

Taiwan Mobile Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the Nine
Months Ended September 30, 2015 and 2014 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

We have reviewed the accompanying consolidated balance sheets of Taiwan Mobile Co., Ltd. and subsidiaries (the "Group") as of September 30, 2015, and the related consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2015, and statements of changes in equity and of cash flows for the nine months ended September 30, 2015. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated financial statements based on our review. The consolidated financial statements of the Group as of September 30, 2014 and for the three months and the nine months then ended have been reviewed by other auditors, who have issued an unqualified review report dated October 31, 2014. However, as stated in Note 3 to the consolidated financial statements, starting from January 1, 2015, the Group prepares its consolidated financial statements in accordance with the amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards, International Accounting Standards, Interpretations of International Financial Reporting Standards, and Interpretations of IASs ("2013 IFRSs"), which were endorsed by the Financial Supervisory Commission of Taiwan, the Republic of China ("ROC") and had taken effect on January 1, 2015, and had adjusted the consolidated financial statements as of and for the three months and nine months ended September 30, 2014 for the adjustments arising from the retrospective application of the aforementioned amended regulations and 2013 IFRSs (the "Adjustments"). The predecessor auditors have not reissued their review report on the aforementioned adjusted consolidated financial statements. Therefore, we reviewed the Adjustments to the aforementioned 2014 interim consolidated financial statements that resulted from the retrospective application of the amended regulations and 2013 IFRSs. Based on our review, nothing has come to our attention that caused us to believe that material modifications should be made to such retrospective adjustments.

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

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

As stated in Note 3 to the consolidated financial statements, effective January 1, 2015, the Group adopted the amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and 2013 IFRSs, which were endorsed by the Financial Supervisory Commission of ROC and had taken effect on January 1, 2015, and had adjusted the consolidated financial statements as of and for the three months and nine months ended September 30, 2014 for the adjustments on the retrospective application of the regulations and IFRSs.

Deloitte & Touche

October 29, 2015

Notice to Readers

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

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2015 (Reviewed)		December 31, 2014 (Retrospective Application and Audited)		September 30, 2014 (Retrospective Application and Reviewed)		LIABILITIES AND EQUITY	September 30, 2015 (Reviewed)		December 31, 2014 (Retrospective Application and Audited)		September 30, 2014 (Retrospective Application and Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Notes 6 and 34)	\$ 7,277,631	5	\$ 7,903,777	5	\$ 6,987,365	5	Short-term borrowings (Notes 19 and 34)	\$ 13,350,000	9	\$ 18,900,000	12	\$ 20,166,146	14
Available-for-sale financial assets (Notes 7 and 34)	1,060,194	1	2,213,757	1	940,040	1	Short-term notes and bills payable (Note 19)	17,676,940	11	5,593,031	4	5,793,853	4
Held-to-maturity financial assets	2,218	-	6	-	-	-	Notes payable	176,209	-	191,951	-	142,100	-
Accounts and notes receivable, net (Note 9)	15,836,886	10	14,990,240	10	14,725,520	10	Accounts payable	5,791,968	4	7,590,325	5	7,593,223	5
Accounts receivable due from related parties (Note 34)	60,094	-	34,561	-	41,260	-	Accounts payable due to related parties (Note 34)	85,660	-	79,392	-	89,953	-
Other receivables (Note 34)	1,090,414	1	1,000,549	1	1,054,493	1	Other payables (Note 34)	10,905,911	7	12,310,967	8	13,771,413	9
Inventories (Note 10)	2,239,636	1	3,210,988	2	3,311,781	2	Current tax liabilities	1,519,188	1	2,114,614	1	1,175,744	1
Prepayments (Note 34)	669,240	-	486,343	-	678,672	-	Provisions (Note 23)	244,702	-	217,083	-	205,361	-
Other financial assets (Notes 34 and 35)	2,973,494	2	2,967,826	2	943,264	1	Advance receipts (Note 20)	2,209,770	2	2,264,612	2	2,373,573	2
Other current assets	55,149	-	26,657	-	26,882	-	Long-term liabilities, current portion (Notes 22 and 34)	11,343,163	7	2,208,218	2	2,208,218	2
Total current assets	31,264,956	20	32,834,704	21	28,709,277	20	Other current liabilities	1,504,959	1	1,998,735	1	1,621,211	1
							Total current liabilities	64,808,470	42	53,468,928	35	55,140,795	38
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through profit or loss (Note 4)	169,826	-	-	-	-	-	Bonds payable (Note 21)	14,795,527	10	14,794,293	10	14,793,881	10
Available-for-sale financial assets (Note 7)	2,327,690	2	3,480,153	2	963,017	1	Long-term borrowings (Notes 22 and 34)	8,608,718	6	13,182,326	9	14,181,881	10
Financial assets at cost (Note 8)	190,492	-	192,652	-	175,926	-	Provisions (Note 23)	1,087,645	1	1,014,349	1	983,079	1
Debt instrument investment without active market	360,031	-	500,000	-	500,000	-	Deferred tax liabilities	2,265,512	1	2,688,568	2	2,466,223	2
Investments accounted for using equity method (Note 12)	1,544,691	1	897,246	1	874,032	1	Net defined benefit liabilities (Note 4)	119,770	-	136,782	-	117,790	-
Property, plant and equipment (Note 15)	47,848,489	31	47,066,319	31	47,242,761	32	Guarantee deposits	804,274	-	820,504	-	831,492	-
Investment properties, net (Note 16)	304,032	-	354,208	-	342,727	-	Other non-current liabilities (Note 24)	765,363	-	933,611	-	892,315	-
Concessions (Notes 17 and 35)	41,077,421	27	39,103,292	26	39,365,264	27	Total non-current liabilities	28,446,809	18	33,570,433	22	34,266,661	23
Goodwill (Note 17)	15,845,930	10	15,845,930	10	15,845,930	11	Total liabilities	93,255,279	60	87,039,361	57	89,407,456	61
Other intangible assets, net (Note 17)	6,103,262	4	6,219,622	4	6,186,952	4	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Note 28)						
Deferred tax assets	774,966	-	885,173	1	904,255	1	Common stock	34,208,328	22	34,208,328	22	34,208,328	23
Other financial assets (Notes 20, 34 and 35)	109,199	-	271,574	-	435,135	-	Capital surplus	14,715,830	10	14,715,830	10	12,489,143	9
Other non-current assets (Notes 18 and 34)	6,951,120	5	5,888,820	4	5,115,316	3	Retained earnings						
Total non-current assets	123,607,149	80	120,704,989	79	117,951,315	80	Legal reserve	23,038,209	15	21,537,666	14	21,537,666	15
							Special reserve	302,986	-	-	-	-	-
							Unappropriated earnings	14,678,050	9	19,805,941	13	16,776,496	11
							Other equity interests	(1,487,650)	(1)	(302,986)	-	154,123	-
							Treasury shares	(29,717,344)	(19)	(29,717,344)	(20)	(31,077,183)	(21)
							Total equity attributable to owners of parent	55,738,409	36	60,247,435	39	54,088,573	37
							NON-CONTROLLING INTERESTS (Note 28)	5,878,417	4	6,252,897	4	3,164,563	2
							Total equity	61,616,826	40	66,500,332	43	57,253,136	39
TOTAL	\$ 154,872,105	100	\$ 153,539,693	100	\$ 146,660,592	100	TOTAL	\$ 154,872,105	100	\$ 153,539,693	100	\$ 146,660,592	100

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

(With Deloitte & Touche review report dated October 29, 2015)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2015		2014 (Retrospective Application)		2015		2014 (Retrospective Application)	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 30 and 34)	\$ 27,565,863	100	\$ 27,767,615	100	\$ 85,610,324	100	\$ 82,430,328	100
OPERATING COSTS (Notes 34 and 39)	<u>18,192,954</u>	<u>66</u>	<u>18,318,923</u>	<u>66</u>	<u>58,228,857</u>	<u>68</u>	<u>53,641,647</u>	<u>65</u>
GROSS PROFIT FROM OPERATIONS	<u>9,372,909</u>	<u>34</u>	<u>9,448,692</u>	<u>34</u>	<u>27,381,467</u>	<u>32</u>	<u>28,788,681</u>	<u>35</u>
OPERATING EXPENSES (Notes 34 and 39)								
Marketing	3,007,778	11	3,140,758	11	9,355,931	11	9,630,913	12
Administrative	<u>1,248,310</u>	<u>4</u>	<u>1,254,544</u>	<u>5</u>	<u>3,701,085</u>	<u>4</u>	<u>3,655,113</u>	<u>4</u>
Total	<u>4,256,088</u>	<u>15</u>	<u>4,395,302</u>	<u>16</u>	<u>13,057,016</u>	<u>15</u>	<u>13,286,026</u>	<u>16</u>
NET OTHER INCOME AND EXPENSES	<u>26,765</u>	<u>-</u>	<u>33,277</u>	<u>-</u>	<u>107,929</u>	<u>-</u>	<u>89,323</u>	<u>-</u>
OPERATING INCOME	<u>5,143,586</u>	<u>19</u>	<u>5,086,667</u>	<u>18</u>	<u>14,432,380</u>	<u>17</u>	<u>15,591,978</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 31 and 34)	63,648	-	52,288	-	160,019	-	136,326	-
Other gains and losses, net (Notes 31 and 34)	<u>22,294</u>	<u>-</u>	<u>(422,074)</u>	<u>(1)</u>	<u>(60,243)</u>	<u>-</u>	<u>(435,826)</u>	<u>-</u>
Finance costs (Notes 31 and 34)	<u>(195,944)</u>	<u>(1)</u>	<u>(174,384)</u>	<u>(1)</u>	<u>(538,708)</u>	<u>(1)</u>	<u>(470,699)</u>	<u>(1)</u>
Share of profit (loss) of associates accounted for using equity method	<u>16,898</u>	<u>-</u>	<u>(2,425)</u>	<u>-</u>	<u>34,062</u>	<u>-</u>	<u>(7,478)</u>	<u>-</u>
Total non-operating income and expenses	<u>(93,104)</u>	<u>(1)</u>	<u>(546,595)</u>	<u>(2)</u>	<u>(404,870)</u>	<u>(1)</u>	<u>(777,677)</u>	<u>(1)</u>
PROFIT BEFORE TAX	5,050,482	18	4,540,072	16	14,027,510	16	14,814,301	18
INCOME TAX EXPENSE (Notes 4 and 27)	<u>773,247</u>	<u>3</u>	<u>623,239</u>	<u>2</u>	<u>1,747,206</u>	<u>2</u>	<u>2,375,254</u>	<u>3</u>
PROFIT FROM CONTINUING OPERATIONS	4,277,235	15	3,916,833	14	12,280,304	14	12,439,047	15
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX (Notes 11 and 34)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,329)</u>	<u>-</u>
PROFIT	<u>4,277,235</u>	<u>15</u>	<u>3,916,833</u>	<u>14</u>	<u>12,280,304</u>	<u>14</u>	<u>12,360,718</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translation	6,587	-	7,316	-	(7,530)	-	188	-
Unrealized gains (losses) on available-for-sale financial assets	<u>(627,598)</u>	<u>(2)</u>	<u>(85,736)</u>	<u>-</u>	<u>(1,211,163)</u>	<u>(1)</u>	<u>(284,477)</u>	<u>-</u>
Share of other comprehensive income (loss) of associates accounted for using equity method	<u>(17,553)</u>	<u>-</u>	<u>466</u>	<u>-</u>	<u>(30,879)</u>	<u>-</u>	<u>33,500</u>	<u>-</u>
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income (after tax)	<u>(638,564)</u>	<u>(2)</u>	<u>(77,954)</u>	<u>-</u>	<u>(1,249,572)</u>	<u>(1)</u>	<u>(250,789)</u>	<u>-</u>
COMPREHENSIVE INCOME	<u>\$ 3,638,671</u>	<u>13</u>	<u>\$ 3,838,879</u>	<u>14</u>	<u>\$ 11,030,732</u>	<u>13</u>	<u>\$ 12,109,929</u>	<u>15</u>
PROFIT ATTRIBUTABLE TO:								
Owners of parent	\$ 4,159,184	15	\$ 3,737,361	13	\$ 11,919,293	14	\$ 11,958,948	15
Non-controlling interests	<u>118,051</u>	<u>-</u>	<u>179,472</u>	<u>1</u>	<u>361,011</u>	<u>-</u>	<u>401,770</u>	<u>-</u>
	<u>\$ 4,277,235</u>	<u>15</u>	<u>\$ 3,916,833</u>	<u>14</u>	<u>\$ 12,280,304</u>	<u>14</u>	<u>\$ 12,360,718</u>	<u>15</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of parent	\$ 3,555,361	13	\$ 3,670,967	13	\$ 10,734,629	13	\$ 11,700,389	15
Non-controlling interests	<u>83,310</u>	<u>-</u>	<u>167,912</u>	<u>1</u>	<u>296,103</u>	<u>-</u>	<u>409,540</u>	<u>-</u>
	<u>\$ 3,638,671</u>	<u>13</u>	<u>\$ 3,838,879</u>	<u>14</u>	<u>\$ 11,030,732</u>	<u>13</u>	<u>\$ 12,109,929</u>	<u>15</u>
EARNINGS PER SHARE								
Basic (Note 29)								
Basic earnings per share from continuing operations	\$ 1.53		\$ 1.39		\$ 4.38		\$ 4.46	
Basic loss per share from discontinued operations	<u>-</u>		<u>-</u>		<u>-</u>		<u>(0.01)</u>	
Total basic earnings per share	<u>\$ 1.53</u>		<u>\$ 1.39</u>		<u>\$ 4.38</u>		<u>\$ 4.45</u>	
Diluted (Note 29)								
Diluted earnings per share from continuing operations	\$ 1.52		\$ 1.39		\$ 4.37		\$ 4.45	
Diluted loss per share from discontinued operations	<u>-</u>		<u>-</u>		<u>-</u>		<u>(0.01)</u>	
Total diluted earnings per share	<u>\$ 1.52</u>		<u>\$ 1.39</u>		<u>\$ 4.37</u>		<u>\$ 4.44</u>	

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

(With Deloitte & Touche review report dated October 29, 2015)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of Parent										
	Common Stock	Capital Surplus	Retained Earnings			Other Equity Interests			Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Shares			
BALANCE, JANUARY 1, 2014	\$ 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
Effects of retrospective application and retrospective adjustment	-	-	-	-	(13,363)	-	-	-	(13,363)	-	(13,363)
RETROSPECTIVE APPLICATION BALANCE, JANUARY 1, 2014	<u>34,208,328</u>	<u>12,456,891</u>	<u>19,262,044</u>	<u>-</u>	<u>22,157,769</u>	<u>24,948</u>	<u>387,734</u>	<u>(31,077,183)</u>	<u>57,420,531</u>	<u>1,086,747</u>	<u>58,507,278</u>
Distribution of 2013 earnings											
Legal reserve	-	-	2,275,622	-	(2,275,622)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(15,064,599)	-	-	-	(15,064,599)	-	(15,064,599)
Total distribution of earnings	-	-	<u>2,275,622</u>	-	<u>(17,340,221)</u>	-	-	-	<u>(15,064,599)</u>	-	<u>(15,064,599)</u>
Profit for the nine months ended September 30, 2014	-	-	-	-	11,958,948	-	-	-	11,958,948	401,770	12,360,718
Other comprehensive income for the nine months ended September 30, 2014	-	-	-	-	-	250	(258,809)	-	(258,559)	7,770	(250,789)
Total comprehensive income for the nine months ended September 30, 2014	-	-	-	-	<u>11,958,948</u>	<u>250</u>	<u>(258,809)</u>	-	<u>11,700,389</u>	<u>409,540</u>	<u>12,109,929</u>
Changes in equity of associates accounted for using equity method	-	112	-	-	-	-	-	-	112	(258)	(146)
Difference between consideration and carrying amount of subsidiaries' shares disposed of	-	18,755	-	-	-	-	-	-	18,755	120,420	139,175
Adjustments arising from changes in percentage of ownership of subsidiaries	-	13,385	-	-	-	-	-	-	13,385	36,135	49,520
Cash dividends from subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(224,481)	(224,481)
Effects of obtaining control of subsidiaries	-	-	-	-	-	-	-	-	-	1,736,460	1,736,460
BALANCE, SEPTEMBER 30, 2014	<u>\$ 34,208,328</u>	<u>\$ 12,489,143</u>	<u>\$ 21,537,666</u>	<u>\$ -</u>	<u>\$ 16,776,496</u>	<u>\$ 25,198</u>	<u>\$ 128,925</u>	<u>\$ (31,077,183)</u>	<u>\$ 54,088,573</u>	<u>\$ 3,164,563</u>	<u>\$ 57,253,136</u>
BALANCE, JANUARY 1, 2015	\$ 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
Effects of retrospective application and retrospective adjustment	-	-	-	-	(11,917)	-	-	-	(11,917)	(1)	(11,918)
RETROSPECTIVE APPLICATION BALANCE, JANUARY 1, 2015	<u>34,208,328</u>	<u>14,715,830</u>	<u>21,537,666</u>	<u>-</u>	<u>19,805,941</u>	<u>31,294</u>	<u>(334,280)</u>	<u>(29,717,344)</u>	<u>60,247,435</u>	<u>6,252,897</u>	<u>66,500,332</u>
Distribution of 2014 earnings											
Legal reserve	-	-	1,500,543	-	(1,500,543)	-	-	-	-	-	-
Special reserve	-	-	-	302,986	(302,986)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(15,243,655)	-	-	-	(15,243,655)	-	(15,243,655)
Total distribution of earnings	-	-	<u>1,500,543</u>	<u>302,986</u>	<u>(17,047,184)</u>	-	-	-	<u>(15,243,655)</u>	-	<u>(15,243,655)</u>
Profit for the nine months ended September 30, 2015	-	-	-	-	11,919,293	-	-	-	11,919,293	361,011	12,280,304
Other comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	(3,253)	(1,181,411)	-	(1,184,664)	(64,908)	(1,249,572)
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	-	<u>11,919,293</u>	<u>(3,253)</u>	<u>(1,181,411)</u>	-	<u>10,734,629</u>	<u>296,103</u>	<u>11,030,732</u>
Cash dividends from subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(670,583)	(670,583)
BALANCE, SEPTEMBER 30, 2015	<u>\$ 34,208,328</u>	<u>\$ 14,715,830</u>	<u>\$ 23,038,209</u>	<u>\$ 302,986</u>	<u>\$ 14,678,050</u>	<u>\$ 28,041</u>	<u>\$ (1,515,691)</u>	<u>\$ (29,717,344)</u>	<u>\$ 55,738,409</u>	<u>\$ 5,878,417</u>	<u>\$ 61,616,826</u>

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

(With Deloitte & Touche review report dated October 29, 2015)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2015	2014 (Retrospective Application)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 14,027,510	\$ 14,814,301
Loss from discontinued operations before tax	-	(94,363)
Profit before tax	14,027,510	14,719,938
Adjustments		
Depreciation expense	7,902,507	7,195,050
Amortization expense	2,147,026	1,261,786
Gain on disposal of non-current assets held for sale, net	-	(153,706)
Loss on disposal of property, plant and equipment, net	99,320	595,408
Gain on disposal of intangible assets	(47)	-
Provision for bad debt expense	306,431	268,771
Finance costs	538,708	470,699
Interest income	(109,877)	(70,625)
Dividend income	(21,213)	(22,803)
Impairment loss on non-financial assets (from discontinued operations)	-	17,794
Share of loss (profit) of associates accounted for using equity method	(34,062)	7,478
Valuation loss on financial assets at fair value through profit or loss	43,743	-
(Gain) loss on disposal of investments, net	(12,634)	168
Gain on foreign exchange, net	(42,780)	(147)
Others	739	20
Changes in operating assets and liabilities		
Accounts and notes receivable	(1,170,325)	(598,013)
Accounts receivable due from related parties	(25,533)	8,297
Other receivables	(66,818)	(95,153)
Inventories	971,352	469,555
Prepayments	(178,507)	(119,259)
Other current assets	(16,606)	25,927
Other assets	-	14,180
Notes payable	(15,742)	(266,804)
Accounts payable	(1,798,356)	927,596
Accounts payable due to related parties	6,268	16,873
Other payables	(1,113,580)	(518,052)
Provisions	42,343	9,358
Advance receipts	(54,842)	(192,302)
Other current liabilities	(493,776)	81,934
Net defined benefit liabilities	(17,012)	(13,773)
Net cash inflows generated by operating activities	20,914,237	24,040,195
Interest received	873	1,310
Interest paid	(449)	(5,348)
Income taxes paid	(2,847,360)	(2,931,162)
Net cash generated by operating activities	18,067,301	21,104,995

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2015	2014 (Retrospective Application)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	\$ (8,898,663)	\$ (9,906,310)
Acquisition of intangible assets	(4,148,626)	(505,596)
Increase in prepayments for equipment	(208,381)	(219,945)
Acquisition of investments accounted for using equity method	(670,448)	(320,273)
Acquisition of convertible notes	(596,730)	-
Acquisition of held-to-maturity financial assets	(2,108)	-
Net cash inflows from new consolidated entities	-	1,193,252
Net cash inflows from disposal of subsidiaries	-	14,533
Proceeds from disposal of available-for-sale financial assets	1,192,504	-
Proceeds from redemption of debt investments with no active market	500,000	-
Proceeds from disposal of non-current assets held for sale	-	250,291
Proceeds from disposal of property, plant and equipment	148,628	4,478
Proceeds from disposal of intangible assets	47	-
Increase in refundable deposits	(1,168,440)	(122,294)
Decrease in refundable deposits	141,459	121,860
Increase in other financial assets	(1,402,388)	(295,520)
Decrease in other financial assets	1,559,551	233,817
Increase in other non-current assets	-	(3,706)
Interest received	88,061	69,638
Dividend received	39,635	47,982
Proceeds from capital reduction of financial assets at cost	2,160	2,399
	<u>(13,423,739)</u>	<u>(9,435,394)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	54,800,000	82,292,068
Decrease in short-term borrowings	(60,350,000)	(92,732,142)
Increase in short-term notes and bills payable	49,311,695	13,178,826
Decrease in short-term notes and bills payable	(37,231,065)	(9,786,477)
Proceeds from long-term borrowings	5,770,000	10,000,000
Repayment of long-term borrowings	(1,210,000)	(105,000)
Increase in guarantee deposits received	351,257	112,924
Decrease in guarantee deposits received	(365,494)	(146,136)
Cash dividends paid to non-controlling interests	(15,914,229)	(15,289,071)
Disposal of ownership interests in subsidiaries (without losing control)	-	142,246
Interest paid	(431,463)	(354,399)
Increase in non-controlling interests	-	49,520
	<u>(5,269,299)</u>	<u>(12,637,641)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS		
	<u>(409)</u>	<u>1,111</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(626,146)	(966,929)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>7,903,777</u>	<u>7,954,294</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 7,277,631</u>	<u>\$ 6,987,365</u>

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

(With Deloitte & Touche review report dated October 29, 2015)

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Taiwan Mobile Co., Ltd. (“TWM”) was incorporated in Taiwan, the Republic of China (“ROC”) on February 25, 1997. TWM’s shares were listed on the ROC Over-the-Counter Securities Exchange (formerly known as the GreTai Securities Market) on September 19, 2000. On August 26, 2002, TWM’s shares were shifted to be listed on the Taiwan Stock Exchange. TWM are mainly engaged in rendering wireless communication services, sales of mobile phones and accessories, games and e-books.

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 March 2005, TWM received a third-generation (“3G”) concession operation license issued by the DGT. The 3G license allows TWM to provide services from the issuance date of the license to December 2018. TWM acquired the Mobile Broadband Spectrum (“4G”) in October 2013. In April 2014, TWM acquired the concession license for the Mobile Broadband Spectrum in the 700 and 1800 MHz frequency band. The 4G license shall be valid from the issuance date of the license until December 2030.

The consolidated financial statements of TWM as of and for the nine months ended September 30, 2015, comprise TWM and its subsidiaries (collectively, the “Group”).

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

3. ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- a. Initial application of amended “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the 2013 version of the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations of International Financial Reporting Standards (“IFRIC”), and Interpretations of IASs (“SIC”) endorsed by the Financial Supervisory Commission (“FSC”) (collectively, “2013 IFRSs”)

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

Except for the following description, the adoption of the 2013 IFRSs and the amended “Regulations Governing the Preparation of Financial Reports by Securities Issuers” would not have any significant impacts on the Group’s consolidated financial statements.

1) IAS 19 “Employee Benefits”

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

Effect on Assets, Liabilities and Equity	Before Retrospective Application	Adjustments Arising from Initial Application	After Retrospective Application
<u>December 31, 2014</u>			
Deferred tax assets	\$ 882,732	\$ 2,441	\$ 885,173
Net defined benefit liabilities	\$ 122,423	\$ 14,359	\$ 136,782
Retained earnings	\$ 19,817,858	\$ (11,917)	\$ 19,805,941
Non-controlling interests	\$ 6,252,898	\$ (1)	\$ 6,252,897
<u>September 30, 2014</u>			
Deferred tax assets	\$ 901,677	\$ 2,587	\$ 904,255
Deferred tax liabilities	\$ 2,466,243	\$ (20)	\$ 2,466,223
Net defined benefit liabilities	\$ 102,511	\$ 15,279	\$ 117,790
Retained earnings	\$ 16,789,177	\$ (12,681)	\$ 16,776,496
<u>January 1, 2014</u>			
Deferred tax assets	\$ 924,576	\$ 2,738	\$ 927,314
Net defined benefit liabilities	\$ 115,463	\$ 16,101	\$ 131,564
Retained earnings	\$ 22,171,132	\$ (13,363)	\$ 22,157,769
Effect on Comprehensive Income	Before Retrospective Application	Adjustments Arising from Initial Application	After Retrospective Application
<u>For the three months ended September 30, 2014</u>			
Operating costs	\$ 18,319,096	\$ (173)	\$ 18,318,923
Operating expenses	\$ 4,395,402	\$ (100)	\$ 4,395,302
Tax expenses	\$ 623,194	\$ 45	\$ 623,239
Profit	\$ 3,916,605	\$ 228	\$ 3,916,833

(Continued)

Effect on Comprehensive Income	Before Retrospective Application	Adjustments Arising from Initial Application	After Retrospective Application
Effect on profit attributable to:			
Owners of parent	\$ 3,737,133	\$ 228	\$ 3,737,361
Non-controlling interests	<u>179,472</u>	<u>-</u>	<u>179,472</u>
	<u>\$ 3,916,605</u>	<u>\$ 228</u>	<u>\$ 3,916,833</u>
Effect on comprehensive income attributable to:			
Owners of parent	\$ 3,670,739	\$ 228	\$ 3,670,967
Non-controlling interests	<u>167,912</u>	<u>-</u>	<u>167,912</u>
	<u>\$ 3,838,651</u>	<u>\$ 228</u>	<u>\$ 3,838,879</u>
 For the nine months ended <u>September 30, 2014</u>			
Operating costs	<u>\$ 53,642,168</u>	<u>\$ (521)</u>	<u>\$ 53,641,647</u>
Operating expenses	<u>\$ 13,286,326</u>	<u>\$ (300)</u>	<u>\$ 13,286,026</u>
Tax expenses	<u>\$ 2,375,115</u>	<u>\$ 139</u>	<u>\$ 2,375,254</u>
Profit	<u>\$ 12,360,036</u>	<u>\$ 682</u>	<u>\$ 12,360,718</u>
Effect on profit attributable to:			
Owners of parent	\$ 11,958,266	\$ 682	\$ 11,958,948
Non-controlling interests	<u>401,770</u>	<u>-</u>	<u>401,770</u>
	<u>\$ 12,360,036</u>	<u>\$ 682</u>	<u>\$ 12,360,718</u>
Effect on comprehensive income attributable to:			
Owners of parent	\$ 11,699,707	\$ 682	\$ 11,700,389
Non-controlling interests	<u>409,540</u>	<u>-</u>	<u>409,540</u>
	<u>\$ 12,109,247</u>	<u>\$ 682</u>	<u>\$ 12,109,929</u>
Effect on Earnings Per Share	Before Retrospective Application	Adjustments Arising from Initial Application	After Retrospective Application
 For the three months ended <u>September 30, 2014</u>			
Basic earnings per share	<u>\$ 1.39</u>	<u>\$ -</u>	<u>\$ 1.39</u>
Diluted earnings per share	<u>\$ 1.39</u>	<u>\$ -</u>	<u>\$ 1.39</u>

(Continued)

Effect on Earnings Per Share	Before Retrospective Application	Adjustments Arising from Initial Application	After Retrospective Application
For the nine months ended <u>September 30, 2014</u>			
Basic earnings per share	<u>\$ 4.45</u>	<u>\$ -</u>	<u>\$ 4.45</u>
Diluted earnings per share	<u>\$ 4.44</u>	<u>\$ -</u>	<u>\$ 4.44</u>
			(Concluded)

2) IAS 1 “Presentation of Financial Statements”

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

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

3) IFRS 12 “Disclosure of Interests in Other Entities”

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

4) IFRS 13 “Fair Value Measurement”

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

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018

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

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

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

IFRS 15 establishes the principles that incremental costs of obtaining a contract will be recognized as an asset to the extent the Group expects to recover those costs. Such asset will be amortized on a basis that is consistent with the transfer to the customer of the goods or services during the contract period to which the asset relates. This will lead to the later recognition of charges for certain customer-obtaining costs.

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

Except for the above potential impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following description, the significant accounting policies adopted for the consolidated financial statements are the same as those adopted for the consolidated financial statements for the year ended December 31, 2014.

Statement of Compliance

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

Basis of Consolidation

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

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			September 30, 2015	December 31, 2014	September 30, 2014	
TWM	Wealth Media Technology Co., Ltd. (WMT)	Investment	100.00	100.00	100.00	-
WMT	momo.com Inc. (momo)	Wholesale and retail sales	44.38	44.38	49.93	Note 1
momo	Fu Sheng Travel Service Co., Ltd (FST)	Travel agent	100.00	100.00	100.00	-
momo	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.00	100.00	100.00	-
momo	Fuli Property Insurance Agent Co., Ltd. (FPI)	Property insurance agent	100.00	100.00	100.00	-

(Continued)

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			September 30, 2015	December 31, 2014	September 30, 2014	
momo	Asian Crown International Co., Ltd. (Asian Crown (BVI))	Investment	76.26	76.26	94.10	Note 2
Asian Crown	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.00	100.00	100.00	-
Fortune Kingdom	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.00	100.00	100.00	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesaling	91.30	91.30	89.47	Note 2
momo	Honest Development Co, Ltd. (Honest Development)	Investment	100.00	-	-	Note 3
Honest Development	Hongkong Yue Numerous Investment Co., Ltd. (HK Yue Numerous)	Investment	100.00	-	-	Note 3
HK Yue Numerous	Haobo Information Consulting (Shenzhen) Co., Ltd. (Haobo)	Investment	100.00	-	-	Note 3
WMT	Global Wealth Media Technology Co., Ltd. (GWMT)	Investment	100.00	100.00	100.00	-
GWMT	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV service provider	6.83	6.83	6.83	-
WMT	Global Forest Media Technology Co., Ltd. (GFMT)	Investment	100.00	100.00	100.00	-
GFMT	Union Cable TV Co., Ltd. (UCTV)	Cable TV service provider	0.76	0.76	0.76	-
WMT	Win TV Broadcasting Co., Ltd. (WTVB)	TV program provider	100.00	100.00	100.00	-
WMT	TFN Media Co., Ltd. (TFNM)	Cable broadband and value-added services provider	100.00	100.00	100.00	-
TFNM	UCTV	Cable TV service provider	99.22	99.22	99.22	-
TFNM	Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Cable TV service provider	100.00	100.00	100.00	-
TFNM	Mangrove Cable TV Co., Ltd. (MCTV)	Cable TV service provider	29.53	29.53	29.53	Note 4
TFNM	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV service provider	100.00	100.00	100.00	-
TFNM	GCTV	Cable TV service provider	92.38	92.38	92.38	-
TFNM	Taiwan Kuro Times Co., Ltd. (TKT)	Online music service	100.00	100.00	100.00	-
TWM	Taiwan Cellular Co., Ltd. (TCC)	Investment	100.00	100.00	100.00	-
TCC	TCC Investment Co., Ltd. (TCCI)	Investment	100.00	100.00	100.00	Note 5
TCCI	TCCI Investment & Development Co., Ltd. (TID)	Investment	100.00	100.00	100.00	Note 5
TCC	Taiwan Fixed Network Co., Ltd. (TFN)	Fixed-line service provider	100.00	100.00	100.00	-
TFN	TFN Union Investment Co., Ltd. (TUI)	Investment	100.00	100.00	100.00	Note 5
TFN	TFN HK Ltd.	Telecommunication service provider	100.00	100.00	100.00	-
TCC	Taiwan Digital Communications Co., Ltd. (TDC)	Mobile phone wholesaling and TV program production	100.00	100.00	100.00	-
TCC	TWM Holding Co., Ltd. (TWM Holding)	Investment	100.00	100.00	100.00	-
TWM Holding	TWM Communications (Beijing) Co., Ltd. (TWMC)	Mobile application development and design	100.00	100.00	100.00	-
TCC	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Call center service and telephone marketing	100.00	100.00	100.00	-

(Continued)

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			September 30, 2015	December 31, 2014	September 30, 2014	
TT&T	Taiwan Mobile Basketball Co., Ltd. (TMB)	Basketball team management	-	-	-	Note 6
TT&T	TT&T Holdings Co., Ltd. (TT&T Holdings)	Investment	100.00	100.00	100.00	-
TCC	Taiwan Digital Service Co., Ltd. (TDS)	Commissioned maintenance service	100.00	100.00	100.00	-
TWM	Taipei New Horizon Co., Ltd. (TNH)	Building and operating Songshan Cultural and Creative Park BOT project	49.90	49.90	49.90	Note 7

(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 Directors of momo and maintains control over momo, so momo is included in the consolidated entities.

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

Note 3: In June 2015, momo established Honest Development to purchase HK Yue Numerous and its subsidiary, Haobo, through portfolio investment, and indirectly acquired 20% of the associate, GHS Co., Ltd. (Beijing), through Haobo.

Note 4: The other 70.47% of shares were held under trustee accounts.

Note 5: TCCI, TID and TUI collectively owned 698,752 thousand shares of TWM representing 20.42% of total outstanding shares as of September 30, 2015.

Note 6: TMB was sold in September 2014.

Note 7: 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.

Financial Instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

Employee Benefits

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

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

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

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

Income Tax

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2014.

6. CASH AND CASH EQUIVALENTS

	September 30, 2015	December 31, 2014	September 30, 2014
Government bonds with repurchase rights and short-term notes and bills	\$ 2,660,156	\$ 3,780,870	\$ 4,202,087
Time deposits	2,815,264	1,777,771	901,781
Cash in banks	1,699,542	2,214,593	1,779,940
Cash on hand and revolving funds	<u>102,669</u>	<u>130,543</u>	<u>103,557</u>
	<u>\$ 7,277,631</u>	<u>\$ 7,903,777</u>	<u>\$ 6,987,365</u>

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	September 30, 2015	December 31, 2014	September 30, 2014
Domestic listed stock	\$ 214,743	\$ 204,310	\$ 199,311
Domestic emerging stock	908,890	893,103	963,017
Domestic unlisted stock	1,418,800	2,587,050	-
Beneficiary certificates	756,200	2,009,447	740,729
Foreign unlisted stock	<u>89,251</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,387,884</u>	<u>\$ 5,693,910</u>	<u>\$ 1,903,057</u>
Current	\$ 1,060,194	\$ 2,213,757	\$ 940,040
Non-current	<u>2,327,690</u>	<u>3,480,153</u>	<u>963,017</u>
	<u>\$ 3,387,884</u>	<u>\$ 5,693,910</u>	<u>\$ 1,903,057</u>

8. FINANCIAL ASSETS AT COST

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Non-current</u>			
Domestic unlisted stock	\$ 183,442	\$ 185,602	\$ 125,602
Foreign unlisted stock	<u>7,050</u>	<u>7,050</u>	<u>50,324</u>
	<u>\$ 190,492</u>	<u>\$ 192,652</u>	<u>\$ 175,926</u>

The aforementioned investments held by the Group are measured at cost less accumulated 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 nine months ended September 30, 2015 and 2014, there was no impairment loss recognized for the financial assets recorded at cost.

9. ACCOUNTS AND NOTES RECEIVABLE, NET

	September 30, 2015	December 31, 2014	September 30, 2014
Notes receivable	\$ <u>56,186</u>	\$ <u>110,093</u>	\$ <u>27,220</u>
Accounts receivable	16,100,422	15,157,962	14,982,649
Less: Allowance for doubtful accounts	<u>(319,722)</u>	<u>(277,815)</u>	<u>(284,349)</u>
Accounts receivable, net	<u>15,780,700</u>	<u>14,880,147</u>	<u>14,698,300</u>
	<u>\$ 15,836,886</u>	<u>\$ 14,990,240</u>	<u>\$ 14,725,520</u>

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

	September 30, 2015	December 31, 2014	September 30, 2014
Neither past due nor impaired	\$ 15,421,994	\$ 14,417,430	\$ 14,343,620
Past due but not impaired			
Past due within 180 days	358,435	462,436	350,214
Past due over 180 days	<u>271</u>	<u>281</u>	<u>4,466</u>
	<u>\$ 15,780,700</u>	<u>\$ 14,880,147</u>	<u>\$ 14,698,300</u>

Movements of allowance for doubtful receivables by individual and collective assessment for the nine months ended September 30, 2015 and 2014 were as follows:

	For the Nine Months Ended September 30	
	2015	2014
Beginning balance	\$ 277,815	\$ 288,620
Add: Provision	345,927	239,918
Reversal	51,618	94,371
Less: Write-off	<u>(355,638)</u>	<u>(338,560)</u>
Ending balance	<u>\$ 319,722</u>	<u>\$ 284,349</u>

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:

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

10. INVENTORIES

	September 30, 2015	December 31, 2014	September 30, 2014
Merchandise	\$ 2,149,220	\$ 3,131,412	\$ 3,239,710
Materials for maintenance	88,517	78,214	72,071
Catering inventories	<u>1,899</u>	<u>1,362</u>	<u>-</u>
	<u>\$ 2,239,636</u>	<u>\$ 3,210,988</u>	<u>\$ 3,311,781</u>

For the three months and nine months ended September 30, 2015, the cost of goods sold recognized in consolidated comprehensive income amounted to \$9,782,834 thousand and \$33,081,267 thousand, respectively, which included the inventory recovery based on net realizable value amounting to \$24,060 thousand and \$108,527 thousand, respectively.

For the three months and nine months ended September 30, 2014, the cost of goods sold recognized in consolidated comprehensive income amounted to \$10,028,410 thousand and \$29,493,070 thousand, respectively, which included the inventory write-downs amounting to \$20,462 thousand and \$34,526 thousand, respectively.

11. NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

a. Non-current assets held for sale

- 1) 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 with an amount totaling \$50,275 thousand at the end of 2013, and the transfer of the ownership, which was completed on January 28, 2014, resulted in a gain of \$158,568 thousand.
- 2) 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, which resulted in a loss of \$4,862 thousand and was recorded in loss from discontinued operations in the consolidated statement of comprehensive income.

b. Disclosure of profit and loss, and cash flows from discontinued operations

	2014	
	For the Three Months Ended September 30	For the Nine Months Ended September 30
Profit and loss from discontinued operations:		
Operating revenue	\$ -	\$ 172,273
Operating costs	-	<u>138,848</u>
Gross profit	-	33,425
Operating expenses	-	102,382
Other income and expenses	-	<u>(1,727)</u>
Loss from discontinued operations before tax	-	(70,684)
Non-operating income and expenses		
Loss on disposal of property, plant, and equipment	-	(2,148)
Interest income	-	39
Others	-	1,086
Tax benefit	-	<u>12,183</u>
Loss from discontinued operations after tax	-	<u>(59,524)</u>
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)

(Continued)

	2014	
	For the Three Months Ended September 30	For the Nine Months Ended September 30
Loss recognized on the disposal of the assets from discontinued operations before tax	\$ -	\$ (4,862)
Tax benefit	<u>-</u>	<u>3,851</u>
Loss recognized on measurement of fair value less costs to sell of the assets disposed of from discontinued operations after tax	<u>-</u>	<u>(18,805)</u>
Loss from discontinued operations after tax	<u>\$ -</u>	<u>\$ (78,329)</u>
Cash flows from (used in) discontinued operations:		
Net cash from operating activities	\$ 22,133	\$ 62,745
Net cash from investing activities	1,470	59,740
Net cash from financing activities	<u>(2,825)</u>	<u>(4,621)</u>
Net increase in cash	<u>\$ 20,778</u>	<u>\$ 117,864</u> (Concluded)

c. Profit (loss) from discontinued operations attributable to owners of parent: Please refer to Note 29.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The Group's associates that are accounted for using equity method were as follows:

Investee Company	<u>September 30, 2015</u>		<u>December 31, 2014</u>		<u>September 30, 2014</u>	
	Amount	% of Ownership	Amount	% of Ownership	Amount	% of Ownership
GHS Co., Ltd. (Beijing) (GHS)	\$ 681,162	20.00	\$ -	-	\$ -	-
Taiwan Pelican Express Co., Ltd. (TPE)	411,961	17.70	455,426	17.70	427,800	17.70
Kbro Media Co., Ltd. (Kbro Media)	276,135	32.50	267,878	32.50	280,853	32.50
TVD Shopping Co., Ltd. (TVD Shopping)	158,857	35.00	150,803	35.00	142,244	35.00
Alliance Digital Tech Co., Ltd. (ADT)	<u>16,576</u>	13.33	<u>23,139</u>	13.33	<u>23,135</u>	16.67
	<u>\$ 1,544,691</u>		<u>\$ 897,246</u>		<u>\$ 874,032</u>	

a. GHS

In June 2015, momo's subsidiary acquired 20% equity interests of GHS for \$670,448 thousand. According to the preliminary purchase price analysis, the excess of the purchase price over the fair value of the acquired net assets includes \$662,773 thousand and \$72,999 thousand, respectively, for goodwill and customer relationship, whereas customer relationship is amortized over nine and a half years.

b. 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 issued by TPE and selling part of its shares when TPE went public. momo still has significant influence on TPE due to having two seats of TPE's board of directors.

c. TVD Shopping

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

d. ADT

In November 2013, TWM acquired 19.23% of ADT.

In April and October 2014, TWM held ADT from 16.67% to 13.33% due to not subscribing for new shares issued by ADT.

TWM holds less than 20% of ADT but still has significant influence on ADT due to having one seat of ADT's board of directors.

13. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Subsidiary	Proportion of Non-controlling Interests' Ownership and Voting Rights		
	September 30, 2015	December 31, 2014	September 30, 2014
momo	55.62%	55.62%	50.07%

For information on the principal place of business and the Company's country of registration, see Table 7 to the consolidated financial statements for details.

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

	September 30, 2015	December 31, 2014	September 30, 2014
Current assets	\$ 5,455,157	\$ 6,792,676	\$ 2,796,546
Non-current assets	11,150,391	10,716,690	10,808,441
Current liabilities	(3,045,452)	(3,385,989)	(3,256,089)
Non-current liabilities	<u>(259,474)</u>	<u>(253,661)</u>	<u>(259,350)</u>
Equity	<u>\$ 13,300,622</u>	<u>\$ 13,869,716</u>	<u>\$ 10,089,548</u>
Equity attributable to:			
Owners of parent	\$ 9,121,808	\$ 9,352,414	\$ 8,666,534
Non-controlling interests of momo	4,145,187	4,433,431	1,403,644
Non-controlling interests of momo's subsidiaries	<u>33,627</u>	<u>83,871</u>	<u>19,370</u>
	<u>\$ 13,300,622</u>	<u>\$ 13,869,716</u>	<u>\$ 10,089,548</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Operating revenues	\$ 6,328,337	\$ 6,282,622	\$ 18,786,924	\$ 17,562,819
Profit	\$ 241,562	\$ 360,812	\$ 751,941	\$ 823,956
Other comprehensive income	<u>(63,145)</u>	<u>(23,365)</u>	<u>(116,378)</u>	<u>15,403</u>
Comprehensive income	<u>\$ 178,147</u>	<u>\$ 337,447</u>	<u>\$ 635,563</u>	<u>\$ 839,359</u>
Profit attributable to:				
Owners of parent	\$ 114,823	\$ 183,383	\$ 355,505	\$ 422,141
Non-controlling interests of momo	144,147	184,128	446,273	422,183
Non-controlling interests of momo's subsidiaries	<u>(17,408)</u>	<u>(6,699)</u>	<u>(49,837)</u>	<u>(20,368)</u>
	<u>\$ 241,562</u>	<u>\$ 360,812</u>	<u>\$ 751,941</u>	<u>\$ 823,956</u>
Comprehensive income attributable to:				
Owners of parent	\$ 86,150	\$ 171,579	\$ 304,036	\$ 429,773
Non-controlling interests of momo	108,215	172,289	381,771	429,816
Non-controlling interests of momo's subsidiaries	<u>(16,218)</u>	<u>(6,421)</u>	<u>(50,244)</u>	<u>(20,230)</u>
	<u>\$ 178,147</u>	<u>\$ 337,447</u>	<u>\$ 635,563</u>	<u>\$ 839,359</u>
			For the Nine Months Ended September 30	
			2015	2014
Net cash from operating activities			\$ 326,471	\$ 1,050,513
Net cash from investing activities			1,551,344	(1,842,418)
Net cash from financing activities			(1,202,288)	(309,738)
Effect of exchange rate changes			<u>(2,261)</u>	<u>566</u>
Net increase (decrease) in cash			<u>\$ 673,266</u>	<u>\$ (1,101,077)</u>
Dividend paid to non-controlling interests			<u>\$ (670,016)</u>	<u>\$ (224,068)</u>

14. SUBSIDIARIES AND NON-CONTROLLING INTERESTS

a. Acquisition of subsidiaries

TWM obtained control of TNH due to the change in the members on the Board of Directors of TNH through the election held on February 21, 2014. TWM's shareholding remained at 49.9%. TNH mainly engages in building and operating Songshan Cultural and Creative Park BOT (Build-Operate-Transfer) Project.

1) 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	<u>(1,339,944)</u>
	<u>\$ 3,465,634</u>

The Group's shareholding in 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 re-measurement were insignificant.

2) Operating influences of combination

The Group's share of operating revenue of TNH was \$66,398 thousand and \$160,171 thousand and the Group's share of the net profit and net loss of TNH was \$3,783 thousand and \$1,087 thousand, respectively, for the three months ended September 30 and the period from February 21 to September 30, 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 \$196,347 thousand and \$20,283 thousand, respectively, for the nine months ended September 30, 2014. The aforementioned 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 could not be used to predict the future revenue and net loss.

b. 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 over TMB. Net cash inflows from the disposal of TMB were as follows:

Cash consideration received	\$ 21,360
Less: Cash and cash equivalent of TMB	<u>6,827</u>
Net cash inflow	<u>\$ 14,533</u>

c. Transactions with non-controlling interests

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

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

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

In September 2014, momo did not participate in FGE's additional issuance of capital stock in proportion to its original ownership percentage, instead, the portion surrendered by momo was taken up by Tong-An Investment Co., Ltd. and TPE. Accordingly, momo's stake in the equity interests of Asian Crown decreased, whilst HK Fubon Multimedia's ownership percentage in FGE increased. The transactions were summarized as follows:

Cash consideration received	\$ 49,520
Increase in non-controlling interests due to equity transaction involving subsidiaries	<u>(36,135)</u>
Capital surplus - changes in equity of subsidiaries	<u>\$ 13,385</u>

In October 2014, momo did not participate in FGE's additional issuance of capital stock in proportion to its ownership percentage, instead, the portion surrendered by momo was taken up by Kuo Chi Investment Corp. and Fubon Holding Venture Capital Co. Ltd. Accordingly, momo's stakes in Asian Crown (BVI) and FGE were changed, and its capital surplus - changes in equity of subsidiaries increased by \$60,649 thousand.

As the aforementioned transactions did not result in any change of the Group's control over subsidiaries, they were accounted for as equity transactions.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Telecommuni- cation Equipment and Machinery	Miscellaneous Equipment	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>						
Balance, January 1, 2015	\$ 10,366,685	\$ 4,947,700	\$ 78,863,132	\$ 6,979,293	\$ 3,985,597	\$ 105,142,407
Additions	-	-	281,859	260,182	8,346,819	8,888,860
Reclassification	37,646	18,968	8,720,349	268,690	(8,995,926)	49,727
Disposals and retirements	(76,221)	(51,097)	(942,659)	(159,279)	(1,176)	(1,230,432)
Effect of exchange rate changes	-	-	1,824	914	-	2,738
Balance, September 30, 2015	<u>\$ 10,328,110</u>	<u>\$ 4,915,571</u>	<u>\$ 86,924,505</u>	<u>\$ 7,349,800</u>	<u>\$ 3,335,314</u>	<u>\$ 112,853,300</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2015	\$ 83,426	\$ 1,398,811	\$ 51,830,986	\$ 4,762,865	\$ -	\$ 58,076,088
Depreciation	-	107,842	7,029,880	762,540	-	7,900,262
Reclassification	-	8,683	-	-	-	8,683
Disposals and retirements	-	(17,577)	(810,861)	(154,046)	-	(982,484)
Effect of exchange rate changes	-	-	1,391	871	-	2,262
Balance, September 30, 2015	<u>\$ 83,426</u>	<u>\$ 1,497,759</u>	<u>\$ 58,051,396</u>	<u>\$ 5,372,230</u>	<u>\$ -</u>	<u>\$ 65,004,811</u>
Carrying amount, January 1, 2015	<u>\$ 10,283,259</u>	<u>\$ 3,548,889</u>	<u>\$ 27,032,146</u>	<u>\$ 2,216,428</u>	<u>\$ 3,985,597</u>	<u>\$ 47,066,319</u>
Carrying amount, September 30, 2015	<u>\$ 10,244,684</u>	<u>\$ 3,417,812</u>	<u>\$ 28,873,109</u>	<u>\$ 1,977,570</u>	<u>\$ 3,335,314</u>	<u>\$ 47,848,489</u>

(Continued)

	Land	Buildings	Telecommuni- cation Equipment and Machinery	Miscellaneous Equipment	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>						
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	199,426	332,751	9,887,129	12,139,294
Acquisition from combination	-	-	-	10,232	-	10,232
Reclassification	(18,227)	(10,758)	7,601,077	529,246	(8,270,421)	(169,083)
Disposals and retirements	-	-	(3,459,272)	(152,848)	(4,512)	(3,616,632)
Effect of deconsolidation of subsidiaries	-	-	-	(1,463)	-	(1,463)
Effect of exchange rate changes	-	-	739	325	-	1,064
Balance, September 30, 2014	<u>\$ 10,375,295</u>	<u>\$ 4,953,040</u>	<u>\$ 78,282,378</u>	<u>\$ 6,767,804</u>	<u>\$ 4,775,028</u>	<u>\$ 105,153,545</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2014	\$ 83,426	\$ 1,260,526	\$ 48,470,898	\$ 3,989,482	\$ -	\$ 53,804,332
Depreciation	-	108,083	6,420,505	663,940	-	7,192,528
Acquisition from combination	-	-	-	835	-	835
Reclassification	-	(4,130)	(80,643)	15,082	-	(69,691)
Disposals and retirements	-	-	(2,872,946)	(143,800)	-	(3,016,746)
Effect of deconsolidation of subsidiaries	-	-	-	(1,257)	-	(1,257)
Effect of exchange rate changes	-	-	500	283	-	783
Balance, September 30, 2014	<u>\$ 83,426</u>	<u>\$ 1,364,479</u>	<u>\$ 51,938,314</u>	<u>\$ 4,524,565</u>	<u>\$ -</u>	<u>\$ 57,910,784</u>
Carrying amount, September 30, 2014	<u>\$ 10,291,869</u>	<u>\$ 3,588,561</u>	<u>\$ 26,344,064</u>	<u>\$ 2,243,239</u>	<u>\$ 4,775,028</u>	<u>\$ 47,242,761</u> (Concluded)

- a. The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

Buildings

Primary buildings	20-55 years
Mechanical and electrical equipment	15 years
Telecommunication equipment and machinery	2-20 years
Miscellaneous equipment	2-20 years

- b. The non-cash investing activities of the Group for the nine months ended September 30, 2015 and 2014 were as follows:

	For the Nine Months Ended September 30	
	2015	2014
Acquisition of property, plant and equipment	\$ 8,888,860	\$ 12,139,294
Non-cash investing activities		
Changes in other payables	58,419	(2,162,589)
Changes in provisions	<u>(48,616)</u>	<u>(70,395)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 8,898,663</u>	<u>\$ 9,906,310</u>

16. INVESTMENT PROPERTIES

	September 30, 2015	December 31, 2014	September 30, 2014
Land			
Cost	<u>\$ 224,260</u>	<u>\$ 261,905</u>	<u>\$ 253,296</u>
Buildings			
Cost	\$ 118,498	\$ 137,465	\$ 132,125
Accumulated depreciation	<u>38,726</u>	<u>45,162</u>	<u>42,694</u>
Carrying amount	<u>\$ 79,772</u>	<u>\$ 92,303</u>	<u>\$ 89,431</u>
Total investment properties	<u>\$ 304,032</u>	<u>\$ 354,208</u>	<u>\$ 342,727</u>
Fair value	<u>\$ 784,668</u>	<u>\$1,113,847</u>	<u>\$ 753,587</u>
Capitalization rate	0.80%-4.42%	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 put such properties for lease.

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

17. INTANGIBLE ASSETS

The cost, amortization, and impairment of intangible assets of the Group for the nine months ended September 30, 2015 and 2014, were as follows:

	Concessions			Other Intangible Assets						Total
	Concession License	Service Concession	Goodwill	Computer Software	Customer Relationship	Operating Rights	Trademarks	Others		
Cost										
Balance, January 1, 2015	\$ 39,291,000	\$ 7,914,775	\$ 15,845,930	\$ 2,484,186	\$ 2,849,197	\$ 1,382,000	\$ 2,517,866	\$ 5,217	\$ 72,290,171	
Addition	3,433,375	329,254	-	117,902	-	-	-	-	3,880,531	
Disposals and retirements	-	-	-	(4,239)	(195,108)	-	-	(5,147)	(204,494)	
Adjustment and reclassification	-	(69,039)	-	193,216	-	-	-	-	124,177	
Effect of exchange rate changes	-	-	-	275	-	-	-	(70)	205	
Balance, September 30, 2015	<u>\$ 42,724,375</u>	<u>\$ 8,174,990</u>	<u>\$ 15,845,930</u>	<u>\$ 2,791,340</u>	<u>\$ 2,654,089</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,866</u>	<u>\$ -</u>	<u>\$ 76,090,590</u>	
Accumulated amortization and impairment										
Balance, January 1, 2015	\$ 7,785,003	\$ 317,480	\$ -	\$ 1,852,678	\$ 1,160,171	\$ -	\$ 778	\$ 5,217	\$ 11,121,327	
Amortization	1,586,925	132,536	-	325,116	102,300	-	149	-	2,147,026	
Disposals and retirements	-	-	-	(4,239)	(195,108)	-	-	(5,147)	(204,494)	
Effect of exchange rate changes	-	-	-	188	-	-	-	(70)	118	
Balance, September 30, 2015	<u>\$ 9,371,928</u>	<u>\$ 450,016</u>	<u>\$ -</u>	<u>\$ 2,173,743</u>	<u>\$ 1,067,363</u>	<u>\$ -</u>	<u>\$ 927</u>	<u>\$ -</u>	<u>\$ 13,063,977</u>	
Carrying amount, January 1, 2015	<u>\$ 31,505,997</u>	<u>\$ 7,597,295</u>	<u>\$ 15,845,930</u>	<u>\$ 631,508</u>	<u>\$ 1,689,026</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,088</u>	<u>\$ -</u>	<u>\$ 61,168,844</u>	
Carrying amount, September 30, 2015	<u>\$ 33,352,447</u>	<u>\$ 7,724,974</u>	<u>\$ 15,845,930</u>	<u>\$ 617,597</u>	<u>\$ 1,586,726</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,939</u>	<u>\$ -</u>	<u>\$ 63,026,613</u>	
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	-	145,287	-	109,563	-	-	6	-	254,856	
Acquisition from combination	-	7,639,062	-	-	-	-	-	-	7,639,062	
Disposals and retirements	-	-	-	(3,157)	-	-	-	-	(3,157)	
Adjustment and reclassification	-	(87,874)	-	195,248	-	-	-	-	107,374	
Effect of exchange rate changes	-	-	-	93	-	-	-	13	106	
Balance, September 30, 2014	<u>\$ 39,291,000</u>	<u>\$ 7,696,475</u>	<u>\$ 15,845,930</u>	<u>\$ 2,321,955</u>	<u>\$ 2,849,197</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,866</u>	<u>\$ 5,120</u>	<u>\$ 71,909,543</u>	
Accumulated amortization and impairment										
Balance, January 1, 2014	\$ 6,542,455	\$ -	\$ -	\$ 1,502,406	\$ 1,023,771	\$ -	\$ 579	\$ 4,820	\$ 9,074,031	
Amortization	803,040	98,069	-	257,942	102,300	-	150	285	1,261,786	
Acquisition from combination	-	178,647	-	-	-	-	-	-	178,647	
Disposals and retirements	-	-	-	(3,157)	-	-	-	-	(3,157)	
Reclassification	-	-	-	13	-	-	-	-	13	
Effect of exchange rate changes	-	-	-	62	-	-	-	15	77	
Balance, September 30, 2014	<u>\$ 7,345,495</u>	<u>\$ 276,716</u>	<u>\$ -</u>	<u>\$ 1,757,266</u>	<u>\$ 1,126,071</u>	<u>\$ -</u>	<u>\$ 729</u>	<u>\$ 5,120</u>	<u>\$ 10,511,397</u>	
Carrying amount, September 30, 2014	<u>\$ 31,945,505</u>	<u>\$ 7,419,759</u>	<u>\$ 15,845,930</u>	<u>\$ 564,689</u>	<u>\$ 1,723,126</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,137</u>	<u>\$ -</u>	<u>\$ 61,398,146</u>	

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

Concession license	14-17 years
Service concession	44-50 years
Computer software	2-10 years
Customer relationship	20 years
Trademarks	10 years

a. Service concession

On January 15, 2009, TNH signed the BOT contract with the Department of Cultural Affairs of Taipei City. 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.

b. 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.

- 1) On April 17, 2007, TFN, one of TWM's wholly-owned subsidiaries, 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, i.e.: Fixed network service and cable television business. Accordingly, customer relationship and operating rights are identified as major intangible assets.
- 2) On September 1, 2010, TFNM, one of TWM's wholly-owned subsidiaries, acquired 55% of TKT. On August 12, 2011, TFNM acquired 45% of TKT. TWM measured the fair value of the acquired net assets and viewed TKT's wireless services as one cash-generating unit. Accordingly, trademarks and customer relationship are identified as major intangible assets.
- 3) On July 13, 2011, WMT, one of TWM's wholly-owned subsidiaries, 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.

c. Goodwill

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

	September 30, 2015	December 31, 2014	September 30, 2014
Mobile communication service	\$ 7,238,758	\$ 7,238,758	\$ 7,238,758
Fixed network service	357,970	357,970	357,970
Cable television business	3,269,636	3,269,636	3,269,636
Retail business	<u>4,979,566</u>	<u>4,979,566</u>	<u>4,979,566</u>
	<u>\$ 15,845,930</u>	<u>\$ 15,845,930</u>	<u>\$ 15,845,930</u>

d. Impairment of assets

See Note 6 (k) to the consolidated financial statements for the year ended December 31, 2014 for the related information on impairment of assets. There was no significant evidence indicating impairment of intangible assets as of September 30, 2015.

18. OTHER NON-CURRENT ASSETS

	September 30, 2015	December 31, 2014	September 30, 2014
Long-term accounts receivable	\$ 4,737,659	\$ 4,717,815	\$ 3,906,577
Refundable deposits	1,606,850	579,457	569,104
Prepayments for equipment	97,954	78,501	113,698
Others	<u>508,657</u>	<u>513,047</u>	<u>525,937</u>
	<u>\$ 6,951,120</u>	<u>\$ 5,888,820</u>	<u>\$ 5,115,316</u>

TWM has applied for participating in the 2500MHz and 2600MHz spectrum auction announced by the NCC and paid \$1,000,000 thousand of the bid bond in August 2015.

19. SHORT-TERM BORROWINGS AND SHORT-TERM NOTES AND BILLS PAYABLE

a. Short-term borrowings

	September 30, 2015	December 31, 2014	September 30, 2014
Unsecured loans-financial institutions	\$ 13,350,000	\$ 18,900,000	\$ 19,950,000
Secured loans-financial institutions (related parties)	<u>-</u>	<u>-</u>	<u>216,146</u>
	<u>\$ 13,350,000</u>	<u>\$ 18,900,000</u>	<u>\$ 20,166,146</u>
Annual interest rate:			
Unsecured loans	0.83%-1.12%	0.83%-1.08%	0.83%-1.21%
Secured loans	-	-	7.2%

b. Short-term notes and bills payable

	September 30, 2015	December 31, 2014	September 30, 2014
Short-term notes and bills payable	\$ 17,700,000	\$ 5,600,000	\$ 5,800,000
Less: Discount on short-term notes and bills payable	<u>(23,060)</u>	<u>(6,969)</u>	<u>(6,147)</u>
	<u>\$ 17,676,940</u>	<u>\$ 5,593,031</u>	<u>\$ 5,793,853</u>
Annual interest rate	0.712%-1.088%	0.868%-0.915%	0.838%-0.878%

For information on time deposits pledged as collateral for bank loans and commitments, see Note 35 and Note 36 to the consolidated financial statements for details.

20. ADVANCE RECEIPTS

	September 30, 2015	December 31, 2014	September 30, 2014
Advance receipts from customers	\$ 2,014,763	\$ 2,100,001	\$ 2,208,576
Deferred customer loyalty revenues	62,992	58,172	58,365
Others	<u>132,015</u>	<u>106,439</u>	<u>106,632</u>
	<u>\$ 2,209,770</u>	<u>\$ 2,264,612</u>	<u>\$ 2,373,573</u>

- a. In accordance with the NCC's policy, TWM entered into a contract with First Commercial Bank Co., Ltd., which provides a performance guarantee for advance receipts from prepaid cards and electronic gift certificates, totaling amounting to \$749,268 thousand and \$14,563 thousand, respectively, as of September 30, 2015.
- b. In accordance with the NCC's policy, TFN entered into a contract with First Commercial Bank Co., Ltd., which provides a performance guarantee for advance receipts from International Direct Dialing ("IDD") calling cards totaling to \$38 thousand as of September 30, 2015.
- c. 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 September 30, 2015, the cable television companies had provided \$56,242 thousand as a performance deposit, classified as other non-current financial assets.
- d. In accordance with the Ministry of Economic Affairs' policy, momo entered into a contract with First Commercial Bank Co., Ltd., which provides a performance guarantee for advance receipts from prepaid bonus totaling \$25,202 thousand as of September 30, 2015.
- e. In accordance with the Ministry of Economic Affairs' policies, TKT entered into a contract with Mega International Commercial Bank Co., Ltd., which provides a performance guarantee for advance receipts from prepaid music cards totaling \$1,340 thousand as of September 30, 2015.

21. BONDS PAYABLE

	September 30, 2015	December 31, 2014	September 30, 2014
3rd domestic unsecured bonds	\$ 8,997,258	\$ 8,996,692	\$ 8,996,503
4th domestic unsecured bonds	<u>5,798,269</u>	<u>5,797,601</u>	<u>5,797,378</u>
	<u>\$ 14,795,527</u>	<u>\$ 14,794,293</u>	<u>\$ 14,793,881</u>

- a. 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 September 30, 2015, the amount of unamortized bond issue cost was \$2,742 thousand.

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

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

b. 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 September 30, 2015, the amount of unamortized bond issue cost was \$1,731 thousand.

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

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

22. LONG-TERM BORROWINGS

	September 30, 2015	December 31, 2014	September 30, 2014
Unsecured loans-financial institutions	\$ 16,770,000	\$ 12,000,000	\$ 13,000,000
Secured loans-financial institutions	3,181,881	3,390,544	3,390,099
Less: Current portion	<u>(11,343,163)</u>	<u>(2,208,218)</u>	<u>(2,208,218)</u>
	<u>\$ 8,608,718</u>	<u>\$ 13,182,326</u>	<u>\$ 14,181,881</u>
Annual interest rate:			
Unsecured loans	1.05%-2.18%	1.05%-1.095%	1.05%-1.095%
Secured loans	2.2526%	2.2526%	2.2526%

a. Unsecured loans

The Group entered into credit facility agreements with a group of banks for mid-term requirements of operating capital. The facilities last from two to seven years from the date of drawing and from the date of contracting, respectively, and the interests are paid periodically. The credit facilities are subject to covenants regarding debt ratio and interest protection multiples during the facility period.

b. Secured loans

On January 22, 2010, TNH entered into a syndicated loan agreement with a group of nine banks, including Bank of Taiwan and Taipei Fubon Bank 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, with interest payments on a monthly basis. In accordance with the loan agreement, the regular financial covenants, e.g. current ratio, equity ratio, and interest protection multiples, must be

complied with during the facility period. For property under the BOT contract and its superfcies that have been pledged as collateral, see Note 35 to the consolidated financial statements for details.

23. PROVISIONS

	September 30, 2015	December 31, 2014	September 30, 2014
Restoration	\$ 1,148,782	\$ 1,105,662	\$ 1,083,573
Decommissioning	98,968	63,246	51,920
Warranties	<u>84,597</u>	<u>62,524</u>	<u>52,947</u>
	<u>\$ 1,332,347</u>	<u>\$ 1,231,432</u>	<u>\$ 1,188,440</u>
Current	\$ 244,702	\$ 217,083	\$ 205,361
Non-current	<u>1,087,645</u>	<u>1,014,349</u>	<u>983,079</u>
	<u>\$ 1,332,347</u>	<u>\$ 1,231,432</u>	<u>\$ 1,188,440</u>

	Restoration	Decommissioning	Warranties	Total
Balance, January 1, 2015	\$ 1,105,662	\$ 63,246	\$ 62,524	\$ 1,231,432
Provision	60,947	33,999	113,788	208,734
Reversal	(14,192)	-	(29,008)	(43,200)
Unwinding of discount	8,233	1,723	-	9,956
Payment	<u>(11,868)</u>	<u>-</u>	<u>(62,707)</u>	<u>(74,575)</u>
Balance, September 30, 2015	<u>\$ 1,148,782</u>	<u>\$ 98,968</u>	<u>\$ 84,597</u>	<u>\$ 1,332,347</u>
Balance, January 1, 2014	\$ 1,021,896	\$ -	\$ 52,059	\$ 1,073,955
Provision	83,582	25,773	69,847	179,202
Acquisition from combination	-	25,494	-	25,494
Reversal	(19,375)	-	(28,273)	(47,648)
Unwinding of discount	9,908	653	-	10,561
Payment	<u>(12,438)</u>	<u>-</u>	<u>(40,686)</u>	<u>(53,124)</u>
Balance, September 30, 2014	<u>\$ 1,083,573</u>	<u>\$ 51,920</u>	<u>\$ 52,947</u>	<u>\$ 1,188,440</u>

24. OTHER NON-CURRENT LIABILITIES

	September 30, 2015	December 31, 2014	September 30, 2014
Construction and equipment retainage payable	\$ 42	\$ 95,465	\$ 96,846
Concession payable	877,500	950,325	905,357
Less: Discounts on concession payable	(131,923)	(131,923)	(129,632)
Others	<u>19,744</u>	<u>19,744</u>	<u>19,744</u>
	<u>\$ 765,363</u>	<u>\$ 933,611</u>	<u>\$ 892,315</u>

Concession payable is the development concession from the BOT contract between the Department of Cultural Affairs of Taipei City and TNH, see Note 36 to the consolidated financial statements for details.

25. OPERATING LEASE

a. Lessee

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

	September 30, 2015	December 31, 2014	September 30, 2014
Less than one year	\$ 3,143,575	\$ 2,989,343	\$ 2,952,303
Between one and five years	4,868,463	4,823,342	4,920,122
More than five years	<u>127,063</u>	<u>102,907</u>	<u>105,757</u>
	<u>\$ 8,139,101</u>	<u>\$ 7,915,592</u>	<u>\$ 7,978,182</u>

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

The payments of leases and subleases were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Minimum lease payment	\$ 886,719	\$ 854,450	\$ 2,653,348	\$ 2,569,615
Sublease payment	<u>(144)</u>	<u>(162)</u>	<u>(435)</u>	<u>(487)</u>
	<u>\$ 886,575</u>	<u>\$ 854,288</u>	<u>\$ 2,652,913</u>	<u>\$ 2,569,128</u>

b. Lessor

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

	September 30, 2015	December 31, 2014	September 30, 2014
Less than one year	\$ 17,782	\$ 15,232	\$ 17,177
Between one and five years	<u>19,336</u>	<u>14,866</u>	<u>16,839</u>
	<u>\$ 37,118</u>	<u>\$ 30,098</u>	<u>\$ 34,016</u>

26. RETIREMENT BENEFIT PLANS

a. Defined benefit plan

The Group recognized pension expense of \$1,221 thousand and \$1,214 thousand for the three months ended September 30, 2015 and 2014, respectively, and \$3,642 thousand and \$3,640 thousand for the nine months ended September 30, 2015 and 2014, respectively, by using the actuarially determined pension cost rate.

b. Defined contribution plans

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

The Group's contribution of pension expense was amounted to \$64,542 thousand and \$63,695 thousand for the three months ended September 30, 2015 and 2014, respectively, and \$192,643 thousand and \$192,338 thousand for the nine months ended September 30, 2015 and 2014, respectively.

27. INCOME TAX FROM CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Current income tax expense				
Current period	\$ 1,015,398	\$ 781,733	\$ 2,342,742	\$ 2,484,354
Prior years' adjustment on current income tax	<u>287,325</u>	<u>(165,242)</u>	<u>(282,687)</u>	<u>(131,611)</u>
	<u>1,302,723</u>	<u>616,491</u>	<u>2,060,055</u>	<u>2,352,743</u>
Deferred income tax expense				
Temporary differences	<u>(529,476)</u>	<u>6,748</u>	<u>(312,849)</u>	<u>22,511</u>
Income tax expense	<u>\$ 773,247</u>	<u>\$ 623,239</u>	<u>\$ 1,747,206</u>	<u>\$ 2,375,254</u>

b. Integrated income tax information was as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Balance of TWM's imputation credit account (ICA)	<u>\$ 475,992</u>	<u>\$ 1,234,356</u>	<u>\$ 684,402</u>

As of September 30, 2015, there were no unappropriated earnings generated before 1997.

The estimated tax creditable ratio for 2014 and actual tax creditable ratio for 2013 were 16.08% and 14.14%, respectively, based on Decree No. 10204562810 announced on October 17, 2013, by the ROC Ministry of Finance; 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 record date for dividend distribution. Therefore, the estimated tax creditable ratio may differ from the actual tax creditable ratio for the 2014 earnings appropriation. Effective from January 1, 2015, the tax creditable ratio for individual shareholders residing in ROC will be half of the original tax creditable ratio.

c. Income tax examinations

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

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

TWM's income tax returns up to 2013 have been assessed by the tax authorities. TWM disagreed with assessment of the income tax return for 2013 and planned to apply for correction.

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

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

28. EQUITY

a. Common stock

As of September 30, 2015, December 31, 2014 and September 30, 2014, TWM had authorized 6,000,000 thousand common shares, with 3,420,833 thousand shares issued and outstanding at par value \$10 per share.

b. Capital surplus

	September 30, 2015	December 31, 2014	September 30, 2014
Additional paid-in capital from convertible corporate bonds	\$ 8,775,820	\$ 8,775,820	\$ 8,775,820
Treasury share transactions	5,159,704	5,159,704	3,639,301
Difference between consideration and carrying amount of subsidiaries' shares disposed of	85,965	85,965	18,755
Changes in equity of subsidiaries	652,219	652,219	14,698
Changes in equity of associates accounted for using equity method	26,705	26,705	25,152
Others	<u>15,417</u>	<u>15,417</u>	<u>15,417</u>
	<u>\$ 14,715,830</u>	<u>\$ 14,715,830</u>	<u>\$ 12,489,143</u>

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

c. 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 appropriated as follows:

- 1) Remuneration to directors, not exceeding 0.3%;
- 2) Employee bonuses in the sum of 1% to 3%;
- 3) 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. Stock dividends in a particular year shall be capped at no more than 80% of total dividends to be 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. The appropriation of earnings should be resolved by the shareholders' meeting and recognized in the financial statements in the following year.

According to the ROC 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.

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" issued 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.

In accordance with the ROC Company Act amended in May 2015, the recipients of dividends and bonuses arising from earning distributions are limited to shareholders and do not include employees. TWM plans to make consequential amendments to the Company's Articles of Incorporation, which will be approved at the 2016 annual shareholders' meeting, to coincide with the aforementioned law amendments. For information about the accrual basis of the employee remuneration or employee bonuses and remuneration to directors for the three months ended September 30, 2015 and 2014, and the nine months ended September 30, 2015 and 2014, and the actual appropriations for the years ended December 31, 2014 and 2013, see Note 39 to the consolidated financial statements for details.

The 2014 and 2013 earnings appropriations approved by the annual general shareholders' meeting ("AGM") on June 10, 2015 and June 12, 2014, respectively, were as follows:

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

d. Other equity interests

	Exchange Differences on Translation	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Total
Balance, January 1, 2015	\$ 31,294	\$ (334,280)	\$ (302,986)
Exchange differences on translation	(2,143)	-	(2,143)
Changes in fair value of available-for-sale financial assets	-	(1,172,712)	(1,172,712)
Changes in other comprehensive income of associates accounted for using equity method	<u>(1,110)</u>	<u>(8,699)</u>	<u>(9,809)</u>
Balance, September 30, 2015	<u>\$ 28,041</u>	<u>\$ (1,515,691)</u>	<u>\$ (1,487,650)</u>

(Continued)

	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	241	-	241
Changes in fair value of available-for-sale financial assets	-	(275,540)	(275,540)
Changes in other comprehensive income of associates accounted for using equity method	<u>9</u>	<u>16,731</u>	<u>16,740</u>
Balance, September 30, 2014	<u>\$ 25,198</u>	<u>\$ 128,925</u>	<u>\$ 154,123</u> (Concluded)

e. Treasury shares

As of September 30, 2015, December 31, 2014 and September 30, 2014, TWM's stocks held for the investment purposes by TCCI, TUI and TID, which are all wholly-owned by TWM, were 698,752 thousand shares, 698,752 thousand shares and 730,726 thousand shares, respectively, and the market values were \$70,224,536 thousand, \$73,019,542 thousand and \$67,445,996 thousand, respectively. Since the shares held by subsidiaries are regarded as treasury shares, TWM recognized \$29,717,344 thousand, \$29,717,344 thousand and \$31,077,183 thousand, respectively, as treasury shares. For those treasury shares holders, they have the same rights as the other shareholders, except that they are not allowed to subscribe new shares issued by TWM for cash. In addition, based on the ROC Company Act, subsidiaries with over 50% shareholding owned by TWM cannot exercise the voting rights over such 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" at the amount of \$1,520,403 thousand.

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2015	2014
Retrospective application beginning balance	\$ 6,252,897	\$ 1,086,747
Portion attributable to non-controlling interests		
Profit	361,011	401,770
Unrealized gains (losses) on available-for-sale financial assets	(58,474)	7,812
Exchange differences on translation	(6,434)	(42)
Changes in capital surplus of associates accounted for using equity method	-	(258)
Disposal of partial ownership interests in subsidiaries	-	120,420
Adjustments arising from changes in percentage of ownership of subsidiaries	-	36,135
Cash dividends from subsidiaries paid to non-controlling interests	(670,583)	(224,481)
Increase in non-controlling interests	<u>-</u>	<u>1,736,460</u>
Ending balance	<u>\$ 5,878,417</u>	<u>\$ 3,164,563</u>

29. EARNINGS PER SHARE

	For the Three Months Ended September 30, 2015		
	Amount After Income Tax	Weighted- average Number of Common Stock	EPS
Basic EPS			
Profit attributable to owners of parent	<u>\$ 4,159,184</u>	2,722,081	<u>\$ 1.53</u>
Diluted EPS			
Profit attributable to owners of parent	\$ 4,159,184	2,722,081	
Effect of potential dilutive common stock	<u>-</u>	<u>2,849</u>	
Profit attributable to owners of parent (adjusted for potential effect of dilutive common stock)	<u>\$ 4,159,184</u>	<u>2,724,930</u>	<u>\$ 1.52</u>
	For the Three Months Ended September 30, 2014		
	Amount After Income Tax	Weighted- average Number of Common Stock	EPS
Basic EPS			
Profit from continuing operations attributable to owners of parent	\$ 3,737,361	2,690,107	\$ 1.39
Loss from discontinued operations attributable to owners of parent	<u>-</u>	2,690,107	<u>-</u>
Profit attributable to owners of parent	<u>\$ 3,737,361</u>	2,690,107	<u>\$ 1.39</u>
Diluted EPS			
Profit from continuing operations attributable to owners of parent	\$ 3,737,361	2,690,107	
Effect of potential dilutive common stock	<u>-</u>	<u>3,498</u>	
Profit from continuing operations attributable to owners of parent	3,737,361	2,693,605	\$ 1.39
Loss from discontinued operations attributable to owners of parent	<u>-</u>	2,693,605	<u>-</u>
Profit attributable to owners of parent (adjusted for potential effect of dilutive common stock)	<u>\$ 3,737,361</u>	2,693,605	<u>\$ 1.39</u>

	For the Nine Months Ended September 30, 2015		
	Amount After Income Tax	Weighted- average Number of Common Stock	EPS
Basic EPS			
Profit attributable to owners of parent	<u>\$ 11,919,293</u>	2,722,081	<u>\$ 4.38</u>
Diluted EPS			
Profit attributable to owners of parent	\$ 11,919,293	2,722,081	
Effect of potential dilutive common stock	<u>-</u>	<u>5,196</u>	
Profit attributable to owners of parent (adjusted for potential effect of dilutive common stock)	<u>\$ 11,919,293</u>	<u>2,727,277</u>	<u>\$ 4.37</u>

	For the Nine Months Ended September 30, 2014		
	Amount After Income Tax	Weighted- average Number of Common Stock	EPS
Basic EPS			
Profit from continuing operations attributable to owners of parent	\$ 11,998,057	2,690,107	\$ 4.46
Loss from discontinued operations attributable to owners of parent	<u>(39,109)</u>	2,690,107	<u>(0.01)</u>
Profit attributable to owners of parent	<u>\$ 11,958,948</u>	2,690,107	<u>\$ 4.45</u>
Diluted EPS			
Profit from continuing operations attributable to owners of parent	\$ 11,998,057	2,690,107	
Effect of potential dilutive common stock	<u>-</u>	<u>6,174</u>	
Profit from continuing operations attributable to owners of parent	11,998,057	2,696,281	\$ 4.45
Loss from discontinued operations attributable to owners of parent	<u>(39,109)</u>	2,696,281	<u>(0.01)</u>
Profit attributable to owners of parent (adjusted for potential effect of dilutive common stock)	<u>\$ 11,958,948</u>	2,696,281	<u>\$ 4.44</u>

If TWMM may settle the employee remuneration or bonus to employees by cash or shares, TWMM 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 dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until employee remuneration or bonus to employees are approved in the following year.

30. OPERATING REVENUES FROM CONTINUING OPERATIONS

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Telecommunication service	\$ 14,489,361	\$ 14,681,187	\$ 43,440,595	\$ 43,817,074
Sales revenue	10,480,367	10,734,759	34,546,811	31,589,052
Cable TV and broadband	1,577,791	1,558,550	4,736,604	4,632,710
Other operating revenues	<u>1,018,344</u>	<u>793,119</u>	<u>2,886,314</u>	<u>2,391,492</u>
	<u>\$ 27,565,863</u>	<u>\$ 27,767,615</u>	<u>\$ 85,610,324</u>	<u>\$ 82,430,328</u>

31. OTHER INCOME AND EXPENSES FROM CONTINUING OPERATIONS

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Interest income	\$ 43,101	\$ 20,743	\$ 109,877	\$ 70,586
Dividend income	10,555	9,836	21,213	22,803
Other income	<u>9,992</u>	<u>21,709</u>	<u>28,929</u>	<u>42,937</u>
	<u>\$ 63,648</u>	<u>\$ 52,288</u>	<u>\$ 160,019</u>	<u>\$ 136,326</u>

b. Other gains and losses, net

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Loss on disposal of property, plant and equipment, net	\$ (36,420)	\$ (433,779)	\$ (99,320)	\$ (593,260)
Gain on disposal of intangible assets	47	-	47	-
Gain on disposal of non-current assets held for sale, net	-	-	-	158,568
Gain on foreign exchange, net	103,329	14,736	77,696	7,188
Valuation loss on financial assets at fair value through profit or loss	(52,011)	-	(43,743)	-
Gain (loss) on disposal of investments, net	9,974	(168)	12,634	(168)
Others	<u>(2,625)</u>	<u>(2,863)</u>	<u>(7,557)</u>	<u>(8,154)</u>
	<u>\$ 22,294</u>	<u>\$ (422,074)</u>	<u>\$ (60,243)</u>	<u>\$ (435,826)</u>

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Interest expense				
Bank loans	\$ 112,869	\$ 105,577	\$ 299,075	\$ 283,842
Corporate bonds	49,617	49,668	147,310	147,398
Others	35,199	22,329	97,284	48,637
	<u>197,685</u>	<u>177,574</u>	<u>543,669</u>	<u>479,877</u>
Less: Capitalized interest	<u>(1,741)</u>	<u>(3,190)</u>	<u>(4,961)</u>	<u>(9,178)</u>
	<u>\$ 195,944</u>	<u>\$ 174,384</u>	<u>\$ 538,708</u>	<u>\$ 470,699</u>
Capitalization rates	1.33%	1.30%-1.36%	1.33%	1.20%-1.36%

32. CAPITAL MANAGEMENT

The Group maintains and manages its capital to meet the minimal paid-in capital required by the competent authority, and to optimize the balance of liabilities and equity in order to maximize shareholders' return. By periodically reviewing and measuring relative cost, risk, and rate of return to ensure profit and to maintain adequate 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 normal course of business for the future.

33. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Financial assets</u>			
Available-for-sale financial assets (including current and non-current portions)	\$ <u>3,387,884</u>	\$ <u>5,693,910</u>	\$ <u>1,903,057</u>
Financial assets at fair value through profit or loss	<u>169,826</u>	<u>-</u>	<u>-</u>
Financial assets carried at cost	<u>190,492</u>	<u>192,652</u>	<u>175,926</u>
Held-to-maturity financial assets	<u>2,218</u>	<u>6</u>	<u>-</u>
Loans and receivables:			
Cash and cash equivalents	7,277,631	7,903,777	6,987,365
Receivables (including current and non-current portions)	21,725,053	20,743,165	19,727,850
Debt instrument investments without active market	360,031	500,000	500,000
Other financial assets (including current and non-current portions)	3,082,693	3,239,400	1,378,399
Refundable deposits	<u>1,606,850</u>	<u>579,457</u>	<u>569,104</u>
Subtotal	<u>34,052,258</u>	<u>32,965,799</u>	<u>29,162,718</u>
Total	<u>\$ 37,802,678</u>	<u>\$ 38,852,367</u>	<u>\$ 31,241,701</u>

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
<u>Financial liabilities</u>			
Short-term borrowings	\$ 13,350,000	\$ 18,900,000	\$ 20,166,146
Short-term notes and bills payable	17,676,940	5,593,031	5,793,853
Payables (including current and non-current portions)	17,705,367	21,086,502	22,469,260
Bonds payable	14,795,527	14,794,293	14,793,881
Long-term borrowings (including current portion)	19,951,881	15,390,544	16,390,099
Guarantee deposits	<u>804,274</u>	<u>820,504</u>	<u>831,492</u>
Total	<u>\$ 84,283,989</u>	<u>\$ 76,584,874</u>	<u>\$ 80,444,731</u> (Concluded)

b. Fair value of financial instruments

1) Financial instruments not at fair value

Except for the table below, 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.

	<u>September 30, 2015</u>		<u>December 31, 2014</u>		<u>September 30, 2014</u>	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>						
Corporate bonds payable	\$ 14,795,527	\$ 14,894,211	\$ 14,794,293	\$ 14,774,375	\$ 14,793,881	\$ 14,725,231

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

2) Financial instruments at fair value

The table below provides the related analysis of financial instruments at fair value after initial recognition. Based on the extent that fair value can be observed, the fair value measurements are grouped into Levels 1 to 3:

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

Financial instruments at fair value

September 30, 2015

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>				
Domestic listed stock	\$ 214,743	\$ -	\$ -	\$ 214,743
Domestic emerging stock	908,890	-	-	908,890
Domestic unlisted stocks	-	1,418,800	-	1,418,800
Beneficiary certificates	756,200	-	-	756,200
Foreign unlisted stocks	<u>-</u>	<u>89,251</u>	<u>-</u>	<u>89,251</u>
	<u>\$ 1,879,833</u>	<u>\$ 1,508,051</u>	<u>\$ -</u>	<u>\$ 3,387,884</u>
Financial assets at fair value through profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,826</u>	<u>\$ 169,826</u>

December 31, 2014

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>				
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	<u>2,009,447</u>	<u>-</u>	<u>-</u>	<u>2,009,447</u>
	<u>\$ 3,106,860</u>	<u>\$ 2,587,050</u>	<u>\$ -</u>	<u>\$ 5,693,910</u>

September 30, 2014

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>				
Domestic listed stock	\$ 199,311	\$ -	\$ -	\$ 199,311
Domestic emerging stock	963,017	-	-	963,017
Beneficiary certificates	<u>740,729</u>	<u>-</u>	<u>-</u>	<u>740,729</u>
	<u>\$ 1,903,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,903,057</u>

There was no transfer between the fair value measurements of Levels 1 and 2 for the nine months ended September 30, 2015 and 2014.

Valuation techniques and assumptions used in fair value determination

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

- b) Valuation techniques and inputs applied for Level 2 fair value measurement: The Group uses market comparison approach to evaluate fair values of domestic unlisted stocks based on observable prices of the similar financial instruments at the end of the period and their market liquidity, and to evaluate fair values of foreign unlisted stocks based on price fluctuation, risk-free rate, risk discount rate and liquidity risk.
- c) Valuation techniques and inputs applied for Level 3 fair value measurement: The embedded derivatives instruments of convertible notes are evaluated by using binary tree evaluation models to evaluate fair value, considering significant unobservable inputs are historical volatility of stock prices and liquidity discount rate. On September 30, 2015, the historical volatility of stock prices was estimated at 90.23% and the liquidity discount rate was estimated at 51.56%. Assuming all other variables are constant, an increase (or decrease) in the historical volatility of stock prices used in isolation would result in an increase (or decrease) in the liquidity discount rate. There is a positive correlation between historical volatility of stock prices and fair value and a negative correlation between liquidity discount rate and fair value. As a result, the fair value is affected by historical volatility of stock prices and liquidity discount rate.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the nine months ended September 30, 2015

Financial Assets at Fair Value Through Profit or Loss	Derivative Instruments
Balance, January 1, 2015	\$ -
Purchases	230,842
Current conversion	(33,561)
Recognized in profit or loss	
Valuation loss on financial assets at fair value through profit or loss	(43,743)
Unrealized gain on foreign currency exchange	<u>16,288</u>
Balance, September 30, 2015	<u>\$ 169,826</u>

c. Financial risk management

1) 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 use 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. The Group's maximum exposure to credit risk of all kinds of financial instruments is equal to the carrying amount.

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 to ensure that the provisions of loan contracts are all complied with properly. As of September 30, 2015, December 31, 2014 and September 30, 2014, the Group had unused bank facilities of \$50,483,783 thousand, \$51,516,644 thousand and \$53,270,175 thousand, respectively.

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
<u>September 30, 2015</u>					
Unsecured loans	\$ 30,120,000	\$ 30,400,803	\$ 24,553,774	\$ 5,798,593	\$ 48,436
Secured loans	3,181,881	3,304,589	382,719	2,921,870	-
Short-term notes and bills payable	17,676,940	17,700,000	17,700,000	-	-
Bonds payable	<u>14,795,527</u>	<u>15,529,750</u>	<u>195,420</u>	<u>15,334,330</u>	<u>-</u>
	<u>\$ 65,774,348</u>	<u>\$ 66,935,142</u>	<u>\$ 42,831,913</u>	<u>\$ 24,054,793</u>	<u>\$ 48,436</u>
<u>December 31, 2014</u>					
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	<u>14,794,293</u>	<u>15,604,570</u>	<u>195,420</u>	<u>15,409,150</u>	<u>-</u>
	<u>\$ 54,677,868</u>	<u>\$ 55,709,206</u>	<u>\$ 27,068,623</u>	<u>\$ 28,640,583</u>	<u>\$ -</u>
<u>September 30, 2014</u>					
Unsecured loans	\$ 32,950,000	\$ 33,195,517	\$ 22,119,026	\$ 11,076,491	\$ -
Secured loans	3,606,245	3,615,055	430,055	3,185,000	-
Short-term notes and bills payable	5,793,853	5,800,000	5,800,000	-	-
Bonds payable	<u>14,793,881</u>	<u>15,725,170</u>	<u>195,420</u>	<u>10,969,450</u>	<u>4,560,300</u>
	<u>\$ 57,143,979</u>	<u>\$ 58,335,742</u>	<u>\$ 28,544,501</u>	<u>\$ 25,230,941</u>	<u>\$ 4,560,300</u>

5) Market risk

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

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

a) Exchange rate risk

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

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

September 30, 2015			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
RMB	\$ 3,117	5.151	\$ 16,055
USD	49,272	33	1,625,978
JPY	582	0.2734	159
HKD	84,838	4.258	361,242
EUR	642	36.72	23,591
Non-monetary items			
RMB	132,238	5.151	681,162
HKD	60,845	4.258	259,077
THB	174,492	0.9104	158,857
<u>Financial liabilities</u>			
Monetary items			
USD	8,444	33	278,656
JPY	8,679	0.2734	2,373
HKD	152	4.258	649
EUR	7	36.72	249
December 31, 2014			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
RMB	\$ 320	5.095	\$ 1,631
USD	60,483	31.71	1,916,691
JPY	652	0.2647	173
HKD	326	4.087	1,332
EUR	416	38.57	16,062
Non-monetary items			
RMB	38,031	5.095	193,869
THB	155,756	0.9682	150,803
<u>Financial liabilities</u>			
Monetary items			
USD	18,767	31.71	595,107
JPY	4,683	0.2647	1,240
HKD	144	4.087	589
EUR	14	38.57	548

September 30, 2014

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
RMB	\$ 319	4.945	\$ 1,580
USD	46,997	30.475	1,431,984
JPY	339	0.2781	94
HKD	297	3.926	1,167
EUR	266	38.64	10,272
Non-monetary items			
THB	150,300	0.9464	142,244
<u>Financial liabilities</u>			
Monetary items			
USD	23,561	30.475	718,013
JPY	7,598	0.2781	2,113
HKD	613	3.926	2,405
EUR	13	38.64	488

The Group's foreign exchange loss, including realized and unrealized, for the three months ended September 30, 2015 and 2014, were net exchange gain of \$103,329 thousand and \$14,736 thousand, respectively. And for the nine months ended September 30, 2015 and 2014, net exchange loss was \$77,696 thousand and \$7,188 thousand, respectively. Due to the variety of functional currencies, the Group could not disclose the foreign exchange gains (losses) for each foreign currency with significant influence.

Sensitivity analysis

The Group's exchange rate risk comes mainly from conversion gains and losses of accounts denominated in foreign currencies such as cash and cash equivalents, accounts receivable, other receivables, debt instrument investments without active market, other financial assets, refundable deposits, accounts payable, other payables, and guarantee deposits, etc. If the NTD, when compared with the RMB, USD, JPY, HKD and EUR, 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 \$87,253 thousand and by \$36,364 thousand for the nine months ended September 30, 2015 and 2014, respectively.

b) Interest rate risk

The Group issued unsecured corporate bonds and signed facility agreements with banks for 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 have significant impact on the Group's short-term bank loans.

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

	Carrying Amount		
	September 30, 2015	December 31, 2014	September 30, 2014
Fair value interest rate risk			
Financial assets	\$ 8,667,915	\$ 8,530,060	\$ 6,233,078
Financial liabilities	60,022,467	51,287,324	53,537,734
Cash flow interest rate risk			
Financial assets	1,937,532	2,472,715	2,018,071
Financial liabilities	5,751,881	3,390,544	3,606,245

Sensitivity analysis

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 nine months ended September 30, 2015 and 2014, the Group's profit would have decreased by \$14,304 thousand and increased by \$5,956 thousand, respectively.

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 price of equity tools had increased by 5% (with other factors remaining constant and with the analyses of the two periods on the same basis), for the nine months ended September 30, 2015 and 2014, other comprehensive income would have increased by \$169,394 thousand and \$95,153 thousand, respectively.

34. 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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Associates	\$ 17,442	\$ 4,388	\$ 28,953	\$ 13,210
Other related parties	<u>68,091</u>	<u>60,736</u>	<u>158,859</u>	<u>146,131</u>
	<u>\$ 85,533</u>	<u>\$ 65,124</u>	<u>\$ 187,812</u>	<u>\$ 159,341</u>

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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Associates	\$ 104,435	\$ 112,189	\$ 334,109	\$ 341,903
Other related parties	80,075	70,644	206,643	189,696
Less: Purchases from discontinued operations	<u> -</u>	<u> -</u>	<u> -</u>	<u> (6,370)</u>
	<u>\$ 184,510</u>	<u>\$ 182,833</u>	<u>\$ 540,752</u>	<u>\$ 525,229</u>

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

Account	Related Party Category	September 30, 2015	December 31, 2014	September 30, 2014
Accounts receivables	Associates	\$ 10,406	\$ 2,792	\$ 3,052
Accounts receivables	Other related parties	<u>49,688</u>	<u>31,769</u>	<u>38,208</u>
		<u>\$ 60,094</u>	<u>\$ 34,561</u>	<u>\$ 41,260</u>
Other receivables	Associates	\$ 58,286	\$ 109,211	\$ 102,876
Other receivables	Other related parties	<u>8,807</u>	<u>60,568</u>	<u>97,891</u>
		<u>\$ 67,093</u>	<u>\$ 169,779</u>	<u>\$ 200,767</u>

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

4) Payables to related parties

Account	Related Party Category	September 30, 2015	December 31, 2014	September 30, 2014
Accounts payable	Associates	\$ 32,525	\$ 45,329	\$ 40,221
Accounts payable	Other related parties	<u>53,135</u>	<u>34,063</u>	<u>49,732</u>
		<u>\$ 85,660</u>	<u>\$ 79,392</u>	<u>\$ 89,953</u>
Other payable	Other related parties	<u>\$ 62,586</u>	<u>\$ 57,195</u>	<u>\$ 71,200</u>

5) Prepayments

	September 30, 2015	December 31, 2014	September 30, 2014
Other related parties	<u>\$ 36,317</u>	<u>\$ 15,986</u>	<u>\$ 25,120</u>

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

The amount of borrowings from related parties was as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Other related parties	<u>\$ 682,500</u>	<u>\$ 727,500</u>	<u>\$ 943,646</u>

The rate on borrowings from related parties was equivalent to the rate in the market. Additionally, the Group had drawn \$32,500 thousand of performance guarantee from related parties.

7) Bank deposits, time deposits and other financial assets

	September 30, 2015	December 31, 2014	September 30, 2014
Other related parties	<u>\$ 1,814,581</u>	<u>\$ 3,197,591</u>	<u>\$ 1,909,665</u>

8) Disposal of available-for-sale financial assets-current

The Group sold the beneficiary certificates, which had been purchased from the same identity, to the related parties in June and August 2015. The disposal amounts were \$189,843 thousand and \$390,349 thousand, which resulted in disposal losses of \$3,881 thousand and \$3,375 thousand for the three and nine months ended September 30, 2015, respectively.

9) Acquisition of investments

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

10) Disposal of subsidiaries

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

	September 30, 2015	December 31, 2014	September 30, 2014
Guarantee deposits			
Other related parties	<u>\$ 48,267</u>	<u>\$ 32,489</u>	<u>\$ 32,417</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2015	2014	2015
Operating expenses			
Other related parties	\$ 138,383	\$ 120,413	\$ 372,673
Less: Other expense from discontinued operations	-	-	(1,871)
	<u>\$ 138,383</u>	<u>\$ 120,413</u>	<u>\$ 372,673</u>
			<u>\$ 362,171</u>

Operating expenses include rental expenses. Leases were conducted at general market prices, and the rental was paid monthly.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Non-operating income				
Associates	\$ 751	\$ 12,189	\$ 751	\$ 12,189
Other related parties	<u>4,159</u>	<u>2,013</u>	<u>14,755</u>	<u>6,058</u>
	<u>\$ 4,910</u>	<u>\$ 14,202</u>	<u>\$ 15,506</u>	<u>\$ 18,247</u>
Non-operating expense				
Other related parties	<u>\$ 11,815</u>	<u>\$ 10,756</u>	<u>\$ 11,815</u>	<u>\$ 10,756</u>

c. Key management compensation

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Short-term employee benefits	\$ 69,283	\$ 66,660	\$ 218,171	\$ 210,330
Post-employment benefits	719	723	2,168	2,125
Termination benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,560</u>
	<u>\$ 70,002</u>	<u>\$ 67,383</u>	<u>\$ 220,339</u>	<u>\$ 240,015</u>

35. ASSETS PLEDGED

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

	September 30, 2015	December 31, 2014	September 30, 2014
Other current financial assets			
Time deposits and restricted deposits	\$ 1,051,925	\$ 124,806	\$ 124,724
Services concession	7,724,974	7,597,295	7,419,759
Other non-current financial assets			
Time deposits and restricted deposits	<u>109,199</u>	<u>107,380</u>	<u>429,214</u>
	<u>\$ 8,886,098</u>	<u>\$ 7,829,481</u>	<u>\$ 7,973,697</u>

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments:

1)

	September 30, 2015	December 31, 2014	September 30, 2014
Purchases of property, plant and equipment etc.	<u>\$ 3,564,294</u>	<u>\$ 8,857,528</u>	<u>\$ 9,768,612</u>
Purchases of cellular phones	<u>\$ 8,571,146</u>	<u>\$ 7,057,442</u>	<u>\$ 7,699,075</u>

2) For business development, in January 2015, momo's Board of Directors resolved to construct a logistics center and acquire equipment, and the estimated amounts to invest in the projects are \$1,828,250 thousand and \$642,890 thousand, respectively. In August 2015, momo signed a letter of intent for purchase of automated storage and retrieval system with an equipment supplier.

b. As of September 30, 2015, December 31, 2014 and September 30, 2014, the amounts of endorsements and guarantees (provided to each entity in the Group) were \$21,550,000 thousand, \$22,057,360 thousand and \$22,037,600 thousand, respectively.

c. On January 15, 2009, TNH signed a BOT contract with the Department of Cultural Affairs of Taipei City. 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 September 30, 2015, \$353,031 thousand (tax included) of the concession had been paid.

3) Performance guarantee:

As of September 30, 2015, TNH had provided a \$65,000 thousand performance guarantee regarding the BOT contract.

4) 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.

- d. In May 2015, Far EastOne Telecommunications (FET) filed with the Taipei District Court a request for provisional injunction to prohibit TWM from using a portion of its C1 spectrum block (1715.1-1721.3/1810.1-1816.3 MHz). FET offered a security deposit of \$1,048,703 thousand for the Court to bring the requested injunction into effect. The Court granted the request but allowed TWM to provide a counter-security deposit of \$927,000 thousand to continue the use of the spectrum block. TWM filed for the counter-security on July 14, 2015 and the use of the C1 band remains status quo. The rights and interests of the subscribers will not be affected. Besides, in August 2015, FET filed with the Court a civil statement of complaint, in which FET claims that (i) TWM shall not use the C1 spectrum block until TWM returns the C4 spectrum block and (ii) TWM shall immediately apply to return the C4 spectrum block to the NCC. In September 2015, FET raised an additional claim in which FET claims that TWM shall provide \$1,005,800 thousand to FET as compensation. As of October 29, 2015, the aforementioned case is still in the judicial proceedings.

37. SIGNIFICANT CASUALTY LOSS: NONE

38. SIGNIFICANT SUBSEQUENT EVENTS

On October 26, 2015, momo's Board of Directors resolved to buy 2,000 thousand shares of treasury stock for the purpose of transferring the shares to its employees from October 27 to December 26, 2015 at prices between NT\$160 and NT\$250 per share.

39. OTHERS

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

	For the Three Months Ended September 30					
	2015			2014		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 495,590	\$ 898,305	\$ 1,393,895	\$ 510,883	\$ 984,569	\$ 1,495,452
Insurance expenses	42,050	82,112	124,162	41,575	81,316	122,891
Pension	22,072	41,451	63,523	21,678	40,982	62,660
Others	26,160	57,151	83,311	24,566	47,732	72,298
Depreciation	2,522,879	121,793	2,644,672	2,336,865	136,787	2,473,652
Amortization	679,884	106,193	786,077	458,662	83,664	542,326

	For the Nine Months Ended September 30					
	2015			2014		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 1,501,469	\$ 2,786,281	\$ 4,287,750	\$ 1,549,360	\$ 3,012,647	\$ 4,562,007
Insurance expenses	127,192	246,961	374,153	127,625	250,176	377,801
Pension	66,435	123,097	189,532	65,770	124,950	190,720
Others	76,394	159,910	236,304	73,445	142,156	215,601
Depreciation	7,520,663	379,599	7,900,262	6,798,689	393,839	7,192,528
Amortization	1,844,911	302,115	2,147,026	1,022,943	238,843	1,261,786

- a. TWM's estimated employee remuneration or bonus to employees and estimated remuneration to directors are accrued by a certain percentage of the net income. For the three months and nine months ended September 30, 2015 and 2014, the TWM's estimated employee remuneration or bonus to employees amounted to \$94,183 thousand, \$100,902 thousand, \$286,281 thousand and \$322,873 thousand, respectively, and estimated remuneration to directors amounted to \$7,978 thousand, \$10,090

thousand, \$24,308 thousand and \$32,287 thousand, 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 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.

For the years ended December 31, 2014 and 2013, the AGM resolved on June 10, 2015 and June 12, 2014, to distribute bonuses to employees amounting to \$396,057 thousand and \$420,753 thousand, respectively, and remuneration to directors amounting to \$33,846 thousand and \$42,075 thousand, respectively. There were no differences between the above actual distributions and the amounts recognized in the financial statements for 2014 and 2013.

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.

- b. For the three months ended September 30, 2015 and 2014 and the nine months ended September 30, 2015 and 2014, the depreciation expense in non-operating expenses was \$731 thousand, \$810 thousand, \$2,245 thousand and \$2,522 thousand, respectively.

40. 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: None
- 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- 8) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
- 9) Names, locations and related information of investees on which TWM exercised significant influence: Table 7 (attached) (excluding information on investment in Mainland China)
- 10) Trading in derivative instruments: Note 33
- 11) Business relationships between the parent and the subsidiaries and significant intercompany transactions: Table 8 (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 9 (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.

41. SEGMENT INFORMATION

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

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

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

Cable Television: Providing pay TV and cable broadband services.

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

The amount of discontinued operations is not included in the following segment information. For the information about discontinued operations, please refer to Note 11.

For the Three Months Ended September 30, 2015	Telecommuni- cation	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenues	\$ 19,555,280	\$ 6,328,337	\$ 1,632,371	\$ 148,021	\$ (98,146)	\$ 27,565,863
Operating costs	11,749,646	5,581,328	788,999	107,239	(34,258)	18,192,954
Operating expenses	3,574,720	502,781	191,298	30,765	(43,476)	4,256,088
Other gains and losses, net	17,526	4	9,239	-	(4)	26,765
Profit	4,248,440	244,232	661,313	10,017	(20,416)	5,143,586
EBITDA (Note)	7,327,273	278,613	887,453	63,075	18,652	8,575,066

For the Three Months Ended September 30, 2014	Telecommuni- cation	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenues	\$ 19,870,841	\$ 6,282,622	\$ 1,602,849	\$ 112,104	\$ (100,801)	\$ 27,767,615
Operating costs	12,123,031	5,365,962	769,840	72,893	(12,803)	18,318,923
Operating expenses	3,733,138	491,474	190,584	13,325	(33,219)	4,395,302
Other gains and losses, net	23,781	101	9,378	-	17	33,277
Profit	4,038,453	425,287	651,803	25,886	(54,762)	5,086,667
EBITDA (Note)	6,728,131	459,766	862,853	67,626	(14,920)	8,103,456

For the Nine Months Ended September 30, 2015	Telecommuni- cation	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenues	\$ 61,851,364	\$ 18,786,924	\$ 4,883,718	\$ 428,220	\$ (339,902)	\$ 85,610,324
Operating costs	39,188,066	16,502,267	2,349,353	329,473	(140,302)	58,228,857
Operating expenses	11,044,109	1,473,772	566,741	89,248	(116,854)	13,057,016
Other gains and losses, net	92,810	(1,210)	16,332	-	(3)	107,929
Profit	11,711,999	809,675	1,983,956	9,499	(82,749)	14,432,380
EBITDA (Note)	20,700,053	912,069	2,669,759	165,608	34,424	24,481,913

For the Nine Months Ended September 30, 2014	Telecommuni- cation	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenues	\$ 60,131,827	\$ 17,562,819	\$ 4,765,725	\$ 260,178	\$ (290,221)	\$ 82,430,328
Operating costs	36,155,219	15,131,197	2,248,957	181,806	(75,532)	53,641,647
Operating expenses	11,412,265	1,355,559	557,209	27,448	(66,455)	13,286,026
Other gains and losses, net	61,759	1,143	26,404	-	17	89,323
Profit	12,626,102	1,077,206	1,985,963	50,924	(148,217)	15,591,978
EBITDA (Note)	20,155,743	1,176,965	2,583,900	150,326	(26,997)	24,039,937

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING EXTENDED TO OTHER PARTIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(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	Note
													Item	Value			
1	Taiwan Fixed Network Co., Ltd.	TWM	Other receivables	Yes	\$ 9,000,000	\$ 9,000,000	\$ 5,680,000	1.29622%	Short-term financing	\$ -	Operation requirements	\$ -	-	\$ -	\$ 20,067,880	\$ 20,067,880	Note 2
2	Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	Yes	260,000	250,000	250,000	1.29489%	Short-term financing	-	Repayment of financing	-	-	-	275,688	491,004	Note 3
3	Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	Yes	540,000	530,000	530,000	1.29489%	Transactions	546,254	-	-	-	-	546,254	969,648	Note 3
4	Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	Yes	480,000	390,000	390,000	1.29489%- 1.29633%	Transactions	496,902	-	-	-	-	496,902	774,159	Note 3
5	Wealth Media Technology Co., Ltd.	TWM	Other receivables	Yes	2,800,000	2,700,000	1,240,000	1.28133%-1.298%	Short-term financing	-	Operation requirements	-	-	-	8,052,792	8,052,792	Note 2
		Taiwan Kuro Times Co., Ltd.	Other receivables	Yes	100,000	100,000	-	-	Short-term financing	-	Operation requirements	-	-	-	8,052,792	8,052,792	Note 2
		Win TV Broadcasting Co., Ltd.	Other receivables	Yes	600,000	600,000	270,000	1.28111%- 1.29789%	Short-term financing	-	Operation requirements	-	-	-	8,052,792	8,052,792	Note 2
		TFN Media Co., Ltd.	Other receivables	Yes	3,000,000	3,000,000	2,420,000	1.28111%- 1.29789%	Short-term financing	-	Operation requirements	-	-	-	8,052,792	8,052,792	Note 2
6	Taiwan Cellular Co., Ltd.	TWM	Other receivables	Yes	300,000	300,000	300,000	1.29478%- 1.29622%	Short-term financing	-	Operation requirements	-	-	-	31,642,208	31,642,208	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% of the lending company's net worth. The individual loan funds shall be limited to the lowest amount of the following items: 1) 40% 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. 1) For reasons of business dealings: The individual lending amount and the aggregate amount of loaned funds shall not exceed the amount of business dealings. 2) 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

ENDORSEMENT/GUARANTEE PROVIDED TO OTHER PARTIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(In Thousands of New Taiwan Dollars)

No.	Company Providing Endorsements/ Guarantees	Receiving Party		Limits 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	Note
		Name	Nature of Relationship											
0	TWM	Taiwan Fixed Network Co., Ltd.	Note 2	\$ 42,000,000	\$ 21,500,000	\$ 21,500,000	\$ 13,245,000	\$ -	38.57	\$ 55,738,409	Y	N	N	Notes 3 and 4
		Taiwan Kuro Times Co., Ltd.	Note 2	259,800	50,000	50,000	50,000	-	0.09	55,738,409	Y	N	N	Note 3
1	momo.com Inc.	Fubon Gehua (Beijing) Enterprise Ltd.	Note 2	821,236	528,000	-	-	-	-	5,792,739	N	N	Y	Note 5

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 US\$65,000 thousand.

Note 5: Fubon Gehua (Beijing) Enterprise Ltd. is more than 50% directly and indirectly owned by momo.com Inc.. The aggregate endorsement/guarantee amount provided by momo.com Inc. shall be limited to the net worth of momo.com Inc., and the individual amount shall be limited to the investment amount in Fubon Gehua (Beijing) Enterprise Ltd.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
SEPTEMBER 30, 2015

(In Thousands of New Taiwan Dollars)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	September 30, 2015				Note
				Units/Shares (Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
TWM	<u>Stock</u>							
	Chunghwa Telecom Co., Ltd.	-	Current available-for-sale financial assets	2,174	\$ 214,743	0.028	\$ 214,743	Note 1
	Ambit Microsystems Corporation	-	Non-current available-for-sale financial assets	298,000	1,418,800	14.9	1,418,800	
	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	-		
momo.com Inc.	<u>Beneficiary Certificates</u>							
	Fubon Strategic High Income Fund B	Related party in substance	Current available-for-sale financial assets	18,302	178,805	-	178,805	
	Fuh Hwa Emerging Market High Yield Bond Fund B	-	Current available-for-sale financial assets	10,225	63,701	-	63,701	
	PineBridge Global Multi - Strategy High Yield Bond Fund-B	-	Current available-for-sale financial assets	23,351	171,946	-	171,946	
	Eastspring Investments Global High Yield Bond Fund B	-	Current available-for-sale financial assets	19,028	160,107	-	160,107	
	JPMorgan (Taiwan) Asia High Yield Total Return Bond Fund - Monthly Distribution Share Class	-	Current available-for-sale financial assets	18,916	181,641	-	181,641	
	<u>Stock</u>							
	Media Asia Group Holdings Limited	-	Current available-for-sale financial assets	43,668	89,251	2.04	89,251	
	We Can Medicines Co., Ltd.	-	Non-current financial assets at cost	2,400	60,000	7.73	-	
	Taiwan Cellular Co., Ltd.	<u>Stock</u>						
Arcoa Communication Co., Ltd.		-	Non-current financial assets at cost	6,998	67,731	5.21	-	
Parawin Venture Capital Corp.		-	Non-current financial assets at cost	1,944	9,311	3	-	
Transportation High Tech Inc.		-	Non-current financial assets at cost	1,200	-	12	-	
WEB Point Co., Ltd.	-	Non-current financial assets at cost	803	6,773	3.17	-		
TFN Media Co., Ltd.	<u>Beneficiary Certificates</u>							
	Dragon Tiger Capital Partners Limited-Class B	-	Current held-to-maturity financial assets	0.2	7	-	-	
	Dragon Tiger Capital Partners Limited-Class C	-	Current held-to-maturity financial assets	0.0335	2,211	-	-	
	<u>Bonds</u>							
Media Asia Group Holdings Limited-Convertible Notes	-	Non-current financial assets at fair value through profit or loss	-	169,826	-	169,826		
	-	Non-current debt instrument investment without active market	-	360,031	-	-		

(Continued)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	September 30, 2015				Note
				Units/Shares (Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
TCC Investment Co., Ltd.	<u>Stock</u> TWM	TWM	Non-current available-for-sale financial assets	200,497	\$ 20,149,925	5.86	\$ 20,149,925	
	Great Taipei Broadband Co., Ltd.	-	Non-current financial assets at cost	10,000	39,627	6.67	-	
TCCI Investment and Development Co., Ltd.	<u>Stock</u> TWM	TWM	Non-current available-for-sale financial assets	87,590	8,802,750	2.56	8,802,750	
Taiwan Fixed Network Co., Ltd.	<u>Stock</u> Taiwan High Speed Rail Corporation	-	Non-current available-for-sale financial assets	225,531	908,890	3.46	908,890	
TFN Union Investment Co., Ltd.	<u>Stock</u> TWM	TWM	Non-current available-for-sale financial assets	410,665	41,271,861	12	41,271,861	

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 7 and Table 9.

(Concluded)

TABLE 4

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Units/Shares (Thousands)	Amount	Units/Shares (Thousands)	Amount	Units/Shares (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Units/Shares (Thousands)	Amount
momo.com Inc.	Stock Honest Development Co., Ltd.	Investments accounted for using equity method	Capital increase	Subsidiary	-	\$ -	21,778	\$ 670,448	-	\$ -	\$ -	\$ -	21,778	\$ 681,196 (Note 1)
Honest Development Co., Ltd.	Stock HK Yue Numerous Investment Co., Ltd. (Note 2)	Investments accounted for using equity method	Young Label Holdings Limited	-	-	-	16,600	670,448 (Note 2)	-	-	-	-	16,600	681,196 (Note 1)
momo.com Inc.	Beneficiary Certificates Allianz Global Investors Taiwan Money Market Fund	Current available-for-sale financial assets	-	-	32,520	400,007	-	-	32,520	401,122	400,000	1,122	-	-
	Eastspring Inv Well Pool Money Market	Current available-for-sale financial assets	-	-	29,933	400,006	-	-	29,933	401,032	400,000	1,032	-	-
TFN Media Co., Ltd.	Bonds Media Asia Group Holdings Limited - Convertible Notes	Non-current financial assets at fair value through profit or loss	-	-	-	-	-	198,794	-	-	-	-	-	169,826 (Note 1)
		Non-current debt instrument investment without active market	-	-	-	-	-	317,956	-	-	-	-	-	360,031 (Note 1)

Note 1: The ending balance includes financial assets evaluation adjustments, exchange gains and losses, interest income, and related adjustments of investments accounted for using equity method.

Note 2: momo.com Inc., through acquiring 100% equity of HK Yue Numerous Investment Co., Ltd., acquired 100% equity of Haobo Information Consulting (Shenzhen) Co., Ltd. and 20% equity of GHS Co., Ltd. (Beijing).

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 NINE MONTHS ENDED SEPTEMBER 30, 2015

(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	\$ 1,004,037	2	Based on contract terms	-	-	\$ 199,678	2	(Note 1)		
			Purchase	3,566,931	(Note 2)	Based on contract terms	-	-	(479,490)	(Note 3)	(Note 1)		
	Taiwan Kuro Times Co., Ltd.	Subsidiary	Purchase	261,934	1	Based on contract terms	-	-	(90,021)	3	(Note 1)		
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	833,682	(Note 2)	Based on contract terms	-	-	(93,334)	(Note 3)			
	Taiwan Digital Service Co., Ltd.	Subsidiary	Sale	5,753,318	9	Based on contract terms	-	-	-	-			
Taiwan Teleservices & Technologies Co., Ltd.	TWM	Ultimate parent	Purchase	6,470,972	(Note 2)	Based on contract terms	-	-	(33,419)	(Note 3)	(Note 1)		
			Sale	833,682	91	Based on contract terms	-	-	93,334	92			
Taiwan Fixed Network Co., Ltd.	TWM	Ultimate parent	Sale	3,566,931	43	Based on contract terms	-	-	479,490	52	(Note 1)		
			Purchase	1,004,037	(Note 2)	Based on contract terms	-	-	(199,678)	(Note 3)	(Note 1)		
Taiwan Digital Service Co., Ltd.	TFN Media Co., Ltd.	Fellow subsidiary	Sale	110,433	1	Based on contract terms	-	-	25,329	3			
			TWM	Ultimate parent	Sale	6,470,972	70	Based on contract terms	-	-	33,419	100	
Taiwan Kuro Times Co., Ltd.	TWM	Ultimate parent	Purchase	5,753,318	(Note 2)	Based on contract terms	-	-	-	-			
			Sale	261,934	59	Based on contract terms	-	-	90,021	100	(Note 1)		
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	353,028	15	Based on contract terms	(Note 4)	(Note 4)	-	-			
			Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	319,032	13	Based on contract terms	(Note 4)	(Note 4)	-	-	
			Union Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	165,498	7	Based on contract terms	(Note 4)	(Note 4)	-	-	
			Globalview Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	137,957	6	Based on contract terms	(Note 4)	(Note 4)	-	-	
			Taiwan Fixed Network Co., Ltd.	Fellow subsidiary	Operating costs	107,020	12	Based on contract terms	-	-	(24,749)	6	
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	319,032	54	Based on contract terms	(Note 4)	(Note 4)	-	-			
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	353,028	57	Based on contract terms	(Note 4)	(Note 4)	-	-			
Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	165,498	47	Based on contract terms	(Note 4)	(Note 4)	-	-			
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	137,957	52	Based on contract terms	(Note 4)	(Note 4)	-	-			
Mangrove Cable TV Co., Ltd.	Dai-Ka Ltd.	Related party in substance	Royalty for copyright	115,871	49	Based on contract terms	(Note 4)	(Note 4)	(51,498)	93			
momo.com Inc.	Taiwan Pelican Express Co., Ltd.	Equity-method investee	Purchase	320,618	2	Based on contract terms	-	-	(30,760)	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: 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
SEPTEMBER 30, 2015

(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	\$ 199,678	5.61	\$ -	-	\$ 198,280	\$ -		
			Other receivables	33,503		-	-	32,309	-		
Taiwan Cellular Co., Ltd.	TWM	Parent	Other receivables	301,573		-	-	301,573	-		
Wealth Media Technology Co., Ltd.	TWM	Parent	Other receivables	1,245,780		-	-	5,440	-		
			Win TV Broadcasting Co., Ltd.	Subsidiary	Other receivables	270,682		-	-	219	-
			TFN Media Co., Ltd.	Subsidiary	Other receivables	2,428,105		-	-	103,559	-
Taiwan Fixed Network Co., Ltd.	TWM	Ultimate parent	Accounts receivable	479,490	10.75	-	-	9,941	-		
			Other receivables	5,858,589		-	-	5,712,736	-		
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	3,242	9.03	-	-	-	-		
			Other receivables	531,731		-	-	-	-		
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	1,426	8.77	-	-	-	-		
			Other receivables	250,817		-	-	-	-		
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	3,496	8.35	-	-	-	-		
			Other receivables	391,221		-	-	-	-		

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEEES ON WHICH TWM EXERCISED SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2015			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				September 30, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
TWM	Taiwan Cellular Co., Ltd.	Taiwan	Investment	\$ 40,397,288	\$ 41,872,288	502,970	100	\$ 20,572,087	\$ 2,944,097	\$ 2,392,149	Note 1
	Taipei New Horizon Co., Ltd.	Taiwan	Building and operating Songshan Cultural and Creative Park BOT project	1,918,655	1,918,655	191,866	49.9	1,687,166	(71,664)	(35,760)	
	Wealth Media Technology Co., Ltd. Alliance Digital Tech Co., Ltd.	Taiwan Taiwan	Investment Technology development of mobile payment and information processing services	16,802,000 30,000	16,802,000 30,000	42,065 3,000	100 13.33	20,131,981 16,576	1,995,503 (49,222)	1,995,503 (6,563)	
Wealth Media Technology Co., Ltd.	momo.com Inc.	Taiwan	Wholesale and retail sales	8,129,394	8,129,394	63,047	44.38	9,121,808	802,377	-	Note 2
	Win TV Broadcasting Co., Ltd.	Taiwan	TV program provider	222,417	222,417	18,177	100	263,410	40,697	-	Note 2
	TFN Media Co., Ltd.	Taiwan	Cable broadband and value added service provider	5,210,443	5,210,443	230,921	100	6,657,182	1,660,023	-	Note 2
	Global Wealth Media Technology Co., Ltd. Global Forest Media Technology Co., Ltd.	Taiwan Taiwan	Investment Investment	92,189 16,984	92,189 16,984	8,945 1,500	100 100	96,671 17,523	3,928 422	- -	Note 2 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	95,088	59,348	-	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	15,812	81,976	-	Note 2
momo.com Inc.	Fu Sheng Travel Service Co., Ltd.	Taiwan	Travel agent	30,000	6,000	3,000	100	39,147	2,769	-	Note 2
	Fuli Life Insurance Agent Co., Ltd.	Taiwan	Life insurance agent	5,000	3,000	500	100	10,332	1,837	-	Note 2
	Fuli Property Insurance Agent Co., Ltd.	Taiwan	Property insurance agent	5,000	3,000	500	100	8,377	(519)	-	Note 2
	Asian Crown International Co., Ltd.	British Virgin Islands	Investment	789,864	789,864	26,500	76.26	78,287	(149,823)	-	Note 2
	Taiwan Pelican Express Co., Ltd.	Taiwan	Logistics industry	337,860	337,860	16,893	17.7	411,961	102,263	-	Note 2
	TVD Shopping Co., Ltd.	Thailand	Wholesale and retail sales	141,795	141,795	31,150	35	158,857	47,275	-	Note 2
	Honest Development Co., Ltd.	Samoa	Investment	670,448	-	21,778	100	681,196	12,546	-	Note 2
Asian Crown International Co., Ltd.	Fortune Kingdom Corporation	Samoa	Investment	1,035,051	1,035,051	33,633	100	97,749	(149,856)	-	Note 2
Fortune Kingdom Corporation	Hong Kong Fubon Multimedia Technology Co., Ltd.	Hong Kong	Investment	1,035,051	1,035,051	33,633	100	97,749	(149,856)	-	Note 2
Honest Development Co., Ltd.	HK Yue Numerous Yue Numerous Investment Co., Ltd.	Hong Kong	Investment	670,448	-	16,600	100	681,196	12,546	-	Notes 2 and 6

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2015			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				September 30, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Taiwan Cellular Co., Ltd.	TWM Holding Co., Ltd.	British Virgin Islands	Investment	\$ 347,951	\$ 347,951	-	100	\$ 269,489	\$ 7,292	\$ -	Notes 2 and 5
	Taiwan Fixed Network Co., Ltd.	Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	50,170,664	2,480,824	-	Note 2
	Taiwan Digital Communication Co., Ltd.	Taiwan	Mobile phone wholesaling and TV program production	112,000	112,000	11,200	100	115,967	(273)	-	Note 2
	TCC Investment Co., Ltd.	Taiwan	Investment	17,285,441	17,785,441	154,721	100	27,537,609	1,115	-	Note 2
	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	104,791	47,112	-	Note 2
	Taiwan Digital Service Co., Ltd.	Taiwan	Commissioned maintenance service	25,000	1,000,000	2,500	100	489,975	395,583	-	Note 2
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Holdings Co., Ltd.	Samoa	Investment	36,284	36,284	1,300	100	54,590	2,306	-	Note 2
TCC Investment Co., Ltd.	TCCI Investment and Development Co., Ltd.	Taiwan	Investment	3,602,782	3,602,782	104,712	100	7,680,432	(308)	-	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	2,217,624	148,711	-	Note 2
	Mangrove Cable TV Co., Ltd.	Taiwan	Cable TV service provider	510,724	510,724	6,248	29.53	630,522	80,786	-	Notes 2 and 3
	Phoenix Cable TV Co., Ltd.	Taiwan	Cable TV service provider	3,261,073	3,261,073	68,090	100	3,383,269	159,598	-	Note 2
	Union Cable TV Co., Ltd.	Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,056,823	81,976	-	Note 2
	Globalview Cable TV Co., Ltd.	Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,259,226	59,348	-	Note 2
	Taiwan Kuro Times Co., Ltd.	Taiwan	Digital music service	129,900	129,900	12,000	100	286,536	40,433	-	Note 2
	Kbro Media Co., Ltd.	Taiwan	Film distribution, arts and literature service, and entertainment	292,500	292,500	29,250	32.5	276,135	3,856	-	Note 2
Taiwan Fixed Network Co., Ltd.	TFN Union Investment Co., Ltd.	Taiwan	Investment	22,314,536	22,314,536	400	100	35,982,784	(196)	-	Note 2
	TFN HK Ltd.	Hong Kong	Telecommunications service provider	3,168	3,168	1,300	100	20,783	3,046	-	Note 2

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: 70.47% of shares are held under trustee accounts.

Note 4: For information on investment in Mainland China, please refer to Table 9.

Note 5: Held 1 share on September 30, 2015.

Note 6: momo.com Inc., through acquiring 100% equity of HK Yue Numerous Investment Co., Ltd., acquired 100% equity of Haobo Information Consulting (Shenzhen) Co., Ltd. and 20% equity of GHS Co., Ltd. (Beijing).

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(In Thousands of New Taiwan Dollars)

Number	Company Name	Counter Party	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
0	TWM	momo.com Inc.	1	Accounts and notes receivable, net	\$ 3,462	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		Taiwan Fixed Network Co., Ltd.	1	Accounts and notes receivable, net	1,471	"	-
		Taiwan Fixed Network Co., Ltd.	1	Other receivables	33,503	"	-
		Taiwan Digital Service Co., Ltd.	1	Other receivables	8,830	"	-
		Taipei New Horizon Co., Ltd.	1	Other receivables	4,028	"	-
		momo.com Inc.	1	Other receivables	3,649	"	-
		Taiwan Kuro Times Co., Ltd.	1	Other receivables	1,848	"	-
		Taiwan Kuro Times Co., Ltd.	1	Disposal of property, plant and equipment	5,136	"	-
		Taiwan Digital Service Co., Ltd.	1	Purchases of property, plant and equipment	73,518	"	-
		Taipei New Horizon Co., Ltd.	1	Other non-current assets	18,824	"	-
		Taiwan Fixed Network Co., Ltd.	1	Short-term borrowings	5,680,000	"	4
		Wealth Media Technology Co., Ltd.	1	Short-term borrowings	1,240,000	"	1
		Taiwan Cellular Co., Ltd.	1	Short-term borrowings	300,000	"	-
		Taiwan Kuro Times Co., Ltd.	1	Accounts payable	89,850	"	-
		Taiwan Fixed Network Co., Ltd.	1	Accounts payable	3,166	"	-
		Taiwan Fixed Network Co., Ltd.	1	Other payables	614,208	"	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Other payables	93,327	"	-
		Taiwan Digital Service Co., Ltd.	1	Other payables	35,559	"	-
		Taipei New Horizon Co., Ltd.	1	Other payables	8,216	"	-
		Wealth Media Technology Co., Ltd.	1	Other payables	5,780	"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other payables	4,072	"	-
		Phoenix Cable TV Co., Ltd.	1	Other payables	2,421	"	-
		Taiwan Kuro Times Co., Ltd.	1	Other payables	1,985	"	-
		Taiwan Cellular Co., Ltd.	1	Other payables	1,573	"	-
		Globalview Cable TV Co., Ltd.	1	Other payables	1,049	"	-
		Taiwan Fixed Network Co., Ltd.	1	Other current liabilities	35,572	"	-
		Taiwan Kuro Times Co., Ltd.	1	Other current liabilities	2,028	"	-
		momo.com Inc.	1	Other current liabilities	1,372	"	-
		Taiwan Digital Service Co., Ltd.	1	Operating revenues	5,753,318	"	7
		Taiwan Fixed Network Co., Ltd.	1	Operating revenues	1,004,037	"	1
		momo.com Inc.	1	Operating revenues	82,625	"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating revenues	1,585	"	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	1,465	"	-
		Union Cable TV Co., Ltd.	1	Operating revenues	1,119	"	-
		Taiwan Kuro Times Co., Ltd.	1	Operating revenues	1,116	"	-
		Taiwan Fixed Network Co., Ltd.	1	Operating costs	3,552,901	"	4

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Taiwan Kuro Times Co., Ltd.	1	Operating costs	\$ 261,934	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		Taipei New Horizon Co., Ltd.	1	Operating costs	22,615	"	-
		TFN Media Co., Ltd.	1	Operating costs	8,034	"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating costs	5,406	"	-
		Globalview Cable TV Co., Ltd.	1	Operating costs	2,282	"	-
		Taiwan Digital Service Co., Ltd.	1	Realized gain on sales	45,632	"	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating expenses	833,626	"	1
		Taipei New Horizon Co., Ltd.	1	Operating expenses	55,177	"	-
		Taiwan Fixed Network Co., Ltd.	1	Operating expenses	42,310	"	-
		TCC Investment Co., Ltd.	1	Operating expenses	6,337	"	-
		momo.com Inc.	1	Other income	31,286	"	-
		Taiwan Fixed Network Co., Ltd.	1	Other income	27,751	"	-
		Taiwan Digital Service Co., Ltd.	1	Other income	3,695	"	-
		Taiwan Fixed Network Co., Ltd.	1	Finance costs	72,469	"	-
		Wealth Media Technology Co., Ltd.	1	Finance costs	19,311	"	-
		Taiwan Cellular Co., Ltd.	1	Finance costs	2,908	"	-
1	Wealth Media Technology Co., Ltd.	TFN Media Co., Ltd.	1	Other receivables	2,428,105	"	2
		Win TV Broadcasting Co., Ltd.	1	Other receivables	270,682	"	-
		TFN Media Co., Ltd.	1	Other income	15,547	"	-
		Win TV Broadcasting Co., Ltd.	1	Other income	1,621	"	-
2	momo.com Inc.	Fu Sheng Travel Service Co., Ltd.	1	Accounts and notes receivable, net	19,873	"	-
		TFN Media Co., Ltd.	3	Accounts payable	8,818	"	-
		Mangrove Cable TV Co., Ltd.	3	Accounts payable	1,090	"	-
		Fu Sheng Travel Service Co., Ltd.	1	Operating revenues	11,966	"	-
		TFN Media Co., Ltd.	3	Operating costs	70,610	"	-
		Mangrove Cable TV Co., Ltd.	3	Operating costs	7,075	"	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating costs	3,440	"	-
		Win TV Broadcasting Co., Ltd.	3	Operating costs	1,303	"	-
3	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts and notes receivable, net	35,432	"	-
		Phoenix Cable TV Co., Ltd.	1	Accounts and notes receivable, net	33,805	"	-
		Union Cable TV Co., Ltd.	1	Accounts and notes receivable, net	24,179	"	-
		Globalview Cable TV Co., Ltd.	1	Accounts and notes receivable, net	14,084	"	-
		Mangrove Cable TV Co., Ltd.	1	Accounts and notes receivable, net	13,212	"	-
		Phoenix Cable TV Co., Ltd.	1	Short-term borrowings	530,000	"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Short-term borrowings	390,000	"	-
		Globalview Cable TV Co., Ltd.	1	Short-term borrowings	250,000	"	-
		Win TV Broadcasting Co., Ltd.	3	Accounts payable	45,356	"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts payable	1,638	"	-
		Phoenix Cable TV Co., Ltd.	1	Accounts payable	1,534	"	-
		Union Cable TV Co., Ltd.	1	Accounts payable	1,006	"	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Phoenix Cable TV Co., Ltd.	1	Other payables	\$ 3,440	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other payables	3,079	"	-
		Globalview Cable TV Co., Ltd.	1	Other payables	1,607	"	-
		Union Cable TV Co., Ltd.	1	Other payables	1,222	"	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	384,408	"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating revenues	347,215	"	-
		Union Cable TV Co., Ltd.	1	Operating revenues	165,498	"	-
		Globalview Cable TV Co., Ltd.	1	Operating revenues	150,531	"	-
		Mangrove Cable TV Co., Ltd.	1	Operating revenues	11,300	"	-
		Win TV Broadcasting Co., Ltd.	3	Operating costs	53,878	"	-
		Phoenix Cable TV Co., Ltd.	1	Operating costs	26,835	"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating costs	26,054	"	-
		Union Cable TV Co., Ltd.	1	Operating costs	16,930	"	-
		Globalview Cable TV Co., Ltd.	1	Operating costs	10,841	"	-
		Mangrove Cable TV Co., Ltd.	1	Operating costs	5,387	"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating expenses	2,090	"	-
		Phoenix Cable TV Co., Ltd.	1	Operating expenses	1,372	"	-
		Union Cable TV Co., Ltd.	1	Operating expenses	1,120	"	-
		Globalview Cable TV Co., Ltd.	1	Operating expenses	1,106	"	-
		Phoenix Cable TV Co., Ltd.	1	Finance costs	5,153	"	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Finance costs	4,071	"	-
		Globalview Cable TV Co., Ltd.	1	Finance costs	2,451	"	-
4	Taiwan Fixed Network Co., Ltd.	TFN Media Co., Ltd.	3	Accounts and notes receivable, net	25,329	"	-
		Taipei New Horizon Co., Ltd.	3	Other receivables	6,620	"	-
		TFN HK Ltd.	1	Other receivables	16,069	"	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Other receivables	7,782	"	-
		TFN Media Co., Ltd.	3	Operating revenues	110,433	"	-
		momo.com Inc.	3	Operating revenues	5,840	"	-
		Taiwan Kuro Times Co., Ltd.	3	Operating revenues	3,813	"	-
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	3,540	"	-
		Union Cable TV Co., Ltd.	3	Operating revenues	2,891	"	-
		Mangrove Cable TV Co., Ltd.	3	Operating revenues	1,463	"	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Operating revenues	1,310	"	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	1,093	"	-
		TFN HK Ltd.	1	Operating costs	82,592	"	-
		Union Cable TV Co., Ltd.	3	Operating costs	1,327	"	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Operating costs	1,292	"	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating expenses	72,663	"	-
		Taipei New Horizon Co., Ltd.	3	Operating expenses	27,298	"	-
		Win TV Broadcasting Co., Ltd.	3	Other income	4,152	"	-
5	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Kuro Times Co., Ltd.	3	Operating revenues	2,570	"	-

(Continued)

Number	Company Name	Counter Party	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets	
				Account	Amount	Transaction Terms		
6	Taiwan Digital Service Co., Ltd.	TWM	2	Operating revenues	\$ 6,470,972	The terms of transaction are determined in accordance with mutual agreements or general business practices	8	
		Taipei New Horizon Co., Ltd.	3	Other receivables	5,838		"	-
		Taipei New Horizon Co., Ltd.	3	Operating costs	1,321		"	-
		Taipei New Horizon Co., Ltd.	3	Operating expenses	24,011		"	-
7	Taiwan Kuro Times Co., Ltd.	Taipei New Horizon Co., Ltd.	3	Other accounts payable	1,389	"	-	
		Taipei New Horizon Co., Ltd.	3	Other non-current assets	1,105	"	-	

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

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(In Thousands of New Taiwan Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2015	Net (Loss) Income of Investee	% Ownership through Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of September 30, 2015	Accumulated Inward Remittance of Earnings as of September 30, 2015	Note
					Outflow	Inflow							
Xiamen Taifu Teleservices & Technologies Co., Ltd.	System integration, management, analysis and development of CRM application and information consulting services	\$ -	b	\$ 42,900	\$ -	\$ -	\$ 42,900	\$ -	100	\$ -	\$ -	\$ -	Note 2
TWM Communications (Beijing) Co., Ltd.	Mobile application development and design	99,000	b	160,776	-	-	160,776	510	100	510	115,531	-	
Fubon Gehua (Beijing) Enterprise Ltd.	Wholesaling	1,184,730	b	821,236	-	-	821,236	(164,088)	69.63	(114,254)	74,118	-	
Haobo Information Consulting (Shenzhen) Co., Ltd.	Investment	56,661	b	-	-	-	-	12,546	100	12,546	681,196	-	Note 3
GHS Co., Ltd. (Beijing)	Wholesaling	60,602	b	-	-	-	-	226,238	20	12,536	681,162	-	Note 3

Company	Accumulated Investment in Mainland China as of September 30, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
Taiwan Mobile Co., Ltd. and subsidiary	\$1,742,551	\$1,828,395	\$36,970,096

Note 1: The investment types are as follows:

- Direct investment in Mainland China.
- Indirect investment in Mainland China through a subsidiary in a third place, e.g. Taiwan Teleservices & Technology Co., Ltd., Taiwan Cellular Co., Ltd. and momo.com Inc.
- Others.

Note 2: Xiamen Taifu Teleservices & Technologies Co., Ltd. was dissolved in November 2013 and contributed capital to the parent company, TT&T Holdings Co., Ltd.

Note 3: momo.com Inc., through Honest Development Co., Ltd., acquired HK Yue Numerous Investment Co., Ltd., its subsidiary, Haobo Information Consulting (Shenzhen) Co., Ltd., and the associate, GHS Co., Ltd. (Beijing) at \$670,448 thousand.