Taiwan Mobile Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013, and Independent Auditors' Report

Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of Taiwan Mobile Co., Ltd. and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taiwan Mobile Co., Ltd. and subsidiaries as of December 31, 2014 and 2013, and the consolidated results of their operations and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" and with the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed by the Financial Supervisory Commission.

We have also audited the standalone balance sheets of Taiwan Mobile Co., Ltd. as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2014 and 2013, on which we have issued an unqualified and modified unqualified audit report, respectively.

KPMG
Taipei, Taiwan (the Republic of China)
January 29, 2015

Notes to Readers

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

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

		2014.12.31		2013.12.31	
	ASSETS	**Amount**	**%**	**Amount**	**%**
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4, 6(a) and 7)	$ 7,903,777	5	7,954,294	6
1125	Current available-for-sale financial assets (Notes 4, 6(b) and 7)	2,213,757	1	960,945	1
1130	Current held-to-maturity financial assets (Note 4)	6	-	-	-
1170	Accounts and notes receivable, net (Notes 4, 5 and 6(d))	14,990,240	10	14,583,899	10
1180	Accounts receivable from related parties (Note 7)	34,561	-	49,557	-
1200	Other receivables (Note 7)	1,000,549	1	494,348	-
130x	Inventories (Notes 4 and 6(e))	3,210,988	2	3,781,354	3
1410	Prepayments (Note 7)	486,343	-	521,368	-
1460	Non-current assets held for sale (Notes 4 and 6(f))	-	-	50,275	-
1476	Other current financial assets (Notes 4, 7 and 8)	2,967,826	2	1,046,057	1
1479	Other current assets	26,657	-	51,771	-
	Total current assets	32,834,704	21	29,493,868	21
	NON-CURRENT ASSETS				
1523	Non-current available-for-sale financial assets (Notes 4 and 6(b))	3,480,153	2	1,226,889	1
1543	Non-current financial assets at cost (Notes 4 and 6(c))	192,652	-	178,325	-
1546	Non-current debt instrument investment without active market (Note 4)	500,000	-	500,000	-
1550	Investments accounted for using equity method (Notes 4, 5, 6(g) and 7)	897,246	1	2,289,356	2
1600	Property, plant and equipment (Notes 4, 5 and 6(i))	47,066,319	31	42,985,801	31
1760	Investment properties, net (Notes 4 and 6(j))	354,208	-	320,394	-
1791	Concessions (Notes 4, 6(k) and 8)	39,103,292	26	32,748,545	24
1805	Goodwill (Notes 4, 5 and 6(k))	15,845,930	10	15,845,930	11
1821	Other intangible assets, net (Notes 4, 5 and 6(k))	6,219,622	4	6,242,796	5
1840	Deferred tax assets (Notes 4, 5 and 6(u))	882,732	1	924,576	1
1980	Other non-current financial assets (Notes 4, 6(n), 7 and 8)	271,574	-	250,717	-
1995	Other non-current assets (Notes 6(l) and 7)	5,888,820	4	5,345,182	4
	Total non-current assets	120,702,548	79	108,858,511	79
	TOTAL	**$ 153,537,252**	**100**	**138,352,379**	**100**

		2014.12.31		2013.12.31	
	LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 4, 6(m) and 7)	$ 18,900,000	12	30,605,813	22
2110	Short-term notes and bills payable (Notes 4 and 6(m))	5,593,031	4	2,396,971	2
2150	Notes payable	191,951	-	408,904	-
2170	Accounts payable	7,590,325	5	6,661,431	5
2180	Accounts payable to related parties (Note 7)	79,392	-	73,080	-
2219	Other payables (Note 7)	12,310,967	8	11,657,899	9
2230	Current tax liabilities (Note 4)	2,114,614	1	1,512,072	1
2250	Current provisions (Notes 4 and 6(q))	217,083	-	193,886	-
2310	Advance receipts (Note 6(n))	2,264,612	2	2,619,906	2
2320	Long-term liabilities, current portion (Note 6(p))	2,208,218	2	1,000,000	1
2399	Other current liabilities	1,998,735	1	1,475,676	1
	Total current liabilities	53,468,928	35	58,605,638	43
	NON-CURRENT LIABILITIES				
2530	Bonds payable (Note 6(o))	14,794,293	10	14,792,647	11
2540	Long-term borrowings (Notes 6(p) and 7)	13,182,326	9	2,000,000	1
2550	Non-current provisions (Notes 4 and 6(q))	1,014,349	1	880,069	1
2570	Deferred tax liabilities (Notes 4, 5 and 6(u))	2,688,568	2	2,599,791	2
2640	Accrued pension liabilities (Notes 4 and 6(t))	122,423	-	115,463	-
2645	Guarantee deposits	820,504	-	818,386	-
2670	Other non-current liabilities (Note 6(r))	933,611	-	19,744	-
	Total non-current liabilities	33,556,074	22	21,226,100	15
	Total liabilities	87,025,002	57	79,831,738	58
	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Notes 4 and 6(v))				
3110	Ordinary shares	34,208,328	22	34,208,328	25
3200	Capital surplus	14,715,830	10	12,456,891	9
	Retained earnings				
3310	Legal reserve	21,537,666	14	19,262,044	14
3350	Unappropriated retained earnings	19,817,858	13	22,171,132	16
3400	Other equity interests	(302,986)	-	412,682	-
3500	Treasury shares	(29,717,344)	(20)	(31,077,183)	(23)
	Total equity attributable to owners of parent	60,259,352	39	57,433,894	41
36xx	**Non-controlling interests (Notes 6(h) and 6(v))**	6,252,898	4	1,086,747	1
	Total equity	66,512,250	43	58,520,641	42
	TOTAL	**$ 153,537,252**	**100**	**138,352,379**	100

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2014		2013	
		Amount	**%**	**Amount**	**%**
4000	**OPERATING REVENUES (Notes 4, 6(x) and 7)**	$ 112,623,879	100	108,407,931	100
5000	**OPERATING COSTS (Notes 4, 7 and 12)**	75,098,238	66	69,571,020	64
5900	**GROSS PROFIT FROM OPERATIONS**	37,525,641	34	38,836,911	36
6000	**OPERATING EXPENSES (Notes 4, 7 and 12)**				
6100	Marketing	12,979,675	12	12,883,401	12
6200	Administrative	4,945,362	4	4,944,818	5
		17,925,037	16	17,828,219	17
6500	**NET OTHER INCOME AND EXPENSES (Note 6(y))**	110,111	-	63,143	-
6900	**NET OPERATING INCOME**	19,710,715	18	21,071,835	19
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 6(z) and 7)				
7010	Other income	541,030	-	156,348	-
7020	Other gains and losses, net	(780,195)	(1)	(1,356,445)	(1)
7050	Finance costs	(601,834)	-	(397,322)	-
7060	Share of profit (loss) of associates accounted for using equity method	(4,639)	-	(55,403)	-
7000	**Total non-operating income and expenses**	(845,638)	(1)	(1,652,822)	(1)
7900	**PROFIT BEFORE TAX**	18,865,077	17	19,419,013	18
7950	**TAX EXPENSE (Notes 4 and 6(u))**	3,233,643	3	3,351,840	3
8000	**PROFIT FROM CONTINUING OPERATIONS**	15,631,434	14	16,067,173	15
8100	**LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX (Notes 4 and 6(f))**	(78,329)	-	(249,392)	-
8200	**PROFIT**	**15,553,105**	**14**	**15,817,781**	**15**
8300	**OTHER COMPREHENSIVE INCOME (LOSS)**				
8310	Exchange differences on translation	14,226	-	303	-
8325	Unrealized gains (losses) on available-for-sale financial assets	(763,588)	(1)	54,782	-
8360	Actuarial gains (losses) on defined benefit plans	(23,207)	-	560	-
8370	Share of other comprehensive income (loss) of associates accounted for using equity method	47,120	-	(1,859)	-
8399	Income tax generated from other comprehensive income	3,945	-	(95)	-
8300	**OTHER COMPREHENSIVE INCOME (AFTER TAX)**	**(721,504)**	**(1)**	**53,691**	**-**
8500	**COMPREHENSIVE INCOME**	**$ 14,831,601**	**13**	**15,871,472**	**15**
	PROFIT ATTRIBUTABLE TO				
8610	Owners of parent	$ 15,005,428	14	15,583,447	15
8620	Non-controlling interests	547,677	-	234,334	-
		$ 15,553,105	**14**	**15,817,781**	**15**
	COMPREHENSIVE INCOME ATTRIBUTABLE TO				
8710	Owners of parent	$ 14,271,279	13	15,655,368	15
8720	Non-controlling interests	560,322	-	216,104	-
		$ 14,831,601	**13**	**15,871,472**	**15**
	EARNINGS PER SHARE				
	BASIC (Note 6(w))				
9710	Basic earnings per share from continuing operations	$	5.57		5.84
9720	Basic loss per share from discontinued operations		(0.01)		(0.05)
9750	**Total basic earnings per share**	**$**	**5.56**		**5.79**
	DILUTED (Note 6(w))				
9810	Diluted earnings per share from continuing operations	$	5.56		5.83
9820	Diluted loss per share from discontinued operations		(0.01)		(0.05)
9850	**Total diluted earnings per share**	**$**	**5.55**		**5.78**

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

TAWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of Parent									
				Retained Earnings		Other Equity Interests					
Account Number		Ordinary Shares	Capital Surplus	Legal Reserve	Unappropriated	Exchange Differences on Translation	Unrealized Gain (Loss) on Available-for-Sale Financial Assets	Treasury Shares	Total	Non-controlling Interests	Total Equity
A1	**BALANCE, JANUARY 1, 2013**	$ 34,208,328	12,431,851	18,061,894	22,606,173	25,483	314,543	(31,077,183)	56,571,089	1,072,204	57,643,293
	Distribution of retained earnings for the year ended December 31, 2012:										
B1	Legal reserve	-	-	1,469,160	(1,469,160)	-	-	-	-	-	-
B5	Cash dividends	-	-	-	(14,526,578)	-	-	-	(14,526,578)	-	(14,526,578)
B5	Legal reserve used to distribute cash dividends	-	-	(269,010)	-	-	-	-	(269,010)	-	(269,010)
	Total distribution of retained earnings	-	-	1,200,150	(15,995,738)	-	-	-	(14,795,588)	-	(14,795,588)
D1	Profit for the year ended December 31, 2013	-	-	-	15,583,447	-	-	-	15,583,447	234,334	15,817,781
D3	Other comprehensive income for the year ended December 31, 2013	-	-	-	(735)	(535)	73,191	-	71,921	(18,230)	53,691
D5	Total comprehensive income for the year ended December 31, 2013	-	-	-	15,582,712	(535)	73,191	-	15,655,368	216,104	15,871,472
C7	Changes in equity of associates accounted for using equity method	-	25,040	-	-	-	-	-	25,040	24,410	49,450
M7	Adjustments arising from changes in percentage of ownership of subsidiaries	-	-	-	(22,015)	-	-	-	(22,015)	22,015	-
O1	Cash dividends from subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	-	(247,986)	(247,986)
Z1	**BALANCE, DECEMBER 31, 2013**	**34,208,328**	**12,456,891**	**19,262,044**	**22,171,132**	**24,948**	**387,734**	**(31,077,183)**	**57,433,894**	**1,086,747**	**58,520,641**
	Distribution of retained earnings for the year ended December 31, 2013:										
B1	Legal reserve	-	-	2,275,622	(2,275,622)	-	-	-	-	-	-
B5	Cash dividends	-	-	-	(15,064,599)	-	-	-	(15,064,599)	-	(15,064,599)
	Total distribution of retained earnings	-	-	2,275,622	(17,340,221)	-	-	-	(15,064,599)	-	(15,064,599)
D1	Profit for the year ended December 31, 2014	-	-	-	15,005,428	-	-	-	15,005,428	547,677	15,553,105
D3	Other comprehensive income for the year ended December 31, 2014	-	-	-	(18,481)	6,346	(722,014)	-	(734,149)	12,645	(721,504)
D5	Total comprehensive income for the year ended December 31, 2014	-	-	-	14,986,947	6,346	(722,014)	-	14,271,279	560,322	14,831,601
C7	Changes in equity of associates accounted for using equity method	-	1,665	-	-	-	-	-	1,665	(258)	1,407
L7	Disposal of TWM's shares by subsidiaries	-	1,520,403		-	-	-	1,359,839	2,880,242	-	2,880,242
M5	Difference between consideration and carrying amount of subsidiaries' shares disposed of	-	85,965	-	-	-	-	-	85,965	229,995	315,960
M7	Adjustments arising from changes in percentage of ownership of subsidiaries	-	650.906	-	-	-	-	-	650,906	2,864,113	3,515,019
O1	Cash dividends from subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	-	(224,481)	(224,481)
O1	Increase in non-controlling interests	-	-	-	-	-	-	-	-	1,736,460	1,736,460
Z1	**BALANCE, DECEMBER 31, 2014**	**$ 34,208,328**	**14,715,830**	**21,537,666**	**19,817,858**	**31,294**	**(334,280)**	**(29,717,344)**	**60,259,352**	**6,252,898**	**66,512,250**

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

		2014	2013
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	**Profit from continuing operations before tax**	$ 18,865,077	19,419,013
A00020	**Loss from discontinued operations before tax**	(94,363)	(300,472)
A10000	**Profit before tax**	18,770,714	19,118,541
A20000	**Adjustments**		
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	9,721,579	8,767,518
A20200	Amortization expense	1,871,429	1,234,149
A23000	Gain on disposal of non-current assets held for sale, net	(153,706)	-
A22500	Loss on disposal of property, plant and equipment, net	969,694	1,395,538
A20300	Provision for bad debt expense	373,778	321,110
A20900	Finance costs	601,834	397,373
A21200	Interest income	(94,992)	(95,023)
A21300	Dividend income	(22,803)	(24,246)
A21900	Share-based payments of subsidiaries	2,840	-
A23700	Impairment loss on non-financial assets (from discontinued operations)	17,794	-
A22300	Share of loss of associates accounted for using equity method	4,639	55,403
A23100	Loss (gain) on disposal of investments	168	(4,046)
A23200	Gain on disposal of investments accounted for using equity method	-	(5,874)
A29900	Others	(1,076)	184
A20010	Total adjustments to reconcile profit (loss)	13,291,178	12,042,086
A30000	Changes in operating assets and liabilities		
A31150	Accounts and notes receivable	(1,782,136)	(3,590,403)
A31160	Accounts receivable from related parties	14,996	21,482
A31180	Other receivables	(49,560)	(9,118)
A31200	Inventories	570,348	(1,212,808)
A31230	Prepayments	72,751	47,189
A31240	Other current assets	27,412	30,630
A31990	Other assets	14,266	18,265
A32130	Notes payable	(216,953)	48,235
A32150	Accounts payable	924,698	(469,971)
A32160	Accounts payable to related parties	6,312	8,703
A32180	Other payables	(429,711)	1,079,894
A32200	Provisions	27,444	41,840
A32210	Advance receipts	(301,410)	(489,918)
A32230	Other current liabilities	459,458	506,844
A32240	Accrued pension liabilities	(16,247)	(213)
A30000	Total changes in operating assets and liabilities	(678,332)	(3,969,349)
A33000	Net cash inflows generated from operating activities	31,383,560	27,191,278
A33100	Interest received	1,510	-
A33300	Interest paid	(6,291)	(1,165)
A33500	Income taxes paid	(3,040,263)	(2,357,102)
AAAA	**Net cash flows from operating activities**	28,338,516	24,833,011

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW(Continued)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

		2014	2013
	CASH FLOWS FROM INVESTING ACTIVITIES		
B02700	Acquisition of property, plant and equipment	(13,569,058)	(11,525,906)
B04500	Acquisition of intangible assets	(829,831)	(29,190,087)
B07100	Increase in prepayments for equipment	(304,769)	(303,046)
B02200	Net cash inflows from new consolidated entities	1,193,252	-
B02300	Net cash inflows from disposal of subsidiaries	14,533	-
B01800	Acquisition of investments accounted for using equity method	(320,273)	(1,067,850)
B01900	Proceeds from disposal of investments accounted for using equity method	-	12,855
B00300	Acquisition of available-for-sale financial assets	(4,273,724)	(1,000,000)
B00400	Proceeds from disposal of available-for-sale financial assets	-	194,277
B01200	Acquisition of financial assets at cost	(60,000)	-
B03700	Increase in refundable deposits	(164,135)	(207,141)
B03800	Decrease in refundable deposits	154,372	220,613
B06500	Increase in other financial assets	(2,392,255)	(1,218,816)
B06600	Decrease in other financial assets	447,544	1,471,101
B02600	Proceeds from disposal of non-current assets held for sale	250,291	-
B02800	Proceeds from disposal of property, plant and equipment	5,856	110,239
B04600	Proceeds from disposal of intangible assets	-	1
B01400	Proceeds from investees' capital reduction	45,673	3,002
B06700	Increase in other non-current assets	(3,706)	-
B00900	Acquisition of held-to-maturity financial assets	(6)	-
B07500	Interest received	93,540	95,940
B07600	Dividend received	48,142	34,566
BBBB	**Net cash used in investing activities**	(19,664,554)	(42,370,252)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	119,246,379	73,873,936
C00200	Decrease in short-term borrowings	(130,955,823)	(46,435,716)
C00500	Increase in short-term notes and bills payable	19,467,020	3,894,957
C00600	Decrease in short-term notes and bills payable	(16,274,202)	(1,498,542)
C01200	Proceeds from issuance of bonds	-	5,796,043
C01300	Repayments of bonds	-	(4,000,000)
C01600	Proceeds from long-term borrowings	10,000,000	3,000,000
C01700	Repayments of long-term borrowings	(1,105,000)	-
C04500	Cash dividends paid (including paid to non-controlling interests)	(15,289,071)	(15,043,570)
C05000	Proceeds from disposal of treasury shares	2,970,389	-
C05500	Disposal of ownership interests in subsidiaries (without losing control)	323,859	-
C03000	Increase in guarantee deposits received	169,229	193,527
C03100	Decrease in guarantee deposits received	(214,427)	(186,458)
C05600	Interest paid	(586,873)	(302,404)
C05800	Increase in non-controlling interests	3,512,800	-
CCCC	**Net cash flows from (used in) financing activities**	(8,735,720)	19,291,773
DDDD	EFFECT OF EXCHANGES RATE CHANGES ON CASH AND CASH EQUIVALENTS	11,241	8,622
EEEE	**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**	(50,517)	1,763,154
E00100	**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**	7,954,294	6,191,140
E00200	**CASH AND CASH EQUIVALENTS AT END OF YEAR**	**$ 7,903,777**	**7,954,294**

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

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

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

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

TWM acquired the Mobile Broadband Spectrum frequency of 30 MHz x 2 (15 MHz x 2 in the 700 MHz frequency band and 15 MHz x 2 in the 1800 MHz frequency band of the 4G spectrum) in October 2013. In April 2014, TWM acquired the concession license for the Mobile Broadband Spectrum frequency of 15 MHz x 2 in the 700 MHz frequency band. To accelerate the Mobile Broadband Spectrum service in the 1800 MHz frequency band in July 2014, the NCC authorized TWM to return the mobile telephone service frequency and approved the application for the Broadband Spectrum frequency of 5 MHz x 2 in the 1800 MHz frequency band. TMW acquired the concession license for the Mobile Broadband Spectrum frequency of 5 MHz x 2 in the 1800 MHz frequency band in August 2014.

In January 2015, TWM was approved to acquire a Mobile Broadband Spectrum frequency of 5 MHz x 2 in the 700 MHz frequency band by the NCC. Please refer to note 11 "Significant subsequent events".

The consolidated financial statements of TWM as of and for the year ended December 31, 2014, comprise TWM and its subsidiaries (the Group).

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on January 29, 2015.

3. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

a. 2013 International Financial Reporting Standards endorsed by the Financial Supervisory Commission, R.O.C., but not yet in effect

In accordance with Rule No. 1030010325 issued by the Financial Supervisory Commission ("FSC") on April 3, 2014, companies listed for trading on the stock exchange or over-the-counter market or for registration as emerging stock should adopt the 2013 IFRSs (excluding IFRS 9 *Financial Instruments*) endorsed by the FSC beginning in 2015. The new standards, amendments and interpretations which were announced by the International Accounting Standards Board ("IASB") are as follows:

New Standards, Amendments and Interpretations	Effective Date Issued by IASB
Amended IFRS 1 *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*	July 1, 2010
Amended IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	July 1, 2011
Amended IFRS 1 *Government Loans*	January 1, 2013
Amended IFRS 7 *Disclosures - Transfers of Financial Assets*	July 1, 2011
Amended IFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*	January 1, 2013
IFRS 10 *Consolidated Financial Statements*	January 1, 2013 (Subsidiaries will adopt on January 1, 2014)
IFRS 11 *Joint Agreements*	January 1, 2013
IFRS 12 *Disclosure of Interests in Other Entities*	January 1, 2013
Amended IFRS 10, IFRS 11 and IFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	January 1, 2013
Amended IFRS 10, IFRS 12 and IAS 27 *Investment Entities*	January 1, 2014
IFRS 13 *Fair Value Measurement*	January 1, 2013
Amended IAS 1 *Presentation of Items of Other Comprehensive Income*	July 1, 2012
Amended IAS 12 *Deferred Tax: Recovery of Underlying Assets*	January 1, 2012
Amended IAS 19 *Employee Benefits*	January 1, 2013
Amended IAS 27 *Separate Financial Statements*	January 1, 2013
Amended IAS 28 *Investments in Associates and Joint Ventures*	January 1, 2013
Amended IAS 32 *Offsetting Financial Assets and Financial Liabilities*	January 1, 2014
IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	January 1, 2013

In the Group's assessment, except for the following standards, the 2013 IFRSs will not have significant influence after their adoption:

(1) IAS 19 *Employee Benefits*

The amendments to IAS 19 require companies to calculate a "net interest" amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on plan assets used in the previous IAS 19. In addition, the amendments eliminate the accounting treatment of either the corridor approach or the immediate recognition of actuarial gains and losses in profit or loss when they occur, and instead require companies to recognize all actuarial gains and losses immediately through other comprehensive income. The past service cost, on the other hand, will be expensed immediately when it is incurred and will no longer be amortized over the average period before meeting vesting conditions on a straight-line basis. In addition, the amendments also require a broader disclosure of defined benefit plans. In compliance with the standards above, the Group anticipates that accrued pension liabilities would increase by $16,101 thousand and retained earnings would decrease by $13,364 thousand on January 1, 2014; accrued pension liabilities would increase by $14,359 thousand and retained earnings would decrease by $11,918 thousand on December 31, 2014, operating expenses would decrease by $1,095 thousand and actuarial gains on defined benefit plans, before tax, would increase by $647 thousand in other comprehensive income for the year ended December 31, 2014.

(2) IAS 1 *Presentation of Financial Statements*

The primary amendment of IAS 1 was requiring profit or loss and other comprehensive income to be presented together, requiring entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently, and requiring tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items. The Group will follow the amendment of IAS 1 to present the comprehensive income statement.

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

IFRS 12 combines all related standards regarding the disclosures of financial reports of subsidiaries, joint ventures, associates, and non-consolidated entities. The Group will additionally disclose the information on consolidated and non-consolidated entities.

(4) IFRS 13 *Fair Value Measurement*

IFRS 13 defines the meaning of fair value and sets the method of calculation and the presentation of measurement of fair value. After assessing the standard, the Group does not expect any significant influence on the financial condition and performance, and will follow IFRS 13 to additionally disclose the information on measurement of fair value.

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

New Standards, Amendments and Interpretations	Effective Date Issued by IASB
IFRS 9 *Financial Instruments*	January 1, 2018
IFRS 14 *Regulatory Deferral Accounts*	January 1, 2016
IFRS 15 *Revenue from Contracts with Customers*	January 1, 2017
Amended IAS 1 *Disclosure Initiative*	January 1, 2016
Amended IFRS 9 and IFRS 7 *Mandatory Effective Date and Offsetting Disclosures*	January 1, 2018
Amended IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	January 1, 2016
Amended IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*	January 1, 2016
Amended IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	January 1, 2016
Amended IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization*	January 1, 2016
Amended IAS16 and IAS 41 *Agriculture: Bearer Plants*	January 1, 2016
Amended IAS 19 *Defined Benefit Plans: Employee Contributions*	July 1, 2014
Amended IAS 36 *Recoverable Amount Disclosure for Non-Financial Assets*	January 1, 2014
Amended IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*	January 1, 2014
IFRIC 21 *Levies*	January 1, 2014

The Group is assessing the influence on financial condition and performance of the above standards and interpretations. The Group will disclose the related influence when the assessment is finished.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (the Guidelines) and with the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (collectively, "Taiwan-IFRSs").

Basis of Preparation

a. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value through profit or loss, which are measured at fair value.

b. Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan Dollars, which is TWM's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

Basis of Consolidation

a. Principles of preparation of consolidated financial statements

The consolidated financial statements incorporate the financial statements of TWM and its controlled entities (the subsidiaries). Control is achieved where TWM has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date of obtaining control and are excluded from the date of losing control. The comprehensive income from subsidiaries is allocated to TWM and its non-controlling interests, even if the non-controlling interests have a deficit balance.

The consolidated statements of comprehensive income include the results of a disposed of subsidiary up to the date of disposal.

Changes in the ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions.

Financial statements of subsidiaries are adequately adjusted to align their accounting policies with those of the Group.

Transactions and balances, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

b. The subsidiaries included in the consolidated financial statements

The consolidated entities were as follows:

Investor	Subsidiary	Main Business and Products	Percentage of Ownership 2014.12.31	Percentage of Ownership 2013.12.31	Note
TWM	Wealth Media Technology Co., Ltd. (WMT)	Investment	100.00	100.00	-
WMT	momo.com Inc. (momo)	Wholesale and retail sales	44.38	50.64	Note 1
momo	Fu Sheng Travel Service Co., Ltd. (FST)	Travel agent	100.00	100.00	-
momo	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.00	100.00	-
momo	Fuli Property Insurance Agent Co., Ltd. (FPI)	Property insurance agent	100.00	100.00	-
momo	Asian Crown International Co., Ltd. (Asian Crown)	Investment	76.26	100.00	Note 2
Asian Crown	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.00	100.00	-
Fortune Kingdom	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.00	100.00	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesaling	91.30	87.50	Note 2
WMT	Global Wealth Media Technology Co., Ltd. (GWMT)	Investment	100.00	100.00	-
GWMT	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV service provider	6.83	6.83	-
WMT	Global Forest Media Technology Co., Ltd. (GFMT)	Investment	100.00	100.00	-
GFMT	Union Cable TV Co., Ltd. (UCTV)	Cable TV service provider	0.76	0.76	-
WMT	Win TV Broadcasting Co., Ltd. (WTVB)	TV program provider	100.00	100.00	-
WMT	TFN Media Co., Ltd. (TFNM)	Cable broadband and value-added services provider	100.00	100.00	-
TFNM	UCTV	Cable TV service provider	99.22	99.22	-
TFNM	Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Cable TV service provider	100.00	100.00	-

(Continued)

			Percentage of Ownership		
Investor	Subsidiary	Main Business and Products	2014.12.31	2013.12.31	Note
TFNM	Mangrove Cable TV Co., Ltd. (MCTV)	Cable TV service provider	29.53	29.53	The other 70.47% of shares were held under trustee accounts.
TFNM	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV service provider	100.00	100.00	-
TFNM	GCTV	Cable TV service provider	92.38	92.38	-
TFNM	Taiwan Kuro Times Co., Ltd. (TKT)	Online music and game service	100.00	100.00	-
TKT	ezPeer Multimedia Ltd.	Investment	-	-	ezPeer Samoa was dissolved in November 2013.
TWM	Taiwan Cellular Co., Ltd. (TCC)	Investment	100.00	100.00	-
TCC	TCC Investment Co., Ltd. (TCCI)	Investment	100.00	100.00	TCCI, TID and TUI collectively owned 698,752 thousand shares of TWM representing 20.42% of total outstanding shares as of December 31, 2014.
TCCI	TCCI Investment & Development Co., Ltd. (TID)	Investment	100.00	100.00	-
TCC	Taiwan Fixed Network Co., Ltd. (TFN)	Fixed-line service provider	100.00	100.00	-
TFN	TFN Union Investment Co., Ltd. (TUI)	Investment	100.00	100.00	-
TFN	TFN HK Ltd.	Telecommunication service provider	100.00	100.00	-
TCC	Taiwan Digital Communications Co., Ltd. (TDC)	TV program production and mobile phone wholesaling	100.00	100.00	-
TCC	TWM Holding Co., Ltd. (TWM Holding)	Investment	100.00	100.00	-
TWM Holding	TWM Communications (Beijing) Co., Ltd. (TWMC)	Mobile application development and design	100.00	100.00	-
TCC	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Call center service and telephone marketing	100.00	100.00	-

(Continued)

Investor	Subsidiary	Main Business and Products	Percentage of Ownership 2014.12.31	Percentage of Ownership 2013.12.31	Note
TT&T	Taiwan Mobile Basketball Co., Ltd. (TMB)	Basketball team management	-	100.00	TMB was sold in September 2014
TT&T	TT&T Holdings Co., Ltd. (TT&T Holdings)	Investment	100.00	100.00	-
TT&T Holdings	Xiamen Taifu Teleservices & Technologies Co., Ltd.	System integration, management, analysis and development of CRM application and information consulting services	-	-	Xiamen Taifu Teleservices & Technologies Co., Ltd. was dissolved in November 2013.
TCC	Taiwan Digital Service Co., Ltd. (TDS)	Telecommunica-tions service agencies and retail business	100.00	100.00	-
TWM	Taipei New Horizon Co., Ltd. (TNH)	Real estate leasing and hotel business	49.90	Note 3	Note 3

(Concluded)

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

Note 2: In July 2014, an extraordinary shareholders' meeting of FGE resolved to inject capital by cash. Due to non-proportional investment in an investee's capital increase, momo's percentage of ownership in Asian Crown decreased, and HK Fubon Multimedia's percentage of ownership in FGE increased.

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

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

Foreign Currency

Foreign currency transactions are recorded at the spot exchange rate on the date of the transaction. At the end of the reporting period (the reporting date), foreign currency monetary amounts are reported using the closing rate.

Non-monetary items carried at fair value should be reported at the rate that existed when the fair values were determined. Non-monetary items carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences due to settlement of transactions or translation for monetary items are recognized in profit or loss.

Exchange differences arising on non-monetary items carried at fair value (for example, equity instruments) are recognized in profit or loss. If a gain or loss on a non-monetary item is recognized in other comprehensive income, any foreign exchange component of that gain or loss is also recognized in other comprehensive income.

For the purpose of preparing consolidated financial statements, the assets and liabilities of foreign operations are translated to New Taiwan Dollars (NTD) using the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the average exchange rate for the period. Exchange differences are recognized in other comprehensive income, and accumulated in equity.

Classification of Current and Non-current Assets and Liabilities

The Group classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

a. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

b. It holds the asset primarily for the purpose of trading;

c. It expects to realize the asset within twelve months after the reporting period; or

d. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

a. It expects to settle the liability in its normal operating cycle;

b. It holds the liability primarily for the purpose of trading;

c. The liability is due to be settled within twelve months after the reporting period; or

d. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Voluntary Change in Accounting Policy

In response to the development of the IAS regarding revenue, the Group consulted the practical experience of most of the telecommunication service providers abroad and professional investigations of accounting firms, and changed the recognition method for bundle sales from the residual value method to the relative fair value method on January 1, 2013. Instead of recognizing revenue from telecommunication service charges and sales of inventories, the total price of the contract is allocated based on the relative fair value of each component, which fairly presents transactions and attributes gain and loss to the correct accounting period.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash, cash in bank, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents. If they do not meet the above definition, time deposits should be recognized as other current and non-current financial assets.

Financial Instruments

Financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments.

a. Financial assets

The Group adopts trade-date accounting to recognize and derecognize financial assets. Financial assets are classified into the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, and loans and receivables.

(1) Financial assets at fair value through profit or loss

A financial asset classified in this category is for the purpose of trading or is at fair value through profit or loss.

This type of financial asset is measured at fair value at the time of initial recognition, and transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are included in non-operating income and expenses.

(2) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value, plus any directly attributable transaction cost, and changes are measured at fair value afterwards. Impairment losses, dividend income, and changes in the carrying amount of available-for-sale financial assets from foreign exchange gains or losses and interest income using the effective interest method are recognized in profit and loss, while other changes in carrying amount are recognized in other comprehensive income and presented in unrealized gain (loss) on available-for-sale financial assets in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in non-operating income and expenses.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss, and are included in financial assets measured at cost.

(3) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group intends and is able to hold to maturity. Held-to-maturity financial assets are recognized initially at fair value plus directly attributable transaction costs and are measured subsequently at amortized cost using the effective interest method, less any impairment losses.

Interest income is recognized in non-operating income and expenses.

(4) Loans and receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables other than insignificant interest on short-term receivables are measured at amortized cost using the effective interest method less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade receivables, other receivables, debt instrument investment without active market, other financial assets, and refundable deposits.

(5) Impairment of financial assets

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an available-for-sale investment in an equity security, a significant or prolonged decline in its fair value below its cost is considered objective evidence of impairment.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

For financial assets at amortized cost, an impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment loss is reversed does not exceed what the amortized cost would have been had the impairment loss not been recognized.

Trade receivables are assessed as to whether any impairment has occurred at every reporting date. A trade receivable is impaired if, and only if, there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the asset that can be estimated reliably. An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows (taking into account any guarantee and collateral) discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a trade receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of the receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

(6) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

b. Financial liabilities

(1) Recognition

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss, which comprise loans and borrowings, short-term notes and bills payable, bonds payable, notes payable, trade payables, other payables, and guarantee deposits received, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

(2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Inventories

Inventories are measured at the lower of cost and net realizable value. Inventories are assessed item by item, except those with similar characteristics are collectively assessed. Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses. The weighted-average method is used in calculation of cost.

Non-current Assets Held for Sale and Discontinued Operations

The book value of non-current assets classified as held for sale is expected to be recovered primarily through sale. Being classified as held for sale, the assets should be available for immediate sale. Being available for immediate sale means the management is committed to plan a sale and the sale is highly probable within 12 months.

Assets classified as non-current assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell, and should not be depreciated. Impairment losses measured both at the time of classification as held for sale and subsequently should be recognized in profit or loss. A gain from any subsequent increase in the above measurement should be recognized in profit or loss to the extent that it is not in excess of the cumulative impairment loss.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and represents either a separate major line of business or a geographical area of operations. The operation should be classified as discontinued when the operation is ready for disposal or the criteria for discontinuing are met, whichever is earlier.

Investment in Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses. Goodwill is not amortized.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

If the Group does not subscribe the newly issued shares of associates in accordance with the percentage of ownership, which causes a change in percentage of ownership and net worth of the investment, the adjustment should be reflected in capital surplus and investments accounted for using equity method. If there is insufficient capital surplus from the investments accounted for using equity method to offset the change, then such insufficiency should be accounted for under retained earnings.

Unrealized profits resulting from transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Property, Plant and Equipment

a. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated with a separate depreciation rate or depreciation method.

Property, plant and equipment are derecognized when disposed of or expected to have no future economic benefits generated through usage. The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as profit and loss.

b. Reclassification to investment property

Property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

c. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the amount can be reliably measured. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

d. Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and the net amount shall be allocated with the direct method over its useful life. Each significant item of property, plant and equipment shall be evaluated and depreciated separately if it possesses a different useful life. The depreciation charge for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. The asset is depreciated over the shorter of the lease term and its useful life.

Operation utensils are measured at the cost of the acquired assets when acquisition occurs. Some of the operation utensils are depreciated over the useful life, and others are recognized at expenses when breakage occurs.

Land has an unlimited useful life and therefore is not depreciated. For the estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment, please refer to Note 6(i).

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

Investment Property

Investment property is the property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost on initial recognition and subsequently at fair value, with any change therein recognized in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Leases

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. Other leases are operating leases. Receivables collected are periodically recognized as rental income during the lease contract.

Under an operating lease, rental income or lease payments are recognized as income or expense, respectively, on a straight-line basis over the lease term.

Under a finance lease, the proceeds from the lessee should be recognized on a net basis as lease receivable when the Group is the lessor. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

Intangible Assets

a. Goodwill

Goodwill acquired in a business combination is included in intangible assets.

Goodwill is measured at cost less accumulated impairment losses. The carrying amount of the investments in associates includes goodwill. The impairment losses on investments would not be allocated to goodwill or any other assets.

b. Service concession agreement

The operator recognizes the right to charge users for a service as an intangible asset. The operator measures the intangible asset at fair value.

c. Other intangible assets

Other intangible assets that are acquired through business combinations or are internally developed are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets that are acquired through business combinations are measured at acquisition-date fair value, and recognized along with goodwill.

d. Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life, from the date that they are available for use. For the estimated useful lives for the current and comparative periods, please refer to Note 6(k).

The amortization method, the amortization period, and the residual value for an intangible asset with a finite useful life shall be reviewed at each fiscal year-end. Any changes shall be accounted for as changes in accounting estimates.

Impairment of Non-financial Assets

The Group measures whether impairment occurred in non-financial assets (except for inventories, deferred income tax assets, and employee benefits) on every reporting date, and estimates the recoverable amount. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Group should assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use is required to be tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. If the carrying amount of the cash-generating units exceeds the recoverable amount of the units, the entity shall recognize the impairment loss, and the impairment loss shall be allocated to reduce the carrying amount of each asset in the units. Reversal of an impairment loss for goodwill is prohibited.

Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

a. Restoration

The restoration cost for property, plant and equipment that were originally acquired or used by the Group for a period of time and had obligations for dismantling, relocating, and restoring to the previous state should be recognized as an addition to the assets and accrued as a potential liability accordingly.

b. Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on sales contracts, historical warranty data, and a weighing of all possible outcomes against their associated probabilities.

c. Decommissioning

For a service concession agreement, the concession receiver has an obligation for maintenance or decommissioning before returning the construction to the grantor as stated in the concession agreement. For a build-operate-transfer contract, the costs paid for the obligation for maintenance or decommissioning should be recognized as expense and liabilities.

Treasury Shares

Repurchased shares are recognized under treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Shares that are owned by TWM's subsidiaries are seen as identical to treasury shares.

Gains on disposal of treasury shares should be recognized under "capital reserve – treasury share transactions"; Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there is insufficient capital reserve to offset the losses, then such losses should be accounted for under retained earnings.

The carrying amount of treasury shares should be calculated using the weighted-average method and grouped by the type of repurchase.

Employee Benefits

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

A defined benefit plan uses the projected unit credit method to calculate actuarial valuation at the end of the fiscal year. The Group recognizes actuarial gains and losses from the defined benefit obligation in other comprehensive income immediately when the gains and losses occur. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds or government bonds. The currency and term of the bonds are consistent with those of the obligations.

Income Tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations, expenses recognized in equity or other comprehensive income directly, and other related expenses, all current and deferred taxes shall be recognized in profit or loss.

a. Current taxes

   Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

   An additional 10% surtax on undistributed earnings, computed according to the ROC

Income Tax Act, is recognized in current taxes in the year of approval by a shareholders' meeting resolution.

b. Deferred taxes

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards, and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred taxes shall not be recognized for temporary differences from the following:

(1) Assets and liabilities that are initially recognized but not related to a business combination and have no effect on net income or taxable gains (losses) during the combination.

(2) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(3) Initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted on the reporting date. The measurement reflects the entity's expectations on the reporting date as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled.

A deferred tax asset should be recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

Income tax expenses recognized in equity balances or other comprehensive income shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on the temporary differences between the carrying amount and the tax basis of related assets and liabilities on the reporting date.

Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue from bundle sales is recognized with the relative fair value method, and the total price of the contract is allocated to each component of revenue based on the relative fair values.

a. Service revenues from mobile communication services, wireless services, fixed network services, and value-added services, net of any applicable discount, are billed at predetermined rates; the fixed monthly fees on the basic cable TV services are accrued.

b. Sales of goods

Revenue from sales of goods is recognized when the conditions mentioned below are all satisfied; the amount of sales allowance is reasonably estimated based on previous experience and other relevant factors.

(1) The Group has transferred the significant risks and returns of ownership to the counterparty;

(2) The Group has not been involved in any control activities and has not maintained effective control over the goods sold;

(3) The amount can be reliably measured;

(4) Economic benefits relevant to the transactions will probably flow to the Group;

(5) Costs related to the transactions, whether incurred or expected, can be reliably measured.

Generally, revenue is recognized as goods are delivered and ownership is transferred.

c. Proceeds from game service are recognized as advance receipts upon receiving deposits from customers and are recognized as revenue over the service periods or upon the consumption of deposits.

d. Customer loyalty program

The deferred revenue allocated to the customer loyalty program is estimated at fair value and is recognized as revenue when obligations have been fulfilled.

e. Commissions

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Group.

f. Revenue from room service and restaurants is recognized when the service is provided.

g. Dividend and interest income

If it is highly probable that the economic benefit associated with transactions made by an investee will flow to the Group, the dividend income attributable to investments is recognized on the date that it is certain that the Group will receive the dividend payments.

Interest arising from financial instruments is recognized when the economic benefits will probably flow to the Group and the amount can be reliably measured. Recognition is on an accrual basis, and revenue is in accordance with the weighted-average outstanding principal and effective interest rate.

Business Combination

A business combination uses the acquisition method. Goodwill is measured as an aggregation of the consideration transferred, which is measured at fair value at the acquisition date, and the amount of any non-controlling interest in the acquiree, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed at fair value. If the residual balance is negative, the Group shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain on the bargain purchase thereafter.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements in conformity with Taiwan-IFRSs requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management will continually review the estimates and basic assumptions. Changes in accounting estimates will be recognized in the period of change and the future period of their impact.

a. Impairment assessment of tangible and intangible assets (goodwill is excluded)

In the process of impairment assessment, the Group should rely on subjective judgment to determine the individual cash flows of a specific group of assets and estimate future gain and loss according to the usage of assets and business characteristics. Alteration of estimates from any change in economic conditions or business strategy may lead to significant impairment loss in the future.

Except for the assets from discontinued operations, the Group has not recognized any impairment loss for the years ended December 31, 2014 and 2013. For the recognition of impairment loss on the assets from discontinued operations, please refer to Note 6(f).

b. Impairment assessment of goodwill

The use value of the cash-generating units to which goodwill is allocated should be predetermined when assessing whether the goodwill is impaired. Management estimates the future cash flows from cash-generating units and assigns an appropriate discount rate in calculating present value. Significant impairment loss may occur if actual cash flows are less than forecasted.

As of December 31, 2014 and 2013, the carrying value of goodwill amounted to $15,845,930 thousand. The Group has not recognized any impairment loss on goodwill for the years ended December 31, 2014 and 2013.

c. Impairment assessment of investments accounted for using equity method

Impairment assessment is required if, and only if, there is objective evidence of impairment of investments accounted for using equity method and the carrying value may not be recoverable. Management assesses the impairment based on the expected future cash flows from the investee, including the growth rate of revenues estimated by the management of the investee. The general situation of the market and businesses which share similar characteristics is taken into consideration to assess the rationality of relevant assumptions.

The Group has not recognized any impairment loss on investments accounted for using equity method for the years ended December 31, 2014 and 2013.

d. Income tax

The realizability of deferred income tax assets (liabilities) depends on sufficient future profits or a taxable temporary difference. Any changes in the industry environment or amendments of law can result in significant adjustment of deferred income tax.

As of December 31, 2014 and 2013, the carrying value of deferred income tax assets amounted to $882,732 thousand and $924,576 thousand, respectively; and the carrying value of deferred income tax liabilities amounted to $2,688,568 thousand and $2,599,791 thousand, respectively.

e. Useful lives of property, plant and equipment

Please refer to Note 6(i). The Group reviews the estimated useful lives of property, plant and equipment periodically.

f. Impairment assessment of accounts receivable

If there is any objective evidence of impairment, the Group will take account of estimates of future cash flows. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Significant impairment loss may occur if actual cash flows are less than forecasted.

As of December 31, 2014 and 2013, the carrying value of accounts receivable amounted to $14,880,147 thousand and $14,373,340 thousand, respectively. They were the net amounts after subtracting the allowances for doubtful accounts amounting to $277,815 thousand and $288,620 thousand, respectively.

6. DESCRIPTION OF SIGNIFICANT ACCOUNTS

a. Cash and cash equivalents

	2014.12.31	2013.12.31
Government bonds with repurchase rights	$ 3,481,084	4,070,060
Cash in banks	2,214,593	2,053,132
Time deposits	1,777,771	1,748,153
Short-term notes and bills	299,786	-
Cash on hand	121,546	73,530
Revolving funds	8,997	9,419
	$ 7,903,777	**7,954,294**

b. Available-for-sale financial assets

	2014.12.31	2013.12.31
Domestic listed stock	$ 204,310	202,354
Domestic emerging stock	893,103	1,226,889
Domestic unlisted stock	2,587,050	-
Beneficiary certificates	2,009,447	758,591
	$ 5,693,910	**2,187,834**

	2014.12.31	2013.12.31
Current	**$ 2,213,757**	**960,945**
Non-current	**$ 3,480,153**	**1,226,889**

c. Non-current financial assets at cost

	2014.12.31	2013.12.31
Domestic unlisted stock	$ 185,602	128,001
Foreign unlisted stock	7,050	50,324
	$ 192,652	**178,325**

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

For the years ended December 31, 2014 and 2013, there was no impairment loss.

d. Accounts and notes receivable, net

	2014.12.31	2013.12.31
Notes receivable	$ 110,093	210,559
Accounts receivable	15,157,962	14,661,960
Less: allowance for doubtful accounts	(277,815)	(288,620)
Accounts receivable, net	14,880,147	14,373,340
Total	$ **14,990,240**	**14,583,899**

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

	Amount of Accounts Receivable Sold	Proceeds of the Sale of Accounts Receivable
January 2014		
Long Sun Asset Management Co., Ltd.	**$ 991,966**	**42,699**
January 2013		
Hui Cheng First Asset Management Co., Ltd.	**$ 1,242,340**	**40,249**

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

	2014.12.31	2013.12.31
Neither past due nor impaired	$ 14,417,430	13,992,823
Past due but not impaired		
Past due within 180 days	462,436	373,592
Past due over 180 days	281	6,925
	$ 14,880,147	**14,373,340**

Movements of allowance for doubtful receivables for the years ended December 31, 2014 and 2013, were as follows:

	For the Years Ended December 31	
	2014	2013
Beginning balance	$ 288,620	267,589
Add: Provision	345,198	284,130
Reversal	112,704	120,596
Less: Write-off	(468,707)	(383,695)
Ending balance	**$ 277,815**	**288,620**

e. Inventories

	2014.12.31	2013.12.31
Merchandise	$ 3,131,412	3,708,181
Materials for maintenance	78,214	73,173
Catering inventories	1,362	-
	$ 3,210,988	**3,781,354**

For the years ended December 31, 2014 and 2013, the cost of goods sold recognized in consolidated comprehensive income amounted to $42,614,868 thousand and $38,099,625 thousand, respectively, which included the inventory write-downs amounting to $29,019 thousand and $21,738 thousand, respectively.

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

(1) Non-current assets held for sale

(a) In November 2013, TFN decided to dispose of a piece of land and sold it to Chii Lih Development Enterprise Co., Ltd. The land was recorded as assets held for sale amounting to $50,275 thousand at the end of December 2013, and the transfer of the ownership, which was finished on January 28, 2014, led to a gain of $158,568 thousand.

(b) In March 2014, the Board of Directors of momo resolved to sell the traditional retail business to We Can Medicines Co., Ltd. At the end of March 2014, the total value of machinery and equipment, storage equipment, and telecommunication equipment held for sale was $46,310 thousand, and a total impairment loss of $17,794 thousand was recognized through measurement at the lower of carrying amount and fair value less costs to sell. The above equipment was disposed of in June 2014, and a loss of $4,862 thousand was recognized under discontinued operations.

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

The profit and loss, and cash flows from discontinued operations are summarized as follows:

	For the Years Ended December 31	
	2014	**2013**
Profit and loss from discontinued operations:		
Operating revenue	$ 172,273	735,436
Operating costs	138,848	462,299
Gross profit	33,425	273,137
Operating expenses	102,382	546,335
Other income and expenses	(1,727)	(3,800)
Loss from discontinued operations before tax	(70,684)	(276,998)
Non-operating income and expenses		
Loss on disposal of property, plant, and equipment	(2,148)	(25,083)
Interest income	39	553
Finance costs	-	(51)
Others	1,086	1,107
Tax revenue	12,183	51,080
Loss from discontinued operations after tax	(59,524)	(249,392)
Gain (loss) on disposal of the assets from discontinued operations		
Loss recognized on measurement of fair value less costs to sell of the assets from discontinued operations before tax	(17,794)	-
Loss recognized on the disposal of the assets from discontinued operations before tax	(4,862)	-
Tax revenue	3,851	-

(Continued)

	For the Years Ended December 31	
	2014	2013
Loss recognized on measurement of fair value less costs to sell of the assets disposed of from discontinued operations after tax	(18,805)	-
Loss from discontinued operations after tax	**$ (78,329)**	**(249,392)**
Cash flows from (used in) discontinued operations:		
Net cash from operating activities	$ 78,566	(113,534)
Net cash from investing activities	59,740	42,821
Net cash from financing activities	(9,684)	(8,576)
Net cash inflow (outflow)	**$ 128,622**	**(79,289)**

(Concluded)

(3) Profit (loss) from discontinued operations attributable to owners of parent:
Please refer to Note 6(w).

g. Investments accounted for using equity method

	2014.12.31		2013.12.31	
Investee Company	**Amount**	**% of Ownership**	**Amount**	**% of Ownership**
TNH	$ -	-	1,566,952	49.90
Taiwan Pelican Express Co., Ltd. (TPE)	455,426	17.70	409,142	17.70
Kbro Media Co., Ltd.	267,878	32.50	284,748	32.50
TVD Shopping Co., Ltd. (TVD Shopping)	150,803	35.00	-	-
Alliance Digital Tech Co., Ltd. (ADT)	23,139	13.33	28,514	19.23
	$ 897,246		**2,289,356**	

The fair value of the investments accounted for using equity method measured at the closing price in the open market on the reporting date was as follows:

Investee Company	2014.12.31	2013.12.31
TPE	**$ 846,339**	**1,140,278**

Financial information on the Group's associates was as follows:

	2014.12.31	2013.12.31
Total assets	**$ 3,827,703**	**10,659,757**
Total liabilities	**$ 689,475**	**4,994,076**

	For the Years Ended December 31	
	2014	**2013**
Operating revenues	**$ 2,814,459**	**5,438,800**
Profit	**$ 69,377**	**17,845**
Other comprehensive income	**$ 250,030**	**(22,144)**
Share of losses of associates accounted for using equity method	**$ (4,639)**	**(55,403)**

(1) TNH

TNH was established with the approval of the Taipei City Government and entered into "the Build-operate-transfer project of investment in Songshan Tobacco Plant culture park contract" (the "BOT contract") with the Department of Cultural Affairs, Taipei City Government, in 2009. TNH began to operate in May 2013.

On January 22, 2014, the Board of Directors of TNH resolved to increase TNH's capital by $345,000 thousand, divided into 34,500 thousand shares with a par value of $10 per share. TWM subscribed for the shares based on its proportion of the shareholding, which remained at 49.9%, and paid $172,155 thousand on January 27, 2014.

On February 21, 2014, TWM obtained control of TNH due to a change in the Board members of TNH, and therefore, TNH is included in the consolidated entities as a subsidiary. For the acquisition of subsidiaries, please refer to Note 6(h).

(2) TPE

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

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

(3) Kbro Media Co., Ltd.

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

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

(4) TVD Shopping

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

(5) ADT

In November 2013, TWM acquired 19.23% of ADT.

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

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

h. Subsidiaries and transactions with non-controlling interests

(1) Acquisition of subsidiaries

TWM obtained control of TNH due to the change in the members on the Board of TNH through the election on February 21, 2014. TWM's shareholding remained at 49.9%. TNH mainly engages in real estate leasing and hotel business.

(a) Assets acquired and liabilities assumed

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

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

(b) Operating influences of combination

The Group's share of operating revenue and net loss of TNH was $238,023 thousand and $13,229 thousand, respectively, for the period from February 21 to December 31, 2014. If the business combination had occurred at the beginning of the fiscal year, the pro forma operating revenue and net loss in the Group's consolidated comprehensive income statement would have been $274,198 thousand and $32,425 thousand, respectively, for the year ended December 31, 2014. The pro forma revenue and net loss could not be regarded as the actual operating outcome on the basis that the business combination occurred at the beginning of the year and revenue and net loss were projected into the future.

(2) Disposal of subsidiaries

In September 2014, TT&T disposed of all of its ownership in TMB to Fubon Financial Holding Venture Co., Ltd., which caused a disposal loss of $168 thousand and the loss of control of TMB. Net cash inflow from the disposal of TMB was as follows:

Cash consideration received	$	21,360
Less: Cash and cash equivalents of TMB		6,827
Net cash inflow	**$**	**14,533**

(3) Transactions with non-controlling interests

(a) WMT disposed of part of its shareholding in momo in February and December 2014. Despite WMT's non-proportional investment in momo's increase in capital and the decrease in the shareholding in momo from 50.64% to 44.38%, WMT still maintains control of momo and therefore deemed it an equity transaction.

(i)	Cash consideration received	$	323,859
	Increase in non-controlling interests due to equity transaction involving subsidiaries		(229,995)
	Other adjustments		(7,899)
	Capital surplus - difference between consideration and carrying amounts of subsidiaries' shares disposed of	**$**	**85,965**

(ii)	Proceeds from capital injection	$	3,262,970
	Increase in non-controlling interests due to equity transaction involving subsidiaries		(2,688,317)
	Other adjustments		2,219
	Capital surplus - changes in equity of subsidiaries	**$**	**576,872**

(b)Due to non-proportional investment in an investee's increase in capital in 2014 (Tong-An Investment Co., Ltd., TPE, Kuo Chi Investment Corp., and Fubon Financial Holding Venture Co., Ltd. participated in the capital increase), momo's ownership percentage in Asian Crown decreased from 100% to 76.26%, and due to HK Fubon Multimedia's non-proportional investment in FGE, its ownership percentage in FGE increased from 87.5% to 91.30%. The above transactions did not result in losing control of FGE, and therefore these were equity transactions.

Proceeds from capital injection	$	249,830
Increase in non-controlling interests due to equity transaction involving subsidiaries		(175,796)
Capital surplus - changes in equity of subsidiaries	**$**	**74,034**

Due to non-proportional investment in an investee's increase in capital in 2013, momo's ownership percentage in FGE increased from 80% to 87.5%. The change in momo's ownership interest in FGE, which did not result in losing control of FGE, was an equity transaction, decreasing unappropriated retained earnings and increasing non-controlling interests by $22,015 thousand.

i. Property, plant and equipment

Movements of the cost, depreciation, and impairment of property, plant and equipment of the Group for the years ended December 31, 2014 and 2013, were as follows:

	Land	Buildings	Telecommunication equipment and machinery	Miscellaneous equipment	Construction in progress and equipment to be inspected	Total
Cost:						
Balance, January 1, 2014	$ 8,675,595	4,961,737	73,940,408	6,049,561	3,162,832	96,790,133
Additions	1,717,927	2,061	282,376	408,312	12,465,544	14,876,220
Acquisition from combination	-	-	-	10,232	-	10,232
Reclassification	(26,837)	(16,098)	10,814,268	677,283	(11,635,447)	(186,831)
Disposals	-	-	(6,180,508)	(167,523)	(7,332)	(6,355,363)
Effect of deconsolidation of subsidiaries	-	-	-	(1,463)	-	(1,463)
Effect of exchange rate changes	-	-	6,588	2,891	-	9,479
Balance, December 31, 2014	**$ 10,366,685**	**4,947,700**	**78,863,132**	**6,979,293**	**3,985,597**	**105,142,407**
Balance, January 1, 2013	$ 6,735,900	4,145,550	70,234,280	5,540,378	4,060,086	90,716,194
Additions	-	748	284,480	504,004	11,662,533	12,451,765
Reclassification	1,939,695	815,439	9,386,062	411,398	(12,522,151)	30,443
Disposals	-	-	(5,974,854)	(410,944)	(37,636)	(6,423,434)
Effect of exchange rate changes	-	-	10,440	4,725	-	15,165
Balance, December 31, 2013	**$ 8,675,595**	**4,961,737**	**73,940,408**	**6,049,561**	**3,162,832**	**96,790,133**

	Land	Buildings	Telecommunication equipment and machinery	Miscellaneous equipment	Construction in progress and equipment to be inspected	Total
Accumulated depreciation and impairment:						
Balance, January 1, 2014	$ 83,426	1,260,526	48,470,898	3,989,482	-	53,804,332
Depreciation	-	144,045	8,659,533	914,638	-	9,718,216
Acquisition from combination	-	-	-	835	-	835
Reclassification	-	(5,760)	(80,647)	15,095	-	(71,312)
Disposals	-	-	(5,222,019)	(157,794)	-	(5,379,813)
Effect of deconsolidation of subsidiaries	-	-	-	(1,257)	-	(1,257)
Effect of exchange rate changes	-	-	3,221	1,866	-	5,087
Balance, December 31, 2014	**$ 83,426**	**1,398,811**	**51,830,986**	**4,762,865**	**-**	**58,076,088**
Balance, January 1, 2013	$ 83,426	1,127,005	45,302,209	3,465,876	-	49,978,516
Depreciation	-	138,216	7,795,085	830,711	-	8,764,012
Reclassification	-	(4,695)	-	(19,452)	-	(24,147)
Disposals	-	-	(4,628,743)	(289,112)	-	(4,917,855)
Effect of exchange rate changes	-	-	2,347	1,459	-	3,806
Balance, December 31, 2013	**$ 83,426**	**1,260,526**	**48,470,898**	**3,989,482**	**-**	**53,804,332**
Carrying amount:						
Balance, December 31, 2014	**$ 10,283,259**	**3,548,889**	**27,032,146**	**2,216,428**	**3,985,597**	**47,066,319**
Balance, December 31, 2013	**$ 8,592,169**	**3,701,211**	**25,469,510**	**2,060,079**	**3,162,832**	**42,985,801**

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

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

(2) The non-cash investing activities of the Group for the years ended December 31, 2014 and 2013, were as follows:

	For the Years Ended December 31	
	2014	**2013**
Acquisition of property, plant and equipment	$ 14,876,220	12,451,765
Changes in other payables	(1,215,324)	(783,810)
Changes in provisions	(91,838)	(142,049)
Cash paid for acquisition of property, plant and equipment	**$ 13,569, 058**	**11,525,906**

j. Investment property

	2014.12.31	2013.12.31
Land:		
Cost	**$ 261,905**	**235,068**
Buildings:		
Cost	$ 137,465	121,367
Accumulated depreciation	45,162	36,041
Carrying amount	**$ 92,303**	**85,326**
Total investment property	**$ 354,208**	**320,394**
Fair value	**$ 1,113,847**	**717,142**
Capitalization rate	**1.06%~4.20%**	**1.19%~3.12%**

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

Fair value of a property is determined through the income approach, comparative approach, and cost approach by an independent appraisal company.

k. Intangible assets

The cost, amortization, and impairment of intangible assets of the Group for the years ended December 31, 2014 and 2013, were as follows:

	Concessions			Other intangible assets					
	Concession license	Service concession	Goodwill	Computer software	Customer relationship	Operating rights	Trademarks	Others	Total
Cost:									
Balance, January 1, 2014	$ 39,291,000	-	15,845,930	2,020,208	2,849,197	1,382,000	2,517,860	5,107	63,911,302
Addition	-	419,832	-	147,170	-	-	6	-	567,008
Acquisition from combination	-	7,460,415	-	-	-	-	-	-	7,460,415
Disposals	-	-	-	(3,357)	-	-	-	-	(3,357)
Adjustment and reclassification	-	(144,119)	-	319,334	-	-	-	-	175,215
Effect of exchange rate changes	-	-	-	831	-	-	-	110	941
Balance, December 31, 2014	**$ 39,291,000**	**7,736,128**	**15,845,930**	**2,484,186**	**2,849,197**	**1,382,000**	**2,517,866**	**5,217**	**72,111,524**

	Concessions			**Other intangible assets**					
	Concession license	**Service concession**	**Goodwill**	**Computer software**	**Customer relationship**	**Operating rights**	**Trademarks**	**Others**	**Total**
Balance, January 1, 2013	$ 10,281,000	-	15,845,930	1,664,031	2,849,197	1,382,000	2,517,290	5,631	34,545,079
Addition	29,010,000	-	-	181,894	-	-	570	-	29,192,464
Deduction	-	-	-	(51,979)	-	-	-	(739)	(52,718)
Reclassification	-	-	-	224,939	-	-	-	-	224,939
Effect of exchange rate changes	-	-	-	1,323	-	-	-	215	1,538
Balance, December 31, 2013	**$ 39,291,000**	**-**	**15,845,930**	**2,020,208**	**2,849,197**	**1,382,000**	**2,517,860**	**5,107**	**63,911,302**
Amortization and impairment:									
Balance, January 1, 2014	$ 6,542,455	-	-	1,502,406	1,023,771	-	579	4,820	9,074,031
Amortization	1,242,548	138,833	-	353,162	136,400	-	199	287	1,871,429
Disposals	-	-	-	(3,357)	-	-	-	-	(3,357)
Effect of exchange rate changes	-	-	-	467	-	-	-	110	577
Balance, December 31, 2014	**$ 7,785,003**	**138,833**	**-**	**1,852,678**	**1,160,171**	**-**	**778**	**5,217**	**10,942,680**
Balance, January 1, 2013	$ 5,794,746	-	-	1,232,525	860,198	-	400	3,056	7,890,925
Amortization	747,709	-	-	321,025	163,573	-	179	1,663	1,234,149
Deduction	-	-	-	(51,651)	-	-	-	-	(51,651)
Effect of exchange rate changes	-	-	-	507	-	-	-	101	608
Balance, December 31, 2013	**$ 6,542,455**	**-**	**-**	**1,502,406**	**1,023,771**	**-**	**579**	**4,820**	**9,074,031**
Carrying amounts:									
Balance, December 31, 2014	**$ 31,505,997**	**7,597,295**	**15,845,930**	**631,508**	**1,689,026**	**1,382,000**	**2,517,088**	**-**	**61,168,844**
Balance, December 31, 2013	**$ 32,748,545**	**-**	**15,845,930**	**517,802**	**1,825,426**	**1,382,000**	**2,517,281**	**287**	**54,837,271**

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

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

(1) 4G concession license

TWM won the Mobile Broadband Spectrum frequency of 30 MHz x 2 for 4G service on October 30, 2013. The bid price was $29,010,000 thousand ($10,485,000 thousand for 15 MHz x 2 in the 700 MHz frequency band and $18,525,000 thousand for 15 MHz x 2 in the 1800 MHz frequency band).

(2) Service concession

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

(3) Customer relationship, trademarks, and operating rights

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

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

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

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

(d) On July 13, 2011, WMT, TWM's 100%-owned subsidiary, acquired more than 50% of momo. TWM measured the fair value of the acquired assets and viewed momo's retail business as one cash-generating unit. Accordingly, trademarks are identified as major intangible assets.

(4) Goodwill

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

	2014.12.31	2013.12.31
Mobile communication service	$ 7,238,758	7,238,758
Fixed network service	357,970	357,970
Cable television business	3,269,636	3,269,636
Retail business	4,979,566	4,979,566
	$ 15,845,930	**15,845,930**

(5) Impairment of assets

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

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

(a) Mobile communication service

(i) Assumptions on cash flows

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

(ii) Assumptions on operating revenues

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

(iii) Assumptions on operating costs and expenses

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

(iv) Assumptions on discount rate

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

(b) Fixed network service

(i) Assumptions on cash flows

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

(ii) Assumptions on operating revenues

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

(iii) Assumptions on operating costs and expenses

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

(iv) Assumptions on discount rate

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

(c) Cable television business

(i) Assumptions on cash flows

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

(ii) Assumptions on operating revenues

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

(iii) Assumptions on operating costs and expenses

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

(iv) Assumptions on discount rate

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

(d) Retail business

(i) Assumptions on cash flows

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

(ii) Assumptions on operating revenues

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

(iii) Assumptions on operating costs and expenses

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

(iv) Assumptions on discount rate

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

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

l. Other non-current assets

	2014.12.31	2013.12.31
Long-term accounts receivable	$ 4,717,815	4,198,548
Refundable deposits	579,457	561,223
Prepayments for equipment	78,501	59,619
Others	513,047	525,792
	$ 5,888,820	**5,345,182**

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

	2014.12.31	
	Annual interest rate	**Amount**
Unsecured loans－financial institutions	0.83%~1.08%	**$ 18,900,000**
Short-term notes and bills payable	0.868%~0.915%	$ 5,600,000
Less: Discount on short-term notes and bills payable		(6,969)
		$ 5,593,031

	2013.12.31	
	Annual interest rate	**Amount**
Unsecured loans－financial institutions	0.83%~1.15%	$ 30,500,000
Secured loans－financial institutions (related parties)	6.3%~7.224%	105,813
		$ 30,605,813
Short-term notes and bills payable	0.62%~0.72%	$ 2,400,000
Less: Discount on short-term notes and bills payable		(3,029)
		$ 2,396,971

For financial risk information of the Group, please refer to Note 6(ac); for the information on loans from related parties, please refer to Note 7; and for the information on time deposits pledged as collateral for bank loans and commitments, please refer to Note 8 and Table 2.

n. Advance receipts

		2014.12.31	2013.12.31
Advance receipts from customers	$	2,100,001	2,405,345
Deferred customer loyalty revenues		58,172	51,116
Others		106,439	163,445
	$	**2,264,612**	**2,619,906**

(1) In accordance with the NCC's policy, TWM entered into a contract with First Commercial Bank Co., Ltd. which provided a performance guarantee for advance receipts from prepaid cards and electronic gift certificates amounting to $524,500 thousand and $11,609 thousand, respectively, as of December 31, 2014.

(2) In accordance with the NCC's policy, TFN entered into a contract with First Commercial Bank Co., Ltd. which provided a performance guarantee for advance receipts from International Direct Dialing (IDD) calling cards amounting to $38 thousand as of December 31, 2014.

(3) In accordance with the NCC's policy, cable television companies should provide a performance deposit based on a certain proportion of the advance receipts for a prepaid period. As of December 31, 2014, the cable television companies had provided $55,742 thousand as a performance deposit, classified as other non-current financial assets.

(4) In accordance with the Ministry of Economic Affairs' policy, momo entered into a contract with First Commercial Bank Co., Ltd. which provided a performance guarantee for advance receipts from prepaid bonus amounting to $16,854 thousand as of December 31, 2014.

(5) In accordance with the NCC's and the Ministry of Economic Affairs' policies, TKT entered into a contract with Mega International Commercial Bank Co., Ltd. which provided a performance guarantee for advance receipts from prepaid music cards amounting to $1,447 thousand as of December 31, 2014.

o. Bonds payable

		2014.12.31	2013.12.31
3rd domestic unsecured bonds	$	8,996,692	8,995,936
4th domestic unsecured bonds		5,797,601	5,796,711
	$	**14,794,293**	**14,792,647**

(1) 3rd domestic unsecured bonds

On December 20, 2012, TWM authorized Hua Nan Commercial Bank as a trustee to issue $9,000,000 thousand of seven-year 3rd domestic unsecured bonds, each having a face value of $10,000 thousand and a coupon rate of 1.34% per annum, with simple interest due annually. Repayment will be made in the sixth and seventh years with equal installments, i.e., $4,500,000 thousand. As of December 31, 2014, the amount of unamortized bond issue cost was $3,308 thousand.

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

Year	Amount
2018	$ 4,500,000
2019	4,500,000
	$ 9,000,000

(2) 4th domestic unsecured bonds

On April 25, 2013, TWM authorized Hua Nan Commercial Bank as a trustee to issue $5,800,000 thousand of five-year 4th domestic unsecured bonds, each having a face value of $10,000 thousand and a coupon rate of 1.29% per annum, with simple interest due annually. Repayment will be made in the fourth and fifth years with equal installments, i.e., $2,900,000 thousand. As of December 31, 2014, the amount of unamortized bond issue cost was $2,399 thousand.

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

Year	Amount
2017	$ 2,900,000
2018	2,900,000
	$ 5,800,000

p. Long-term borrowings

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

	2013.12.31		
	Annual interest rate		**Amount**
Unsecured loans－financial institutions	1.05%	$	3,000,000
Less: current portion			(1,000,000)
		$	**2,000,000**

(1) Unsecured loans

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

(2) Secured loans

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

q. Provisions

		2014.12.31	**2013.12.31**
Restoration	$	1,105,662	1,021,896
Warranties		62,524	52,059
Decommissioning		63,246	-
	$	**1,231,432**	**1,073,955**
Current	$	217,083	193,886
Non-current		1,014,349	880,069
	$	**1,231,432**	**1,073,955**

	Restoration	Warranties	Decommis-sioning	Total
Balance, January 1, 2014	$ 1,021,896	52,059	-	1,073,955
Provision	109,076	102,395	36,819	248,290
Acquisition from combination	-	-	25,494	25,494
Reversal	(22,084)	(34,841)	-	(56,925)
Unwinding of discount	13,092	-	933	14,025
Payment	(16,318)	(57,089)	-	(73,407)
Balance, December 31, 2014	**$ 1,105,662**	**62,524**	**63,246**	**1,231,432**
Balance, January 1, 2013	$ 875,805	-	-	875,805
Provision	175,766	91,050	-	266,816
Reversal	(23,589)	-	-	(23,589)
Unwinding of discount	14,261	-	-	14,261
Payment	(20,347)	(38,991)	-	(59,338)
Balance, December 31, 2013	**$ 1,021,896**	**52,059**	**-**	**1,073,955**

r. Other non-current liabilities

	2014.12.31	2013.12.31
Construction retainage payable	$ 95,465	-
Concession payable	950,325	-
Less: Discounts on concession payable	(131,923)	-
Others	19,744	19,744
	$ 933,611	**19,744**

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

s. Operating lease

(1) Lessee

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

	2014.12.31	2013.12.31
Less than one year	$ 2,989,343	2,920,143
Between one and five years	4,823,342	5,403,480
More than five years	102,907	123,538
	$ 7,915,592	**8,447,161**

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

As of December 31, 2014 and 2013, the Group anticipated it would receive total future minimum sublease payments under the non-cancellable sublease contracts in the amount of $9,058 thousand and $9,930 thousand, respectively.

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

	For the Years Ended December 31	
	2014	**2013**
Minimum lease payment	$ 3,437,000	3,316,424
Sublease payment	(3,499)	(3,263)
	$ 3,433,501	**3,313,161**

(2) Lessor

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

	2014.12.31	**2013.12.31**
Less than one year	$ 15,232	20,036
Between one and five years	14,866	22,220
	$ 30,098	**42,256**

t. Employee benefits

(1) Defined benefit plan

The present value of the defined benefit obligations and fair value of plan assets are as follows:

	2014.12.31	**2013.12.31**
Present value of defined benefit obligations	$ 881,719	851,574
Fair value of plan assets	(744,937)	(720,010)
Unfunded defined benefit obligation	136,782	131,564
Unrecognized prior service cost	(14,359)	(16,101)
Accrued pension liability	**$ 122,423**	**115,463**

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for six-month period prior to retirement.

(a) Composition of plan assets

According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", with regard to the utilization of the Fund, its minimum earnings in the annual distributions shall be no less than the earnings attainable from two-year time deposits with the interest rates offered by local banks.

The information related to the pension fund includes the asset allocation and yield of the fund. Please refer to the information published on the website of the Council of Labor Affairs.

(b) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the years ended December 31, 2014 and 2013, were as follows:

	For the Years Ended December 31	
	2014	**2013**
Defined benefit obligation, January 1	$ 851,574	851,210
Benefits unpaid by the plan	(14,372)	(10,805)
Current service costs	2,626	3,295
Interest cost	16,032	12,802
Actuarial losses (gains)	25,859	(4,928)
Defined benefit obligation, December 31	**$ 881,719**	**851,574**

(c) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the years ended December 31, 2014 and 2013, were as follows:

	For the Years Ended December 31	
	2014	2013
Fair value of plan assets, January 1	$ 720,010	717,130
Contributions made	22,195	4,655
Benefits paid by the plan	(14,372)	(10,805)
Expected return on plan assets	14,452	13,398
Actuarial gains (losses)	2,652	(4,368)
Fair value of plan assets, December 31	**$ 744,937**	**720,010**

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2014 and 2013, were as follows:

	For the Years Ended December 31	
	2014	2013
Current service costs	$ 2,626	3,295
Interest cost	16,032	12,802
Past service costs	1,742	1,742
Expected return on plan assets	(14,452)	(13,398)
	$ 5,948	**4,441**
Actual return on plan assets	**$ 17,103**	**9,033**

(e) The pre-tax actuarial gains (losses) recognized in other comprehensive income

The Group's pre-tax actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2014 and 2013, were as follows:

	For the Years Ended December 31	
	2014	2013
Cumulative amount, January 1	$ (42,725)	(43,285)
Recognized during the period	(23,207)	560
Cumulative amount, December 31	**$ (65,932)**	**(42,725)**

(f) Actuarial assumptions

The following are the principal actuarial assumptions at the measurement date:

	2014.12.31	**2013.12.31**
Discount rate	1.875%~2.125%	1.875%
Expected return on plan assets	1.75%~2.00%	1.75%~2.00%
Long-term average adjustment rate of salary	2.50%~3.00%	2.50%~3.00%

The expected rate of return of plan assets is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

The Group expected $27,041 thousand in contributions to be paid to its benefit plans within a year of the December 31, 2014, reporting date.

(g) Historical information

	2014.12.31	**2013.12.31**	**2012.12.31**	**2012.1.1**
Present value of the defined benefit obligation	$ (881,719)	(851,574)	(851,210)	(808,208)
Fair value of plan assets	744,937	720,010	717,130	680,705
Deficit in the plan	**$ (136,782)**	**(131,564)**	**(134,080)**	**(127,503)**
Experience adjustments arising on plan liabilities	**$ (25,859)**	**4,928**	**(36,381)**	**-**
Experience adjustments arising on plan assets	**$ 2,652**	**(4,368)**	**(6,904)**	**-**

(2) Defined contribution plans

The Group contributed 6% of each employee's monthly wages to a labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group contributed a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Group's contribution to the pension plan amounted to $257,572 thousand and $245,044 thousand for the years ended December 31, 2014 and 2013, respectively.

u. Income tax from continuing operations

(1) Income tax expense recognized in profits or losses

	For the Years Ended December 31	
	2014	**2013**
Current income tax expense		
Current period	$ 2,868,296	2,685,164
Prior years' adjustment on current income tax	230,781	38,459
	3,099,077	2,723,623
Deferred income tax expense		
Current period	298,266	628,217
Reversal of temporary difference	(163,700)	-
	134,566	628,217
Income tax expense	**$ 3,233,643**	**3,351,840**

(2) Income tax recognized in other comprehensive income

	For the Years Ended December 31	
	2014	**2013**
Deferred income tax expense (income)		
Defined benefit plan actuarial gains and losses	**$ (3,945)**	**95**

(3) The reconciliation of profit before tax to income tax expense was as follows:

	For the Years Ended December 31	
	2014	**2013**
Profit before tax	$ 18,865,077	19,419,013
Income tax expense at domestic statutory tax rate	3,207,063	3,301,232
Effect of different tax rates on the Group entities	(19,537)	(19,694)
Temporary differences	(314,915)	(672,325)
Deferred income taxes	134.566	628,217
Investment tax credit	(48,001)	-
Unrecognized loss carryforwards	56,442	59,336
Prior years' adjustment	230,781	38,459
Others	(12,756)	16,615
	$ 3,233,643	**3,351,840**

(4) Deferred tax assets and liabilities

(a)Unrecognized deferred tax assets items

	2014.12.31	2013.12.31
Loss carry-forwards	$ 1,351,696	799,999
Impairment loss on financial assets	1,208,366	1,208,366
	$ 2,560,062	**2,008,365**

As of December 31, 2014, the Group had not recognized the prior years' loss carry-forwards as deferred tax assets. The expiry years are as follows:

Remaining Creditable Amount	Expiry Year
$ 121,341	2016
284,415	2017
311,895	2018
290,718	2019
47,142	2020
94,017	2021
50,934	2022
118,808	2023
32,426	2024
$ 1,351,696	

(b) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2014 and 2013, were as follows:

Deferred Tax Assets:

	Property, Plant and Equipment	Accrued Pension Liabilities	Others	Total
Balance, January 1 ,2014	$ 772,621	44,257	107,698	924,576
Recognized in profit or loss	(69,049)	391	23,191	(45,467)
Recognized in other comprehensive income	-	3,623	-	3,623
Balance, December 31, 2014	**$ 703,572**	**48,271**	**130,889**	**882,732**
Balance, January 1 ,2013	$ 889,773	44,181	138,890	1,072,844
Recognized in profit or loss	(117,152)	262	(31.192)	(148,082)
Recognized in other comprehensive income	-	(186)	-	(186)
Balance, December 31, 2013	**$ 772,621**	**44,257**	**107,698**	**924,576**

Deferred Tax Liabilities:

	Accounts Receivable	Intangible Assets	Accrued Pension Liabilities	Others	Total
Balance, January 1, 2014	$ 1,855,071	719,585	20,360	4,775	2,599,791
Recognized in profit or loss	182,315	(102,176)	3,013	5,947	89,099
Recognized in other comprehensive income	-	-	(322)	-	(322)
Balance, December 31, 2014	**$ 2,037,386**	**617,409**	**23,051**	**10,722**	**2,688,568**
Balance, January 1, 2013	$ 1,487,266	594,229	20,132	18,120	2,119,747
Recognized in profit or loss	367,805	125,356	319	(13,345)	480,135
Recognized in other comprehensive income	-	-	(91)	-	(91)
Balance, December 31, 2013	**$ 1,855,071**	**719,585**	**20,360**	**4,775**	**2,599,791**

Integrated income tax information was as follows:

	2014.12.31	2013.12.31
Balance of the Group's imputation credit account (ICA)	**$ 1,234,356**	**1,312,654**

As of December 31, 2014, there were no unappropriated earnings generated before 1997.

The estimated tax creditable ratio for 2014 and actual tax creditable ratio for 2013 were 16.09% and 14.14%, respectively, based on Decree No. 10204562810 announced on October 17, 2013, by the Ministry of Finance of the Republic of China. Under the Integrated Income Tax System, ROC resident shareholders are allowed a tax credit for the income tax paid by TWM. An imputation credit account (ICA) is maintained by TWM for such income tax, and a tax credit is allocated to each shareholder. Actual allocation of the imputation credit account is based on the balance on the date of dividend distribution. Therefore, the estimated tax creditable ratio may differ from the actual tax creditable ratio for the 2014 earnings appropriation.

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

	Year
TWM	2012
TCC	2012
WMT	2012
GWMT	2012
GFMT	2012
TDC	2012
TDS (established on April 2, 2013)	-
TCCI	2012
TID	2012

	Year
TFN	2012
TT&T	2013
TUI	2012
WTVB	2012
TFNM	2012
UCTV	2011
YJCTV	2012
MCTV	2012
PCTV	2012
GCTV	2012
TKT	2012
momo	2012
FST	2012
FLI	2012
FPI	2012
TNH	2012

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

TFN's income tax returns up to 2012 have been examined by the tax authorities. TFN disagreed with the examination results of the income tax return for 2010 and 2011 and requested reexaminations. The tax authorities approved TFN's application for correction for 2011.

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

v. Capital and other equity

(1) Ordinary shares

As of December 31, 2014, TWM had authorized 6,000,000 thousand ordinary shares, with 3,420,833 thousand shares outstanding (par value $10).

(2) Capital surplus

	2014.12.31	2013.12.31
Additional paid-in capital from convertible corporate bonds	$ 8,775,820	8,775,820
Treasury share transactions	5,159,704	3,639,301

(Continued)

	2014.12.31	2013.12.31
Difference between consideration and carrying amount of subsidiaries' shares disposed of	85,965	-
Changes in equity of subsidiaries	652,219	1,313
Changes in equity of associates accounted for using equity method	26,705	25,040
Others	15,417	15,417
	$ 14,715,830	12,456,891

(Concluded)

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

(3) Legal reserve

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

(4) Appropriation of earnings and dividend policy

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

(a) Remuneration to directors, not exceeding 0.3%;

(b) Employee bonuses in the sum of 1% to 3%;

(c) The remaining balance and any unappropriated earnings of the previous fiscal years shall be distributed to the shareholders as dividends in accordance with resolutions of the shareholders' meetings.

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

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

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

TWM's estimated bonuses to employees and estimated remuneration to directors are accrued by a certain percentage of the net income. TWM's estimated bonuses to employees amounted to $396,057 thousand and $420,753 thousand for the years ended December 31, 2014 and 2013, respectively, and estimated remuneration to directors amounted to $33,846 thousand and $42,075 thousand for the years ended December 31, 2014 and 2013, respectively. The significant difference between annual accruals and the amount approved by the Board of Directors shall be adjusted in the current year. If the Board of Directors' approval differs from the amount ratified at the annual general shareholders' meeting (AGM), the difference will be treated as a change in accounting estimate and will be adjusted in profit and losses in the year of the AGM. If employee bonuses are paid in the form of company shares, the number of employee bonus shares shall be derived by dividing the approved bonus amount by the closing price one day prior to the AGM, adjusted for cash and/or stock dividends, if any.

The 2013 and 2012 earnings appropriations resolved by the AGM on June 12, 2014, and June 21, 2013, were as follows:

	Appropriation of Earnings		Dividend per Share (NT$)	
	For Fiscal Year 2013	For Fiscal Year 2012	For Fiscal Year 2013	For Fiscal Year 2012
Appropriation of legal reserve	$ 2,275,622	1,469,160		
Cash dividends	15,064,599	14,526,578	5.6	5.4
	$ 17,340,221	**15,995,738**		

The cash dividends of $5.4 per share mentioned above were distributed from unappropriated earnings. In addition, the Board of Directors resolved another cash appropriation from legal reserve amounting to $269,010 thousand, that is, $0.1 per share. Total appropriation distributed was $5.5 per share for 2012.

The AGM on June 12, 2014, and June 21, 2013, resolved to distribute bonuses to employees amounting to $420,753 thousand and $396,673 thousand, respectively, and remuneration to directors amounting to $42,075 thousand and $39,667 thousand, respectively, for the years ended December 31, 2013 and 2012. There were no differences between the above actual distributions and the amounts recognized in the financial statements for 2013 and 2012.

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

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

(5) Other equity interests

	Exchange Differences on Translation	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total
Balance, January 1, 2014	$ 24,948	387,734	412,682
Exchange differences on translation	6,487	-	6,487
Changes in fair value of available-for-sale financial assets	-	(741,210)	(741,210)
Changes in other comprehensive income of associates accounted for using equity method	(141)	19,196	19,055
Balance, December 31, 2014	**$ 31,294**	**(334,280)**	**(302,986)**

	Exchange Differences on Translation	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total
Balance, January 1, 2013	$ 25,483	314,543	340,026
Exchange differences on translation	(708)	-	(708)
Changes in fair value of available-for-sale financial assets	-	75,223	75,223
Changes in other comprehensive income of associates accounted for using equity method	173	(2,032)	(1,859)
Balance, December 31, 2013	**$ 24,948**	**387,734**	**412,682**

(6) Treasury shares

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

As of December 31, 2014 and 2013, TWM's stock held by TCCI, TUI and TID (all are subsidiaries 100% owned by TWM) was 698,752 thousand shares and 730,726 thousand shares, respectively, and the carrying and market values were $73,019,542 thousand and $70,368,899 thousand, respectively. Since the shares held by subsidiaries are regarded as treasury shares, TWM recognized $29,717,344 thousand and $31,077,183 thousand, respectively, as treasury shares. Although these shares are treated as treasury shares in the financial statements, the shareholders are entitled to excise their rights over these shares, except for participation in capital injection by cash. In addition, based on the ROC Company Act, subsidiaries with over 50% shareholding by TWM cannot exercise the voting rights over their treasury shares.

(7) Non-controlling interests

	For the Years Ended December 31	
	2014	**2013**
Beginning balance	$ 1,086,747	1,072,204
Portion attributable to non-controlling interests		
Profit	547,677	234,334
Unrealized gains (losses) on available-for-sale financial assets	5,657	(20,441)
Exchange differences on translation	7,769	1,011
Actuarial gains (losses) on defined benefit plans	(941)	1,446

(Continued)

	For the Years Ended December 31	
	2014	2013
Tax expense (income) on defined benefit plans	160	(246)
Changes in capital surplus of associates accounted for using equity method	(258)	24,410
Disposal of partial ownership interests in subsidiaries	229,995	-
Adjustments arising from changes in percentage of ownership of subsidiaries	2,864,113	22,015
Cash dividends from subsidiaries paid to non-controlling interests	(224,481)	(247,986)
Increase in non-controlling interests	1,736,460	-
Ending balance	**$ 6,252,898**	**1,086,747**

(Concluded)

w. Earnings per share

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

	For the Year Ended December 31, 2014		
	Amount after income tax	Weighted-average number of ordinary shares	EPS
Basic EPS			
Profit from continuing operations attributable to owners of parent	$ 15,044,537	2,697,728	$ 5.57
Loss from discontinued operations attributable to owners of parent	(39,109)	2,697,728	(0.01)
Profit attributable to owners of parent	**$ 15,005,428**	**2,697,728**	**$ 5.56**
Diluted EPS			
Profit from continuing operations attributable to owners of parent	$ 15,044,537	2,697,728	
Effect of potential dilutive ordinary shares:			
Effect of employees' bonuses	-	5,792	
Profit from continuing operations attributable to owners of parent	$ 15,044,537	2,703,520	$ 5.56
Loss from discontinued operations attributable to owners of parent	(39,109)	2,703,520	(0.01)
Profit attributable to owners of parent (adjusted for potential effect of dilutive ordinary shares)	**$ 15,005,428**	**2,703,520**	**$ 5.55**

	For the Year Ended December 31, 2013		
	Amount after income tax	**Weighted-average number of ordinary shares**	**EPS**
Basic EPS			
Profit from continuing operations attributable to owners of parent	$ 15,709,729	2,690,107	$ 5.84
Loss from discontinued operations attributable to owners of parent	(126,282)	2,690,107	(0.05)
Profit attributable to owners of parent	**$ 15,583,447**	**2,690,107**	**$ 5.79**
Diluted EPS			
Profit from continuing operations attributable to owners of parent	$ 15,709,729	2,690,107	
Effect of potential dilutive ordinary shares:			
Effect of employees' bonuses	-	6,106	
Profit from continuing operations attributable to owners of parent	$ 15,709,729	2,696,213	$ 5.83
Loss from discontinued operations attributable to owners of parent	(126,282)	2,696,213	(0.05)
Profit attributable to owners of parent (adjusted for potential effect of dilutive ordinary shares)	**$ 15,583,447**	**2,696,213**	**$ 5.78**

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

x. Operating revenues from continuing operations

The Group's operating revenues were as follows:

	For the Years Ended December 31	
	2014	2013
Telecommunication service	$ 58,374,045	59,591,951
Sales revenue	44,752,181	40,473,850
Cable TV and broadband	6,199,530	5,993,284
Other operating revenues	3,298,123	2,348,846
	$ 112,623,879	**108,407,931**

y.Other income and expenses from continuing operations

The Group's other income and expenses were as follows:

	For the Years Ended December 31	
	2014	2013
Police inquiry	$ 24,217	32,679
Government subsidy	34,900	3,762
Others	50,994	26,702
	$ 110,111	**63,143**

z. Non-operating income and expenses from continuing operations

(1) Other income

The Group's other income was as follows:

	For the Years ended December 31	
	2014	2013
Interest income	$ 94,953	94,470
Dividend income	22,803	24,246
Rent income	33,493	33,559
Other income	389,781	4,073
	$ 541,030	**156,348**

(2) Other gains and losses, net

The Group's other gains and losses were as follows:

	For the Years ended December 31	
	2014	**2013**
Gain on disposal of non-current assets held for sale	$ 158,568	-
Loss on disposal of property, plant and equipment	(967,546)	(1,370,455)
Foreign exchange gains	39,657	16,393
Gain (loss) on disposal of investments	(168)	4,046
Gain on disposal of investments accounted for using equity method	-	5,874
Others	(10,706)	(12,303)
	$ (780,195)	**(1,356,445)**

(3) Finance costs

The Group's finance costs were as follows:

	For the Years ended December 31	
	2014	**2013**
Interest expense	$ 389,366	109,744
Bank loans	197,066	274,442
Corporate bonds	28,547	37,390
Others	614,979	421,576
Less: capitalized interest	(13,145)	(24,254)
	$ 601,834	**397,322**

Capitalization rates were as follows:

	For the Years ended December 31	
	2014	**2013**
Capitalization rates	1.20%~1.36%	1.24%~1.60%

aa. Capital management

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

ab. Financial instruments

(1) Categories of financial instruments

Financial assets

	2014.12.31	2013.12.31
Available-for-sale financial assets (including current and non-current portions)	$ 5,693,910	2,187,834
Held-to-maturity financial assets	6	-
Financial assets carried at cost	192,652	178,325
Loans and receivables:		
Cash and cash equivalents	7,903,777	7,954,294
Receivables (including current and non-current portions)	20,743,165	19,326,352
Debt instrument investment without active market	500,000	500,000
Other financial assets (including current and non-current portions)	3,239,400	1,296,774
Refundable deposits	579,457	561,223
Subtotal	32,965,799	29,638,643
Total	**$ 38,852,367**	**32,004,802**

Financial liabilities

	2014.12.31	2013.12.31
Short-term borrowings	$ 18,900,000	30,605,813
Short-term notes and bills payable	5,593,031	2,396,971
Payables (including current and non-current portions)	21,086,502	18,801,314
Bonds payable	14,794,293	14,792,647
Long-term borrowings (including current portion)	15,390,544	3,000,000
Guarantee deposits	820,504	818,386
Total	**$ 76,584,874**	**70,415,131**

(2) Credit risk

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

(3) Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	More than 5 years
2014.12.31					
Unsecured loans	$ 30,900,000	31,109,636	21,063,203	10,046,433	-
Secured loans	3,390,544	3,395,000	210,000	3,185,000	-
Short-term notes and bills payable	5,593,031	5,600,000	5,600,000	-	-
Bonds payable	14,794,293	15,604,570	195,420	15,409,150	-
	$ 54,677,868	**55,709,206**	**27,068,623**	**28,640,583**	**-**
2013.12.31					
Unsecured loans	$ 33,500,000	33,623,454	31,607,747	2,015,707	-
Secured loans	105,813	111,349	111,349	-	-
Short-term notes and bills payable	2,396,971	2,400,000	2,400,000	-	-
Bonds payable	14,792,647	15,799,990	195,420	11,044,270	4,560,300
	$ 50,795,431	**51,934,793**	**34,314,516**	**13,059,977**	**4,560,300**

(4) Exchange rate risk

(a) Exposure to exchange rate risk

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

	2014.12.31			**2013.12.31**		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial Assets						
RMB	$ 88,102	5.095	448,986	27,917	4.926	137,521
USD	57,656	31.71	1,828,259	33,167	29.90	991,719
JPY	652	0.2647	173	110	0.2838	31
HKD	4,362	4.087	17,828	3,394	3.856	13,087
EUR	416	38.57	16,062	870	41.14	35,820
Financial Liabilities						
RMB	18,835	5.095	95,963	37,460	4.926	184,532
USD	18,240	31.71	578,380	4,187	29.90	125,213
JPY	4,683	0.2647	1,240	5,280	0.2838	1,499
HKD	4,213	4.087	17,218	6,712	3.856	25,882
EUR	14	38.57	548	10	41.14	431
GBP	-	49.25	-	6	49.33	321

(b) Sensitivity analysis

The Group's exchange rate risk comes mainly from conversion gains and losses of accounts measured in foreign currencies such as cash and cash equivalents, available-for-sale financial assets, accounts receivable, other receivables, other financial assets, refundable deposits, short-term borrowings, accounts payable, other payables, guarantee deposits, etc. If the NTD, when compared with the RMB, USD, JPY, HKD, EUR, and GBP, had depreciated 5% (with other factors remaining constant on the reporting date and with analyses of the two periods on the same basis), profit would have increased by $80,789 thousand and by $42,022 thousand for the years ended December 31, 2014 and 2013, respectively.

(5) Interest rate analysis

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

	Carrying amount	
	2014.12.31	**2013.12.31**
Fair value interest rate risk		
Financial assets	$ 8,530,060	6,982,121
Financial liabilities	51,287,324	50,689,618
Cash flow interest rate risk		
Financial assets	$ 2,472,715	2,177,000
Financial liabilities	3,390,544	105,813

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative instruments on the reporting date. For floating-rate assets and liabilities, the analysis assumes that the balances of outstanding assets and liabilities on the reporting date have been outstanding for the whole period and that the changes in interest rates are reasonable. If the interest rate had increased by 0.5% (with other factors remaining constant on the reporting date and with analyses of the two periods on the same basis), for the years ended December 31, 2014 and 2013, the Group's profit would have decreased by $4,589 thousand and increased by $10,356 thousand, respectively.

(6) Fair value of financial instruments

(a) Financial instruments not at fair value

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

	2014.12.31		2013.12.31	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial liabilities				
Corporate bonds payable	$ 14,794,293	14,774,375	14,792,647	14,713,072

(b) Valuation techniques and assumptions used in fair value determination

The Group uses the following methods in determining the fair value of its financial assets and liabilities:

(i) The fair value of financial assets and liabilities traded in active markets is based on quoted market prices (including stocks and bonds of companies that went public).

(ii) The fair value of corporate bonds payable is measured based on a volume-weighted-average price on the OTC on the reporting date.

(c) Fair value measurements recognized in the consolidated balance sheets

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

(i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(iii) Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
2014.12.31				
Available-for-sale financial assets				
Domestic listed stock	$ 204,310	-	-	204,310
Domestic emerging stock	893,103	-	-	893,103
Domestic unlisted stocks	-	2,587,050	-	2,587,050
Beneficiary certificates	2,009,447	-	-	2,009,447
	$ 3,106,860	**2,587,050**	**-**	**5,693,910**
2013.12.31				
Available-for-sale financial assets				
Domestic listed stock	$ 202,354	-	-	202,354
Domestic emerging stock	1,226,889	-	-	1,226,889
Beneficiary certificates	758,591	-	-	758,591
	$ 2,187,834	**-**	**-**	**2,187,834**

There was no transfer between the fair value levels for the years ended December 31, 2014 and 2013.

ac. Financial risk management

(1) Overview

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

(a) Credit risk

(b) Liquidity risk

(c) Market risk

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

(2) Risk management framework

(a) Decision-making mechanism:

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

(b) Risk management policies:

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

(c) Monitoring mechanism:

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

(3) Credit risk

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

(4) Liquidity risk

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

The Group ensures sufficient cash for the requirements of paying estimated operating expenditures, including financial obligations. The Group also monitors its bank credit facilities and ensures that the provisions of loan contracts are all complied with properly. As of December 31, 2014 and 2013, the Group had unused bank facilities of $51,516,644 thousand and $49,957,934 thousand, respectively.

(5) Market risk

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

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

(a) Exchange rate risk

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

(b) Interest rate risk

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

(c) Other market price risk

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

Sensitivity analysis: If the equity securities price had increased by 5% (with other factors remaining constant and with the analyses of the two periods on the same basis), for the years ended December 31, 2014 and 2013, other comprehensive income would have increased by $284,696 thousand and $109,392 thousand, respectively.

7. RELATED-PARTY TRANSACTIONS

a. Parent company and ultimate controlling party
TWM is the ultimate controlling party of the Group.

b. Significant transactions with related parties

(1) Operating revenue

	For the Years Ended December 31		
		2014	2013
Associates	$	17,858	13,841
Other related parties		196,619	206,557
Less: operating revenue from discontinued operations		-	(148)
	$	**214,477**	**220,250**

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

(2) Purchases

	For the Years Ended December 31		
		2014	2013
Associates	$	453,848	583,206
Other related parties		253,506	223,774
Less: purchases from discontinued operations		(6,370)	(31,078)
	$	**700,984**	**775,902**

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

(3) Receivables from related parties

The amount of receivables from related parties was as follows:

Account	Related Party Category	2014.12.31	2013.12.31
Accounts receivable	Associates	$ 2,792	3,720
Accounts receivable	Other related parties	31,769	45,837
		$ 34,561	**49,557**
Other receivables	Associates	$ 109,211	53,587
Other receivables	Other related parties	60,568	29,125
		$ 169,779	**82,712**

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

(4) Payables to related parties

The amount of payables to related parties was as follows:

Account	Related Party Category	2014.12.31	2013.12.31
Accounts payable	Associates	$ 45,329	73,080
Accounts payable	Other related parties	34,063	-
		$ 79,392	**73,080**
Other payables	Other related parties	**$ 56,419**	**35,144**

(5) Prepayments

The amount of prepayments to related parties was as follows:

	2014.12.31	2013.12.31
Other related parties	**$ 15,986**	**15,394**

(6) Borrowings from related parties

The amount of borrowings from related parties was as follows:

	2014.12.31	2013.12.31
Other related parties	$ 727,500	105,813

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

Additionally, the Group had drawn $32,500 thousand of performance guarantee from related parties as of December 31, 2014.

(7) Bank deposits

	2014.12.31	2013.12.31
(a)Bank deposits and time deposits		
Other related parties	$ 1,610,122	1,563,806
(b)Other financial assets (including current and non-current)		
Other related parties	$ 1,587,469	984,684

(8) Mutual funds purchased from related parties

	For the Years Ended December 31	
	2014	2013
Other related parties	$ 393,724	200,000

(9) Acquisition of associates

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

In June 2013, the Group acquired 19.23% of ADT, and the investment amount was $30,000 thousand, which was recognized as prepayments for investments.

(10) Disposal of investments

In September 2014, the Group sold all of its ownership in TMB to Fubon Financial Holding Venture Co., Ltd. The proceeds from the disposal were $21,360 thousand, and the Group recognized a loss on disposal of investments of $168 thousand.

(11) Others

		2014.12.31	2013.12.31
(a) Guarantee deposits			
Other related parties	**$**	**32,489**	**30,682**

		For the Years Ended December 31	
		2014	**2013**
(b) Donation expense			
Other related parties	**$**	**22,910**	**14,540**
(c) Other expense			
Other related parties	$	340,306	244,692
Less: other expense from discontinued operations		(314)	(9,513)
	$	**339,992**	**235,179**
(d) Repair and maintenance expense			
Other related parties	**$**	**25,824**	**27,087**
(e) Insurance expenses			
Other related parties	**$**	**20,759**	**24,036**
(f) Other income			
Associates	**$**	**12,337**	**-**
(g) Finance costs			
Other related parties	**$**	**24,167**	**14,077**
(h) Rental expenses			
Other related parties	$	80,130	123,134
Less: rental expenses from discontinued operations		(1,557)	(80,636)
	$	**78,573**	**42,498**

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

c. Key management personnel compensation

	For the Years Ended December 31	
	2014	2013
Short-term employee benefits	$ 283,024	301,456
Termination benefits	27,560	47,564
Post-employment benefits	2,854	2,749
	$ 313,438	**351,769**

8. ASSETS PLEDGED

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

	2014.12.31	2013.12.31
Other current financial assets		
Time deposits and restricted deposits	$ 124,806	66,070
Services concession	7,597,295	-
Other non-current financial assets		
Time deposits and restricted deposits	107,380	250,717
	$ 7,829,481	**316,787**

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments

	2014.12.31	2013.12.31
Purchases of property, plant and equipment etc.	**$ 8,857,528**	**5,213,950**
Purchases of cellular phones	**$ 7,057,442**	**3,462,588**

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

(1) Construction and operating period:

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

(2) Development concession:

The total initial amount of concession was $1,238,095 thousand (tax excluded). According to the supplemental agreement signed in November 2014, the concession will be paid with additional business tax from the signing date of the agreement; thus, the concession will be increased by $48,750 thousand. The rest of the concession will be paid over 14 years from the year 2015. As of December 31, 2014, $263,096 thousand of the concession had been paid.

(3) Operating concession

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

(4) Performance guarantee

As of December 31, 2014, TNH had provided a $65,000 thousand performance guarantee regarding the BOT contract.

(5) Rental of land

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

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

10. SIGNIFICANT CASUALTY LOSS: NONE

11. SIGNIFICANT SUBSEQUENT EVENTS

a. In January 2015, TWM was approved to acquire a Mobile Broadband Spectrum frequency of 5 MHz x 2 in the 700 MHz frequency band by the NCC. The consideration has been paid in full.

b. For business operations, on January 27, 2015, momo's Board of Directors resolved to construct logistics centers and acquire equipment, and the amounts of the projects are

$1,828,250 thousand and $642,890 thousand, respectively.

12. OTHERS

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

	For the Years Ended December 31					
	2014			2013		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	$ 2,042,923	3,988,524	6,031,447	2,023,125	4,043,104	6,066,229
Labor and health insurance	168,993	333,381	502,374	161,285	319,449	480,734
Pension	88,283	167,674	255,957	86,814	162,671	249,485
Others	95,947	183,587	279,534	91,335	194,135	285,470
Depreciation	9,187,476	530,740	9,718,216	8,174,885	589,127	8,764,012
Amortization	1,544,286	327,143	1,871,429	928,611	305,538	1,234,149

For the years ended December 31, 2014 and 2013, the depreciation expense in non-operating expenses was $3,363 thousand and $3,506 thousand, respectively.

13. ADDITIONAL DISCLOSURES

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

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

(1) Financing extended to other parties: Table 1 (attached)

(2) Endorsements/guarantees provided to other parties: Table 2 (attached)

(3) Marketable securities held: Table 3 (attached) (excluding investments in subsidiaries and associates)

(4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 4 (attached)

(5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: Table 5 (attached)

(6) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None

(7) Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 6 (attached)

(8) Receivables from related parties of at least NT$100 million or 20% of the paid-in capital: Table 7 (attached)

(9) Names, locations and related information of investees on which TWM exercised significant influence: Table 8 (attached) (excluding information on investment in Mainland China)

(10) Trading in derivative instruments: None

(11) Business relationships and significant intercompany transactions: Table 9 (attached)

c. Information on investment in Mainland China:

(1) The names of investees in Mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, net income or loss and recognized investment gain or loss, ending balance, amount received as earnings distributions from the investment, and limitation on investment: Table 10 (attached)

(2) Significant direct or indirect transactions with the investee companies, the prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please refer to "Information on significant transactions" above.

14. SEGMENT INFORMATION

The basis of segmentation in 2014 is different from the prior year. In response to internal management needs, the Group has changed the segments to telecommunication, retail, cable television, and others.

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

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

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

Cable Television: Providing pay TV and cable broadband services.

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

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

For the Year Ended December 31, 2014	Telecommu-nication	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenues	$ 82,355,506	23,897,005	6,380,295	383,028	(391,955)	112,623,879
Operating costs	51,316,166	20,592,348	3,042,249	257,043	(109,598)	75,098,238
Operating expenses	15,332,332	1,879,684	756,281	65,313	(108,573)	17,925,037
Other gains and losses, net	71,681	2,442	35,971	-	17	110,111
Profit	15,778,689	1,427,415	2,617,706	60,672	(173,767)	19,710,715
EBITDA (Note)	26,106,333	1,562,408	3,438,314	201,400	(13,609)	31,294,846

For the Year Ended December 31, 2013	Telecommu-nication	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenues	$ 81,879,391	20,542,841	6,243,668	-	(257,969)	108,407,931
Operating costs	48,767,854	17,987,594	2,896,136	-	(80,564)	69,571,020
Operating expenses	15,470,721	1,616,826	753,453	-	(12,781)	17,828,219
Other gains and losses, net	64,759	(3,638)	2,049	-	(27)	63,143
Profit	17,705,575	934,783	2,596,128	-	(164,651)	21,071,835
EBITDA (Note)	26,695,857	1,039,735	3,277,918	-	(9,911)	31,003,599

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

a. Geographical information

The Group's revenues are mostly from domestic business.

b. Information on major customers

The Group's revenues from a single customer do not exceed 10% of the total net operating revenues.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
FINANCING EXTENDED TO OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE 1

(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	Financial Statement Account	Related Parties	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits
													Item	Value		
0	TWM	TFN Media Co., Ltd.	Other receivables	Yes	$ 4,000,000	$ -	$ -	1.176%~1.197%	Short-term financing	$ -	Operation requirements	$ -	-	-	$ 24,103,741 (Note 2)	$ 24,103,741 (Note 2)
		Win TV Broadcasting Co., Ltd.	Other receivables	Yes	600,000	-	-	1.196%~1.197%	Short-term financing	-	Operation requirements	-	-	-	24,103,741 (Note 2)	24,103,741 (Note 2)
1	Taiwan Fixed Network Co., Ltd.	TWM	Other receivables	Yes	9,000,000	9,000,000	8,180,000	1.183%~ 1.29622%	Short-term financing	-	Operation requirements	-	-	-	21,622,525 (Note 2)	21,622,525 (Note 2)
2	Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	Yes	260,000	260,000	260,000	1.184%~1.29489%	Short-term financing	-	Repayment of financing	-	-	-	280,095 (Note 3)	494,767 (Note 3)
3	Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	Yes	545,000	540,000	540,000	1.184%~1.29489%	Transactions	544,485	-	-	-	-	544,485 (Note 3)	979,019 (Note 3)
4	Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	Yes	495,000	480,000	425,000	1.184%~1.29489%	Transactions	494,235	-	-	-	-	494,235 (Note 3)	788,005 (Note 3)
5	Wealth Media Technology Co., Ltd.	TWM	Other receivables	Yes	2,300,000	2,300,000	1,800,000	1.184%~1.29789%	Short-term financing	-	Operation requirements	-	-	-	8,250,635 (Note 2)	8,250,635 (Note 2)
		Taiwan Kuro Times Co., Ltd.	Other receivables	Yes	100,000	100,000	-	1.196%~ 1.197%	Short-term financing	-	Operation requirements	-	-	-	8,250,635 (Note 2)	8,250,635 (Note 2)
		Win TV Broadcasting Co., Ltd.	Other receivables	Yes	600,000	600,000	250,000	1.294%~1.29789%	Short-term financing	-	Operation requirements	-	-	-	8,250,635 (Note 2)	8,250,635 (Note 2)
		TFN Media Co., Ltd.	Other receivables	Yes	3,000,000	3,000,000	1,500,000	1.294%	Short-term financing	-	Operation requirements	-	-	-	8,250,635 (Note 2)	8,250,635 (Note 2)
6	Taiwan Cellular Co., Ltd.	TWM	Other receivables	Yes	300,000	300,000	300,000	1.186%~1.29622%	Short-term financing	-	Operation requirements	-	-	-	34,226,760 (Note 2)	34,226,760 (Note 2)

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

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

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED TO OTHER PARTIES

FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE 2

(In Thousands of New Taiwan Dollars)

No.	Company Providing Endorsements/Guarantees	Receiving Party		Limit on Endorsements/ Guarantees Amount Provided to Each Entity	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts (Note 1)	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth of the Guarantor (Note 1)	Maximum Endorsements/ Guarantees Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	TWM	Taiwan Fixed Network Co., Ltd.	(Note 2)	$ 42,000,000 (Note 3)	$ 21,500,000	$ 21,500,000	$ 11,575,650 (Note 4)	$ -	35.68%	$ 60,259,352 (Note 3)	Y	N	N
		Taiwan Kuro Times Co., Ltd.	(Note 2)	259,800 (Note 3)	50,000	50,000	50,000	-	0.08%	60,259,352 (Note 3)	Y	N	N
1	momo.com Inc.	Fubon Gehua (Beijing) Enterprise Ltd.	(Note 2)	799,626 (Note 5)	507,360	507,360	507,360	-	8.04%	6,310,990 (Note 5)	N	N	Y

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

Note 2: Direct/indirect subsidiary.

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

Note 4: Including USD15,000 thousand.

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

※Limit for individual amount: The limit of guarantee/endorsement provided by momo to FGE is limited to the investment amount (USD12,322,314 × 31.71+ RMB60,000,000 × 5.095 + US$3,254,043.15 × 31.71 = NTD799,626 thousand).

※The momo Board of Directors authorized the guarantee amount (USD16,000,000 × 31.71 = NTD507,360 thousand).

※Drawn-down amount: USD16,000,000 × 31.71 = NTD507,360 thousand.

※Amount of guarantee collateralized by property: 0 thousand.

Note 6: The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$31.71 and RMB 1＝NT$5.095 at the end of the period.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)

DECEMBER 31, 2014

TABLE 3

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

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	DECEMBER 31, 2014				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
TWM	Stock							
	Chunghwa Telecom Co., Ltd.	—	Current available-for-sale financial assets	2,174	$ 204,310	0.028	$ 204,310	
	Ambit Microsystems Corporation	—	Non-current available-for-sale financial assets	298,000	2,587,050	14.9	2,587,050	
	Bridge Mobile Pte Ltd.	—	Non-current financial assets at cost	800	7,050	10	-	
	Yes Mobile Holdings Company	—	Non-current financial assets at cost	74	-	0.19	-	Note 1
momo.com Inc.	Beneficiary Certificate							
	Fubon Strategic High Income Fund B	Related party in substance	Current available-for-sale financial assets	18,302	186,456	-	186,456	
	Fubon Chi-Hsiang Money Market Fund	Related party in substance	Current available-for-sale financial assets	12,970	200,004	-	200,004	
	Fubon China High Yield Bond Fund-B (RMB)	Related party in substance	Current available-for-sale financial assets	3,886	193,869	-	193,869	
	Fuh Hwa Emerging Market High Yield Bond Fund B	—	Current available-for-sale financial assets	10,225	73,313	-	73,313	
	PineBridge Global Multi - Strategy High Yield Bond Fund-B	—	Current available-for-sale financial assets	23,351	186,335	-	186,335	
	Eastspring Investments Global High Yield Bond Fund B	—	Current available-for-sale financial assets	19,028	180,437	-	180,437	
	Eastspring Investments Well Pool Money Market Fund	—	Current available-for-sale financial assets	29,933	400,006	-	400,006	
	JPMorgan (Taiwan) Asia High Yield Total Return Bond Fund - Monthly Distribution Share Class	—	Current available-for-sale financial assets	18,916	189,020	-	189,020	
	Allianz Global Investors Taiwan Money Market Fund	—	Current available-for-sale financial assets	32,520	400,007	-	400,007	
	Stock							
	We Can Medicines Co., Ltd.	—	Non-current financial assets at cost	2,400	60,000	7.73	-	
Taiwan Cellular Co., Ltd.	Stock							
	Arcoa Communication Co., Ltd.	—	Non-current financial assets at cost	6,998	67,731	5.21	-	
	Parawin Venture Capital Corp.	—	Non-current financial assets at cost	2,160	11,471	3	-	
	Transportation High Tech Inc.	—	Non-current financial assets at cost	1,200	-	12	-	Note 1
	WEB Point Co., Ltd.	—	Non-current financial assets at cost	803	6,773	3.17	-	

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)

DECEMBER 31, 2014

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	DECEMBER 31, 2014				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
TFN Media Co., Ltd.	Beneficiary Certificate							
	Dragon Tiger Capital Partners Limited	—	Current held-to-maturity financial assets	0.2	$ 6	-	$ 6	
TCC Investment Co., Ltd.	Stock							
	TWM	TWM	Non-current available-for-sale financial assets	200,497	20,951,911	5.86	20,951,911	
	Great Taipei Broadband Co., Ltd.	—	Non-current financial assets at cost	10,000	39,627	6.67	-	
	Preferred stock							
	Taiwan High Speed Rail Corporation Unlisted Convertible Preferred Stock－Series A	—	Non-current debt instrument investment without active market	50,000	500,000	1.24	-	
TCCI Investment and Development Co., Ltd.	Stock							
	TWM	TWM	Non-current available-for-sale financial assets	87,590	9,153,109	2.56	9,153,109	
Taiwan Fixed Network Co., Ltd.	Stock							
	Taiwan High Speed Rail Corporation	—	Non-current available-for-sale financial assets	225,531	893,103	3.46	893,103	
TFN Union Investment Co., Ltd.	Stock							
	TWM	TWM	Non-current available-for-sale financial assets	410,665	42,914,522	12	42,914,522	

(Concluded)

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

Note 2: For the information on investments in subsidiaries and associates, please refer to table 8 and table 10.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE 4

(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units (Thousands)	Amount
TWM	Stock													
	Wealth Media Technology Co., Ltd.	Investments accounted for using equity method	Wealth Media Technology Co., Ltd.	Subsidiary	39,065	$16,157,062	3,000 (Note 1)	$ 3,000,000	-	-	-	-	42,065	$ 20,626,589 (Note 2)
	Ambit Microsystems Corporation	Non-current available-for-sale financial assets	—	—	-	-	298,000 (Note 1)	2,980,000	-	-	-	-	298,000	2,587,050 (Note 2)
Wealth Media Technology Co., Ltd.	Stock													
	momo.com Inc.	Investments accounted for using equity method	SinoPac Securities Co., Ltd. (Note 4)	Unrelated parties	64,742	8,567,490	-	-	1,695	323,859	229,995	(Note 3)	63,047	9,352,414 (Note 2)
TCCI Investment and. Development Co., Ltd.	Stock													
	TWM	Non-current available-for-sale financial assets	—	—	119,564	11,513,994	-	-	31,974	2,970,389	1,737,267	1,233,122	87,590	9,153,109 (Note 2)
momo.com Inc.	Beneficiary Certificate													
	Eastspring Investments Well Pool Money Market Fund	Current available-for-sale financial assets	—	—	-	-	29,933	400,000	-	-	-	-	29,933	400,006 (Note 2)
	Allianz Global Investors Taiwan Money Market Fund	Current available-for-sale financial assets	—	—	-	-	32,520	400,000	-	-	-	-	32,520	400,007 (Note 2)
Asian Crown(BVI)	Stock													
	Fortune Kingdom	Investments accounted for using equity method	Fortune Kingdom	Subsidiary	22,237	118,883	11,396	344,227	-	-	-	-	33,633	248,827 (Note 2)
Fortune Kingdom	Stock													
	HK Fubon Multimedia	Investments accounted for using equity method	HK Fubon Multimedia	Subsidiary	22,237	118,883	11,396	344,227	-	-	-	-	33,633	248,827 (Note 2)
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd.	Investments accounted for using equity method	Fubon Gehua (Beijing) Enterprise Ltd.	Subsidiary	-	118,218	-	344,227	-	-	-	-	-	248,230 (Note 2)

Note 1: The Shares/Units purchased for the period were obtained from capital increase by cash.

Note 2: The ending balance includes unrealized gains (losses) on financial assets, exchange differences on translation of foreign financial statements, associates accounted for using equity method, and adjustments of subsidiaries.

Note 3: The gain (loss) on disposal was recognized as a capital surplus.

Note 4: To comply with the regulation for trading on the emerging market and over-allotment for initial listing on the stock exchange.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE 5

(In Thousands of New Taiwan Dollars)

Company Name	Type of Property	Transaction Date	Transaction Amount	Payment	Counter-party	Nature of Relationship	Prior Transaction with Related Party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
momo.com Inc.	Land	May 14, 2014	$ 1,708,270	Paid in full	Natural person	Unrelated parties	-	-	-	-	The appraisal reports of Jin Han Real Estate Appraiser Joint Firm and G-Beam Real Estate Appraiser Firm.	Operating usage	None

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE 6

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TWM	Taiwan Fixed Network Co., Ltd.	Subsidiary	Sale	$ (1,815,552)	2	Based on contract terms	—	—	$ 277,712	3	(Note 1)
			Purchase	7,418,275	(Note 2)	Based on contract terms	—	—	(405,095)	(Note 3)	
	Taiwan Kuro Times Co., Ltd.	Subsidiary	Purchase	355,702	1	Based on contract terms	—	—	(86,895)	2	(Note 1)
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	1,076,444	(Note 2)	Based on contract terms	—	—	(94,383)	(Note 3)	
	Taiwan Digital Service Co., Ltd.	Subsidiary	Sale	(12,811,112)	15	Based on contract terms	—	—	1,677,203	14	(Note 1)
			Purchase	11,761,940	(Note 4)	Based on contract terms	—	—	(1,819,888)	(Note 1)	
	momo.com Inc.	Subsidiary	Sale	(101,189)	-	Based on contract terms	—	—	13,097	-	
Taiwan Teleservices & Technologies Co., Ltd.	TWM	Ultimate parent	Sale	(1,076,444)	91	Based on contract terms	—	—	94,383	91	
	Taiwan Fixed Network Co., Ltd.	The same parent company	Sale	(100,848)	8	Based on contract terms	—	—	7,901	8	
Taiwan Fixed Network Co., Ltd.	TWM	Ultimate parent	Sale	(7,418,275)	52	Based on contract terms	—	—	405,095	48	(Note 1)
			Purchase	1,815,552	(Note 2)	Based on contract terms	—	—	(277,317)	44	(Note 1)
	TFN Media Co., Ltd.	The same parent company	Sale	(142,287)	1	Based on contract terms	—	—	24,945	3	
	Taiwan Teleservices & Technologies Co., Ltd.	The same parent company	Purchase	100,848	(Note 4)	Based on contract terms	—	—	(7,901)	(Note 3)	
Taiwan Digital Service Co., Ltd.	TWM	Ultimate parent	Sale	(11,762,007)	70	Based on contract terms	—	—	1,819,888	99	
			Purchase	12,811,112	(Note 2)	Based on contract terms	—	—	(1,677,203)	99	(Note 1)
Taiwan Kuro Times Co., Ltd.	TWM	Ultimate parent	Sale	(355,702)	44	Based on contract terms	—	—	86,895	100	(Note 1)
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(466,136)	15	Based on contract terms	(Note 5)	(Note 5)	-	-	
	Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(419,902)	13	Based on contract terms	(Note 5)	(Note 5)	-	-	
	Union Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(214,288)	7	Based on contract terms	(Note 5)	(Note 5)	-	-	
	Globalview Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(182,606)	6	Based on contract terms	(Note 5)	(Note 5)	-	-	
	Taiwan Fixed Network Co., Ltd.	The same parent company	Operating costs	137,565	11	Based on contract terms	—	—	(24,318)	5	
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	419,902	56	Based on contract terms	(Note 5)	(Note 5)	-	-	
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	466,136	58	Based on contract terms	(Note 5)	(Note 5)	-	-	
Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	214,288	50	Based on contract terms	(Note 5)	(Note 5)	-	-	
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	182,606	53	Based on contract terms	(Note 5)	(Note 5)	-	-	
Mangrove Cable TV Co., Ltd.	Dai-Ka Ltd.	Related party in substance	Royalty for copyright	151,606	49	Based on contract terms	(Note 5)	(Note 5)	(37,901)	86	
momo.com Inc.	Taiwan Pelican Express Co., Ltd.	Equity-method investee	Purchase	438,046	2	Based on contract terms	—	—	(41,259)	2	
	TWM	Ultimate parent	Purchase	99,042	1	Based on contract terms	—	—	(16,396)	1	

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

Note 2: Including operating costs and operating expenses.

Note 3: Including accounts payable and other payables.

Note 4: Recognized as operating expenses.

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2014

TABLE 7

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
TWM	Taiwan Fixed Network Co., Ltd.	Subsidiary	Accounts receivable	$ 277,712	6.26	$ -	—	$ -	$ -
			Other receivables	33,260		-	—	30,064	-
	Taiwan Digital Service Co., Ltd.	Subsidiary	Accounts receivable	1,677,203	5.57	-	—	1,677,203	-
			Other receivables	284,053		-	—	275,249	-
Taiwan Cellular Co., Ltd.	TWM	Parent	Other receivables	300,582		-	—	-	-
Wealth Media Technology Co., Ltd.	TWM	Parent	Other receivables	1,802,905		-	—	80,054	-
	Win TV Broadcasting Co., Ltd.	Subsidiary	Other receivables	250,988		-	—	-	-
	TFN Media Co., Ltd.	Subsidiary	Other receivables	1,507,870		-	—	-	-
Taiwan Fixed Network Co., Ltd.	TWM	Ultimate parent	Accounts receivable	405,095	12.68	-	—	373,382	-
			Other receivables	8,286,612		-	—	2,242	-
Taiwan Digital Service Co., Ltd.	TWM	Ultimate parent	Accounts receivable	1,819,888	6.99	-	—	398,647	-
			Other receivables	2,887		-	—	111	-
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	4,957	7.35	-	—	-	-
			Other receivables	540,161		-	—	-	-
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	2,207	6.94	-	—	-	-
			Other receivables	260,001		-	—	-	-
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	5,492	6.61	-	—	-	-
			Other receivables	425,001		-	—	-	-
momo.com Inc.	Taiwan Pelican Express Co., Ltd.	Equity-method investee	Accounts receivable	360	9.87	-	—	360	-
			Other receivables	109,183		-	—	109,183	-

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEES ON WHICH TWM EXERCISED SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA) FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE 8

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2014			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2014	December 31, 2013	Shares (Thousands)	Percentage of Ownership	Carrying Value			
TWM	Taiwan Cellular Co., Ltd.	Taiwan	Investment	$ 41,872,288	$ 44,767,288	371,196	100	$ 24,912,476	$ 7,383,016	$ 8,351,285	Note 1
	Taipei New Horizon Co., Ltd.	Taiwan	Real estate leasing and hotel business	1,918,655	1,746,500	191,866	49.9	1,722,927	(32,425)	(16,180)	
	Wealth Media Technology Co., Ltd.	Taiwan	Investment	16,802,000	13,802,000	42,065	100	20,626,589	2,703,674	2,703,674	
	Alliance Digital Tech Co., Ltd.	Taiwan	Technology development of mobile payment and information processing services	30,000	30,000	3,000	13.33	23,139	(44,991)	(7,297)	
Wealth Media Technology Co., Ltd.	momo.com Inc.	Taiwan	Wholesale and retail sales	8,129,394	8,347,949	63,047	44.38	9,352,414	1,170,042	-	Note 2
	Win TV Broadcasting Co., Ltd.	Taiwan	TV program provider	222,417	222,417	18,177	100	256,861	37,942	-	Note 2
	TFN Media Co., Ltd.	Taiwan	Cable broadband and value added service provider	5,210,443	5,210,443	230,921	100	7,082,165	2,196,291	-	Note 2
	Global Wealth Media Technology Co., Ltd.	Taiwan	Investment	92,189	92,189	8,945	100	97,391	5,326	-	Note 2
	Global Forest Media Technology Co., Ltd.	Taiwan	Investment	16,984	16,984	1,500	100	17,644	535	-	Note 2
Global Wealth Media Technology Co., Ltd.	Globalview Cable TV Co., Ltd.	Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	95,841	80,554	-	Note 2
Global Forest Media Technology Co., Ltd.	Union Cable TV Co., Ltd.	Taiwan	Cable TV service provider	16,218	16,218	1,300	0.76	15,968	104,740	-	Note 2
momo.com Inc.	Fu Sheng Travel Service Co., Ltd.	Taiwan	Travel agent	6,000	6,000	2,500	100	50,419	21,157	-	Note 2
	Fuli Life Insurance Agent Co., Ltd.	Taiwan	Life insurance agent	3,000	3,000	300	100	11,284	2,788	-	Note 2
	Fuli Property Insurance Agent Co., Ltd.	Taiwan	Property insurance agent	3,000	3,000	300	100	12,531	3,634	-	Note 2
	Asian Crown (BVI)	British Virgin Islands	Investment	789,864	690,824	26,500	76.26	193,473	(191,776)	-	Note 2
	Taiwan Pelican Express Co., Ltd.	Taiwan	Logistics industry	337,860	337,860	16,893	17.70	455,426	155,092	-	Note 2
	TVD Shopping	Thailand	Wholesale and retail sales	150,797 (THB 155,750)	-	31,150	35.00	150,803	15,180	-	Note 2
Asian Crown(BVI)	Fortune Kingdom	Samoa	Investment	1,035,051	690,824	33,633	100	248,827	(192,008)	-	Note 2
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,035,051	690,824	33,633	100	248,827	(192,008)	-	Note 2
Taiwan Cellular Co., Ltd.	TWM Holding	British Virgin Islands	Investment	347,951	347,951	-	100	261,225	9,548	-	Notes 2 & 7
	Taiwan Fixed Network Co., Ltd.	Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	54,057,276	5,379,331	-	Note 2
	Taiwan Digital Communication Co., Ltd.	Taiwan	TV program production and mobile phone wholesaling	112,000	112,000	11,200	100	116,240	(126)	-	Note 2
	TCC Investment Co., Ltd.	Taiwan	Investment	17,785,441	20,680,441	22,103	100	29,130,683	1,485,742	-	Note 2
	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	106,967	60,057	-	Note 2
	Taiwan Digital Service Co., Ltd.	Taiwan	Telecommunications service agencies and retail business	1,000,000	1,000,000	20,000	100	1,490,123	467,479	-	Note 2
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Holdings	Samoa	Investment	36,284	36,284	1,300	100	52,284	3,260	-	Note 2
	Taiwan Mobile Basketball Co., Ltd.	Taiwan	Basketball team management	-	3,511	-	-	-	959	-	Notes 2 & 3

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEES ON WHICH TWM EXERCISED SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2014

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2014			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2014	December 31, 2013	Shares (Thousands)	Percentage of Ownership	Carrying Value			
TCC Investment Co., Ltd.	TCCI Investment and Development Co., Ltd.	Taiwan	Investment	$ 3,602,782	$ 6,498,076	400	100	$ 8,010,126	$ 1,159,077	-	Note 2
TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	Taiwan	Cable TV service provider	2,061,522	2,061,522	33,940	100	2,258,904	212,371	-	Note 2
	Mangrove Cable TV Co., Ltd.	Taiwan	Cable TV service provider	510,724	510,724	6,248	29.53	648,198	103,652	-	Notes 2 & 4
	Phoenix Cable TV Co., Ltd.	Taiwan	Cable TV service provider	3,261,073	3,261,073	68,090	100	3,411,121	209,332	-	Note 2
	Union Cable TV Co., Ltd.	Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,077,057	104,740	-	Note 2
	Globalview Cable TV Co., Ltd.	Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,269,405	80,554	-	Note 2
	Taiwan Kuro Times Co., Ltd.	Taiwan	Online music and game service	129,900	129,900	14	100	246,103	98,659	-	Note 2
	Kbro Media Co., Ltd.	Taiwan	Film distribution, arts and literature service, and entertainment	292,500	292,500	29,250	32.5	267,878	(36,707)	-	Note 2
Taiwan Fixed Network Co., Ltd.	TFN Union Investment Co., Ltd.	Taiwan	Investment	22,314,536	22,314,536	400	100	37,527,081	(137)	-	Note 2
	TFN HK LIMITED	Hong Kong	Telecommunications service provider	3,041 (HK$744)	3,041 (HK$744)	1,300	100	16,878	3,200	-	Note 2

(Concluded)

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

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

Note 3: The investee was disposed of in September 2014. The net income or loss for the period from January 1, 2014, to the disposal date of the subsidiary was listed in the net income (loss) of the investee.

Note 4: 70.47% of shares are held under trustee accounts.

Note 5: The above amounts were translated into New Taiwan dollars at the exchange rate of HK$1＝NT$4.087 and THB1=NT$0.9682 at the end of the period.

Note 6: For information on investment in Mainland China, please refer to table 10.

Note 7: Held 1 share on December 31, 2014.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE 9

(In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
0	TWM	Taiwan Digital Service Co., Ltd.	1	Accounts and notes receivable, net	$ 214,280	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Accounts and notes receivable, net	26,560	〃	-
	TWM	momo.com Inc.	1	Accounts and notes receivable, net	13,097	〃	-
	TWM	Taiwan Kuro Times Co., Ltd.	1	Accounts and notes receivable, net	1,612	〃	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Other receivables	284,053	〃	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Other receivables	33,260	〃	-
	TWM	Taiwan Kuro Times Co., Ltd.	1	Other receivables	3,984	〃	-
	TWM	momo.com Inc.	1	Other receivables	3,473	〃	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Prepayments	53,253	〃	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Proceeds from disposal of property, plant and equipment and intangible assets	24,916	〃	-
	TWM	TFN Media Co., Ltd.	1	Acquisition price of property, plant and equipment	1,442	〃	-
	TWM	Taipei New Horizon Co., Ltd.	1	Other non-current assets	16,756	〃	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Short-term borrowings	8,180,000	〃	5%
	TWM	Wealth Media Technology Co., Ltd.	1	Short-term borrowings	1,800,000	〃	1%
	TWM	Taiwan Cellular Co., Ltd.	1	Short-term borrowings	300,000	〃	-
	TWM	Taiwan Kuro Times Co., Ltd.	1	Accounts payable	86,717	〃	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Accounts payable	1,916	〃	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Other payables	457,759	〃	-
	TWM	Taiwan Teleservices & Technologies Co., Ltd.	1	Other payables	94,368	〃	-
	TWM	Wealth Media Technology Co., Ltd.	1	Other payables	2,905	〃	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Other payables	2,887	〃	-
	TWM	Taipei New Horizon Co., Ltd.	1	Other payables	2,218	〃	-
	TWM	Yeong Jia Leh Cable TV Co., Ltd.	1	Other payables	2,207	〃	-
	TWM	Taiwan Kuro Times Co., Ltd.	1	Other payables	1,465	〃	-
	TWM	Phoenix Cable TV Co., Ltd.	1	Other payables	1,218	〃	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Advance receipts	9,033	〃	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Other current liabilities	43,349	〃	-
	TWM	Taiwan Kuro Times Co., Ltd.	1	Other current liabilities	2,644	〃	-

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
	TWM	Taiwan Digital Service Co., Ltd.	1	Operating revenues	$ 12,811,112	The terms of transaction are determined in accordance with mutual agreements or general business practices	11%
	TWM	Taiwan Fixed Network Co., Ltd.	1	Operating revenues	1,815,552	〃	2%
	TWM	momo.com Inc.	1	Operating revenues	101,189	〃	-
	TWM	Taiwan Kuro Times Co., Ltd.	1	Operating revenues	5,372	〃	-
	TWM	Phoenix Cable TV Co., Ltd.	1	Operating revenues	2,439	〃	-
	TWM	Yeong Jia Leh Cable TV Co., Ltd.	1	Operating revenues	2,295	〃	-
	TWM	Union Cable TV Co., Ltd.	1	Operating revenues	1,688	〃	-
	TWM	Globalview Cable TV Co., Ltd.	1	Operating revenues	1,237	〃	-
	TWM	Mangrove Cable TV Co., Ltd.	1	Operating revenues	1,004	〃	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Operating costs	7,383,669	〃	7%
	TWM	Taiwan Kuro Times Co., Ltd.	1	Operating costs	355,702	〃	-
	TWM	Taipei New Horizon Co., Ltd.	1	Operating costs	28,996	〃	-
	TWM	Yeong Jia Leh Cable TV Co., Ltd.	1	Operating costs	9,103	〃	-
	TWM	TFN Media Co., Ltd.	1	Operating costs	5,016	〃	-
	TWM	Globalview Cable TV Co., Ltd.	1	Operating costs	2,640	〃	-
	TWM	momo.com Inc.	1	Operating costs	1,617	〃	-
	TWM	Mangrove Cable TV Co., Ltd.	1	Operating costs	1,217	〃	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Realized gain on sales	30,533	〃	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Unrealized gain on sales	42,761	〃	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Operating expenses	11,761,940	〃	10%
	TWM	Taiwan Teleservices & Technologies Co., Ltd.	1	Operating expenses	1,076,335	〃	1%
	TWM	Taiwan Fixed Network Co., Ltd.	1	Operating expenses	69,771	〃	-
	TWM	Taipei New Horizon Co., Ltd.	1	Operating expenses	58,792	〃	-
	TWM	Taiwan Mobile Basketball Co., Ltd.	1	Operating expenses	34,057	〃	-
	TWM	Taiwan Digital Communications Co., Ltd.	1	Operating expenses	20,481	〃	-
	TWM	TCC Investment Co., Ltd.	1	Operating expenses	6,732	〃	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Other income	64,584	〃	-
	TWM	momo.com Inc.	1	Other income	37,364	〃	-
	TWM	Taiwan Digital Service Co., Ltd.	1	Other income	12,928	〃	-
	TWM	TFN Media Co., Ltd.	1	Other income	11,174	〃	-
	TWM	Taiwan Kuro Times Co., Ltd.	1	Other income	5,998	〃	-
	TWM	Taiwan Fixed Network Co., Ltd.	1	Finance costs	94,529	〃	-
	TWM	Wealth Media Technology Co., Ltd.	1	Finance costs	8,791	〃	-
	TWM	Taiwan Cellular Co., Ltd.	1	Finance costs	1,830	〃	-
1	Wealth Media Technology Co., Ltd.	TFN Media Co., Ltd.	1	Other receivables	1,507,870	〃	1%
	Wealth Media Technology Co., Ltd.	Win TV Broadcasting Co., Ltd.	1	Other receivables	250,988	〃	-
	Wealth Media Technology Co., Ltd.	TFN Media Co., Ltd.	1	Other income	10,601	〃	-
	Wealth Media Technology Co., Ltd.	Win TV Broadcasting Co., Ltd.	1	Other income	1,362	〃	-

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
2	momo.com Inc.	Fu Sheng Travel Service Co., Ltd.	1	Accounts and notes receivable, net	$ 18,917	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
	momo.com Inc.	Fu Sheng Travel Service Co., Ltd.	1	Operating revenues	9,842	〃	-
	momo.com Inc.	TFN Media Co., Ltd.	3	Operating costs	89,856	〃	-
	momo.com Inc.	Mangrove Cable TV Co., Ltd.	3	Operating costs	8,664	〃	-
	momo.com Inc.	Taiwan Teleservices & Technologies Co., Ltd.	3	Operating costs	1,720	〃	-
	momo.com Inc.	Phoenix Cable TV Co., Ltd.	3	Operating costs	1,125	〃	-
	momo.com Inc.	Win TV Broadcasting Co., Ltd.	3	Operating costs	1,020	〃	-
3	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Accounts and notes receivable, net	35,776	〃	-
	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts and notes receivable, net	35,611	〃	-
	TFN Media Co., Ltd.	Union Cable TV Co., Ltd.	1	Accounts and notes receivable, net	21,857	〃	-
	TFN Media Co., Ltd.	Globalview Cable TV Co., Ltd.	1	Accounts and notes receivable, net	13,963	〃	-
	TFN Media Co., Ltd.	Mangrove Cable TV Co., Ltd.	1	Accounts and notes receivable, net	12,480	〃	-
	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Short-term borrowings	540,000	〃	-
	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Short-term borrowings	425,000	〃	-
	TFN Media Co., Ltd.	Globalview Cable TV Co., Ltd.	1	Short-term borrowings	260,000	〃	-
	TFN Media Co., Ltd.	Win TV Broadcasting Co., Ltd.	3	Notes payable	15,542	〃	-
	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts payable	1,946	〃	-
	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Accounts payable	1,814	〃	-
	TFN Media Co., Ltd.	Union Cable TV Co., Ltd.	1	Accounts payable	1,110	〃	-
	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Other payables	3,547	〃	-
	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Other payables	3,306	〃	-
	TFN Media Co., Ltd.	Union Cable TV Co., Ltd.	1	Other payables	2,315	〃	-
	TFN Media Co., Ltd.	Globalview Cable TV Co., Ltd.	1	Other payables	1,468	〃	-
	TFN Media Co., Ltd.	Mangrove Cable TV Co., Ltd.	1	Other payables	1,271	〃	-
	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Operating revenues	507,976	〃	-
	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Operating revenues	457,479	〃	-
	TFN Media Co., Ltd.	Union Cable TV Co., Ltd.	1	Operating revenues	214,288	〃	-
	TFN Media Co., Ltd.	Globalview Cable TV Co., Ltd.	1	Operating revenues	199,371	〃	-
	TFN Media Co., Ltd.	Mangrove Cable TV Co., Ltd.	1	Operating revenues	16,783	〃	-
	TFN Media Co., Ltd.	Win TV Broadcasting Co., Ltd.	3	Operating revenues	1,328	〃	-
	TFN Media Co., Ltd.	Win TV Broadcasting Co., Ltd.	3	Operating costs	59,207	〃	-
	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Operating costs	35,308	〃	-
	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Operating costs	33,795	〃	-
	TFN Media Co., Ltd.	Union Cable TV Co., Ltd.	1	Operating costs	20,152	〃	-

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
	TFN Media Co., Ltd.	Globalview Cable TV Co., Ltd.	1	Operating costs	$ 14,063	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
	TFN Media Co., Ltd.	Mangrove Cable TV Co., Ltd.	1	Operating costs	6,673	〃	-
	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Operating expenses	2,971	〃	-
	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Operating expenses	1,842	〃	-
	TFN Media Co., Ltd.	Globalview Cable TV Co., Ltd.	1	Operating expenses	1,247	〃	-
	TFN Media Co., Ltd.	Union Cable TV Co., Ltd.	1	Operating expenses	1,230	〃	-
	TFN Media Co., Ltd.	Mangrove Cable TV Co., Ltd.	1	Operating expenses	1,072	〃	-
	TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	1	Finance costs	6,475	〃	-
	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Finance costs	4,684	〃	-
	TFN Media Co., Ltd.	Globalview Cable TV Co., Ltd.	1	Finance costs	2,986	〃	-
4	Union Cable TV Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	3	Operating revenues	1,168	〃	-
5	Phoenix Cable TV Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	3	Operating revenues	1,002	〃	-
6	Taiwan Fixed Network Co., Ltd.	TFN Media Co., Ltd.	3	Accounts and notes receivable, net	24,945	〃	-
	Taiwan Fixed Network Co., Ltd.	momo.com Inc.	3	Accounts and notes receivable, net	2,529	〃	-
	Taiwan Fixed Network Co., Ltd.	Taiwan Digital Service Co., Ltd.	3	Other receivables	2,178	〃	-
	Taiwan Fixed Network Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Prepayments	9,242	〃	-
	Taiwan Fixed Network Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Other non-current assets	8,778	〃	-
	Taiwan Fixed Network Co., Ltd.	TFN HK LIMITED	1	Other payables	17,234	〃	-
	Taiwan Fixed Network Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	3	Other payables	7,901	〃	-
	Taiwan Fixed Network Co., Ltd.	Taiwan Digital Service Co., Ltd.	3	Advance receipts	1,333	〃	-
	Taiwan Fixed Network Co., Ltd.	TFN Media Co., Ltd.	3	Operating revenues	142,287	〃	-
	Taiwan Fixed Network Co., Ltd.	momo.com Inc.	3	Operating revenues	21,023	〃	-
	Taiwan Fixed Network Co., Ltd.	Taiwan Kuro Times Co., Ltd.	3	Operating revenues	5,752	〃	-
	Taiwan Fixed Network Co., Ltd.	Phoenix Cable TV Co., Ltd.	3	Operating revenues	4,844	〃	-
	Taiwan Fixed Network Co., Ltd.	Union Cable TV Co., Ltd.	3	Operating revenues	4,221	〃	-
	Taiwan Fixed Network Co., Ltd.	Mangrove Cable TV Co., Ltd.	3	Operating revenues	2,166	〃	-
	Taiwan Fixed Network Co., Ltd.	Globalview Cable TV Co., Ltd.	3	Operating revenues	1,715	〃	-
	Taiwan Fixed Network Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	3	Operating costs	1,772	〃	-
	Taiwan Fixed Network Co., Ltd.	Union Cable TV Co., Ltd.	3	Operating costs	1,769	〃	-
	Taiwan Fixed Network Co., Ltd.	TFN HK LIMITED	1	Operating costs	88,892	〃	-
	Taiwan Fixed Network Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	3	Operating expenses	100,848	〃	-
	Taiwan Fixed Network Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Operating expenses	29,608	〃	-
	Taiwan Fixed Network Co., Ltd.	Win TV Broadcasting Co., Ltd.	3	Other income	5,459	〃	-
7	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Kuro Times Co., Ltd.	3	Operating revenues	4,835	〃	-
8	Taiwan Digital Service Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Other non-current liabilities	5,841	〃	-
	Taiwan Digital Service Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	3	Other payables	1,218	〃	-
	Taiwan Digital Service Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Operating costs	4,941	〃	-
	Taiwan Digital Service Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Operating expenses	24,015	〃	-

(Concluded)

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2014

TABLE 10

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Net (Loss) Income of Investee	% Ownership through Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014
					Outflow	Inflow						
Xiamen Taifu Teleservices & Technologies Co., Ltd.	System integration, management, analysis and development of CRM application and information consulting services	$ - (Note 3)	2	$ 41,223 (US$1,300)	$ -	$ -	$ 41,223 (US$1,300)	$ -	100% indirect ownership through TWM's subsidiary	$ -	- (Note 3)	$ -
TWM Communications (Beijing) Co. Ltd.	Mobile application development and design	95,130 (US$3,000)	2	154,491 (US$4,872)	-	-	154,491 (US$4,872)	105	100% indirect ownership through TWM's subsidiary	105	114,049	-
Fubon Gehua (Beijing) Enterprise Ltd.	Wholesaling	1,171,850 (RMB230,000)	2	697,370 (US$14,000, RMB49,741)	101,900 (RMB20,000)	-	799,270 (US$14,000, RMB69,741)	(216,774)	69.63% indirect ownership through TWM's subsidiary	(179,541)	189,304	-

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
Xiamen Taifu Teleservices & Technologies Co., Ltd.	41,223 (US$1,300)	41,223 (US$1,300)	$80,000
TWM Communications (Beijing) Co., Ltd.	154,491 (US$4,872)	154,491 (US$4,872)	$51,340,140
Fubon Gehua (Beijing) Enterprise Ltd.	799,270 (US$14,000, RMB69,741)	883,250 (US$15,000, RMB80,000)	$3,836,917

Note 1: The investment types are as follows:

a. Direct investment in Mainland China.

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

c. Others.

Note 2: The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$31.71 and RMB1＝NT$5.095 at the end of the period.

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

Note 4: The amount was calculated based on the audited financial statements.