

**Taiwan Mobile Co., Ltd. and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2008 and 2007 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, 2008 and 2007, 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 and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the financial statements, in March 2007, the Accounting Research and Development Foundation issued an interpretation that requires companies to recognize employees bonuses and remuneration paid to directors and supervisors as expenses starting from January 1, 2008. The mentioned bonuses and remuneration were previously recorded as appropriations from earnings.

As stated in Note 2 to the financial statements, to position as an integrated telecom and media player down the road differentiating from competition and build growth momentum exposure to higher margin lines of business, the Corporation, acquired up to 84.03% of Taiwan Fixed Network, Ltd. (the former TFN)'s shares through Taihsing International Telecommunications Co., Ltd. (TIT), the subsidiary of the Corporation, since April 17, 2007. Because TFN is controlled by the Corporation, TFN and its subsidiaries have been included in the consolidated entities.

July 11, 2008

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' 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' report and financial statements shall prevail.*

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

**CONSOLIDATED BALANCE SHEETS**

**JUNE 30, 2008 AND 2007**

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

(Reviewed, Not Audited)

ASSETS	2008		2007		LIABILITIES AND SHAREHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 2, 4 and 25)	\$ 4,257,660	5	\$ 14,645,563	12	Short-term borrowing (Notes 14, 25 and 26)	\$ 9,950,000	11	\$ 16,370,000	14
Available-for-sale financial assets - current (Notes 2 and 5)	314,709	1	3,306,701	3	Short-term notes and bills payable (Note 15)	996,918	1	-	-
Notes receivable	31,792	-	31,850	-	Notes payable	36,674	-	216,678	-
Accounts receivable - third parties (Notes 2 and 6)	6,788,197	8	6,928,038	6	Accounts payable (Note 25)	3,265,582	3	2,940,024	2
Accounts receivable - related parties (Notes 2 and 25)	170,676	-	86,752	-	Income taxes payable (Notes 2 and 21)	2,506,432	3	1,936,526	2
Other receivables (Note 25)	265,103	-	297,383	-	Accrued expenses	5,150,169	6	4,297,757	4
Inventories (Note 2)	252,298	-	118,511	-	Other payables	11,917,824	13	14,071,125	12
Prepayments (Note 25)	914,735	1	863,600	1	Advance receipts	1,987,146	2	1,594,853	1
Deferred income tax assets - current (Notes 2 and 21)	274,067	-	159,999	-	Current portion of long-term liabilities (Notes 2, 16, 17, 18 and 24)	2,500,000	3	10,412,558	9
Pledged time deposits (Notes 25 and 26)	46,965	-	47,283	-	Guarantee deposits	78,145	-	96,440	-
Other current assets	18,251	-	11,939	-	Deferred income tax liability - current (Notes 2 and 21)	5,560	-	33,100	-
Total current assets	13,334,453	15	26,497,619	22	Other current liabilities	519,366	-	459,669	-
					Total current liabilities	38,913,816	42	52,428,730	44
<b>INVESTMENTS</b>					<b>LONG-TERM LIABILITIES</b>				
Hedging derivative financial assets - non-current (Notes 2, 24 and 28)	2,486	-	-	-	Bonds payable (Notes 2, 16 and 24)	7,500,000	8	10,000,000	8
Financial assets carried at cost - non-current (Notes 2 and 8)	2,515,168	3	2,386,415	2	Long-term borrowing (Notes 17, 25 and 26)	900,000	1	4,580,931	4
Bond measured at amortized cost - non-current (Notes 2 and 9)	500,000	-	500,000	-	Hedging derivative financial liabilities (Notes 2, 24 and 28)	-	-	260,081	-
Total investments	3,017,654	3	2,886,415	2	Total long-term liabilities	8,400,000	9	14,841,012	12
<b>PROPERTY AND EQUIPMENT (Notes 2, 10 and 26)</b>					<b>OTHER LIABILITIES</b>				
Cost					Accrued pension cost (Notes 2 and 19)	2,206	-	91,329	-
Land	6,169,969	7	5,666,257	5	Guarantee deposits	360,518	1	374,197	1
Buildings	4,118,186	4	3,651,148	3	Deferred income tax liability - non-current (Notes 2 and 21)	108,592	-	16,783	-
Telecommunication equipment	63,933,798	69	87,591,811	73	Other	19,744	-	15,790	-
Office equipment	226,825	-	297,538	-	Total other liabilities	491,060	1	498,099	1
Leased assets	1,276,190	1	1,276,190	1	Total liabilities	47,804,876	52	67,767,841	57
Miscellaneous equipment	2,366,437	3	2,583,017	2					
Total cost	78,091,405	84	101,065,961	84	<b>SHAREHOLDERS' EQUITY (Notes 2 and 20)</b>				
Less: Accumulated depreciation	(30,920,892)	(33)	(37,868,359)	(31)	Parent's shareholders' equity				
Accumulated impairment	-	-	(901,854)	(1)	Capital stock - NTS\$10 par value				
	47,170,513	51	62,295,748	52	Authorized: 6,000,000 thousand shares				
Construction in progress and advance payments	2,155,723	2	3,443,852	3	Issued: 3,800,925 thousand shares and 5,000,414 thousand shares in 2008 and 2007	38,009,254	41	50,004,141	42
Net property and equipment	49,326,236	53	65,739,600	55	Capital surplus	12,270,891	13	8,771,786	7
<b>INTANGIBLE ASSETS (Note 2)</b>					Retained earnings				
3G concession	7,850,946	8	8,598,655	7	Legal reserve	12,406,775	13	11,745,475	10
Computer software cost	81,139	-	155,187	-	Special reserve	3,406,744	4	3,493,563	3
Goodwill (Note 11)	10,482,669	11	9,950,910	9	Unappropriated earnings	10,504,839	11	12,108,451	10
Other intangible assets					Other equity				
Customer relationship (Note 11)	2,773,932	3	2,280,176	2	Cumulative translation adjustments	(11,671)	-	7,495	-
Operating rights (Note 11)	1,382,000	2	1,169,172	1	Net loss not recognized as pension cost	1,534	-	-	-
Other intangible assets	15,916	-	8,264	-	Unrealized gains (losses) of financial instruments	21,664	-	(268,846)	-
	4,171,848	5	3,457,612	3	Treasury stock	(31,889,100)	(34)	(37,746,803)	(32)
Total intangible assets	22,586,602	24	22,162,364	19		44,720,930	48	48,115,262	40
<b>OTHER ASSETS</b>						35,726	-	3,971,415	3
Assets leased to others (Notes 2 and 12)	507,851	1	408,438	-	Minority interest				
Idle assets (Notes 2 and 12)	-	-	262,530	-	Total shareholders' equity	44,756,656	48	52,086,677	43
Refundable deposits	396,145	1	420,539	1					
Deferred charges (Notes 2 and 13)	290,819	-	351,848	-	<b>TOTAL</b>	<b>\$ 92,561,532</b>	<b>100</b>	<b>\$ 119,854,518</b>	<b>100</b>
Deferred income tax assets - non-current (Notes 2 and 21)	2,709,751	3	1,046,684	1					
Other (Note 26)	123,559	-	78,481	-					
Total other assets	4,296,587	5	2,568,520	2					
<b>TOTAL</b>	<b>\$ 92,561,532</b>	<b>100</b>	<b>\$ 119,854,518</b>	<b>100</b>					

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

(With Deloitte & Touche review report dated July 11, 2008)

# TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

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

(Reviewed, Not Audited)

	2008		2007	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 25)	\$ 34,749,439	100	\$ 31,173,980	100
OPERATING COSTS (Notes 2, 23 and 25)	<u>15,522,916</u>	<u>44</u>	<u>13,557,460</u>	<u>43</u>
GROSS PROFIT	<u>19,226,523</u>	<u>56</u>	<u>17,616,520</u>	<u>57</u>
OPERATING EXPENSES (Notes 2, 23 and 25)				
Marketing	5,491,063	16	4,661,858	15
Administrative	<u>2,402,831</u>	<u>7</u>	<u>2,357,564</u>	<u>8</u>
Total operating expenses	<u>7,893,894</u>	<u>23</u>	<u>7,019,422</u>	<u>23</u>
OPERATING INCOME	<u>11,332,629</u>	<u>33</u>	<u>10,597,098</u>	<u>34</u>
NON-OPERATING INCOME AND GAINS				
Gain on disposal of investments, net (Note 2)	263,486	1	92,989	-
Penalty income	105,602	-	104,108	-
Interest income	65,359	-	133,709	1
Rental income (Note 25)	35,103	-	38,528	-
Gain on disposal of property and equipment (Note 2)	1,037	-	5,200	-
Valuation gain on financial assets, net (Note 2)	519	-	47,390	-
Investment income recognized under equity method, net (Notes 2 and 7)	-	-	172,290	1
Exchange gain, net (Note 2)	-	-	15,020	-
Other (Notes 2 and 6)	<u>145,038</u>	<u>1</u>	<u>186,023</u>	<u>1</u>
Total non-operating income and gains	<u>616,144</u>	<u>2</u>	<u>795,257</u>	<u>3</u>
NON-OPERATING EXPENSES AND LOSSES				
Loss on disposal and retirement of property and equipment (Note 2)	576,651	2	403,427	2
Interest expenses (Notes 2, 10 and 25)	369,738	1	352,424	1
Impairment loss (Notes 2 and 8)	11,532	-	8,105	-
Other (Note 2)	<u>60,565</u>	<u>-</u>	<u>56,619</u>	<u>-</u>
Total non-operating expenses and losses	<u>1,018,486</u>	<u>3</u>	<u>820,575</u>	<u>3</u>
INCOME BEFORE INCOME TAX	10,930,287	32	10,571,780	34
INCOME TAX EXPENSE (Notes 2 and 21)	<u>2,757,375</u>	<u>8</u>	<u>2,558,635</u>	<u>8</u>
CONSOLIDATED NET INCOME	<u>\$ 8,172,912</u>	<u>24</u>	<u>\$ 8,013,145</u>	<u>26</u>

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# TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

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

(Reviewed, Not Audited)

	2008		2007	
	Amount	%	Amount	%
ATTRIBUTED TO				
Shareholders of the parent	\$ 8,160,212	24	\$ 8,001,218	26
Minority interest	<u>12,700</u>	<u>-</u>	<u>11,927</u>	<u>-</u>
	<u>\$ 8,172,912</u>	<u>24</u>	<u>\$ 8,013,145</u>	<u>26</u>
	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 3.54</u>	<u>\$ 2.76</u>	<u>\$ 2.36</u>	<u>\$ 1.82</u>
Diluted	<u>\$ 3.54</u>	<u>\$ 2.76</u>	<u>\$ 2.36</u>	<u>\$ 1.82</u>

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

(With Deloitte & Touche review report dated July 11, 2008)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**SIX MONTHS ENDED JUNE 30, 2008 AND 2007**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Capital Stock	Capital Surplus	Retained Earnings				Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain (Loss) on Financial Instruments	Treasury Stock	Minority Interest	Total Shareholders' Equity
			Legal Reserve	Special Reserve	Unappropriated	Total						
BALANCE, JANUARY 1, 2008	\$ 38,009,254	\$ 8,785,159	\$ 11,745,475	\$ 3,493,563	\$ 10,720,230	\$ 25,959,268	\$ 5,764	\$ 1,534	\$ (64,043)	\$ (40,844,007)	\$ 552,231	\$ 32,405,160
Appropriation of the 2007 earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	661,300	-	(661,300)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(86,819)	86,819	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	(18,116)	(18,116)	-	-	-	-	-	(18,116)
Bonus to employees - cash	-	-	-	-	(181,155)	(181,155)	-	-	-	-	-	(181,155)
Cash dividends - NT\$2.54326 per share	-	-	-	-	(7,601,851)	(7,601,851)	-	-	-	-	-	(7,601,851)
Balance after appropriation	38,009,254	8,785,159	12,406,775	3,406,744	2,344,627	18,158,146	5,764	1,534	(64,043)	(40,844,007)	552,231	24,604,038
Consolidated net income for the six months ended June 30, 2008	-	-	-	-	8,160,212	8,160,212	-	-	-	-	12,700	8,172,912
Adjustments to change in equity-method investees' shareholders' equity	-	-	-	-	-	-	(17,435)	-	11,198	-	-	(6,237)
Disposal of the Corporation's shares held by subsidiaries	-	3,485,732	-	-	-	-	-	-	-	8,954,907	-	12,440,639
Unrealized gains on financial instruments, net	-	-	-	-	-	-	-	-	74,509	-	-	74,509
Cash dividends paid to minority interests	-	-	-	-	-	-	-	-	-	-	(1,148)	(1,148)
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	(528,057)	(528,057)
<b>BALANCE, JUNE 30, 2008</b>	<b>\$ 38,009,254</b>	<b>\$ 12,270,891</b>	<b>\$ 12,406,775</b>	<b>\$ 3,406,744</b>	<b>\$ 10,504,839</b>	<b>\$ 26,318,358</b>	<b>\$ (11,671)</b>	<b>\$ 1,534</b>	<b>\$ 21,664</b>	<b>\$ (31,889,100)</b>	<b>\$ 35,726</b>	<b>\$ 44,756,656</b>
BALANCE, JANUARY 1, 2007	\$ 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 - NT\$2.58757 per share	-	-	-	-	(12,880,151)	(12,880,151)	-	-	-	-	-	(12,880,151)
Balance after appropriation	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 to change in equity-method investees' shareholders' equity	-	-	-	-	-	-	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 and entitlement certificates	10,890	19,088	-	-	-	-	-	-	-	-	-	29,978
Unrealized losses on financial instruments, net	-	-	-	-	-	-	-	-	28,867	-	-	28,867
Adjustments of treasury stock held by subsidiaries	-	-	-	-	-	-	-	-	-	(37,045,314)	-	(37,045,314)
Effect of acquisition the subsidiary	-	-	-	-	-	-	-	-	-	-	3,356,578	3,356,578
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	578,402	578,402
<b>BALANCE, JUNE 30, 2007</b>	<b>\$ 50,004,141</b>	<b>\$ 8,771,786</b>	<b>\$ 11,745,475</b>	<b>\$ 3,493,563</b>	<b>\$ 12,108,451</b>	<b>\$ 27,347,489</b>	<b>\$ 7,495</b>	<b>\$ -</b>	<b>\$ (268,846)</b>	<b>\$ (37,746,803)</b>	<b>\$ 3,971,415</b>	<b>\$ 52,086,677</b>

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

(With Deloitte & Touche review report dated July 11, 2008)

# TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 8,172,912	\$ 8,013,145
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,485,646	3,639,163
Loss on disposal and retirement of property and equipment, net	575,614	398,227
Amortization	551,778	524,500
Bad debts	322,428	461,091
Gain on disposal of investments, net	(262,759)	(92,989)
Deferred income taxes	114,461	548,048
Impairment loss	11,532	8,105
Amortization of long-term notes payable	9,660	28,078
Pension cost	(742)	(29,936)
Reversal of allowance for loss on inventories	(167)	(8,052)
Investment income recognized under equity method, net	-	(172,290)
Accrued interest compensation	-	910
Net changes in operating assets and liabilities		
Financial assets held for trading	131,973	14,077,168
Notes receivable	53,311	(6,049)
Accounts receivable - third parties	(323,511)	(347,714)
Accounts receivable - related parties	(50,042)	163,186
Other receivables	(22,578)	53,129
Long-term capital lease receivables	(58,991)	-
Inventories	(92,312)	81,577
Prepayments	(62,545)	66,175
Other current assets	4,671	51,210
Notes payable	(189,109)	85,638
Accounts payable	389,741	(66,358)
Income taxes payable	789,921	(1,295,325)
Accrued expenses	(163,000)	(335,968)
Other payables	441,177	(12,728)
Advance receipts	(6,512)	(178,137)
Other current liabilities	<u>14,807</u>	<u>(367,538)</u>
Net cash provided by operating activities	<u>13,837,364</u>	<u>25,286,266</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(2,683,863)	(3,131,045)
Proceeds from the disposal of available-for-sale financial assets	2,089,511	10,758,576
Increase in goodwill	(1,222,018)	-
Acquisition of subsidiaries	(130,248)	(39,986,288)
Increase in deferred charges	(72,309)	(35,865)
Proceeds from the disposal of property and equipment	50,026	6,055
Decrease (increase) in refundable deposits	9,586	(25,411)

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# TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2008	2007
Increase in computer software costs and other intangible assets	\$ (4,556)	\$ (6,588)
Proceeds from investees' capital reduction	2,688	-
Decrease (increase) in pledged time deposits	741	(5,077)
Decrease in other assets	133	14,891
Acquisition of available-for-sale financial assets	-	(334,000)
Increase in financial assets carried at cost - non-current	<u>-</u>	<u>(19,892)</u>
Net cash used in investing activities	<u>(1,960,309)</u>	<u>(32,764,644)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the disposal of treasury stock	13,509,828	-
Capital reduction	(9,434,444)	-
Increase (decrease) in short-term borrowing	(9,390,000)	16,370,000
Increase (decrease) in minority interest	(7,274,668)	578,402
Remuneration of long-term notes payable	(2,450,000)	-
Increase in long-term borrowing	900,000	-
Decrease in short-term notes and bills payable	(597,835)	-
Decrease in guarantee deposits	(7,168)	(33,691)
Cash dividends paid to minority interest	(1,148)	-
Decrease in long-term borrowing	-	(11,879,069)
Transfer of treasury stock to employees	-	735,059
Increase in other liabilities	<u>-</u>	<u>15,790</u>
Net cash (used in) provided by financing activities	<u>(14,745,435)</u>	<u>5,786,491</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(5,661)</u>	<u>1,775</u>
ACQUISITION OF CASH AND CASH EQUIVALENTS FROM SUBSIDIARIES	<u>103,610</u>	<u>3,919,950</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,770,431)	2,229,838
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>7,028,091</u>	<u>12,415,725</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 4,257,660</u>	<u>\$ 14,645,563</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	\$ 493,271	\$ 214,929
Less: Capitalized interest	<u>6,321</u>	<u>16,928</u>
Interest paid - excluding capitalized interest	<u>\$ 486,950</u>	<u>\$ 198,001</u>
Income taxes paid	<u>\$ 1,545,265</u>	<u>\$ 2,779,141</u>

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# TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2008	2007
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 2,500,000</u>	<u>\$ 10,412,588</u>
Conversion of convertible bonds to capital stock and entitlement certificates	<u>\$ -</u>	<u>\$ 29,978</u>
<b>CASH INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of property and equipment	\$ 2,362,605	\$ 3,208,198
Decrease (increase) in other payables	317,009	(77,153)
Decrease in notes payable	<u>4,249</u>	<u>-</u>
Cash paid for acquisition of property and equipment	<u>\$ 2,683,863</u>	<u>\$ 3,131,045</u>

The Corporation acquired 100% of Hurray! Times Communications (Beijing) Ltd.'s shares on April 24, 2008. The fair values of the assets and liabilities upon acquisition were as follows:

Cash	\$ 103,610
Accounts receivable	46,443
Prepayments	1,590
Other current assets	320
Property and equipment	2,727
Intangible assets	50
Other assets	<u>146</u>
	<u>154,886</u>
Accounts payable	7,841
Accrued expenses	844
Other payables	6,326
Advance receipts	16,595
Other current liabilities	<u>270</u>
	<u>31,876</u>
Net	123,010
Percentage of equity interest	<u>100%</u>
	123,010
Add: Goodwill	29,193
Less: Investment payable	<u>(21,955)</u>
Cash paid for acquisition of Hurray! Times Communications (Beijing) Ltd.	<u>\$ 130,248</u>

(Continued)

# TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

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The Corporation acquired 74.65% of Taiwan Fixed Network Co., Ltd.'s (the former TFN) shares on April 17, 2007. The fair values of the assets and liabilities as of April 17, 2007 were as follows:

Cash	\$ 3,919,950
Available-for-sale financial assets - current	13,363,247
Accounts receivable	896,662
Inventories	160,803
Other receivables	3,066,995
Other current assets	439,823
Investments accounted for using equity method	44,670,593
Financial assets carried at cost - non-current	2,239,242
Bonds measured at amortized cost - non-current	500,000
Property and equipment	5,229,013
Intangible assets	6,650,044
Other assets	<u>357,080</u>
	<u>81,493,452</u>
Accounts payable	1,327,269
Accrued expenses	567,354
Other payables	453,711
Current portion of long-term liabilities	15,748,972
Other current liabilities	928,479
Long-term borrowing and notes payables	7,315,099
Accrued pension costs	121,265
Other liabilities	<u>148,086</u>
	<u>26,610,235</u>
Net	54,883,217
Percentage of equity interest	<u>84.6%</u>
	46,431,202
Less: Fair value of 9.95% stake owned before tender offer (including investment income recognized under equity method from January 1, 2007 to April 16, 2007, and the difference between preceding and following fair market value of purchase price allocation.)	<u>(6,444,914)</u>
Cash paid for acquisition of the former TFN	<u>\$39,986,288</u>

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

(With Deloitte & Touche review report dated July 11, 2008)

(Concluded)

# TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

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

(Reviewed, Not Audited)

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### 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, 2008 and 2007, the Corporation and subsidiaries had 4,523 and 4,461 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 and accounting principles generally accepted in the ROC. In conformity with these guidelines, 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, bonus to employees, remuneration to directors and supervisors, impairment loss on assets, etc. Actual results may differ from these estimates.

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

#### 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. 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	Main Businesses and Products	Percentage of Ownership as of June 30		Note
			2008	2007	
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	Wealth Media Technology Co., Ltd. (WMT)	Investment	100.00	-	Established on August 7, 2007
WMT	Tai Fu Media Technology Co., Ltd. (TFMT)	Investment	100.00	-	Established on October 18, 2007
TFMT	Global Wealth Media Technology Co., Ltd. (GWMT)	Investment	100.00	-	Established on October 26, 2007
TFMT	Fu Jia Leh Media Technology Co., Ltd. (FJLMT)	Investment	100.00	-	Established on November 23, 2007
TFMT	Fu Sin Media Technology Co., Ltd. (FSMT)	Investment	100.00	-	Established on November 23, 2007
GWMT	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV SO (System Operator)	6.179	-	-
FSMT	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV SO (System Operator)	3.34	-	-
Corporation	Taiwan Cellular Co., Ltd. (TCC)	Equipment installation and IT service	100.00	100.00	-
TCC	Mobitai Communications (Mobitai)	Wireless service provider	-	100.00	Merged into TAT on December 15, 2007
TCC	Tai Yi Digital Broadcasting Co., Ltd. (TYDB)	Broadcasts business and cell phone number agency	49.90	49.90	-
TCC	Taiwan Fixed Network Co., Ltd. (TFN)	Fixed network service	100.00	100.00	a. Established on January 30, 2007. Formerly Taihsing International Telecommunications Co., Ltd., merged with the former TFN on December 28, 2007 and renamed as Taiwan Fixed Network Co., Ltd.  b. As of June 30, 2008, the TFN and TFNI own the Corporation's 811,918 thousand shares, representing 21.36% shareholding.
TCC	Taiwan Digital Communications Co., Ltd. (TDC)	Communication service	100.00	100.00	Established on June 6, 2007
TCC	TWM Holding Co. Ltd. (TWM Holding)	Investment	100.00	100.00	-
TWM Holding	Hurray! Times Communications (Beijing) Ltd.	Mobile application development and design	100.00	-	100% acquired by TWM Holding and consolidated into financial statements on April 24, 2008
TCC	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	Liquidated on March 15, 2008
TT&T	TT&T Life Insurance Agency Co., Ltd. (TLIA)	Insurance agency	-	100.00	Liquidated on May 15, 2008

(Continued)

Investor	Subsidiary	Main Businesses and Products	Percentage of Ownership as of June 30		Note
			2008	2007	
TT&T	Taiwan Super Basketball Co., Ltd. (TSB)	Basketball team management and related business	100.00	-	Established on September 21, 2007
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	-
TFN	Taiwan United Communication Co., Ltd. (TUC)	Communication service	-	100.00	Established on April 14, 2007, and acquired minority interests of TTN through share swap on December 31, 2007 and merged with TFN on January 1, 2008
TFN	Taiwan Telecommunication Network Services Co., Ltd. (TTN)	Data communication/voice value-added service	99.53	-	TUC acquired more than 50% equity and consolidated TTN into financial statements since September, 2007. TUC acquired minority interest of TTN through share swap on December 31, 2007.
TTN	VoPier Communications (Taiwan) Co., Ltd. (VoPier)	International simple resale and prepaid card	100.00	-	-
TFN	Taiwan Fixed Network Co., Ltd. (the former TFN)	Fixed network service	-	84.60	TFN acquired more than 50% equity on April 17, 2007 and consolidated it and its subsidiary into financial statement. The former TFN was merged into TFN on December 31, 2007.
TFN	TFN Investment Co., Ltd. (TFNI)	Investment	100.00	100.00	(Note 1)
TFN	TFN HK Ltd.	Telecommunications	100.00	99.99	(Note 1)
The former TFN	Hong Yuan Investment Co., Ltd. (HYI)	Investment	-	-	Merged into TFNI on June 5, 2007
The former TFN	TFN US Ltd.	Telecommunications	-	-	Liquidated on June 8, 2007
TFNI	Reach & Range Inc. (R&R)	Telecom equipment sales and maintainance	100.00	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	98.50	-
TFNI	Fu Yuan Media Co., Ltd. (FYM)	Cable TV MSO (Multi System Operator)	-	29.40	Merged into TFNM on December 1, 2007
TFNI	TFN Media Co., Ltd. (TFNM)	Cable broadband service	100.00	93.06	-
TFNM	FYM	Cable TV MSO (Multi System Operator)	-	70.60	Merged into TFNM on December 1, 2007
TFNM	Union Cable TV Co., Ltd. (UCTV)	Cable TV SO (System Operator)	99.99	99.99	(Note 2)
TFNM	Shin Ho Cable TV Co., Ltd. (SHCTV)	Cable TV SO (System Operator)	100.00	100.00	Some shares held under trustee accounts (Note 2)
TFNM	Yeong Jialeh Cable TV Co., Ltd. (YJCTV)	Cable TV SO (System Operator)	100.00	100.00	(Note 2)
TFNM	Mangrove Cable TV Corporation (MCTV)	Cable TV SO (System Operator)	100.00	100.00	Some shares held under trustee accounts (Note 2)
TFNM	North Coast Cable TV Co., Ltd. (NCCTV)	Cable TV SO (System Operator)	100.00	100.00	(Note 2)
TFNM	PCTV	Cable TV SO (System Operator)	96.66	70.00	(Note 2)
TFNM	GCTV	Cable TV SO (System Operator)	92.38	92.38	(Note 2)

(Concluded)

Note 1: Became a subsidiary of TFN, which merged the former TFN on December 28, 2007.

Note 2: Became a subsidiary of TFNM, which merged FYM on December 1, 2007.

On September 4, 2007, the Board of Directors of the Corporation resolved to merge TAT, with the Corporation as the surviving company. The merger was approved by NCC on July 3, 2008, with the record date subject to the approval from the Corporation's Board of Directors.

With the purpose of positioning and differentiating itself from the competition as an integrated telecom and media player down the road, and building growth momentum exposure to higher margin lines of business, the Board of Directors of TIT resolved to acquire the former TFN through a public tender offer on March 1, 2007, and approved to buy shares continuously from minorities on April 26, 2007, both at the price of \$8.3 per share. The former TFN and its subsidiaries have become the subsidiaries of the Corporation since April 17, 2007. In addition, TIT's Board of Directors resolved on June 29, 2007 to fully merge the former TFN at \$8.3 per share, with TIT as the surviving company. TIT thus assumed all the rights and obligations of TFN and was renamed as TFN on the record date, December 28, 2007.

As of April 17, 2007, the Corporation owned 84.03% of the former TFN's shares through subsidiaries. The financial statements of the former TFN and its subsidiaries have been included in the consolidated entities.

On May 22, 2008, the Board of Directors of TFN resolved to merge TTN, with TFN as the surviving company. The merger was approved by NCC on July 11, 2008, with the record date subject to the approval from TFN's Board of Directors.

The Group's main 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 stocks 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 is evaluated on the basis of replacement cost or net realizable value.

### **Investments Accounted for Using Equity Method**

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

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

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

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

### **Financial Assets Carried at Cost**

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



## **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 derecognized, impairment or amortization. A regular purchase or sale of financial assets is recognized and derecognized using settlement 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.

## **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 - 40 to 55 years; telecommunication equipment - 2 to 15 years; office equipment - 3 to 8 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.

## **Accounting for Leases**

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

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

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

## **Intangible Assets**

### **a. Franchise**

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

b. Computer software

Computer software cost is amortized by the straight-line method over 3 to 12 years.

c. 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.

d. 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 the subsidiaries' cable TV and data network businesses. Customer relationship is amortized by the straight-line method over 6 to 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. 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.

e. Other

Trademarks are amortized by the straight-line method over 10 years.

**Idle Assets**

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

**Deferred Charges**

Deferred charges, which include interior decoration costs, bond issuance costs, and arrangement fees for syndicated bank loans are amortized by the straight-line method over three to seven years or contract periods.

**Asset Impairment**

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

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

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

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

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

## **Treasury Stock**

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

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

## **Foreign-currency Transactions**

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

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

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

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

### **Revenue Recognition**

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

Service revenues from wireless services, 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 services are recognized on the basis of minutes of usage.

### **Promotion Expenses**

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

### **Hedging Derivative Financial Instruments**

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

### **Hedge Accounting**

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

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

### **Reclassification**

Certain accounts in the consolidated financial statements as of and for the six months ended June 30, 2007 have been reclassified to conform to the presentation of consolidated financial statements as of and for the six months ended June 30, 2008.

### 3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

In March 2007, the Accounting Research and Development Foundation issued an interpretation that requires companies and their subsidiaries to recognize those bonuses to employees and remunerations to directors and supervisors as expenses starting from January 1, 2008. The mentioned bonuses and remunerations were previously recorded as appropriations from earnings. The adoption of this interpretation resulted in a decrease of \$187,090 thousand in net income and a decrease in basic earnings per share of \$0.06 for the six months ended June 30, 2008.

### 4. CASH AND CASH EQUIVALENTS

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Government bonds with repurchase rights	\$ 1,892,062	\$ 2,548,127
Short-term notes and bills with repurchase rights	1,206,969	9,518,717
Cash in banks	849,434	1,275,189
Time deposits	278,622	1,264,677
Cash on hand	24,268	32,662
Revolving funds	<u>6,305</u>	<u>6,191</u>
	<u>\$ 4,257,660</u>	<u>\$ 14,645,563</u>

### 5. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Domestic listed stocks		
Fubon Financial Holding Company	\$ -	\$ 2,638,134
Chunghwa Telecom Co., Ltd.	211,008	168,538
Overseas listed stocks		
Hurray! Holding Co., Ltd. (NASDAQ listed company)	103,701	159,571
Mutual funds		
Open-end mutual bonds funds	<u>-</u>	<u>340,458</u>
	<u>\$ 314,709</u>	<u>\$ 3,306,701</u>

### 6. ACCOUNTS RECEIVABLE - THIRD PARTIES

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Accounts receivable	\$ 7,266,565	\$ 7,465,129
Less allowance for doubtful accounts	<u>(478,368)</u>	<u>(537,091)</u>
	<u>\$ 6,788,197</u>	<u>\$ 6,928,038</u>

In the first quarter of 2008, the Corporation and its subsidiaries entered into an accounts receivable factoring contract with HC Second Asset Management Co., Ltd. The Corporation and its subsidiaries sold \$3,341,578 thousand of the overdue accounts receivable, which had been written off, to HC Second Asset Management Co., Ltd. The aggregate selling price was \$38,866 thousand. Under this contract, the Corporation and its subsidiaries would no longer assume the risk on this receivable.

## 7. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

TFN reclassified investments in the former TFN from “financial assets carried at cost” account to “investments accounted for using equity method” account effective on April 17, 2007. The investment income of \$172,290 thousand from the former TFN for the period from January 1, 2007 to April 16, 2007 should be therefore accrued retroactively.

## 8. FINANCIAL ASSETS CARRIED AT COST - NON-CURRENT

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Domestic emerging stocks		
Taiwan High Speed Rail Corporation	\$ 2,120,829	\$ 2,173,274
Domestic unlisted stocks		
Arcoa Communication Co., Ltd.	67,731	67,731
Great Taipei Broadband Co., Ltd.	50,527	52,563
Parawin Venture Capital Corp.	22,202	22,202
WEB Point Co., Ltd.	6,773	6,773
Sunnet Technologies Co., Ltd.	-	11,820
Foreign unlisted stocks		
Bridge Mobile Pte Ltd.	60,064	52,052
Domestic unlisted preferred stock		
New Century Information Tech. Co., Ltd.	<u>187,042</u>	<u>-</u>
	<u>\$ 2,515,168</u>	<u>\$ 2,386,415</u>

Because there is no active market quotation and a reliable fair value can not be estimated, the above investments are measured at cost. For the six months ended June 30, 2008 and 2007, the Corporation recognized an impairment loss in proportion to its ownership percentage of net worth amounting to \$11,532 thousand and \$8,105 thousand, respectively.

## 9. BONDS MEASURED AT AMORTIZED COST - NON-CURRENT

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Taiwan High Speed Rail Corporation - unlisted convertible preferred stock - series A	<u>\$ 500,000</u>	<u>\$ 500,000</u>

## 10. PROPERTY AND EQUIPMENT - ACCUMULATED DEPRECIATION

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Accumulated depreciation		
Buildings	\$ 543,195	\$ 435,467
Telecommunication equipment	28,694,057	35,779,016
Office equipment	130,956	141,578
Leased assets	388,175	324,366
Miscellaneous equipment	<u>1,164,509</u>	<u>1,187,932</u>
	<u>\$ 30,920,892</u>	<u>\$ 37,868,359</u>

(Continued)

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Accumulated impairment		
Land	\$ -	\$ 12,287
Buildings	-	12,740
Telecommunication equipment	-	857,948
Office equipment	-	1,523
Leasehold improvements	-	16,551
Miscellaneous equipment	-	805
	<u>          -</u>	<u>          805</u>
	<u>\$ -</u>	<u>\$ 901,854</u>
		(Concluded)

Capitalized interest for the six months ended June 30, 2008 and 2007 were \$6,321 thousand and \$16,928 thousand, respectively, with capitalization rates ranging both from 2.4 % to 2.64 %.

The Corporation bought farmland located in Yang-Mei, Taoyuan for the amount of \$12,000 thousand from the former TFN in December 2006, based on the need for deploying telecom equipments. Because only an individual could be the owner of farmland according to related regulations, its ownership is under the landholder through a fiduciary contract.

## 11. INTANGIBLE ASSETS

	<b>Six Months Ended June 30, 2008</b>		
	<b>Goodwill</b>	<b>Customer Relationship</b>	<b>Operating Rights</b>
<u>Cost</u>			
Beginning balance	\$ 9,231,478	\$ 2,861,323	\$ 1,382,000
Add: Acquired from merger	1,251,191	-	-
Amortization	-	(87,391)	-
Ending balance	<u>\$ 10,482,669</u>	<u>\$ 2,773,932</u>	<u>\$ 1,382,000</u>
	<b>Six Months Ended June 30, 2007</b>		
	<b>Goodwill</b>	<b>Customer Relationship</b>	<b>Operating Rights</b>
<u>Cost</u>			
Beginning balance	\$ 6,835,370	\$ -	\$ -
Add: Acquired from merger	<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

Under SFAS No. 25 "Business Combinations" and No. 37 "Accounting for Intangible Assets", the Group should measure the fair value of the acquired assets and identify major intangible assets as well as the amortization periods.

- 1) On April 17, 2007, TFN, the Corporation's 100%-owned subsidiary, acquired more than 50% of the former TFN through a public tender offer at the price of NT\$8.3 per share. The Corporation divided the former TFN and its subsidiaries into two cash-generating units, fixed network service and cable TV. Accordingly, customer relationship and operating rights were identified as major intangible assets.
- 2) On September, 2007, TUC, the Corporation's 100%-owned subsidiary, acquired more than 50% of TTN's shares at NT\$13.843 per share. The Corporation measured the fair value of the acquired assets, and viewed TTN's ISP services as one cash-generating unit. Accordingly, customer relationship was identified as major intangible asset.

b. Goodwill

In conformity with SFAS No. 35, "Accounting for Asset Impairment," the Group identified the smallest identifiable group of cash-generating units by years and entities as follows:

In 2006, the Group was engaged in mobile service only and identified the Corporation, TAT and Mobitai as independent cash-generating units. In 2007, to be in line with the Group's integration of business resources and customer services for better core competence, the Corporation, TAT and Mobitai were viewed as one cash-generating unit. Besides, impairment test on goodwill of newly consolidated cable subsidiaries was needed. The critical assumptions to evaluate the recoverable amounts of operating assets and goodwill by business were as follows:

1) Wireless service

a) Assumptions on operating revenues

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

b) Assumptions on operating costs and expenses

The estimates of commissions, customer retention costs, customer service costs and bill processing costs were based on the projected changes in subscriber numbers. The estimates of remaining costs and expenses were based on the proportion of the actual costs and expenses to operating revenues in the 2007 and 2006 financial statements.

c) Assumptions on discount rate

In 2007, the Group used the discount rate of 6.78% in calculating the consolidated asset recoverable amounts of the Corporation, TAT and the Mobitai. In 2006, the discount rates are 8.70%, 9.84%, and 9.70% in calculating the asset recoverable amounts of the Corporation, TAT and Mobitai, respectively.

2) Cable television business

a) Assumptions on operating revenues

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



b) Assumptions on operating costs and expenses

The estimates of commissions, customer retention costs, customer service costs and bill processing costs were based on the projected changes in subscriber numbers. The estimates of remaining costs and expenses were based on the proportion of the actual costs and expenses to operating revenues in the 2007 and 2006 financial statements.

c) Assumptions on discount rate

The discount rate used to calculate the asset recoverable amounts was ranging from 3.86% to 4.64%.

Based on the key 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 years ended December 31, 2007 and 2006.

## 12. ASSETS LEASED TO OTHERS AND IDLE ASSETS

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Assets leased to others		
Cost	\$ 574,078	\$ 545,207
Less accumulated depreciation	(33,712)	(83,228)
Less accumulated impairment	<u>(32,515)</u>	<u>(53,541)</u>
	<u>\$ 507,851</u>	<u>\$ 408,438</u>
Idle assets		
Cost	\$ 660,607	\$ 2,773,843
Less allowance for value decline	(187,519)	(1,476,566)
Less accumulated depreciation	(98,054)	(672,661)
Less accumulated impairment	<u>(106,572)</u>	<u>(362,086)</u>
	<u>\$ 268,462</u>	<u>\$ 262,530</u>

## 13. DEFERRED CHARGES

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Interior decoration costs	\$ 260,951	\$ 263,462
Arrangement fee for syndicated bank loans	19,492	62,000
Other	<u>10,376</u>	<u>26,386</u>
	<u>\$ 290,819</u>	<u>\$ 351,848</u>

#### 14. SHORT-TERM BORROWING

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Unsecured loans (interest rates were 2.40%-2.62% in 2008 and 2.034%-2.17% in 2007)	\$ 9,950,000	\$ 14,190,000
Mortgage loans (interest rates were 2.113% in 2007)	<u>-</u>	<u>2,180,000</u>
	<u>\$ 9,950,000</u>	<u>\$ 16,370,000</u>

Please see Note 26 for the assets that were pledged as collaterals for the above short-term borrowing.

#### 15. SHORT-TERM NOTES AND BILLS PAYABLE

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Commercial paper payable		
The Shanghai Commercial & Savings Bank, Ltd.	\$ 1,000,000	\$ -
Less: Discount on short-term notes and bills payable	<u>(3,082)</u>	<u>-</u>
Net carrying value	<u>\$ 996,918</u>	<u>\$ -</u>
Interest rate	2.5%	-
Period	2008.5.16- 2008.8.14	-

#### 16. BONDS PAYABLE

	<u>June 30</u>			
	<u>2008</u>		<u>2007</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Domestic unsecured bonds	\$ 2,500,000	\$ 7,500,000	\$ 3,750,000	\$ 10,000,000
2nd domestic convertible bonds	-	-	30,200	-
Add accrued interest compensation	<u>-</u>	<u>-</u>	<u>5,181</u>	<u>-</u>
	<u>\$ 2,500,000</u>	<u>\$ 7,500,000</u>	<u>\$ 3,785,381</u>	<u>\$ 10,000,000</u>

##### a. 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:

	<b>Principal</b>	<b>Rate</b>	<b>Terms</b>
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

(Continued)

	<b>Principal</b>	<b>Rate</b>	<b>Terms</b>
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>		

(Concluded)

Future repayments of corporate bonds are as follows:

<b>Year</b>	<b>Amount</b>
The second half of 2008	\$ 2,500,000
2009	<u>7,500,000</u>
	<u>\$ 10,000,000</u>

b. 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\$22.1 per share since July 24, 2007. As of August 15 (due date), 2007, bonds amounting to \$5,436,400 thousand had been converted to 210,871 thousand of common shares. Bonds amounting to \$544,700 thousand were purchased and canceled by the Corporation and \$18,900 thousand, the amount of the remaining bonds, was repaid by the Corporation on August 15, 2007.

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 has redeemed 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%.

## 17. LONG-TERM BORROWING

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Unsecured loan	\$ 900,000	\$ 1,000,000
Secured loans	<u>-</u>	<u>7,824,931</u>
	900,000	8,824,931
Less current portion of long-term liabilities	<u>-</u>	<u>(4,244,000)</u>
	<u>\$ 900,000</u>	<u>\$ 4,580,931</u>

### a. Unsecured loans

To provide medium-term working capital, the Corporation and its subsidiary, TFN, entered into a syndicated loan with a joint credit line of \$13,500,000 thousand with 9 banks led by Chinatrust Commercial Bank On February 21, 2008. The tenor is three years starting from May 20, 2008. Based on contract term, interests are payable monthly and the principal is due upon maturity. Upon maturity, the loan is allowed to revolve within its credit limits. The contract requires the Corporation to maintain certain financial ratio including debt ratios, interest coverage, and tangible net asset ratio based on semi-annual financials. The Corporation also bears the repayment liability with respect to TFN's borrowing. Please refer to Note 27 for further information.

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 rate for unsecured loans ranged from 2.4095% to 2.5042% for the first half of 2007 and payable monthly. TFN had repaid \$11,500,000 thousand of unsecured loan as of June 30, 2007. The rest of the syndicated loan was fully repaid on July 31, 2007 with contract early terminated.

### 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. The secured loan was fully repaid on July 31, 2007 with contract early terminated.

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 syndicated loan was fully repaid in December, 2007 with contract early terminated.

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

## 18. LONG-TERM NOTES PAYABLE

	<b>June 30, 2007</b>
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 had \$2,450,000 thousand notes payable with net present value of \$2,263,875 thousand, based on 4.75% discount rate to Pacific Construction Co., Ltd. for the purchase of FYM in May 2006. The repayment date 20 months from the transaction date. The note payable was fully repaid on January 31, 2008, the settlement date of this purchase transaction.

## 19. PENSION PLAN

The Labor Pension Act (LPA) provides for a defined contribution pension plan. Starting from July 1, 2005, the Group should contribute monthly an amount equal to 6% of the employees' monthly wages to the employees' individual pension accounts. The contributed amount was \$88,792 thousand and \$67,431 thousand for the six months ended June 30, 2008 and 2007, respectively.

The Labor Standards Act (LSA) provides for a defined benefit pension plan. Benefits are based on the length of service and average basic pay of the six months before retirement. The Group contributes monthly an amount equal to 2% of the employees' monthly wages to a pension fund. The pension fund is managed by an independently administered pension fund committee and deposited in the committee's name in the Bank of Taiwan (formerly the Central Trust of China, which was merged into the Bank of Taiwan in July 2007.) (Approved by Department of Labor, Taipei City Government on April 13, 2007 and January 22, 2008, the Corporation suspended contributing from February 2007 to January 2009.)

## 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 and may be made only within prescribed limits each time. Also, the capital surplus from long-term investments may not be used for any purpose.

Capital surplus consisted of the following:

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
From convertible bonds	\$ 8,775,819	\$ 8,767,659
From treasury stock transactions	3,493,759	4,127
From long-term investments	<u>1,313</u>	<u>-</u>
	<u>\$ 12,270,891</u>	<u>\$ 8,771,786</u>

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 in the financial statements of that year.

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

For the six months ended June 30, 2008, the bonuses to employees and remuneration to directors and supervisors were accrued based on a respective 3% and 0.3% of net income (net of the bonus to employees and remuneration to directors and supervisors) after setting aside 10% net income as legal reserves. The significant difference between annual accruals and the amount approved by the Board shall be adjusted in the current year. If employee bonuses are paid in the form of company shares, the number of employee bonus shares shall be derived from dividing the approved bonus amount by its closing price one day prior to the AGM, adjusted for cash and/or stock dividends if any.

The 2007 and 2006 earnings appropriations resolved by the AGMs on June 13, 2008 and June 15, 2007 were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividend Per Share</u> <u>(NT\$)</u>	
	<u>For Fiscal</u> <u>Year 2007</u>	<u>For Fiscal</u> <u>Year 2006</u>	<u>For Fiscal</u> <u>Year 2007</u>	<u>For Fiscal</u> <u>Year 2006</u>
Appropriation of legal reserve	\$ 661,300	\$ 1,617,074		
Appropriation of special reserve	-	143,563		
Reversal of special reserve	(86,819)	-		
Remuneration to directors and supervisors	18,116	43,231		
Cash bonus to employees	181,155	432,303		
Cash dividends	<u>7,601,851</u>	<u>12,880,151</u>	\$2.54326	\$2.58757
	<u>\$ 8,375,603</u>	<u>\$ 15,116,322</u>		

c. Cash reduction

To increase ROE (Return of Equity) and maintain stable EPS (Earnings per Share) and dividend, the Corporation's AGM resolved on June 15, 2007, a capital reduction of \$12,000,000 thousand, representing 24% of outstanding shares. The Corporation's Board of Directors resolved the record date of December 1, 2007, and completed the procedure for registration changes, which is already approved by the authority. Trading suspension period started from February 1 to 19, 2008, and new shares resumed trading from February 20, 2008.

d. Treasury stock

Purpose of Buyback	(Shares in Thousands)			
	Beginning Shares	Increase	Decrease	Ending Shares
<u>Six months ended June 30, 2008</u>				
Shares held by subsidiaries	1,368,250 (Note)	-	556,332	811,918
<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

Note: Shares held before capital reduction.

1) Transfer of stock to employees

For the six months ended June 30, 2007, the Corporation transferred the treasury stock through various tranches to employees of 23,824 thousand shares at \$28.17 and \$31.16 per share, resulting in a reduction of retained earnings by \$4,869 thousand and a increase of capital surplus by \$4,127 thousand.

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

On June 30, 2008, TFN and TFNI, its subsidiary, held the carrying and market value of the treasury stocks, amounting to \$45,873,345 thousand. The Corporation reclassified \$31,889,100 thousand from investments accounted for using equity method to treasury stock based on SFAS No. 30, "Treasury Stock". Although these shares are treated as treasury stock in the consolidated financial statements, the shareholders are entitled to excise their rights on these shares, except for participation in capital injection by cash. In addition, based on the ROC Company Law, the shareholders of treasury stocks can not exercise the voting right.

In the first quarter of 2008, TFN sold 300,000 thousand shares of the Corporation for \$13,509,828 thousand. Disposal gain from the sales resulted in an increase in capital surplus by \$3,485,732 thousand. In addition, the Corporation's shares held by subsidiaries were reduced by 256,332 thousand shares due to the Corporation's capital reduction.

e. Unrealized gain or loss on financial instruments

Unrealized gain or loss on financial instruments for the six months ended June 30, 2008 and 2007 was summarized as follows:

	<b>Six Months Ended</b>	
	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Available-for-sale financial assets		
Balance, beginning of year	\$ 57,560	\$ 40,652
Fair value changes recognized directly in equity	<u>33,896</u>	<u>5,645</u>
	<u>91,456</u>	<u>46,297</u>
Changes in unrealized gain (loss) of cash flow hedge		
Balance, beginning of year	(38,749)	(218,284)
Fair value changes recognized directly in equity	<u>40,613</u>	<u>23,222</u>
	<u>1,864</u>	<u>(195,062)</u>
Recognition of investees' changes in unrealized gain or loss by the equity method		
Balance, beginning of year	(82,854)	30,209
Fair value changes recognized directly in equity	<u>11,198</u>	<u>(150,290)</u>
	<u>(71,656)</u>	<u>(120,081)</u>
Unrealized gain (loss) of financial instruments	<u>\$ 21,664</u>	<u>\$ (268,846)</u>

## 21. INCOME TAX EXPENSE

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

	<b>Six Months Ended</b>	
	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Tax on pretax income at statutory tax rate (25%)	\$ 5,776,694	\$ 3,407,307
Add (deduct) tax effects of:		
Permanent differences		
Investment income from domestic investees accounted for using equity method	(2,149,938)	(857,572)
Gain on disposal of marketable securities	(990,790)	(39,802)
Other	(148,243)	110,636
Temporary differences	(269,340)	(574,493)
Income tax (10%) on unappropriated earnings	195,172	106,091
Investment tax credits	(249,437)	(253,390)
Prior years' loss carryforward	(17,063)	(27,713)
Deferred income taxes	114,461	548,048
Prior years' adjustment	487,438	117,367
Tax on short-term bills	8,421	13,844
Income basic tax	<u>-</u>	<u>8,312</u>
Income tax expense	<u>\$ 2,757,375</u>	<u>\$ 2,558,635</u>



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

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Unrealized loss on retirement of property and equipment	\$ 2,304,943	\$ 427,292
Provision for doubtful accounts	780,230	879,912
Investment tax credits	643,045	1,429,957
Amortization of goodwill	(277,666)	(136,224)
Provision for impairment losses on idle assets	224,707	1,418,837
Prior years' loss carryforward	108,788	80,732
Accrued pension cost	3,062	6,833
Unrealized loss (gain) on financial instruments	(622)	65,020
Accrued interest compensation of bonds payables	-	1,295
Other	42,820	76,014
	<u>3,829,307</u>	<u>4,249,668</u>
Less valuation allowance	<u>(959,641)</u>	<u>(3,092,868)</u>
	<u>\$ 2,869,666</u>	<u>\$ 1,156,800</u>
Deferred income tax assets		
Current	\$ 274,067	\$ 159,999
Non-current	<u>2,709,751</u>	<u>1,046,684</u>
	<u>\$ 2,983,818</u>	<u>\$ 1,206,683</u>
Deferred income tax liabilities		
Current	\$ (5,560)	\$ (33,100)
Non-current	<u>(108,592)</u>	<u>(16,783)</u>
	<u>\$ (114,152)</u>	<u>\$ (49,883)</u>

c. As of June 30, 2008, the Corporation, TFN, TTN and WTVB's investment tax credits consisted of the following:

<b>Regulatory Basis of Tax Credits</b>	<b>Item</b>	<b>Total Creditable Amount</b>	<b>Remaining Creditable Amount</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 888,580	\$ 639,143	2012
	Personnel training	<u>3,902</u>	<u>3,902</u>	2010
		<u>\$ 892,482</u>	<u>\$ 643,045</u>	

d. Following were the net operating loss carryforwards of TCC, TT&T, TYDB, TDC, WTVB, R&R, TTN and VoPier as of June 30, 2008:

<b>Year</b>	<b>Total Creditable Amount</b>	<b>Remaining Creditable Amount</b>	<b>Expiry Year</b>
2003	\$ 238,804	\$ 85,876	2008
2004	37,672	13,717	2009
2005	24,333	22,558	2010
2006	192,782	187,161	2011
2007	<u>143,300</u>	<u>129,383</u>	2012
	<u>\$ 636,891</u>	<u>\$ 438,695</u>	

e. Integrated income tax information was as follows:

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Balance of imputation credit account (ICA)		
The Corporation	\$ 4,280,427	\$ 3,733,789
TAT	227,188	338,993
Mobitai	Not applicable	260,087
TCC	905	711
WMT	-	Not applicable
TFMT	-	Not applicable
FJLMT	-	Not applicable
GWMT	-	Not applicable
FSMT	-	Not applicable
TYDB	97	97
TDC	-	-
TT&T	28,093	27,798
TCPIA	Not applicable	-
TLIA	Not applicable	8
TSB	10	Not applicable
TFN	1,609,686	-
The former TFN	Not applicable	257,551
TUC	Not applicable	-
TTN	680	-
VoPier	-	-
TFNI	113,697	391
HYI	Not applicable	Not applicable
R&R	-	-
WTVB	-	-
TFND	Not applicable	Not applicable
TFNM	27,159	18,491
FYM	Not applicable	578,164
UCTV	34,792	50,484
SHCTV	9,585	1,848
YJCTV	26,587	57,131
MCTV	2,938	13,680
NCCTV	1,221	3,752
PCTV	171	64,457
GCTV	19,639	50,468

As of June 30, 2008, there were no unappropriated earnings generated before January 1, 1998. The actual creditable ratio for the 2007 and 2006 earnings appropriation were as follows:

	<b>2007</b>	<b>2006</b>
The Corporation	39.08%	18.49%
TAT	33.33%	23.74%
Mobitai	Not applicable	22.11%
TCC	24.59%	18.04%
WMT	-	Not applicable
TFMT	-	Not applicable
FJLMT	-	Not applicable
GWMT	-	Not applicable
FSMT	-	Not applicable

(Continued)

	<b>2007</b>	<b>2006</b>
TYDB	-	-
TDC	-	Not applicable
TT&T	-	-
TCPIA	-	-
TLIA	33.33%	33.33%
TSB	1.85%	Not applicable
TFN	33.33%	Not applicable
The former TFN	Not applicable	-
TUC	Not applicable	Not applicable
TTN	-	-
VoPier	-	-
TFNI	33.35%	33.35%
HYI	Not applicable	-
R&R	0.01%	9.79%
WTVB	-	-
TFND	Not applicable	-
TFNM	25.51%	22.40%
FYM	Not applicable	33.33%
UCTV	33.33%	-
SHCTV	6.25%	25.10%
YJCTV	21.06%	33.34%
MCTV	28.37%	33.41%
NCCTV	34.52%	33.46%
PCTV	33.32%	33.33%
GCTV	33.34%	33.34%
		(Concluded)

The imputation credits allocated to the shareholders are based on the ICA balance as of the date of dividend distribution.

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

	<b>Year</b>
The Corporation	2005
The former TAT	2006
TAT	Not applicable
Mobitai	2005
TCC	2005
WMT	Not applicable
TFMT	Not applicable
FJLMT	Not applicable
GWMT	Not applicable
FSMT	Not applicable
TYDB	2005
TDC	Not applicable
TT&T	2005
TCPIA	2005
TLIA	2005
TSB	Not applicable
TFN	Not applicable

(Continued)

	Year
The former TFN	2004
TUC	Not applicable
TTN	2005
VoPier	2006
TFNI	2005
HYI	2006
R&R	2005
WTVB	2005
TFND	2007
TFNM	2005
FYM	2005
UCTV	2005
SHCTV	2005
YJCTV	2005
MCTV	2005
NCCTV	2005
PCTV	2005
GCTV	2005
	(Concluded)

Income tax returns through 2005 had been examined by the tax authorities. However, the Corporation disagreed with the examination result of the income tax returns from 1999 to 2005, and filed requests for reexamination.

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 of 2004 and 2005's income tax return.

## 22. EARNINGS PER SHARE

	<u>Amounts (Numerator)</u>		Shares (Denominator) (Thousands)	<u>EPS (NT\$)</u>	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
<u>Six months ended June 30, 2008</u>					
Basic EPS					
Income of common shareholders	\$ 10,460,722	\$ 8,160,212	2,952,676	<u>\$ 3.54</u>	<u>\$ 2.76</u>
Add effect of dilutive potential common stock					
Bonus to employees	<u>-</u>	<u>-</u>	<u>3,322</u>		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 10,460,722</u>	<u>\$ 8,160,212</u>	<u>2,955,998</u>	<u>\$ 3.54</u>	<u>\$ 2.76</u>
<u>Six months ended June 30, 2007</u>					
Basic EPS					
Income of common shareholders	\$ 10,359,252	\$ 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>

When calculating fully diluted EPS, employee bonus shares to be granted should be included in the calculation of weighted average number of outstanding shares. The share count shall be derived from dividing the estimated bonus amount by its closing price on the balance sheet date. The dilutive effect should be continuously evaluated till the AGM actually resolves stock bonuses to employees.

## 23. LABOR COST, DEPRECIATION AND AMORTIZATION EXPENSE

	<b>Six Months Ended June 30</b>					
	<b>2008</b>			<b>2007</b>		
	<b>Classified as Operating Costs</b>	<b>Classified as Operating Expenses</b>	<b>Total</b>	<b>Classified as Operating Costs</b>	<b>Classified as Operating Expenses</b>	<b>Total</b>
Labor cost						
Salary	\$ 652,538	\$ 1,656,548	\$ 2,309,086	\$ 418,991	\$ 1,311,918	\$ 1,730,909
Labor and health insurance	37,391	87,712	125,103	25,034	76,327	101,361
Pension	27,047	63,233	90,280	19,078	51,257	70,335
Other	<u>31,193</u>	<u>74,519</u>	<u>105,712</u>	<u>21,932</u>	<u>56,917</u>	<u>78,849</u>
	<u>\$ 748,169</u>	<u>\$ 1,882,012</u>	<u>\$ 2,630,181</u>	<u>\$ 485,035</u>	<u>\$ 1,496,419</u>	<u>\$ 1,981,454</u>
Depreciation	\$ 3,209,107	\$ 265,537	\$ 3,474,644	\$ 3,351,049	\$ 283,093	\$ 3,634,142
Amortization	488,290	62,821	551,111	412,806	92,852	505,658

## 24. FINANCIAL INSTRUMENT TRANSACTIONS

### a. Fair value information

	<b>June 30</b>			
	<b>2008</b>		<b>2007</b>	
	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>
<u>Non-derivative financial instruments</u>				
Liabilities				
Bonds payable (including current portion)	\$ 10,000,000	\$ 9,975,387	\$ 13,785,381	\$ 13,718,734

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

- 1) Available-for-sale financial assets - based on quoted prices in an active market on the balance sheet date.
- 2) Because there is no active market and a reliable fair value could only be verified at a more than reasonable cost, the fair value of investments in unlisted stocks carried at cost or accounted for using equity method can be measured by the net worth of the investees' or the estimated book value.
- 3) Bonds payable - based on the over-the-counter quotations in June.
- 4) Fair value of long-term loans - based on the present value of future cash flows discounted by the interest rates the Company may obtain for similar loans (e.g., similar maturities).

- 5) Derivative financial instruments - based on valuation results provided by banks. As of June 30, 2008, the financial instrument held by the Corporation turned into financial asset, 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 borrowing, short-term notes and bills payable, 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 or using valuation technique.
- d. The financial assets exposed to fair value interest rate risk amounted to \$3,350,575 thousand and \$13,400,648 thousand as of June 30, 2008 and 2007, respectively, and the financial liabilities exposed to fair value interest rate risk amounted to \$16,846,918 thousand and \$25,038,558 thousand as of June 30, 2008 and 2007, respectively. The financial assets exposed to cash flow interest rate risk amounted to \$907,028 thousand and \$1,250,293 thousand as of June 30, 2008 and 2007, respectively, and the financial liabilities exposed to cash flow interest rate risk amounted to \$5,000,000 thousand and \$16,585,012 thousand as of June 30, 2008 and 2007, respectively.

e. Information on financial risks:

1) Market risk

The interest rate swap (IRS) contracts are used to hedge interest rate fluctuation on inverse floating interest rate liabilities. 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 Group 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 Group's evaluation of credit risk exposure as of June 30, 2008 and 2007 were both zero because all 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.

- 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 inverse 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:

<u>Related Party</u>	<u>Relationship with the Group</u>
Taiwan Mobile Foundation	Over one third of the Foundation's issued fund came from the Corporation
Fubon Life Assurance Co., Ltd. (FLA)	Same chairman
Fubon Securities Investment Trust Co., Ltd.	Related party in substance
Chung Hsing Constructions Co., Ltd.	Related party in substance
Fubon Land Development Co., Ltd.	Related party in substance
The former Taiwan Fixed Network Co., Ltd. (the former TFN)	Related party in substance (included in consolidation on April 17, 2007, and merged into TFN on December 28, 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. (FPM)	Related party in substance
Fubon Direct Marketing Consulting Co., Ltd. (FDMC)	Related party in substance
Fubon Financial Holding Company	Related party in substance
Fubon Asset Management Co., Ltd.	Related party in substance
Fubon Financial Venture Capital Co., Ltd.	Related party in substance
Fubon Future Co., Ltd.	Related party in substance
Fubon Investment Services Co., Ltd.	Related party in substance
Fubon Venture Capital Consulting Co., Ltd.	Related party in substance
Dai-Ka Ltd. (DKL)	Related party in substance
Taiwan Sport Lottery Corporation (TSL)	Related party in substance

- b. Significant transactions with related parties were summarized below:

- 1) Operating revenues

	<u>Six Months Ended June 30</u>			
	<u>2008</u>		<u>2007</u>	
	<u>Amount</u>	<u>% of Total Revenues</u>	<u>Amount</u>	<u>% of Total Revenues</u>
TSL	\$ 80,403	-	\$ -	-
TFCB	63,973	-	24,009	-
FMT	28,849	-	10,441	-
FSC	15,686	-	-	-
The former TFN	<u>-</u>	<u>-</u>	<u>454,567</u>	<u>1</u>
	<u>\$ 188,911</u>		<u>\$ 489,017</u>	

The Group rendered mainly telecommunication services to the above companies. The average collection period for notes and accounts receivable was based on regular terms.

2) Operating costs

	<b>Six Months Ended June 30</b>			
	<b>2008</b>		<b>2007</b>	
	<b>Amount</b>	<b>% of Total Costs</b>	<b>Amount</b>	<b>% of Total Costs</b>
DKL	\$ 77,600	-	\$ 29,683	-
Fubon Ins.	42,548	-	51,533	-
The former TFN	<u>-</u>	-	<u>254,127</u>	2
	<u>\$ 120,148</u>		<u>\$ 335,343</u>	

The above companies mainly rendered telecommunication, maintenance and TV programs licensing services to the Group. The average payment term for notes and accounts payable was based on regular terms.

3) Operating lease income

	<b>Leased Sites/Equipment</b>	<b>Six Months Ended June 30</b>	
		<b>2008</b>	<b>2007</b>
FMT	Office appliance, etc.	\$ 13,732	\$ -
The former TFN	Offices and BTS, etc.	<u>-</u>	<u>22,523</u>
		<u>\$ 13,732</u>	<u>\$ 22,523</u>

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

4) Cash in banks

	<b>June 30</b>			
	<b>2008</b>		<b>2007</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
a) Cash in banks				
TFCB	<u>\$ 431,490</u>	10	<u>\$ 740,469</u>	5
b) Pledged time deposits				
TFCB	<u>\$ 36,965</u>	79	<u>\$ 27,815</u>	59
c) Secured loans				
<u>TFCB</u>				
Short-term secured loans				
Maximum balance for the period			<u>\$ 2,180,000</u>	
Ending balance			<u>\$ 2,180,000</u>	
Rate				2.113%



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

5) Receivables and payables

	<b>June 30</b>			
	<b>2008</b>		<b>2007</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
a) Accounts receivable				
TFCB	\$ 78,243	1	\$ 38,543	1
TSL	20,724	-	-	-
FSC	17,664	-	23,720	-
FMT	14,745	-	3,607	-
FLA	13,592	-	8,679	-
Fubon Ins.	10,561	-	11,900	-
Other	<u>15,147</u>	-	<u>303</u>	-
	<u>\$ 170,676</u>		<u>\$ 86,752</u>	
b) Other receivables				
FMT	<u>\$ 13,732</u>	5	<u>\$ -</u>	-
c) Prepayments				
Fubon Ins.	<u>\$ 31,036</u>	3	<u>\$ 40,134</u>	5
d) Accounts payable				
DKL	<u>\$ 38,800</u>	1	<u>\$ 23,879</u>	1

	<b>Six Months Ended June 30</b>	
	<b>2008</b>	<b>2007</b>
	6) Telecommunication service expenses	
The former TFN	<u>\$ -</u>	<u>\$ 21,168</u>
7) Other expense		
FPM	<u>\$ 13,247</u>	<u>\$ 9,626</u>
8) Endorsement/guarantee provided		

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

9) Other

TFN provided system integration services to Taiwan Sports Lottery Co., Ltd. which is qualified to apply sales-type capital lease for accounting treatment. As of June 30, 2008, the lease payment receivables and unrealized interest income were \$92,364 thousand and \$12,717 thousand, respectively.

**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:

	<b>June 30</b>	
	<b>2008</b>	<b>2007</b>
Current assets - time deposits	\$ 46,965	\$ 47,283
Other assets - time deposits and impound account	-	21,844
Fixed assets, net carrying value	<u>-</u>	<u>5,119,456</u>
	<u>\$ 46,965</u>	<u>\$ 5,188,583</u>

**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, 2008, the purchase amount was \$1,760,385 thousand.
- b. The Corporation provided an \$18,000,000 thousand guarantee for TFN's bank loan. As of June 30, 2008, TFN had not made any drawdown on this loan. The Corporation also provide TFN \$6,523,280 thousand in promissory notes outstanding for its borrowings with banks.
- c. The Corporation and its subsidiary, TFN, obtained \$13,500,000 thousand of syndicated loan from 9 banks led by Chinatrust Commercial Bank. The Corporation provided a guarantee for TFN's bank loan. As of June 30, 2008, TFN had not made any drawdown on this loan.
- d. As of June 30, 2008, the Corporation had provided TFN \$50,000 thousand as performance guarantee for IDD calling card service, in accordance with NCC's new policy effective on April 1, 2007.
- e. As of June 30, 2008, TAT had provided the Corporation \$1,000,000 thousand as performance guarantee for prepaid card service in accordance with NCC's new policy effective on April 1, 2007.
- f. As of June 30, 2008, TFNI provided a \$50,000 thousand guarantee for WTVB's bank loan.
- g. As of June 30, 2008, VoPier provided a \$175 thousand guarantee for TTN's obligation of construction and equipment commerce.

- h. Future minimum rental payments as of June 30, 2008 for significant operating lease agreements were summarized as follows:

	<b>Amount</b>
The second half of 2008	\$ 27,720
2009	32,514
2010	27,976
2011	11,642
2012	5,367

## 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 inverse interest rates of bonds, which are settled semiannually. Please refer to Note 24 for the related information.

<b>Financial Instrument</b>	<b>Term</b>	<b>Contract Amount</b>	<b>Due Date</b>
Interest rate swap contracts	Inverse interest rate in exchange for fixed interest rate of 2.25%	\$ 2,500,000	December 2007
	Inverse interest rate in exchange for fixed interest rate of 2.45%	5,000,000	December 2009

The Corporation entered into IRS contracts to hedge inverse interest rate fluctuation. For the six months ended June 30, 2008 and 2007, the Corporation recognized losses of \$34,986 thousand and \$79,721 thousand, respectively, recorded as addition to interest expense.

- 2) The former 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:

<b>Financial Instrument</b>	<b>Term</b>	<b>Contract Amount</b>
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

The former TFN entered into IRS contracts to hedge inverse interest rate fluctuation. TFN recognized gains of \$894 thousand in 2007.

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
- l. Business relationships and significant intercompany transactions: Table 9 and Table 10 (attached).

## TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED  
SIX MONTHS ENDED JUNE 30, 2008  
(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Financing Purpose	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Lending Limit for Each Borrowing Company (Note)	Lending Company's Lending Amount Limits (Note)
											Item	Value		
0	Taiwan Mobile Co., Ltd. (the "Corporation")	Tai Fu Media Technology Co., Ltd. TFN Media Co., Ltd.	Other receivables	\$ 2,005,000	\$ 2,005,000	2.554%- 2.568%	Short-term financing	\$ -	To meet its financing needs in acquiring minorities	\$ -	-	-	\$ 17,888,372 (Note 1)	\$ 17,888,372 (Note 1)
			Other receivables	1,250,000	-	2.538%- 2.548%	Short-term financing	-	To meet its financing needs in acquiring minorities	-	-	-	17,888,372 (Note 1)	17,888,372 (Note 1)
1	TransAsia Telecommunications Inc.	Taiwan Cellular Co., Ltd. The Corporation	Other receivables	900,000	-	2.477%	Short-term financing	-	To meet its financing needs in setting up subsidiaries	-	-	-	- (Note 3)	4,158,265 (Note 1)
			Other receivables	1,700,000	1,295,609	2.572%- 2.599%	Short-term financing	-	Operating capital	-	-	-	4,158,265 (Note 1)	4,158,265 (Note 1)
2	Taiwan Cellular Co., Ltd.	Taiwan Fixed Network Co., Ltd. TFN Media Co., Ltd.	Other receivables	2,500,000	-	2.558%	Short-term financing	-	To pay off bank loan	-	-	-	23,380,667 (Note 1)	23,380,667 (Note 1)
			Other receivables	1,250,000	1,250,000	2.538%	Short-term financing	-	To meet its financing needs in acquiring minorities	-	-	-	23,380,667 (Note 1)	23,380,667 (Note 1)
3	TFN Investment Co., Ltd.	TFN Media Co., Ltd. TFN Media Co., Ltd.	Other receivables	1,000,000	1,000,000	2.538%	Short-term financing	-	To meet its financing needs in acquiring minorities	-	-	-	11,058,060 (Note 1)	11,058,060 (Note 1)
			Other receivables	3,000,000	2,900,000	2.602%	Short-term financing	-	Operating capital	-	-	-	11,058,060 (Note 1)	11,058,060 (Note 1)
4	Taiwan Fixed Network Co., Ltd.	TFN Investment Co., Ltd. TFN Media Co., Ltd.	Other receivables	1,150,000	-	2.56%	Short-term financing	-	Operating capital	-	-	-	22,582,997 (Note 1)	22,582,997 (Note 1)
			Other receivables	900,000	900,000	2.574%- 2.581%	Short-term financing	-	Operating capital	-	-	-	22,582,997 (Note 1)	22,582,997 (Note 1)
5	Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	560,000	460,000	2.538%- 2.594%	Transactions	132,938	Business requirements	-	-	-	13,500,000 (Note 2)	13,500,000 (Note 2)
6	North Coast Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	205,000	205,000	2.538%- 2.594%	Transactions	7,239	Business requirements	-	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)
7	Mangrove Cable TV Corporation	TFN Media Co., Ltd.	Other receivables - related parties	98,000	68,000	2.538%- 2.594%	Transactions	10,838	Business requirements	-	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)
8	Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	400,000	320,000	2.538%- 2.594%	Transactions	102,875	Business requirements	-	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)
9	Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	500,000	330,000	2.594%	Transactions	271,592	Business requirements	-	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)
10	Shin Ho Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	247,700	207,700	2.538%- 2.594%	Transactions	4,467	Business requirements	-	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)
11	Yeong Jialeh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	180,000	30,000	2.594%	Transactions	200,436	Business requirements	-	-	-	24,000,000 (Note 2)	24,000,000 (Note 2)

(Continued)

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

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

Note 3 Assumed all MBT's financing provided to others due to merger.

(Concluded)

## TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED  
SIX MONTHS ENDED JUNE 30, 2008  
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantor (A)	Receiving Party		Maximum Guarantee/ Endorsement Amount Can Be Provided to Each Receiving Party	Maximum Balance for the Period (Note 4)	Ending Balance (Note 4)	Value of Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Worth of the Guarantor (Note 4)	Maximum Guarantee/ Endorsement Can Be Provided by the Guarantor/Endorser
		Name (B)	Nature of Relationship (B is A's)						
0	The Corporation	Taiwan Fixed Network Co., Ltd. (TFN)	(Note 1)	\$ 80,000,000 (Note 5)	\$ 20,077,360	\$ 20,073,280	\$ -	44.89%	\$ 44,720,930
1	TransAsia Telecommunications Inc. (TAT)	The Corporation	(Note 2)	18,000,000 (Note 6)	1,000,000	1,000,000	-	9.62%	10,395,663 (Note 6)
2	TFN Investment Co., Ltd. (TFNI)	WinTV Broadcasting Co., Ltd.	(Note 3)	591,000 (Note 7)	50,000	50,000	-	0.18%	27,645,150 (Note 7)
3	VoPier Communications (Taiwan) Co., Ltd. (VoPier)	Taiwan Telecommunication Network Services Co., Ltd. (TTN)	(Note 2)	235,106 (Note 8)	223	175	-	1.25%	17,816 (Note 8)

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: For over 50% direct/indirect owned subsidiaries, the aggregate endorsement/guarantee amount provided shall not exceed the net worth of the Corporation, and the upper-limit to each subsidiary shall be the amount of investment from the Corporation. But for 100% direct/indirect owned subsidiaries, the upper-limit mentioned above could be raised to double of the investment amount.

Note 6: The endorsement/guarantee amount provided by TAT to its parent company, the Corporation, shall be limited within the net worth of TAT, and not over double of the investment amount from the Corporation.

Note 7: For over 50% direct/indirect owned subsidiaries, the aggregate endorsement/guarantee amount provided shall not exceed the net worth of TFNI, and the upper-limit to each subsidiary shall be the amount of investment from TFNI.

Note 8: The endorsement/guarantee amount provided by VoPier to its parent company, TTN, shall be limited within the net worth of VoPier, and not over double of the investment amount from TTN.

## TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

JUNE 30, 2008

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

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	June 30, 2008				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Taiwan Mobile Co., Ltd.	<u>Stock</u> Chunghwa Telecom Co., Ltd.	-	Available-for-sale financial assets - current	2,688	\$ 211,008	0.028	\$ 211,008 (Note 2)	
	Bridge Mobile Pte Ltd.	-	Financial assets carried at cost - non-current	2,200	60,064	10.00	54,128	
	TransAsia Telecommunications Inc.	Subsidiary	Long-term investments - equity method	933,000	10,395,663	100.00	10,395,663	
	Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	27,200	245,738	100.00	245,738	
	Taiwan Cellular Co., Ltd.	Subsidiary	Long-term investments - equity method	264,958	14,928,356 (Note 3)	100.00	58,451,666	
TransAsia Telecommunications Inc.	<u>Stock</u> Yes Mobile Holdings Company	-	Financial assets carried at cost - non-current	74	- (Note 5)	0.19	- (Note 4)	
Wealth Media Technology Co., Ltd.	<u>Stock</u> Tai Fu Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	27,000	244,057	100.00	244,057	
Tai Fu Media Technology Co., Ltd.	<u>Stock</u> Global Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	8,400	86,343	100.00	86,343	
	Fu Jia Leh Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	117,100	2,001,135	100.00	2,001,135	
	Fu Sin Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	13,500	136,472	100.00	136,472	
Global Wealth Media Technology Co., Ltd.	<u>Stock</u> Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	3,460	81,477	6.179	38,150	
Fu Sin Media Technology Co., Ltd.	<u>Stock</u> Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	2,272	129,215	3.34	28,935	
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	3.00	- (Note 4)	
	Transportation High Tech Inc.	-	Financial assets carried at cost - non-current	1,200	- (Note 5)	12.00	- (Note 4)	
	WEB Point Co., Ltd.	-	Financial assets carried at cost - non-current	803	6,773	3.17	- (Note 4)	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments - equity method	30,000	277,579	100.00	277,579	
	Tai Yi Digital Broadcasting Co., Ltd.	Subsidiary	Long-term investments - equity method	2,495	23,207	49.90	23,207	

(Continued)



Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	June 30, 2008				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Taiwan Teleservices & Technologies Co., Ltd.	TWM Holding Co. Ltd.	Subsidiary	Long-term investments - equity method	1 share	US\$ 8,379	100.00	US\$ 8,379	
	Taiwan Fixed Network Co., Ltd.	Subsidiary	Long-term investments - equity method	4,000,000	56,457,492	100.00	56,457,492	
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Long-term investments - equity method	1,200	11,082	100.00	11,082	
TT&T Holdings Co., Ltd.	<u>Stock</u> TT&T Holdings Co., Ltd.	Subsidiary	Long-term investments - equity method	1,300	US\$ 1,389	100.00	US\$ 1,389	
	Taiwan Super Basketball Co., Ltd.	Subsidiary	Long-term investments - equity method	2,000	6,723	100.00	6,723	
TWM Holding Co. Ltd.	<u>Stock</u> Xiamen Taifu Teleservices & Technologies Ltd.	Subsidiary	Long-term investments - equity method	-	US\$ 1,384	100.00	US\$ 1,384	
Taiwan Fixed Network Co., Ltd.	<u>ADS</u> Hurray! Holding Co., Ltd.	-	Available-for-sale financial assets - current	1,080	US\$ 3,413	4.97	US\$ 3,413 (Note 2)	
TFN Investment Co., Ltd.	<u>Stock</u> Hurray! Times Communications, Beijing	Subsidiary	Long-term investments - equity method	-	US\$ 4,852	100.00	US\$ 3,892	
TFN Investment Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd.	Ultimate parent	Available-for-sale financial assets - non-current	456,295	25,780,654	12.00	25,780,654 (Note 2)	
	TFN Investment Co., Ltd.	Subsidiary	Long-term investments - equity method	2,061,939	25,214,136	100.00	27,645,150	
	TFN HK Limited	Subsidiary	Long-term investments - equity method	1,300	2,795	100.00	2,795	
	Taiwan Telecommunication Network Service Co., Ltd.	Subsidiary	Long-term investments - equity method	62,216	1,551,034	99.53	1,020,767	
TFN Media Co., Ltd.	Taiwan High Speed Rail Corporation	-	Financial assets carried at cost - non-current	225,531	2,120,829	3.89	- (Note 4)	
	<u>Stock</u> Taiwan Mobile Co., Ltd.	Ultimate parent	Available-for-sale financial assets - non-current	355,623	20,092,691	9.36	20,092,691 (Note 2)	
	Reach & Range Inc.	Subsidiary	Long-term investments - equity method	2,400	34,034	100.00	26,963	
	WinTV Broadcasting Co., Ltd.	Subsidiary	Long-term investments - equity method	25,214	222,751	98.50	219,933	
	TFN Media Co., Ltd.	Subsidiary	Long-term investments - equity method	230,526	3,159,436	100.00	2,850,474	
TFN Media Co., Ltd.	Great Taipei Broadband Co., Ltd.	-	Financial assets carried at cost - non-current	10,000	50,528	6.67	- (Note 4)	
	<u>Preferred stock</u> Taiwan High Speed Rail Corporation - Unlisted Convertible Preferred Stock - series A	-	Bonds measured at amortized cost - non - current	50,000	500,000	1.06	-	
TFN Media Co., Ltd.	<u>Stock</u> Yeong Jialeh Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	33,940	2,022,934	100.00	498,454	
	Shin Ho Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	20,000	702,559	100.00	215,670	
	Mangrove Cable TV Corporation	Subsidiary	Long-term investments - equity method	21,160	524,544	100.00	261,368	

(Continued)

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	June 30, 2008				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Taiwan Telecommunication Network Services Co., Ltd.	North Coast Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	21,160	\$ 216,645	100.00	\$ 216,645	
	Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	65,818	3,062,845	96.66	838,293	
	Union Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	170,441	1,974,494	99.99	1,769,746	
	Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	51,733	1,192,927	92.38	570,407	
	<u>Stock</u> VoPier Communications (Taiwan) Co., Ltd.	Subsidiary	Long-term investments - equity method	1,000	17,816	100.00	17,816	
	<u>Preferred stock</u> New Century InfoComm Technology Co., Ltd.	-	Financial assets carried at cost - non-current	33,684	239,817	0.84	- (Note 4)	

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

Note 2: Based on the closing price on June 30, 2008.

Note 3: Taiwan Mobile shares held indirectly by Taiwan Fixed Network Co., Ltd. (TFN) and its subsidiary are classified as treasury shares. Therefore, TWM's carrying cost of TFN and its subsidiary was reduced by adjusting the latter's net worth by \$31,889,100 thousand and another \$11,634,210 thousand unrealized gain from financial assets investment from \$58,451,666 thousand.

Note 4: As of July 11, 2008, the independent auditors' report date, the investee's net worth was not available.

Note 5: Impairment loss recognized in 2004 reduced the value to zero.

Note 6: Some shares are held under trustee accounts.

(Concluded)

## TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SIX MONTHS ENDED JUNE 30, 2008  
(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 (Note 1)		
					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> Fubon Chi-Hsiang Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	13,497	\$ 200,000	13,497	\$ 200,036	\$ 200,036	\$ -	-	\$ -
	<u>Stock</u> Wealth Media Technology Co., Ltd.	Long-term investments-equity method.	-	-	8,700	82,715	18,500	185,000	-	-	-	-	27,200	245,738 (Note 2)
TransAsia Telecommunications Inc.	<u>Beneficiary certificate</u> Fubon Chi-Hsiang Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	13,497	200,000	13,497	200,036	200,036	-	-	-
Tai Fu Media Technology Co., Ltd.	<u>Stock</u> Tai Fu Media Technology Co., Ltd.	Long-term investments - equity method	-	-	8,500	80,876	18,500	185,000	-	-	-	-	27,000	244,057 (Note 3)
Tai Fu Media Technology Co., Ltd.	<u>Stock</u> Fu Sin Media Technology Co., Ltd.	Long-term investments - equity method	-	-	100	900	13,400	134,000	-	-	-	-	13,500	136,472 (Note 4)
Fu Sin Media Technology Co., Ltd.	<u>Stock</u> Phoenix Cable TV Co., Ltd.	Long-term investments - equity method	-	-	-	-	2,272	133,358	-	-	-	-	2,272	129,215 (Note 5)
TWM Holding Co. Ltd.	<u>Stock</u> Hurray! Times Communications, Beijing	Long-term investments - equity method	-	-	-	-	-	US\$ 5,005	-	-	-	-	-	US\$ 4,852 (Note 6)
Taiwan Fixed Network Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd.	Available-for-sale financial assets - non-current	-	-	900,353	37,004,498	-	-	300,000	13,509,678	10,022,678	3,487,150	456,295 (Note 7)	25,780,654 (Note 7)
TFN Investment Co., Ltd.	<u>Stock</u> Fubon Financial Holding Company	Available-for-sale financial assets - current	-	-	62,023	1,786,256	-	-	62,023	2,089,511	1,628,197	461,314	-	-
	TFN Media Co., Ltd.	Long-term investments - equity method	-	-	214,518	2,951,824	16,008	535,714	-	-	-	-	230,526	3,159,436 (Note 8)
TFN Media Co., Ltd.	<u>Stock</u> Phoenix Cable TV Co., Ltd.	Long-term investments - equity method	-	-	47,663	2,069,063	18,155	1,065,710	-	-	-	-	65,818	3,062,845 (Note 9)

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 the investment loss adjustment of \$21,977 thousand.

Note 3: The amount included the investment loss adjustment of \$21,819 thousand.

Note 4: The amount included the investment income adjustment of \$1,572 thousand.

Note 5: The amount included the cash dividends adjustment of \$5,854 thousand and the investment income adjustment of \$1,711 thousand.

Note 6: The amount included the investment loss adjustment of US\$230 thousand and the recognition of cumulative translation adjustments of US\$77 thousand.

Note 7: The shares included the capital reduction adjustment of 144,058 thousand shares. The amount included the capital reduction adjustment of \$720,267 thousand and unrealized gain of \$1,921,433 thousand.

Note 8: The amount included the cash dividends adjustment of \$675,846 thousand and the investment income adjustment of \$347,744 thousand.

Note 9: The amount included the cash dividends adjustment of \$169,589 thousand and the investment income adjustment of \$97,661 thousand.

**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, 2008  
(In Thousands of New Taiwan Dollars)**

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Taiwan Mobile Co., Ltd. (the "Corporation")	TransAsia Telecommunications Inc.	Subsidiary	Sale	\$ (351,481)	(1)	Based on contract terms	-	-	\$ 101,393	2	(Note 2)
			Purchase	197,067	2	Based on contract terms	-	-	(19,662)	(1)	
	Taiwan Fixed Network Co., Ltd.	Subsidiary	Sale	(987,996)	(4)	Based on contract terms	-	-	219,493	4	
			Purchase	457,377	4	Based on contract terms	-	-	(22,747)	(1)	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	450,861	(Note 1)	Based on contract terms	-	-	(151,622)	-	
TransAsia Telecommunications Inc.	The Corporation	Parent	Sale	(197,067)	(6)	Based on contract terms	-	-	19,662	3	
			Purchase	351,481	20	Based on contract terms	-	-	(104,474)	(30)	
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Sale	(450,894)	(97)	Based on contract terms	-	-	151,178	96	
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Sale	(497,329)	(11)	Based on contract terms	-	-	213,566	24	
			Purchase	984,791	32	Based on contract terms	-	-	(6,282)	(1)	
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Sale	(216,843)	(21)	Based on contract terms	(Note 3)	(Note 3)	108,422	29	
	Yeong Jialeh Cable TV Co., Ltd.	Subsidiary	Sale	(162,662)	(15)	Based on contract terms	(Note 3)	(Note 3)	81,331	22	
Yeong Jialeh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty	162,662	61	Based on contract terms	(Note 3)	(Note 3)	(81,331)	(82)	
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty	216,843	64	Based on contract terms	(Note 3)	(Note 3)	(108,422)	(84)	
Mangrove Cable TV Corporation	Dai-Ka Ltd.	Related party in substance	Royalty	53,344	62	Based on contract terms	(Note 3)	(Note 3)	(26,672)	(83)	

Note 1: Recognized as operating expenses.

Note 2: Recognized as accrued expenses.

Note 3: No comparables on such kind of transactions.

## TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

## RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2008

(In Thousands of New Taiwan Dollars)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Taiwan Mobile Co., Ltd. (the "Corporation")	TransAsia Telecommunications Inc.	Subsidiary	Accounts receivable \$ 101,393	8.04	\$ -	-	\$ -	\$ -
	Taiwan Fixed Network Co., Ltd.	Subsidiary	Other receivables 179,603	9.01	-	-	656	-
			Accounts receivable 219,493		-	-	21	-
			Other receivables 102,207		-	-	4,356	-
TransAsia Telecommunications Inc.	The Corporation	Parent	Other receivables 2,009,634		-	-	-	-
			Accounts receivable 19,662	20.00	-	-	-	-
			Other receivables 1,638,006		-	-	-	-
Taiwan Cellular Co., Ltd.	TFN Media Co., Ltd.	Subsidiary	Other receivables 1,252,608		-	-	-	-
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable 151,178	5.82	-	-	75,364	-
			Other receivables 449		-	-	380	-
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable 213,566	3.52	-	-	201,123	-
			Other receivables 203,467		-	-	1,825	-
		TFN Media Co., Ltd.	Subsidiary	Accounts receivable 7,358	4.14	-	-	-
			Other receivables 900,755		-	-	-	-
TFN Investment Co., Ltd.	TFN Media Co., Ltd.	Subsidiary	Other receivables 3,920,899		-	-	-	-
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Accounts receivable 119,090		-	-	-	-
North Coast Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Other receivables 206,942		-	-	-	-
Shin Ho Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable 29		-	-	-	-
			Other receivables 210,335		-	-	-	-
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable 2,767		-	-	-	-
			Other receivables 330,929		-	-	-	-
Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable 5,108		-	-	-	-
			Other receivables 465,859		-	-	-	-
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable 427		-	-	-	-
			Other receivables 323,625		-	-	-	-
Mangrove Cable TV Corporation	TFN Media Co., Ltd.	Parent	Accounts receivable 286		-	-	-	-
			Other receivables 68,646		-	-	-	-

Note: Including accounts receivable of the former TFN.

## 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, 2008  
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2008			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				June 30, 2008	December 31, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Taiwan Mobile Co., Ltd.	Taiwan Cellular Co., Ltd.	Taipei, Taiwan	Telecom engineering and IT service	\$ 42,208,330	\$ 43,208,330	264,958	100.00	\$ 14,928,356 (Note 1)	\$ 4,779,772	\$ 1,641,659	
	TransAsia Telecommunications Inc.	Taipei, Taiwan	Telecom service provider	9,000,000	9,000,000	933,000	100.00	10,395,663	719,554	719,388	
	Wealth Media Technology Co., Ltd.	Taipei, Taiwan	Investment	272,000	87,000	27,200	100.00	245,738	(21,977)	(21,977)	
Wealth Media Technology Co., Ltd.	Tai Fu Media Technology Co., Ltd.	Taipei, Taiwan	Investment	270,000	85,000	27,000	100.00	244,057	(21,819)	NA	
Tai Fu Media Technology Co., Ltd.	Global Wealth Media Technology Co., Ltd.	Taipei Country, Taiwan	Investment	84,000	84,000	8,400	100.00	86,343	2,245	NA	
	Fu Jia Leh Media Technology Co., Ltd.	Taipei, Taiwan	Investment	2,001,700	2,001,700	117,100	100.00	2,001,135	(76)	NA	
	Fu Sin Media Technology Co., Ltd.	Taipei, Taiwan	Investment	135,000	1,000	13,500	100.00	136,472	1,572	NA	
Global Wealth Media Technology Co., Ltd.	Globalview Cable TV Co., Ltd.	Sijhih Township	Cable TV service provider	82,882	82,882	3,460	6.179	81,477	37,463	NA	
Fu Sin Media Technology Co., Ltd.	Phoenix Cable TV Co., Ltd.	Kaohsiung County	Cable TV service provider	133,358	-	2,272	3.34	129,215	105,671	NA	
Taiwan Cellular Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	Taipei, Taiwan	Call center service	5,294	5,294	30,000	100.00	277,579	27,786	NA	
	Tai Yi Digital Broadcasting Co., Ltd.	Taipei, Taiwan	Broadcasting business and agency of telecom service subscription	24,950	24,950	2,495	49.9	23,207	(602)	NA	
	TWM Holding Co. Ltd.	British Virgin Islands	Investment	US\$ 10,800	US\$ 9,000	1 share	100.00	US\$ 8,379	US\$ (251)	NA	
	Taiwan Fixed Network Co., Ltd.	Taipei, Taiwan	Fixed line service provider	40,000,000	40,000,000	4,000,000	100.00	56,457,492	4,738,969	NA	
	Taiwan Digital Communications Co., Ltd.	Taipei, Taiwan	Equipment installation and IT service	12,000	12,000	1,200	100.00	11,082	(90)	NA	
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Holdings Co., Ltd.	Samoa	Investment	US\$ 1,300	US\$ 1,300	1,300	100.00	US\$ 1,389	US\$ (12)	NA	
	Taiwan Super Basketball Co., Ltd.	Taipei, Taiwan	Basketball team management	20,000	20,000	2,000	100.00	6,723	(13,282)	NA	
TT&T Holdings Co., Ltd.	Xiamen Taifu Teleservices & Technologies Ltd.	Xiamen	Call center service	US\$ 1,300	US\$ 1,300	-	100.00	US\$ 1,384	US\$ (13)	NA	
	Hurray! Times Communications, Beijing	Beijing	Telecom product innovation and design	US\$ 5,005	-	-	100.00	US\$ 4,852	US\$ (48)	NA	
Taiwan Fixed Network Co., Ltd.	TFN Investment Co., Ltd.	Taipei, Taiwan	Investment	17,897,639	17,897,639	2,061,939	100.00	25,214,136	774,112	NA	
	Taiwan Telecommunication Network Services Co., Ltd.	Taipei, Taiwan	Internet service provider	1,497,701	1,497,701	62,216	99.53	1,551,034	83,522	NA	
	TFN HK Limited	Hong Kong	Telecommunications service provider	5,816	5,816	1,300	100.00	2,795	(81)	NA	
TFN Investment Co., Ltd.	Reach & Range Inc.	Taipei, Taiwan	Telecommunications equipment installment and IT service provider	31,764	31,764	2,400	100.00	34,034	2,599	NA	
	WinTV Broadcasting Co., Ltd.	Taipei, Taiwan	TV program provider	591,000	591,000	25,214	98.50	222,751	(32,698)	NA	
	TFN Media Co., Ltd.	Taipei, Taiwan	Cable broadband and value added service provider	2,035,714	1,500,000	230,526	100.00	3,159,436	356,892	NA	
Taiwan Telecommunication Network Services Co., Ltd.	VoPier Communications (Taiwan) Co., Ltd.	Taipei, Taiwan	ISR (international simple resales) and international prepaid card service provider	117,553	120,000	1,000	100.00	17,816	7,816	NA	
TFN Media Co., Ltd.	Yeong Jialeh Cable TV Co., Ltd.	Sinjhuangshih Township	Cable TV service provider	1,616,824	1,616,824	33,940	100.00	2,022,934	89,450	NA	
	Shin Ho Cable TV Co., Ltd.	Sinjhuangshih Township	Cable TV service provider	661,781	661,781	20,000	100.00	702,559	5,827	NA	
	Mangrove Cable TV Corporation	Danshueijhen Township	Cable TV service provider	397,703	397,703	21,160 (Note 2)	100.00	524,544	33,252	NA	
	North Coast Cable TV Co., Ltd.	Danshueijhen Township	Cable TV service provider	399,193	399,103	21,160 (Note 2)	100.00	216,645	(7,986)	NA	
	Phoenix Cable TV Co., Ltd.	Kaohsiung County	Cable TV service provider	2,294,967	1,229,257	65,818	96.66	3,062,845	105,671	NA	
	Union Cable TV Co., Ltd.	Yilan City	Cable TV service provider	1,904,440	1,904,440	170,441	99.99	1,974,494	54,758	NA	
	Globalview Cable TV Co., Ltd.	Sijhih Township	Cable TV service provider	841,413	841,413	51,733	92.38	1,192,927	37,463	NA	

Note 1: Taiwan Mobile shares held indirectly by Taiwan Fixed Network Co., Ltd. (TFN) and its subsidiary are classified as treasury shares. Therefore, TWM's carrying cost of TFN and its subsidiary was reduced by adjusting the latter's net worth by \$31,889,100 thousand and another \$11,634,210 thousand unrealized gain from financial assets investment from \$58,451,666 thousand.

Note 2: Some shares are held under trustee accounts.

## TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

## INVESTMENT IN MAINLAND CHINA

SIX MONTHS ENDED JUNE 30, 2008

(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, 2007	Investment Flows		Accumulated Outflow of Investment from Taiwan as of January 1, 2008	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Value as of June 30, 2008	Accumulated Inward Remittance of Earnings as of June 30, 2008
					Outflow	Inflow					
Xiamen Taifu Teleservices & Technologies Ltd.	Call center service	US\$ 1,300 (NT\$ 39,504)	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\$ 39,504)	\$ -	\$ -	US\$ 1,300 (NT\$ 39,504)	100% ownership of indirect investment by the Corporation's subsidiary	US\$ (13) (NT\$ (403))	US\$ 1,384 (NT\$ 42,057)	\$ -
Hurray! Times Communications, (Beijing) Ltd.	Telecom product innovation and design	US\$ 3,000 (NT\$ 91,164)	Indirect investment in the Company in Mainland China through a third place by the Corporation's subsidiary, Taiwan Cellular Co., Ltd.	-	US\$ 4,283 (NT\$130,152)	-	US\$ 4,283 (NT\$130,152)	100% ownership of indirect investment by the Corporation's subsidiary	US\$ (230) (NT\$ (7,134))	US\$ 4,852 (NT\$147,443)	-

Accumulated Investment in Mainland China as of June 30, 2008	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 2)
US\$1,300 (NT\$39,504)	US\$1,300 (NT\$39,504)	\$111,032
US\$4,283 (NT\$130,152)	US\$5,300 (NT\$161,056)	\$13,196,333

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1=NT\$30.388 and RMB1=NT\$4.4303 as of June 30, 2008.

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

Note 3: Calculation was based on unaudited financial statements.

## TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

**BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**SIX MONTHS ENDED JUNE 30, 2008**  
(In Thousands of New Taiwan Dollars)

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	\$ 101,393	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accounts receivable	(20)	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accounts receivable	219,494	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Accounts receivable	4	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other receivables	179,603	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Other receivables	2,009,634	Based on regular terms	2%
		Taiwan Teleservices & Technologies Co., Ltd.	1	Other receivables	109	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other receivables	102,207	Based on regular terms	-
		TFN Media Co., Ltd.	1	Other receivables	1,758	Based on regular terms	-
		VoPier Communications (Taiwan) Co., Ltd.	1	Other receivables	1,022	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Prepayments	210	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other current assets	79	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Short-term borrowing	1,295,609	Based on regular terms	1%
		TransAsia Telecommunications Inc.	1	Accounts payable	19,663	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accounts payable	5	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accounts payable	22,747	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Accrued expenses	1,567	Based on regular terms	-
		Tai Yi Digital Broadcasting Co., Ltd.	1	Accrued expenses	35	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accrued expenses	151,622	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accrued expenses	214,266	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Accrued expenses	1	Based on regular terms	-
		TFN Media Co., Ltd.	1	Accrued expenses	70	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Accrued interest expenses	5,360	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other payables	202,316	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other payables	96,010	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Other payables	132	Based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Other payables	32	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Other payables	442	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Other payables	55	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other payables	481	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other payables	251	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Prepayments	148	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other current liabilities	133,132	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other current liabilities	358,944	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Other current liabilities	5	Based on regular terms	-
		TFN Media Co., Ltd.	1	Other current liabilities	8	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	
		Union Cable TV Co., Ltd.	1	Other current liabilities	\$ 35	Based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Other current liabilities	7	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Other current liabilities	141	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Other current liabilities	20	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other current liabilities	75	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other current liabilities	48	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Guarantee deposits	830	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Operating revenues	351,481	Based on regular terms	1%
		Taiwan Fixed Network Co., Ltd.	1	Operating revenues	987,995	Based on regular terms	3%
		Taiwan Telecommunication Network Services Co., Ltd.	1	Operating revenues	168	Based on regular terms	-
		TFN Media Co., Ltd.	1	Operating revenues	544	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating revenues	228	Based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Operating revenues	50	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating revenues	124	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Operating revenues	164	Based on regular terms	-
		North Coast Cable TV Co., Ltd.	1	Operating revenues	34	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	576	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating revenues	236	Based on regular terms	-
		VoPier Communications (Taiwan) Co., Ltd.	1	Operating revenues	14	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Operating costs	197,211	Based on regular terms	1%
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating costs	272	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating costs	465,612	Based on regular terms	1%
		Phoenix Cable TV Co., Ltd.	1	Operating costs	114	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating expenses	451,001	Based on regular terms	1%
		Taiwan Fixed Network Co., Ltd.	1	Operating expenses	43,230	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Operating expenses	1	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	1	Operating expenses	9	Based on regular terms	-
		TFN Media Co., Ltd.	1	Operating expenses	(575)	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating expenses	(1)	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating expenses	(1)	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating expenses	(1)	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Interest income	25,534	Based on regular terms	-
		TFN Media Co., Ltd.	1	Interest income	10,793	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Rental income	20	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Wealth Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Tai Yi Digital Broadcasting Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Rental income	34	Based on regular terms	-
		TT&T Life Insurance Agency Co., Ltd.	1	Rental income	34	Based on regular terms	-
		TT&T Casualty & Property Insurance Agency Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Super Basketball Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Rental income	27,508	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Rental income	31	Based on regular terms	-
		TFN Investment Co., Ltd.	1	Rental income	31	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
		Reach & Range Inc.	1	Rental income	\$ 31	Based on regular terms	-
		TFN Media Co., Ltd.	1	Rental income	5,320	Based on regular terms	-
		Fu Jia Leh Media Technology Co., Ltd.	1	Rental income	23	Based on regular terms	-
		Fu Sin Media Technology Co., Ltd.	1	Rental income	23	Based on regular terms	-
		VoPier Communications (Taiwan) Co., Ltd.	1	Rental income	1,053	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Miscellaneous revenue	1,523	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Interest expenses	8,508	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Miscellaneous expense	868	Based on regular terms	-
1	TransAsia Telecommunications Inc.	The Corporation	2	Accounts receivable	19,663	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Accounts receivable	1	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	3,269	Based on regular terms	-
		Reach & Range Inc.	3	Accounts receivable	106	Based on regular terms	-
		The Corporation	2	Other receivables	1,638,006	Based on regular terms	2%
		Taiwan Fixed Network Co., Ltd.	3	Other receivables	7,629	Based on regular terms	-
		The Corporation	2	Accounts payable	104,474	Based on regular terms	-
		The Corporation	2	Accrued expenses	112,043	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	3,277	Based on regular terms	-
		The Corporation	2	Other payables	64,451	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other payables	934	Based on regular terms	-
		The Corporation	2	Other current liabilities	66	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other current liabilities	5,677	Based on regular terms	-
		The Corporation	2	Operating revenues	197,067	Based on regular terms	1%
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating revenues	6	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	23,294	Based on regular terms	-
		The Corporation	2	Operating costs	351,481	Based on regular terms	1%
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating costs	2	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating costs	18,556	Based on regular terms	-
		The Corporation	2	Operating expenses	20	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	292	Based on regular terms	-
		The Corporation	2	Interest income	8,507	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	3	Interest income	2,199	Based on regular terms	-
		The Corporation	2	Rental income	144	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Rental income	201	Based on regular terms	-
		The Corporation	2	Miscellaneous revenue	868	Based on regular terms	-
2	Wealth Media Technology Co., Ltd.	The Corporation	2	Operating expenses	34	Based on regular terms	-
3	Tai Fu Media Technology Co., Ltd.	The Corporation	2	Accrued interest expenses	4,634	Based on regular terms	-
		The Corporation	2	Other payables	2,005,000	Based on regular terms	2%
		The Corporation	2	Operating expenses	34	Based on regular terms	-
		The Corporation	2	Interest expenses	25,534	Based on regular terms	-
4	Fu Jia Leh Media Technology Co., Ltd.	The Corporation	2	Operating expenses	23	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
5	Fu Sin Media Technology Co., Ltd.	The Corporation	2	Operating expenses	\$ 23	Based on regular terms	-
6	Global Wealth Media Technology Co., Ltd.	Globalview Cable TV Co., Ltd. Globalview Cable TV Co., Ltd.	1 1	Prepayments Operating expenses	17 17	Based on regular terms Based on regular terms	- -
7	Taiwan Cellular Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd. Xiamen Taifu Teleservices & Technologies Ltd. TFN Media Co., Ltd. The Corporation Taiwan Fixed Network Co., Ltd. TFN Media Co., Ltd. TransAsia Telecommunications Inc.	1 1 1 2 1 1 3	Other receivables Other receivables Other receivables Operating expenses Interest income Interest income Interest expenses	150 2,890 1,252,608 34 7,947 15,819 2,198	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - 1% - - - -
8	Tai Yi Digital Broadcasting Co., Ltd.	The Corporation	2	Operating expenses	34	Based on regular terms	-
9	Taiwan Digital Communications Co., Ltd.	The Corporation	2	Operating expenses	34	Based on regular terms	-
10	Taiwan Teleservices & Technologies Co., Ltd.	The Corporation Taiwan Fixed Network Co., Ltd. The Corporation The Corporation Taiwan Cellular Co., Ltd. TT&T Holdings Co., Ltd. Xiamen Taifu Teleservices & Technologies Ltd. Taiwan Fixed Network Co., Ltd. The Corporation TransAsia Telecommunications Inc. Taiwan Fixed Network Co., Ltd. The Corporation TT&T Holdings Co., Ltd. Xiamen Taifu Teleservices & Technologies Ltd. Taiwan Fixed Network Co., Ltd. The Corporation	2 3 2 2 2 1 1 3 2 3 3 2 3 1 1 3 2	Accounts receivable Accounts receivable Other receivables Accrued expenses Accrued expenses Accrued expenses Accrued expenses Accrued expenses Operating revenues Operating revenues Operating revenues Operating expenses Operating expenses Operating expenses Operating expenses Operating expenses Rental income	151,178 5,137 449 109 150 (1,683) 7,453 69 450,894 2 15,292 656 5,975 25,713 202 1,004	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - - - - - 1% - - - - - - -
11	TT&T Life Insurance Agency Co., Ltd.	The Corporation	2	Operating expenses	34	Based on regular terms	-
12	TT&T Casualty & Property Insurance Agency Co., Ltd.	The Corporation	2	Operating expenses	34	Based on regular terms	-
13	Taiwan Super Basketball Co., Ltd.	The Corporation The Corporation	2 2	Operating revenues Operating expenses	7 34	Based on regular terms 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	
14	TT&T Holdings Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts receivable	\$ 2,022	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts payable	3,460	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Operating revenues	6,053	Based on regular terms	-
15	Xiamen Taifu Teleservices & Technologies Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts receivable	7,479	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Operating revenues	25,831	Based on regular terms	-
16	Taiwan Fixed Network Co., Ltd.	The Corporation	2	Accounts receivable	213,566	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Accounts receivable	307	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Accounts receivable	69	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Accounts receivable	9,505	Based on regular terms	-
		Reach & Range Inc.	1	Accounts receivable	3,839	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	1	Accounts receivable	7,291	Based on regular terms	-
		TFN Media Co., Ltd.	1	Accounts receivable	7,358	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Accounts receivable	46	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accounts receivable	92	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Accounts receivable	194	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accounts receivable	500	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Accounts receivable	92	Based on regular terms	-
		The Corporation	2	Other receivables	203,467	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Other receivables	1,390	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Other receivables	22,943	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	1	Other receivables	136	Based on regular terms	-
		TFN Media Co., Ltd.	1	Other receivables	900,754	Based on regular terms	1%
		Yeong Jialeh Cable TV Co., Ltd.	1	Other receivables	8	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other receivables	12	Based on regular terms	-
		VoPier Communications (Taiwan) Co., Ltd.	1	Other receivables	2,248	Based on regular terms	-
		The Corporation	2	Prepayments	196	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Prepayments	175	Based on regular terms	-
		The Corporation	2	Refundable deposits	830	Based on regular terms	-
		VoPier Communications (Taiwan) Co., Ltd.	1	Guarantee deposits	(320)	Based on regular terms	-
		The Corporation	2	Accounts payable	6,282	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Accounts payable	2,721	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Accounts payable	347	Based on regular terms	-
		Reach & Range Inc.	1	Accounts payable	9,293	Based on regular terms	-
		TFN Media Co., Ltd.	1	Accounts payable	27,490	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Accounts payable	18	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accounts payable	1,500	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accounts payable	1,598	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Accounts payable	31	Based on regular terms	-
TFN HK	1	Accounts payable	464	Based on regular terms	-		
The Corporation	2	Accrued expenses	37,646	Based on regular terms	-		
Taiwan Teleservices & Technologies Co., Ltd.	3	Accrued expenses	5,137	Based on regular terms	-		
Taiwan Telecommunication Network Services Co., Ltd.	1	Accrued expenses	187	Based on regular terms	-		
Reach & Range Inc.	1	Accrued expenses	36	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	
		VoPier Communications (Taiwan) Co., Ltd.	1	Accrued expenses	\$ 31,326	Based on regular terms	-
		The Corporation	2	Other payables	2,786	Based on regular terms	-
		The Corporation	2	Advance receipts	210	Based on regular terms	-
		TFN Media Co., Ltd.	1	Other liabilities	5,072	Based on regular terms	-
		VoPier Communications (Taiwan) Co., Ltd.	1	Guarantee deposits	(320)	Based on regular terms	-
		The Corporation	2	Operating revenues	497,330	Based on regular terms	1%
		TransAsia Telecommunications Inc.	3	Operating revenues	18,849	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating revenues	202	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Operating revenues	20,925	Based on regular terms	-
		Reach & Range Inc.	1	Operating revenues	300	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	1	Operating revenues	245	Based on regular terms	-
		TFN Media Co., Ltd.	1	Operating revenues	24,639	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating revenues	661	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating revenues	372	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Operating revenues	1,732	Based on regular terms	-
		North Coast Cable TV Co., Ltd.	1	Operating revenues	21	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	2,609	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating revenues	526	Based on regular terms	-
		The Corporation	2	Operating costs	985,107	Based on regular terms	3%
		TransAsia Telecommunications Inc.	3	Operating costs	23,510	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Operating costs	16	Based on regular terms	-
		Reach & Range Inc.	1	Operating costs	8,192	Based on regular terms	-
		TFN Media Co., Ltd.	1	Operating costs	25,552	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating costs	104	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating costs	3,550	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating costs	4,289	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating costs	481	Based on regular terms	-
		TFNHK	1	Operating costs	1,401	Based on regular terms	-
		The Corporation	2	Operating expenses	27,657	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating expenses	15,299	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Operating expenses	645	Based on regular terms	-
		Reach & Range Inc.	1	Operating expenses	134	Based on regular terms	-
		TFN Media Co., Ltd.	1	Operating expenses	(13)	Based on regular terms	-
		VoPier Communications (Taiwan) Co., Ltd.	1	Operating expenses	79,772	Based on regular terms	-
		TFN Investment Co., Ltd.	1	Interest income	8,732	Based on regular terms	-
		TFN Media Co., Ltd.	1	Interest income	646	Based on regular terms	-
		The Corporation	2	Rental income	8,481	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	1	Rental income	130	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Rental income	15	Based on regular terms	-
		VoPier Communications (Taiwan) Co., Ltd.	1	Rental income	2,240	Based on regular terms	-
		The Corporation	2	Miscellaneous revenue	15	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	1	Miscellaneous revenue	3	Based on regular terms	-
		TFN Media Co., Ltd.	1	Miscellaneous revenue	3,835	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Interest expenses	7,948	Based on regular terms	-
		The Corporation	2	Miscellaneous expense	1,524	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	
17	TFN HK	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	\$ 445	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	1,364	Based on regular terms	-
18	Taiwan Telecommunication Network Services Co., Ltd.	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	32	Based on regular terms	-
		Reach & Range Inc.	3	Accounts receivable	171	Based on regular terms	-
		Mangrove Cable TV Corporation	3	Accounts receivable	3	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Other receivables	186	Based on regular terms	-
		The Corporation	2	Other current assets	24	Based on regular terms	-
		The Corporation	2	Notes payable	4	Based on regular terms	-
		The Corporation	2	Accounts payable	14	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts payable	32,437	Based on regular terms	-
		The Corporation	2	Accrued expenses	297	Based on regular terms	-
		Reach & Range Inc.	3	Accrued expenses	59	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	23	Based on regular terms	-
		Reach & Range Inc.	3	Operating revenues	1,036	Based on regular terms	-
		Mangrove Cable TV Corporation	3	Operating revenues	19	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	19	Based on regular terms	-
		The Corporation	2	Operating costs	64	Based on regular terms	-
Taiwan Fixed Network Co., Ltd.	2	Operating costs	21,815	Based on regular terms	-		
The Corporation	2	Operating expenses	131	Based on regular terms	-		
Taiwan Fixed Network Co., Ltd.	2	Operating expenses	(591)	Based on regular terms	-		
19	VoPier Communications (Taiwan) Co., Ltd.	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	31,326	Based on regular terms	-
		The Corporation	2	Accrued expenses	1,022	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	2,248	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	79,780	Based on regular terms	-
		The Corporation	2	Operating expenses	1,061	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	2,248	Based on regular terms	-
20	TFN Investment Co., Ltd.	TFN Media Co., Ltd.	1	Other receivables	3,920,899	Based on regular terms	4%
		The Corporation	2	Operating expenses	33	Based on regular terms	-
		TFN Media Co., Ltd.	1	Interest income	32,074	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Interest expenses	8,732	Based on regular terms	-
21	Reach & Range Inc.	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	9,281	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Accounts receivable	244	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts payable	3,540	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Accounts payable	171	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	300	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	8,240	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Operating revenues	356	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Operating costs	1,036	Based on regular terms	-
		The Corporation	2	Operating expenses	31	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	300	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	
22	WinTV Broadcasting Co., Ltd.	Taiwan Fixed Network Co., Ltd.	2	Other payables	\$ 5,759	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Advance receipts	150	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Advance receipts	150	Based on regular terms	-
		Mangrove Cable TV Corporation	3	Advance receipts	150	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Advance receipts	150	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Advance receipts	150	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Long-term accounts payables	1,307	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Operating revenues	150	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Operating revenues	150	Based on regular terms	-
		Mangrove Cable TV Corporation	3	Operating revenues	150	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	150	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	150	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	314	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	148	Based on regular terms	-
23	TFN Media Co., Ltd.	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	32,424	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accounts receivable	61,038	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accounts receivable	89,059	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Accounts receivable	2,125	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Accounts receivable	119,090	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Accounts receivable	43,580	Payment terms varied depend on the agreements	-
		The Corporation	2	Other receivables	70	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other current assets	10	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other intangible assets	5,072	Payment terms varied depend on the agreements	-
		The Corporation	2	Accrued expenses	1,750	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	11,147	Payment terms varied depend on the agreements and based on regular terms	-
		Union Cable TV Co., Ltd.	1	Accrued expenses	5,135	Payment terms varied depend on the agreements and based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Accrued expenses	29	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accrued expenses	1,964	Payment terms varied depend on the agreements and 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	
		Mangrove Cable TV Corporation	1	Accrued expenses	\$ 319	Payment terms varied depend on the agreements and based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accrued expenses	2,853	Payment terms varied depend on the agreements and based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Accrued expenses	443	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Accrued interest expenses	2,608	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued interest expenses	646	Payment terms varied depend on the agreements	-
		TFN Investment Co., Ltd.	2	Accrued interest expenses	20,899	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accrued interest expenses	5,832	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Accrued interest expenses	2,635	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accrued interest expenses	77	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Accrued interest expenses	613	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Accrued interest expenses	1,942	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Accrued interest expenses	844	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Accrued interest expenses	3,609	Payment terms varied depend on the agreements	-
		Taiwan Cellular Co., Ltd.	2	Other payables	1,250,000	Payment terms varied depend on the agreements	1%
		Taiwan Fixed Network Co., Ltd.	2	Other payables	900,790	Payment terms varied depend on the agreements	1%
		TFN Investment Co., Ltd.	2	Other payables	3,900,000	Payment terms varied depend on the agreements	4%
		Union Cable TV Co., Ltd.	1	Other payables	460,000	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Other payables	207,700	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Other payables	30,000	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Other payables	68,000	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Other payables	205,000	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	
		Phoenix Cable TV Co., Ltd.	1	Other payables	\$ 330,000	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Other payables	320,000	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Other liabilities	2,426	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Other liabilities	6,127	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Other liabilities	3,647	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	25,552	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Operating revenues	108,668	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Operating revenues	2,381	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating revenues	181,763	Payment terms varied depend on the agreements	1%
		Mangrove Cable TV Corporation	1	Operating revenues	7,218	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Operating revenues	7,631	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	238,414	Payment terms varied depend on the agreements	1%
		Globalview Cable TV Co., Ltd.	1	Operating revenues	94,841	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating costs	260	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	27,074	Payment terms varied depend on the agreements and based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating costs	22,886	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Operating costs	2,086	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating costs	20,777	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Operating costs	5,401	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Operating costs	551	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating costs	32,038	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Operating costs	10,090	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	
		The Corporation	2	Operating expenses	\$ 6,421	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	1,569	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating expenses	1,603	Payment terms varied depend on the agreements and based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Operating expenses	188	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating expenses	957	Payment terms varied depend on the agreements and based on regular terms	-
		Mangrove Cable TV Corporation	1	Operating expenses	275	Payment terms varied depend on the agreements and based on regular terms	-
		North Coast Cable TV Co., Ltd.	1	Operating expenses	68	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating expenses	1,477	Payment terms varied depend on the agreements and based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating expenses	268	Payment terms varied depend on the agreements and based on regular terms	-
		The Corporation	2	Miscellaneous revenue	144	Based on regular terms	-
		The Corporation	2	Interest expenses	10,775	Payment terms varied depend on the agreements	-
		Taiwan Cellular Co., Ltd.	2	Interest expenses	15,732	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Interest expenses	646	Payment terms varied depend on the agreements	-
		TFN Investment Co., Ltd.	2	Interest expenses	32,004	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Interest expenses	5,996	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Interest expenses	2,663	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Interest expenses	322	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Interest expenses	634	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Interest expenses	1,942	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Interest expenses	1,122	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Interest expenses	3,740	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Miscellaneous expense	25	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	
		Shin Ho Cable TV Co., Ltd.	1	Miscellaneous expense	\$ 5	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Miscellaneous expense	9	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Miscellaneous expense	8	Based on regular terms	-
		North Coast Cable TV Co., Ltd.	1	Miscellaneous expense	4	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Miscellaneous expense	24	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Miscellaneous expense	13	Based on regular terms	-
24	Union Cable TV Co., Ltd.	The Corporation	2	Accounts receivable	167	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	18	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	5,108	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Other receivables	465,859	Payment terms varied depend on the agreements and based on regular terms	1%
		WinTV Broadcasting Co., Ltd.	3	Prepayments	150	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts payable	49,410	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Accounts payable	1	Based on regular terms	-
		The Corporation	2	Accrued expenses	3	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	11,627	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	103	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	24,268	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Operating revenues	6	Based on regular terms	-
		The Corporation	2	Operating costs	130	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	150	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating costs	98,820	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating expenses	114	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	874	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	9,848	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 Co., Ltd.	2	Interest income	\$ 5,996	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	245	Based on regular terms	-
25	Shin Ho Cable TV Co., Ltd.	The Corporation	2	Accounts receivable	56	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	29	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other receivables	210,335	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	2,086	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating costs	25	Based on regular terms	-
		The Corporation	2	Operating expenses	43	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	2,381	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	2,663	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	193	Based on regular terms	-
26	Yeong Jialeh Cable TV Co., Ltd.	The Corporation	2	Accounts receivable	580	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	1,500	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	1,946	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Other receivables	30,077	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Prepayments	150	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other current assets	19	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other intangible assets	2,426	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts payable	30	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Accounts payable	81,331	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	59	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	7,729	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	3,550	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 Co., Ltd.	2	Operating revenues	\$ 21,584	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating costs	157	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	127	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	150	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating costs	162,662	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating expenses	38	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	333	Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	19,101	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	322	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	159	Based on regular terms	-
27	Mangrove Cable TV Corporation	The Corporation	2	Accounts receivable	75	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	286	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Accounts receivable	12	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other receivables	68,646	Payment terms varied depend on the agreements and based on regular terms	-
		WinTV Broadcasting Co., Ltd.	3	Prepayments	150	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other intangible assets	6,127	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts payable	120	Payment terms varied depend on the agreements	-
		The Corporation	2	Accrued expenses	1	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	61	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Accrued expenses	3	Based on regular terms	-
		TFN Media Co., Ltd.	2	Accrued expenses	933	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other payables	1,192	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	5,504	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	11	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
		The Corporation	2	Operating costs	\$ 62	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	1,482	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	150	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating expenses	55	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	327	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Operating expenses	19	Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	7,218	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	634	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	181	Based on regular terms	-
28	North Coast Cable TV Co., Ltd.	TFN Media Co., Ltd.	2	Other receivables	206,942	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	551	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating costs	20	Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating costs	5,775	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating expenses	13	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	63	Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	1,856	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	1,942	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	71	Based on regular terms	-
29	Phoenix Cable TV Co., Ltd.	The Corporation	2	Accounts receivable	557	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	1,598	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	2,767	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other receivables	330,929	Payment terms varied depend on the agreements and based on regular terms	-
		WinTV Broadcasting Co., Ltd.	3	Prepayments	150	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts payable	108,422	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	
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	\$ 486	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	10,668	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Advance receipts	175	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	4,289	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	33,177	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating costs	151	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	1,794	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	150	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating costs	216,843	Payment terms varied depend on the agreements	1%
		The Corporation	2	Operating expenses	242	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	937	Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	21,571	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	1,122	Payment terms varied depend on the agreements	-
		The Corporation	2	Rental income	86	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	362	Based on regular terms	-
30	Globalview Cable TV Co., Ltd.	The Corporation	2	Accounts receivable	299	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	31	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	427	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	2	Accounts receivable	2	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other receivables	323,625	Payment terms varied depend on the agreements and based on regular terms	-
		WinTV Broadcasting Co., Ltd.	3	Prepayments	150	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other current assets	3	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other intangible assets	3,647	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	
		Taiwan Fixed Network Co., Ltd.	2	Accounts payable	\$ 27	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Accounts payable	42,136	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	2	Accounts payable	12	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	66	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	1,444	Payment terms varied depend on the agreements	-
		Global Wealth Media Technology Co., Ltd.	2	Advance receipts	17	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	481	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	10,222	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	2	Operating revenues	5	Based on regular terms	-
		The Corporation	2	Operating costs	87	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	243	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	150	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating costs	84,273	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating expenses	82	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	434	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Operating expenses	19	Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	10,569	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	3,740	Payment terms varied depend on the agreements	-
		Global Wealth Media Technology Co., Ltd.	2	Rental income	17	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	150	Based on regular terms	-

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

(Concluded)



## TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

**BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**SIX MONTHS ENDED JUNE 30, 2007**  
**(In Thousands of New Taiwan Dollars)**

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				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		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	-

(Continued)



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	-

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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 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.  
2. Subsidiary to parent.  
3. Between subsidiaries.

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