale financial assets - current	1,251	18,634	-	18,634 (Note 7)	
	NITC Taiwan Bond Fund	-	Available-for-sale financial assets - current	729	10,276	-	10,276 (Note 7)	

Note 1: Based on the investee's net value as shown in its latest financial statements.

Note 2: Based on the closing price on June 30, 2007.

Note 3: A book value of \$22,132,533 thousand and a loan of \$12,500,000 thousand to TIT has been reclassified to treasury stock. The debit amount has been recognized upon other liabilities - long-term investments credit balance, amounting to \$2,412,781 thousand.

Note 4: As of June 30, 2007, the independent auditors' report date, the investee's net value was unavailable.

Note 5: Deducted impairment loss recognized in 2004.

Note 6: Calculation was based on unaudited financial statements.

Note 7: Based on the net assets value of the fund on June 30, 2007.

Note 8: Partial shares are held as trusts.

TABLE 4

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2007
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units (Thousands)	Amount
Taiwan Mobile Co., Ltd.	<u>Beneficiary certificate</u> Fuhwa Bond Fund	Financial assets at fair value through profit or loss - current	-	-	45,175	\$ 602,192	-	\$ -	45,175	\$ 604,649	\$ 604,649	\$ -	-	\$ -
	ING Taiwan Income Fund	Financial assets at fair value through profit or loss - current	-	-	25,387	401,917	-	-	25,387	403,656	403,656	-	-	-
	ING Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	126,959	1,913,171	-	-	126,959	1,920,610	1,920,610	-	-	-
	ING Taiwan Select Bond Fund	Financial assets at fair value through profit or loss - current	-	-	35,432	401,565	-	-	35,432	401,827	401,827	-	-	-
	AIG Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	153,928	1,962,733	-	-	153,928	1,968,901	1,968,901	-	-	-
	Dresdner Bond Dam Fund	Financial assets at fair value through profit or loss - current	-	-	130,038	1,506,803	-	-	130,038	1,512,928	1,512,928	-	-	-
	Fubon Jin-Ju-I Fund	Financial assets at fair value through profit or loss - current	-	-	81,999	1,002,954	-	-	81,999	1,007,112	1,007,112	-	-	-
	NITC Bond Fund	Financial assets at fair value through profit or loss - current	-	-	17,122	2,817,260	-	-	17,122	2,826,608	2,826,608	-	-	-
	Prudential Financial Bond Fund	Financial assets at fair value through profit or loss - current	-	-	13,686	200,015	-	-	13,686	200,500	200,500	-	-	-
	JF (Taiwan) Bond Fund	Financial assets at fair value through profit or loss - current	-	-	19,702	300,597	-	-	19,702	301,824	301,824	-	-	-
	<u>Stock</u> Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	Long-term investments - equity method	-	-	325,000	3,877,659	18,028	18,027,530	-	-	-	-	343,028	-
	Taiwan Fixed Network Co., Ltd.	Financial assets carried at cost - non-current	Taiwan Cellular Co., Ltd.	Subsidiary	637,000	3,700,944	-	-	637,000	8.3	3,700,944	-	-	(Note 2)
												(Note 3)		
TransAsia Telecommunications Inc.	<u>Beneficiary certificate</u> ING Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	46,758	704,606	-	-	46,758	706,382	706,382	-	-	-
	AIG Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	71,000	905,330	-	-	71,000	907,488	907,488	-	-	-
	Prudential Financial Bond Fund	Financial assets at fair value through profit or loss - current	-	-	37,966	554,861	-	-	37,966	556,205	556,205	-	-	-
	JF (Taiwan) Bond Fund	Financial assets at fair value through profit or loss - current	-	-	42,808	653,130	-	-	42,808	654,757	654,757	-	-	-
	Fubon Jin-Ju-I Fund	Financial assets at fair value through profit or loss - current	-	-	12,267	150,035	24,522	300,000	36,789	451,112	451,112	-	-	-
Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	<u>Stock</u> Taihsing International Telecommunications Co., Ltd	Long-term investments - equity method	-	-	-	-	1,806,920	18,069,200	-	-	-	-	1,806,920	18,317,761
	Taiwan Fixed Network Co., Ltd.	Financial assets carried at cost - non-current	Taiwan Mobile Co., Ltd	Parent	4,900	42,864	637,000	5,287,100	641,900	8.3	5,329,964	-	-	(Note 4)
	Taiwan Digital Communications Co., Ltd.	Long-term investments - equity method	-	-	-	-	26,000	260,000	-	-	-	-	26,000	259,269
												(Note 5)		(Note 6)
Taihsing International Telecommunications Co., Ltd.	<u>Stock</u> Taiwan Fixed Network Co., Ltd.	Long-term investments - equity method	-	-	-	-	5,459,804	45,314,058	-	-	-	-	5,459,804	45,694,239
														(Note 7)
Taiwan Fixed Network Co., Ltd.	<u>Beneficiary certificate</u> Fubon Jin-Ju-I Fund	Available-for-sale financial assets - current	-	-	57,696	705,702	-	-	57,696	710,087	697,743	12,344	-	-
	Fubon Chi-Hsiang Fund	Available-for-sale financial assets - current	-	-	32,588	474,301	-	-	32,588	477,065	460,272	16,793	-	-
	ING Taiwan Income Fund	Available-for-sale financial assets - current	-	-	31,345	496,241	-	-	31,345	499,590	482,440	17,150	-	-
	NITC Bond Fund	Available-for-sale financial assets - current	-	-	2,303	378,968	-	-	2,303	381,266	376,422	4,844	-	-

(Continued)

Company Name	Marketable Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance			
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units (Thousands)	Amount	
TFN Investment Co., Ltd.	ING Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	28,577	\$ 430,627	-	\$ -	28,577	\$ 433,302	\$ 428,521	\$ 4,781	-	\$ -	
	Fuhwa Apex Bond Fund	Available-for-sale financial assets - current	-	-	10,426	123,066	-	-	10,426	123,396	123,031	365	-	-	
	JF (Taiwan) Bond Fund	Available-for-sale financial assets - current	-	-	13,110	200,016	-	-	13,110	201,238	200,000	1,238	-	-	
	Capital Income Fund	Available-for-sale financial assets - current	-	-	13,432	200,009	-	-	13,432	201,269	200,000	1,269	-	-	
	Prudential Financial Bond Fund	Available-for-sale financial assets - current	-	-	6,842	100,000	-	-	6,842	100,602	100,000	602	-	-	
	Fuhwa Advantage Bond Fund	Available-for-sale financial assets - current	-	-	11,510	120,005	-	-	11,510	120,322	120,000	322	-	-	
	Fuhwa Advantage Bond Fund	Available-for-sale financial assets - current	-	-	-	-	19,009	243,719	19,009	244,487	243,719	768	-	-	
	<u>Beneficiary certificate</u>														
	ING Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	26,669	401,881	46,329	700,000	72,998	1,107,087	1,100,000	7,087	-	-	
	ING Taiwan Income Fund	Available-for-sale financial assets - current	-	-	9,837	155,733	23,108	368,000	16,200	258,180	257,227	953	16,745	267,144	
	JF (Taiwan) Bond Fund	Available-for-sale financial assets - current	-	-	6,624	101,072	13,095	200,000	19,719	302,760	300,529	2,231	-	-	
	JF (Taiwan) First Bond Fund	Available-for-sale financial assets - current	-	-	-	-	14,192	200,000	14,192	200,663	200,000	663	-	-	
	Capital Income Fund	Available-for-sale financial assets - current	-	-	-	-	56,930	850,000	56,930	853,129	850,000	3,129	-	-	
	NITC Bond Fund	Available-for-sale financial assets - current	-	-	61	10,083	1,031	170,000	1,092	180,849	179,834	1,015	-	-	
	NITC Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	-	-	38,924	550,000	38,924	551,907	550,000	1,907	-	-	
	Fubon Chi-Hsiang Fund	Available-for-sale financial assets - current	-	-	12,322	179,343	-	-	12,322	180,423	178,086	2,337	-	-	
	Fubon Jin-Ju-I Fund	Available-for-sale financial assets - current	-	-	28,751	351,658	84,371	1,034,267	113,122	1,392,522	1,384,237	8,285	-	-	
	Pca Well Pool Fund	Available-for-sale financial assets - current	-	-	-	-	23,896	300,000	23,896	301,054	300,000	1,054	-	-	
	Upamc James Bond Fund	Available-for-sale financial assets - current	-	-	-	-	16,160	250,000	16,160	250,827	250,000	827	-	-	
	Fuhwa Bond Fund	Available-for-sale financial assets - current	-	-	-	-	23,399	300,000	23,399	301,006	300,000	1,006	-	-	
Globalview Cable TV Co., Ltd.	<u>Beneficiary certificate</u>														
	IBT Ta Chong Bond Fund	Available-for-sale financial assets - current	-	-	7,679	100,003	-	-	7,679	100,700	100,000	700	-	-	
Shin Ho Cable TV Co., Ltd.	<u>Beneficiary certificate</u>														
	Fubon Jin-Ju-I Fund	Available-for-sale financial assets - current	-	-	5,724	70,009	-	-	5,724	70,523	70,000	523	-	-	

Note 1: The amount of beginning and ending fund balance that belongs to marketable securities included the revaluation gain on financial assets.

Note 2: The amount included (a) the cash dividend adjustment of \$544,114 thousand; (b) the investment income adjustment of \$918,113 thousand; (c) the recognition of cumulative translation adjustments of \$3,635 thousand; and (d) unrealized loss of \$150,290 thousand on financial asset. Moreover, a book value of \$22,132,533 thousand and a loan of \$12,500,000 thousand to TIT has been reclassified to treasury stock. The debit amount has been recognized upon other liabilities, amounting to \$2,412,781 thousand.

Note 3: For its reorganization, the Corporation resolved to attend the capital injection of Taiwan Cellular Co., Ltd. with all its shares of Taiwan Fixed Network Co., Ltd. The spread between the original cost and the disposal price of the TFN shares, \$1,586,156 thousand, was recognized by the Corporation as deferred credits. There was no gain or loss on this transaction.

Note 4: The amount included (a) the investment income adjustment of \$337,979 thousand; (b) the recognition of cumulative translation adjustment of \$753 thousand and (c) unrealize gain of \$90,171 thousand on financial assets.

Note 5: For its reorganization, TCC resolved to attend the capital injection of Taihsing International Telecommunications Co., Ltd. with all its shares of Taiwan Fixed Network Co., Ltd. The spread between the original cost and the disposal price of the TFN shares, \$2,194 thousand, was recognized by TCC as deferred debits. There was no gain or loss on this share transaction.

Note 6: The amount included the investment loss adjustment of \$731 thousand.

Note 7: The amount included (a) the investment income adjustment of \$258,120 thousand; (b) the difference between the cost of acquisition and the equity in the investee's net asset value, amount to \$211,479; (c) the recognition of cumulative translation adjustment of \$753 thousand and (d) unrealized loss of \$90,171 thousand on financial assets.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2007
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Taiwan Mobile Co., Ltd.	TransAsia Telecommunications Inc.	Subsidiary	Sale	\$ (308,752)	1	Based on contract terms	-	-	\$ 66,024	1	
			Purchase	149,768	1	Based on contract terms	-	-	(20,257)	1	
	Taiwan Fixed Network Co., Ltd.	Subsidiary	Sale	(746,516)	3	Based on contract terms	-	-	213,354	4	
			Purchase	423,319	4	Based on contract terms	-	-	-	-	
	Mobitai Communications	Subsidiary	Sale	(131,428)	1	Based on contract terms	-	-	17,055	-	
			Purchase	103,407	1	Based on contract terms	-	-	(1,058)	-	
Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	430,908	(Note 1)	Based on contract terms	-	-	(146,588)	(Note 2)		
TransAsia Telecommunications Inc.	The Corporation	Parent	Sale	(149,768)	5	Based on contract terms	-	-	20,257	3	
			Purchase	308,752	21	Based on contract terms	-	-	(67,876)	29	
Mobitai Communications	The Corporation	Ultimate Parent	Sale	(103,169)	6	Based on contract terms	-	-	4,575	1	
			Purchase	131,428	15	Based on contract terms	-	-	(18,294)	11	
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Sale	(430,933)	94	Based on contract terms	-	-	146,623	91	
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate Parent	Sale	(454,712)	12	Based on contract terms	-	-	267,956	29	
			Purchase	734,924	22	Based on contract terms	-	-	(12,428)	1	
TFN Media Ltd.	Yeong Jialeh Cable TV Co., Ltd.	Subsidiary	Sale	(141,082)	20	90 days	-	-	53,971	24	
			Sale	(213,694)	31	90 days	-	-	79,877	35	
Yeong Jialeh Cable TV Co., Ltd.	TFN Media Ltd.	Parent	Royalty	141,082	62	Based on contract terms	(Note 3)	(Note 3)	(47,027)	75	
Phoenix Cable TV Co., Ltd.	TFN Media Ltd.	Parent	Royalty	213,694	66	90 days	(Note 3)	(Note 3)	(74,259)	62	

Note 1: Recognized as operating expenses

Note 2: Recognized as accrued expenses

Note 3: No comparables on such kind of transaction

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2007
(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			
Taiwan Mobile Co., Ltd.	TransAsia Telecommunications Inc.	Subsidiary	Accounts receivable	\$ 66,024	8.45	\$ -	-	\$ -	\$ -
			Other receivables	122,733					
	Mobitai Communications	Subsidiary	Accounts receivable	17,055	11.20	-	-	-	-
			Other receivables	97,624					
Taiwan Fixed Network Co., Ltd.	Subsidiary	Accounts receivable	213,354	6.85	-	-	14,058	-	
		Other receivables	12,656						-
TransAsia Telecommunications Inc.	The Corporation	Parent	Accounts receivable	20,257	13.56	-	-	-	-
			Other receivables	469,512					
Mobitai Communications	The Corporation	Ultimate parent	Accounts receivable	4,575	47.54	-	-	-	-
			Other receivables	236,181					
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable	146,433	5.76	-	-	-	-
			Other receivables	190					
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable	267,956	1.81	-	-	45,424	-
			Other receivables	13,187					
North Coast Cable TV Co., Ltd.	Fu Yang Multimedia Co., Ltd.	Parent	Accounts receivable	2,524		-	-	-	-
			Other receivables	146,261					
Globalview Cable TV Co., Ltd.	Fu Yang Multimedia Co., Ltd.	Parent	Accounts receivable	8,360		-	-	-	-
			Other receivables	224,282					
Shin Ho Cable TV C., Ltd.	Fu Yang Multimedia Co., Ltd.	Parent	Accounts receivable	3,411		-	-	-	-
			Other receivables	115,210					
Mangrove Cable TV Corporation	Fu Yang Multimedia Co., Ltd.	Parent	Accounts receivable	2,796		-	-	-	-
			Other receivables	48,804					
Union Cable TV Co., Ltd.	Fu Yang Multimedia Co., Ltd.	Parent	Accounts receivable	9,371		-	-	-	-
			Other receivables	165,366					

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 2007
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2007			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				June 30, 2007	January 1, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Taiwan Mobile Co., Ltd.	Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	Taipei, Taiwan	Equipment installation and IT service	\$ 21,277,530	\$ 3,250,000	343,028	100	\$ -	\$ 901,789	\$ 918,113	
	TransAsia Telecommunications Inc.	Taipei, Taiwan	Wireless service provider	9,000,000	12,458,463	900,000	100	(Note 1) 10,303,770	1,144,299	1,187,356	
Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	Mobitai Communications	Taipei, Taiwan	Wireless service provider	2,000,000	2,000,000	200,000	100	2,562,785	511,429	NA	
	Taiwan Teleservices & Technologies Co., Ltd.	Taipei, Taiwan	Call center service	5,294	405,294	30,000	100	185,698	43,762	NA	
	Tai Yi Digital Broadcasting Co., Ltd.	Taipei, Taiwan	Broadcasts business and cell phone number agency	24,950	24,950	2,495	49.9	24,021	(779)	NA	
	TWM Holding Co. Ltd.	British Virgin Islands	Investment	US\$ 9,000	US\$ 9,000	1 share	100	US\$ 8,165	US\$ 29	NA	
Taihsing International Telecommunications Co., Ltd.	Taihsing International Telecommunications Co., Ltd.	Taipei, Taiwan	Investment	18,069,200	-	1,806,920	100	18,317,761	337,979	NA	
	Taiwan Digital Communications Co., Ltd.	Taipei, Taiwan	Equipment installation and IT service	260,000	-	26,000	100	259,269	(731)	NA	
Taihsing International Telecommunications Co., Ltd.	Taiwan United Communication Co., Ltd.	Taipei, Taiwan	Equipment installation and IT service	1,000	-	100	100	926	(74)	NA	
	Taiwan Fixed Network Co., Ltd.	Taipei, Taiwan	Fixed network service	45,314,058	-	5,459,804	84.6	45,694,239	1,311,425	NA	
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Life Insurance Agency Co., Ltd.	Taipei, Taiwan	Insurance agent	3,000	3,000	300	100	2,991	(22)	NA	
	TT&T Casualty & Property Insurance Agency Co., Ltd.	Taipei, Taiwan	Insurance agent	3,000	3,000	300	100	2,670	(33)	NA	
	TT&T Holdings Co., Ltd.	Samoa	Investment	US\$ 1,300	US\$ 1,300	1,300	100	US\$ 1,283	US\$ (22)	NA	
TT&T Holdings Co., Ltd.	Xiamen Taifu Teleservices & Technologies Ltd.	Xiamen	Call center service	US\$ 1,300	US\$ 1,300	-	100	US\$ 1,278	US\$ (23)	NA	
Taiwan Fixed Network Co., Ltd.	TFN Investment Co., Ltd.	Taipei, Taiwan	Investment	20,085,359	17,500,000	2,061,939	100	24,414,773	549,755	NA	
	TFN HK Limited	Hong Kong	Telecommunications	5,816	5,816	1,299	99.99	3,361	(207)	NA	
TFN Investment Co., Ltd.	Reach & Range Inc.	Taipei, Taiwan	Service, telecommunication equipment installment and IT service	31,764	60,258	2,400	100	31,764	(381)	NA	
	Fu Yang Multimedia Co., Ltd.	Taipei, Taiwan	Management, IT service, advertisement and other service	2,761,748	2,446,410	170,231	29.4	2,992,610	364,155	NA	
	TFN Media Ltd.	Taipei, Taiwan	Type II telecommunication services	1,500,000	-	156,240	93.06	2,569,145	378,428	NA	
	WinTV Broadcasting Co., Ltd.	Taipei, Taiwan	Broadcasts business	591,000	-	59,100	98.5	332,970	(63,443)	NA	
TFN Media Ltd.	Fu Yang Multimedia Co., Ltd.	Taipei, Taiwan	Management, IT service, advertisement and other service	5,668,820	5,668,820	408,786	70.6	6,416,290	364,155	NA	
Fu Yang Multimedia Co., Ltd.	Yeong Jialeh Cable TV Co., Ltd.	Sinhuangshih Township	Cable television system	1,616,824	1,616,824	20,000	100	1,993,584	76,329	NA	
	Shin Ho Cable TV Co., Ltd.	Sinhuangshih Township	Cable television system	661,781	661,781	20,000	100	711,016	17,962	NA	
	Mangrove Cable TV Corporation	Danshueijhen Township	Cable television system	397,703	397,703	21,160	100	487,438	(1,043)	NA	
	North Coast Cable TV Co., Ltd.	Danshueijhen Township	Cable television system	399,193	399,193	21,160	100	520,211	4,264	NA	
	Phoenix Cable TV Co., Ltd.	Kaohsiung County	Cable television system	1,229,257	1,229,257	37,798	70	2,003,930	102,001	NA	
Globalview Cable TV CO., LTD.	Sijhih Township	Cable television system	841,413	841,413	51,733	92.38	1,188,160	41,110	NA		
	Yilan City	Cable television system	1,904,440	1,904,440	170,441	99.99	1,960,927	52,152	NA		

Note 1: A book value of \$22,132,533 thousand investment and a loan of \$12,500,000 thousand to TIT has been reclassified to treasury stock. The credit balance of long-term investment account has been reclassified as other liabilities, amounting to \$2,412,781 thousand.

Note 2: Partial shares are held as trusts.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA

SIX MONTHS ENDED JUNE 30, 2007

(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of June 30, 2006	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2007	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of June 30, 2007	Accumulated Inward Remittance of Earnings as of June 30, 2007
					Outflow	Inflow					
Xiamen Taifu Teleservices & Technologies Ltd.	Call center service	US\$ 1,300 (NT\$ 42,687)	Indirect investment in the Company in Mainland China through a third place by the Corporation's subsidiary, Taiwan Teleservices & Technologies Co., Ltd.	US\$ 1,300 (NT\$ 42,687)	\$ -	\$ -	US\$ 1,300 (NT\$ 42,687)	100% ownership of indirect investment by the Corporation's subsidiary	(US\$ 23) (NT\$ 745)	US\$ 1,278 (NT\$ 41,956)	\$ -

Accumulated Investment in Mainland China as of June 30, 2007	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 2)
US\$1,300 (NT\$42,687)	US\$1,300 (NT\$42,687)	\$80,000

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.836 and RMB1=NT\$4.3104 as of June 30, 2007.

Note 2: The indirect investment made by Taiwan Teleservices & Technologies Co., Ltd., a subsidiary of the Corporation.

TABLE 9

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

SIX MONTHS ENDED JUNE 30, 2007

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
0	Taiwan Mobile Co., Ltd.	TransAsia Telecommunications Inc.	1	Accounts receivable	\$ 66,024	Based on regular terms	-
		Mobitai Communications	1	Accounts receivable	17,055	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accounts receivable	213,354	Based on regular terms	-
		Reach & Range Inc.	1	Accounts receivable	472	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other receivables	122,733	Based on regular terms	-
		Mobitai Communications	1	Other receivables	97,624	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Other receivables	562	Based on regular terms	-
		Taiwan United Communication Co., Ltd.	1	Other receivables	63	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other receivables	12,656	Based on regular terms	-
		Taihsing International Telecommunications Co., Ltd.	1	Other receivables	12,567,781	Based on regular terms	10%
		TransAsia Telecommunications Inc.	1	Prepayments	3	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Prepayments	2	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Notes payable	60	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Accounts payable	20,257	Based on regular terms	-
		Mobitai Communications	1	Accounts payable	1,058	Based on regular terms	-
		Mobitai Communications	1	Accrued expenses	3,517	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accrued expenses	146,588	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accrued expenses	108,264	Based on regular terms	-
		Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	1	Accrued expenses	13,782	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other payables	286,917	Based on regular terms	-
		Mobitai Communications	1	Other payables	139,578	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other payables	52,592	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Advance receipts	956	Based on regular terms	-
		Mobitai Communications	1	Advance receipts	396	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
		Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	1	Advance receipts	34	Based on regular terms	-
		Taiwan United Communication Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
		TT&T Life Insurance Agency Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
		TT&T Casualty & Property Insurance Agency Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Advance receipts	10	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other current liabilities	182,887	Based on regular terms	-
		Mobitai Communications	1	Other current liabilities	96,603	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other current liabilities	229,665	Based on regular terms	-
Taiwan Fixed Network Co., Ltd.	1	Guarantee deposits	1,330	Based on regular terms	-		
TransAsia Telecommunications Inc.	1	Operating revenues	308,752	Based on regular terms	1%		

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		Mobitai Communications	1	Operating revenues	\$ 131,428	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating revenues	318,285	Based on regular terms	1%
		TransAsia Telecommunications Inc.	1	Operating costs	149,768	Based on regular terms	-
		Mobitai Communications	1	Operating costs	103,407	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating costs	182,727	Based on regular terms	1%
		Taiwan Teleservices & Technologies Co., Ltd.	1	Marketing expenses	408,972	Based on regular terms	1%
		Taiwan Fixed Network Co., Ltd.	1	Marketing expenses	13,996	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Administrative expenses	28,066	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Administrative expenses	7,908	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Rental income	15,316	Based on regular terms	-
		Taihsing International Telecommunications Co., Ltd.	1	Interest income	67,781	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Interest expense	2	Based on regular terms	-
1	TransAsia Telecommunications Inc.	The Corporation	2	Notes receivable	60	Based on regular terms	-
		The Corporation	2	Accounts receivable	20,257	Based on regular terms	-
		Mobitai Communications	3	Accounts receivable	959	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	5,192	Based on regular terms	-
		The Corporation	2	Other receivables	469,512	Based on regular terms	-
		Mobitai Communications	3	Other receivables	15	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other receivables	116	Based on regular terms	-
		The Corporation	2	Prepayments	956	Based on regular terms	-
		The Corporation	2	Accounts payable	69,834	Based on regular terms	-
		Mobitai Communications	3	Accounts payable	3	Based on regular terms	-
		The Corporation	2	Accrued expenses	82,528	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	3,395	Based on regular terms	-
		The Corporation	2	Other payables	36,395	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other payables	3,285	Based on regular terms	-
		The Corporation	2	Advance receipts	57	Based on regular terms	-
		The Corporation	2	Other current liabilities	15	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other current liabilities	4,332	Based on regular terms	-
		The Corporation	2	Operating revenues	149,768	Based on regular terms	-
		Mobitai Communications	3	Operating revenues	3,849	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	9,153	Based on regular terms	-
		The Corporation	2	Operating costs	308,752	Based on regular terms	1%
		Mobitai Communications	3	Operating costs	1,963	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating costs	926	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Marketing expenses	36	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Administrative expenses	30	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Rental income	83	Based on regular terms	-
2	Mobitai Communications	The Corporation	2	Accounts receivable	4,575	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Accounts receivable	3	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	1,292	Based on regular terms	-
		The Corporation	2	Other receivables	236,181	Based on regular terms	-
		Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	3	Other receivables	902,626	Based on regular terms	1%
		The Corporation	2	Prepayments	396	Based on regular terms	-
		The Corporation	2	Accounts payable	17,324	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		TransAsia Telecommunications Inc.	3	Accounts payable	\$ 973	Based on regular terms	-
		Reach & Range Inc.	3	Accounts payable	72	Based on regular terms	-
		The Corporation	2	Other payables	35,260	Based on regular terms	-
		The Corporation	2	Accrued expenses	62,095	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	455	Based on regular terms	-
		The Corporation	2	Advance receipts	76	Based on regular terms	-
		The Corporation	2	Operating revenues	103,407	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Operating revenues	1,963	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	2,711	Based on regular terms	-
		The Corporation	2	Operating costs	131,428	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Operating costs	3,849	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating costs	891	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Marketing expenses	274	Based on regular terms	-
		Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	3	Interest income	2,626	Based on regular terms	-
3	Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	The Corporation	2	Other receivables	13,776	Based on regular terms	-
		The Corporation	2	Prepayments	34	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Other receivables	246	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Ltd.	3	Other receivables	1,686	Based on regular terms	-
		Mobitai Communications	3	Short-term loans	900,000	Based on regular terms	1%
		Mobitai Communications	3	Accrued expenses	2,626	Based on regular terms	-
		Mobitai Communications	3	Interest expense	2,626	Based on regular terms	-
4	Taihsing International Telecommunications Co., Ltd.	The Corporation	2	Prepayments	34	Based on regular terms	-
		The Corporation	2	Short-term loans	12,500,000	Based on regular terms	10%
		The Corporation	2	Accrued expenses	67,781	Based on regular terms	-
		The Corporation	2	Interest expense	67,781	Based on regular terms	-
5	Taiwan United Communication Co., Ltd.	The Corporation	2	Prepayments	34	Based on regular terms	-
		The Corporation	2	Accrued expenses	63	Based on regular terms	-
6	Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	2	Accounts receivable	146,433	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Accounts receivable	-	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	10,473	Based on regular terms	-
		The Corporation	2	Other receivables	190	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other receivables	431	Based on regular terms	-
		The Corporation	2	Prepayments	34	Based on regular terms	-
		The Corporation	2	Accrued expenses	562	Based on regular terms	-
		Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	3	Accrued expenses	246	Based on regular terms	-
		TT & T Holdings Co. Ltd.	1	Accrued expenses	(2,437)	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Ltd.	1	Accrued expenses	9,282	Based on regular terms	-
		The Corporation	2	Operating revenues	430,908	Based on regular terms	1%
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	4,062	Based on regular terms	-
		The Corporation	2	Marketing expenses	(3,120)	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Ltd.	1	Marketing expenses	3,695	Based on regular terms	-
		TT & T Holdings Co. Ltd.	1	Marketing expenses	28,581	Based on regular terms	-
		The Corporation	2	Rental income	3,011	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
7	TT & T Holdings Co. Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts receivable	\$ 1,761	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts payable	3,708	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Operating revenues	28,581	Based on regular terms	-
8	Xiamen Taifu Teleservices & Technologies Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts receivable	9,282	Based on regular terms	-
		Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	3	Accrued expenses	1,686	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Operating revenues	3,695	Based on regular terms	-
9	Taiwan Fixed Network Co., Ltd.	The Corporation	2	Notes receivable	220	Based on regular terms	-
		The Corporation	2	Accounts receivable	267,956	Based on regular terms	-
		Mobitai Communications	3	Accounts receivable	2,703	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Accounts receivable	12,465	Based on regular terms	-
		The Corporation	2	Other receivables	13,127	Based on regular terms	-
		The Corporation	2	Prepayments	115	Based on regular terms	-
		The Corporation	2	Refundable deposits	1,330	Based on regular terms	-
		The Corporation	2	Notes payable	50	Based on regular terms	-
		The Corporation	2	Accounts payable	12,962	Based on regular terms	-
		Mobitai Communications	3	Accounts payable	2,397	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Accounts payable	8,953	Based on regular terms	-
		The Corporation	2	Accrued expenses	15,911	Based on regular terms	-
		The Corporation	2	Advance receipts	280	Based on regular terms	-
		The Corporation	2	Other current liabilities	98,000	Based on regular terms	-
		The Corporation	2	Operating revenues	198,276	Based on regular terms	1%
		Mobitai Communications	3	Operating revenues	1,165	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Operating revenues	992	Based on regular terms	-
		The Corporation	2	Operating costs	313,719	Based on regular terms	1%
		Mobitai Communications	3	Operating costs	2,711	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Operating costs	9,094	Based on regular terms	-
The Corporation	2	Marketing expenses	2,268	Based on regular terms	-		
Taiwan Teleservices & Technologies Co., Ltd.	3	Marketing expenses	4,062	Based on regular terms	-		
The Corporation	2	Administrative expenses	17,491	Based on regular terms	-		
TransAsia Telecommunications Inc.	3	Administrative expenses	142	Based on regular terms	-		
The Corporation	2	Rental income	6,231	Based on regular terms	-		
The Corporation	2	Interest income	2	Based on regular terms	-		
10	Taiwan Fixed Network Co., Ltd.	Win TV Broadcasting Co., Ltd.	1	Accounts receivable	14,456	Based on regular terms	-
		Reach & Range Inc.	1	Accounts receivable	7,752	Based on regular terms	-
		TFN Media Ltd.	1	Accounts receivable	32,347	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accounts receivable	6,000	Based on regular terms	-
		TFN Investment Co., Ltd.	1	Other receivables	1,434,259	Based on regular terms	1%
		Reach & Range Inc.	1	Accounts payable	9,726	Based on regular terms	-
		TFN Media Ltd.	1	Accounts payable	11,270	Based on regular terms	-
		Reach & Range Inc.	1	Accrued expenses	210	Based on regular terms	-
		Fu Yang Multimedia Co., Ltd.	1	Accrued expenses	10,000	Based on regular terms	-
		TFN Media Ltd.	1	Other current liabilities	12,679	Based on regular terms	-
		Reach & Range Inc.	1	Operating revenues	2,300	Based on regular terms	-
		TFN Media Ltd.	1	Operating revenues	23,999	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating revenues	\$ 6,000	Based on regular terms	-
		Fu Yang Multimedia Co., Ltd.	1	Operating revenues	1,350	Based on regular terms	-
		Reach & Range Inc.	1	Operating costs	10,100	Based on regular terms	-
		Fu Yang Multimedia Co., Ltd.	1	Operating costs	10,000	Based on regular terms	-
		TFN Media Ltd.	1	Other revenues	3,804	Based on regular terms	-
11	TFN Investment Co., Ltd.	Taiwan Fixed Network Co., Ltd.	2	Other payables	1,434,259	Based on regular terms	1%
12	Reach & Range Inc.	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	9,936	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts payable	200	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Other payables	7,552	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	10,100	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	2,300	Based on regular terms	-
13	WinTV Broadcasting Co., Ltd	Taiwan Fixed Network Co., Ltd.	2	Other payables	7,530	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Long-term notes and accounts payables	6,926	Based on regular terms	-
14	TFN Media Ltd.	Globalview Cable TV Co., Ltd.	3	Accounts receivable	28,389	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Accounts receivable	53,971	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Accounts receivable	8,442	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Accounts receivable	43,269	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Accounts receivable	79,877	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Accounts receivable	405	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Other receivables	11,270	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Other receivables	78	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Other receivables	31	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Other receivables	120	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	3	Other receivables	50	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Other receivables	26	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Other receivables	82	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Other receivables	120	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Other intangible assets	12,679	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		Yeong Jialeh Cable TV Co., Ltd.	3	Accounts payable	\$ 405	Payment terms varied depend on the agreements	
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	28,007	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Accrued expenses	279	Payment terms varied depend on the agreements	
		Yeong Jialeh Cable TV Co., Ltd.	3	Accrued expenses	2,181	Payment terms varied depend on the agreements	
		Shin Ho Cable TV Co., Ltd.	3	Accrued expenses	35	Payment terms varied depend on the agreements	
		Mangrove Cable TV Corporation	3	Accrued expenses	128	Payment terms varied depend on the agreements	
		North Coast Cable TV Co., Ltd.	3	Accrued expenses	8	Payment terms varied depend on the agreements	
		Phoenix Cable TV Co., Ltd.	3	Accrued expenses	3,241	Payment terms varied depend on the agreements	
		Union Cable TV Co., Ltd.	3	Accrued expenses	4,549	Payment terms varied depend on the agreements	
		Taiwan Fixed Network Co., Ltd.	2	Other payables	4,340	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	82,828	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating revenues	95,762	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Operating revenues	141,082	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Operating revenues	25,326	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	213,694	Payment terms varied depend on the agreements	1%
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	23,999	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating costs	409	Payment terms varied depend on the agreements	
		Yeong Jialeh Cable TV Co., Ltd.	3	Operating costs	5,525	Payment terms varied depend on the agreements	
		Mangrove Cable TV Corporation	3	Operating costs	216	Payment terms varied depend on the agreements	
		Union Cable TV Co., Ltd.	3	Operating costs	11,670	Payment terms varied depend on the agreements	
		Phoenix Cable TV Co., Ltd.	3	Operating costs	8,334	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	3,804	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating expenses	81	Payment terms varied depend on the agreements	
		Yeong Jialeh Cable TV Co., Ltd.	3	Operating expenses	620	Payment terms varied depend on the agreements	
		Shin Ho Cable TV Co., Ltd.	3	Operating expenses	133	Payment terms varied depend on the agreements	

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		Mangrove Cable TV Corporation	3	Operating expenses	\$ 52	Payment terms varied depend on the agreements	
		North Coast Cable TV Co., Ltd.	3	Operating expenses	26	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Operating expenses	1,305	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating expenses	1,435	Payment terms varied depend on the agreements	-
15	Fu Yang Multimedia Co., Ltd.	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	10,000	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Accounts payable	8,360	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Accounts payable	12,081	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	3	Accounts payable	3,411	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Accounts payable	2,796	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Accounts payable	2,524	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Accounts payable	20,102	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Accounts payable	9,371	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Accrued expenses	14,282	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	3	Accrued expenses	7,510	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Accrued expenses	5,804	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Accrued expenses	6,261	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Accrued expenses	5,366	Payment terms varied depend on the agreements	-
		Globalview CABLE TV CO., LTD.	3	Other payables	210,000	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	3	Other payables	107,700	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Other payables	43,000	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Other payables	140,000	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Other payables	160,000	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Other liabilities - other	8,023	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		Yeong Jialeh Cable TV Co., Ltd.	3	Other liabilities - other	\$ 8,247	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Other liabilities - other	5,891	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Other liabilities - other	5,891	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	10,000	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	10,712	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Operating revenues	17,434	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	3	Operating revenues	3,443	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Operating revenues	5,319	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Operating revenues	4,019	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	21,971	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating revenues	9,829	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Operating costs	8,360	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Operating costs	12,081	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	3	Operating costs	3,411	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Operating costs	2,796	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Operating costs	2,524	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Operating costs	20,102	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating costs	9,371	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	1,350	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Operating costs	19	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Other revenues	3,750	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Other revenues	3,750	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Interest expense	3,050	Payment terms varied depend on the agreements	-

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		Shin Ho Cable TV Co., Ltd.	3	Interest expense	\$ 1,564	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Interest expense	625	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Interest expense	2,034	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Interest expense	2,324	Payment terms varied depend on the agreements	-
16	Globalview Cable TV Co., Ltd.	TFN Media Ltd.	3	Accounts receivable	261	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Accounts receivable	8,360	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Other receivables	14	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Other receivables	224,282	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Other current assets	4	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Other Intangible assets	8,023	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Accounts payable	28,389	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Accrued expenses	78	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Operating revenues	436	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	8,360	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Operating costs	82,828	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	10,712	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd	3	Interest income	3,050	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Non-operating income	54	Payment terms varied depend on the agreements	-
17	Yeong Jialeh Cable TV Co., Ltd.	Fu Yang Multimedia Co., Ltd	3	Accounts receivable	12,081	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Accounts receivable	2,554	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Other receivables	23	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Other Intangible assets	8,247	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		TFN Media Ltd.	3	Other current assets	\$ 10	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Accounts payable	53,971	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Other payables	6,000	Based on regular terms	-
		TFN Media Ltd.	3	Other payables	121	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Operating revenues	6,012	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	12,081	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Operating costs	141,082	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	21,184	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Non-operating income	133	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Non-operating expenses	6,000	Based on regular terms	-
18	Shin Ho Cable TV Co., Ltd.	Fu Yang Multimedia Co., Ltd.	3	Accounts receivable	3,411	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Other receivables	115,209	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Other receivables	35	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Other payables	50	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	3,411	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	3,443	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Interest income	1,564	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Non-operating income	133	Payment terms varied depend on the agreements	-
19	Mangrove Cable TV Corporation	Fu Yang Multimedia Co., Ltd.	3	Accounts receivable	2,796	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Accounts receivable	118	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Other receivables	48,803	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Other receivables	9	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Other current assets	1	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		Fu Yang Multimedia Co., Ltd.	3	Other Intangible assets	\$ 5,891	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Other payables	435	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Operating revenues	229	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	2,796	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	5,319	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Interest income	625	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Non-operating income	39	Payment terms varied depend on the agreements	-
20	North Coast Cable TV Co., Ltd.	Fu Yang Multimedia Co., Ltd.	3	Accounts receivable	2,524	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Other receivables	146,261	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Other receivables	5	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Other current assets	3	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Other Intangible assets	5,891	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Accounts payable	8,442	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Other payables	26	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	2,524	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Operating costs	25,326	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	7,769	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Interest income	2,034	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Non-operating income	26	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Non-operating income	19	Payment terms varied depend on the agreements	-
21	Phoenix Cable TV Co., Ltd.	TFN Media Ltd.	3	Accounts receivable	3,167	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Accounts receivable	20,102	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		TFN Media Ltd.	3	Other receivables	\$ 74	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Accounts payable	71,231	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Other payables	8,765	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Operating revenues	9,135	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	20,102	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Operating costs	213,694	Payment terms varied depend on the agreements	1%
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	21,971	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Non-operating income	504	Payment terms varied depend on the agreements	-
22	Union Cable TV Co., Ltd.	TFN Media Ltd.	3	Accounts receivable	4,549	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Accounts receivable	9,371	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Other receivables	165,366	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Accounts payable	31,921	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Other payables	11,430	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Operating revenues	12,865	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	9,371	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Operating costs	95,762	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	9,829	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Interest income	2,324	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	3	Non-operating income	240	Payment terms varied depend on the agreements	-

Note 1: Parent to subsidiary

Note 2: Subsidiary to parent

Note 3: Between subsidiaries

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

SIX MONTHS ENDED JUNE 30, 2006

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
0	The Corporation	TransAsia Telecommunications Inc.	1	Accounts receivable	\$ 14,356	Based on regular terms	-
		Mobitai Communications	1	Accounts receivable	30,707	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accounts receivable	6,146	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other receivables	227,916	Based on regular terms	-
		Mobitai Communications	1	Other receivables	225,700	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Other receivables	9,417	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Accounts payable	15,647	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accrued expenses	227,063	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other payables	296,760	Based on regular terms	-
		Mobitai Communications	1	Other payables	167,878	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other current liabilities	85,698	Based on regular terms	-
		Mobitai Communications	1	Other current liabilities	61,703	Based on regular terms	-
		The former TransAsia Telecommunications Inc.	1	Operating revenues	657,234	Based on regular terms	-
		Mobitai Communications	1	Operating revenues	154,562	Based on regular terms	-
		The former TransAsia Telecommunications Inc.	1	Operating costs	295,955	Based on regular terms	-
		Mobitai Communications	1	Operating costs	78,891	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Marketing expenses	498,785	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	administrative expenses	87,389	Based on regular terms	-
1	TransAsia Telecommunications Inc.	The Corporation	2	Accounts receivable	392,609	Based on regular terms	-
		Mobitai Communications	3	Accounts receivable	2,025	Based on regular terms	-
		The Corporation	2	Other receivables	8,634	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Other receivables	1,776	Based on regular terms	-
		The Corporation	2	Accounts payable	144,917	Based on regular terms	-
		The Corporation	2	Accrued expenses	237,505	Based on regular terms	-
2	The former TransAsia Telecommunications Inc.	The Corporation	2	Operating revenues	293,834	Based on regular terms	-
		Mobitai Communications	3	Operating revenues	8,912	Based on regular terms	-
		The Corporation	2	Operating costs	660,092	Based on regular terms	-
		Mobitai Communications	3	Operating costs	4,365	Based on regular terms	-
		The Corporation	2	Rental income	2,028	Based on regular terms	-
3	Mobitai Communications	The Corporation	2	Accounts receivable	1,162	Based on regular terms	-
		The Corporation	2	Accounts payable	19,170	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Accounts payable	2,046	Based on regular terms	-
		The Corporation	2	Other receivables	224,916	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		The Corporation	2	Other payables	\$ 184,291	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Other payables	16,783	Based on regular terms	-
		The Corporation	2	Accrued expenses	40,759	Based on regular terms	-
		The Corporation	2	Operating revenues	93,146	Based on regular terms	-
		The Corporation	2	Operating costs	280,832	Based on regular terms	-
4	Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	2	Accounts receivable	165,536	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Accounts receivable	18	Based on regular terms	-
		The Corporation	2	Other receivables	44,036	Based on regular terms	-
		Mobitai Communications	3	Other receivables	16,783	Based on regular terms	-
		TT&T Holding Co., Ltd.	1	Other payables	30,481	Based on regular terms	-
		The Corporation	2	Accrued expenses	8,517	Based on regular terms	-
		TT&T Holding Co., Ltd.	1	Accrued expenses	9,011	Based on regular terms	-
		The Corporation	2	Administrative expenses	21	Based on regular terms	-
		TT&T Holding Co., Ltd.	1	Administrative expenses	35,618	Based on regular terms	-
		The Corporation	2	Prepayments	857	Based on regular terms	-
		The Corporation	2	Operating revenues	523,471	Based on regular terms	2%
		TT&T Life Insurance Agency Co., Ltd.	1	Operating revenues	298	Based on regular terms	-
		The Corporation	2	Operating costs	4,355	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Administrative expenses	34	Based on regular terms	-
		TT&T Life Insurance Agency Co., Ltd.	1	Rental income	4	Based on regular terms	-
		TT&T Casualty & Property Insurance Agency Co., Ltd.	1	Rental income	4	Based on regular terms	-
5	TT&T Life Insurance Agency Co., Ltd.	The Corporation	2	Prepayments	17	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Accrued expenses	8	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Operating costs	298	Based on regular terms	-
		The Corporation	2	Rental expense	9	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Rental expense	4	Based on regular terms	-
6	TT&T Casualty & Property Insurance Agency Co., Ltd.	The Corporation	2	Prepayments	17	Based on regular terms	-
		The Corporation	2	Rental expense	9	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Rental expense	4	Based on regular terms	-
7	TT&T Holding Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts receivable	5,687	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Other receivables	30,409	Based on regular terms	-
		Dalian Xinkai Teleservices & Technologies Ltd.	1	Accounts payable	1,441	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Ltd.	1	Accounts payable	3,108	Based on regular terms	-
		Dalian Xinkai Teleservices & Technologies Ltd.	1	Deferred credits	26,677	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Operating revenues	33,611	Based on regular terms	-
		Dalian Xinkai Teleservices & Technologies Ltd.	1	Operating costs	9,239	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Ltd.	1	Operating costs	17,650	Based on regular terms	-
8	Dalian Xinkai Teleservices & Technologies Ltd.	TT&T Holding Co., Ltd.	2	Accounts receivable	642	Based on regular terms	-
		TT&T Holding Co., Ltd.	2	Patent right	27,640	Based on regular terms	-
		TT&T Holding Co., Ltd.	2	Operating revenues	5,348	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship	Account	Amount	Transaction Terms	
9	Xiamen Taifu Teleservices & Technologies Ltd.	TT&T Holding Co., Ltd.	2	Accounts receivable	\$ 3,068	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts receivable	3,394	Based on regular terms	-
		TT&T Holding Co., Ltd.	2	Operating revenues	14,312	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Operating revenues	3,339	Based on regular terms	-

Note 1: Parent to subsidiary

Note 2: Subsidiary to parent

Note 3: Between subsidiaries

(Concluded)