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NT\$bn	TWM consolidated ¹				
	<u>2007</u>	<u>YoY</u>	<u>4Q07</u>	<u>QoQ</u>	<u>YoY</u>
Revenue	66.10	12%	17.33	-2%	19%
EBITDA	30.15	11%	7.35	-9%	6%
Operating Income	21.32	10%	4.97	-14%	1%
Non-op. Income (Expense)	(12.37)	2813%	(11.69)	1677%	838%
Pre-tax Income	8.95	-53%	(6.72)	NM	NM
(Less Tax)	(2.18)	-19%	1.68	NM	NM
(Less Minority Interest)	(0.16)	259%	(0.07)	-3%	7060%
Net Income	6.61	-59%	(5.11)	NM	NM
EPS (NT\$)	1.68	-49%	(1.16)	NM	NM
EBITDA margin	45.62%	-0.48pps	42.40%	-3.31pps	-5.30pps
Operating margin	32.25%	-0.57pps	28.68%	-3.99pps	-5.35pps

1. Consolidation of TFN figures starts from April 17, 2007

Highlights of 4Q07 Results

4Q07 consolidated revenue met our guidance with mobile business posting above-industry growth, fixed-line revenue growing 23% YoY, and 6% increase at cable TV revenue. As we did not factor in the one-off under-accrued employee-related expense in our 4Q guidance, our 4Q EBITDA reached only 97% of our guidance. Had we adjusted for this one-off item, our 4Q EBITDA margin should have been 44.1% with EBITDA slightly exceeding the guidance. The NT\$11.34bn of asset write-offs in this quarter resulted in a reported loss in 4Q.

1Q08 Guidance

1Q08 revenue is forecast to grow 19% YoY, aided by revenue from fixed-line and cable TV. The two business units will have a NT\$783m EBIT contribution in 1Q which leads to 8% YoY rise in EBIT.

Earnings Distribution

TWM's board meeting approved the proposal to distribute NT\$7.6bn out of our retained earnings as dividends to shareholders. Dividend per share is NT\$2 based on post capital reduction share count of 3.8bn. This does not include dividends to be forfeited by TFN on the record date of earnings distribution.

Event Updates

- Current progress of our capital reduction: Trading suspension will begin on Feb. 1, 2008 and trading will resume on Feb. 20, 2008, which is also the share price adjustment and cash payment day.
- Merger & acquisition: Presently, we have 100% ownership of both TFN and TFN Media.
- TFN sold 300m TWM shares, half to Tsai family, at NT\$45.2/share on January 28. Following this sale, TFN still owns 21.4% of TWM shares.

Management Remark

The organizational & business integration of the group has been a great task for all of us. Despite the challenges, we will strive to maintain growth in top line as well as absolute EBITDA. Most importantly, TWM remains committed to enhancement of shareholder value.

The information contained in this presentation, including all forward-looking information, is subject to change without notice, whether as a result of new information, future events or otherwise, and Taiwan Mobile Co., Ltd. (the "Company") undertakes no obligation to update or revise the information contained in this presentation. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is the information intended to be a complete statement of the Company, markets or developments referred to in this presentation.

I. Revenue Analysis

Table 1. Key Operational Data

Revenue (NT\$m)	4Q07	3Q07	4Q06	QoQ	YoY
Wireless¹	14.74	15.22	14.53	-3%	1%
-Voice	13.41	13.94	13.45	-4%	0%
-VAS	1.24	1.20	1.00	3%	24%
Fixed-line²	2.31	2.08	1.87	11%	23%
- Voice	1.38	1.36	1.30	1%	6%
- Data & Others	0.93	0.72	0.58	29%	61%
Cable MSO	1.02	1.01	0.96	1%	6%
- Pay-TV & Others	0.94	0.94	0.90	0%	4%
- Broadband	0.08	0.07	0.06	8%	38%

1. Lawsuit settlement received from Chughnwa Telecom amounted to NT\$226mn in 3Q07.

2. TTN's revenue was also included since Sept. 2007

	4Q07	3Q07	4Q06	QoQ	YoY
Mobile Subscribers (K)	6,235	6,228	6,151	0%	1%
-Postpaid	5,688	5,702	5,671	0%	0%
-Prepaid	546	526	480	4%	14%
Monthly Churn	1.9%	1.7%	1.7%		
MOU (bn)	3.61	3.65	3.51	-1%	3%
ARPM (NT\$)	4.06	4.08	4.11	-1%	-1%
Cable MSO Subscribers (K)	518	517	501	0%	3%

	4Q07	3Q07	4Q06	QoQ	YoY
Wireless					
ARPU (NT\$) ¹	784	799	785	-2%	0%
-Postpaid	799	815	803	-2%	0%
-Prepaid	620	621	570	0%	9%
MOU (minute)	193	196	191	-1%	1%
Cable MSO					
Pay-TV ARPU (NT\$)	608	609	605	0%	0%
Broadband ARPU (NT\$)	456	457	470	0%	-3%

1. Excluding lawsuit settlement received from Chughnwa Telecom amounted to NT\$226mn in 3Q07.

Revenue Analysis

In contrast to competitors' YoY decline in service revenue, TWM's 4Q mobile service revenue grew by 1% YoY, leading to further expansion in market share. This was mainly credited to a 24% YoY rise in value-added services and 22% growth in pre-paid revenue.

In 4Q07, the 23% YoY growth in fixed-line revenue came from 61% YoY increase in data revenue, including IP VPN, leased lines and xDSL services.

Despite milder YoY growth in pay-TV subs, MSO's revenue still saw a 6% growth from a year ago, aided by steady growth in cable broadband business.

II. EBIT Analysis

Table 2. EBIT Breakdown

NT\$bn	4Q07	3Q07	4Q06	QoQ	YoY
EBITDA					
Wireless	6.28	7.15	6.93	-12%	-9%
Fixed-line	0.53	0.38	0.11	40%	364%
Cable MSO	0.54	0.52	0.46	4%	18%
Margin					
Wireless	42.6%	47.0%	47.7%		
Fixed-line	23.0%	18.3%	6.1%		
Cable MSO	53.0%	51.5%	47.7%		
D&A¹					
Wireless	2.09	2.05	1.99	2%	5%
Fixed-line	0.38	0.36	0.54	6%	-30%
Cable MSO	0.13	0.12	0.14	6%	-7%
EBIT					
Wireless	4.18	5.09	4.94	-18%	-15%
Fixed-line	0.15	0.02	(0.43)	617%	NM
Cable MSO	0.42	0.40	0.32	3%	29%

1. Excluding depreciation savings due to negative goodwill amortisation

Table 3. Non-operating Item

NT\$bn	4Q07	3Q07	4Q06	QoQ	YoY
Non-Operating	(11.69)	(0.66)	(1.25)	16.7x	8.4x
-Net Interest Expense	(0.23)	(0.23)	(0.04)	-2%	419%
- Write-off (Loss)	(11.34)	(0.71)	(1.37)	15.1x	7.3x
-Other Non-ops.	(0.12)	0.28	0.17	-142%	-170%

EBIT Analysis

Adding back NT\$300m one-off under-accrued employee-related expense, TWM's 4Q mobile EBITDA margin should have been 44.6%. Apart from the one time adjustment, the lower margins seen in 4Q07 is attributable to higher ratio of sales and marketing expense to total revenue compared to a year ago.

Fixed-line business saw EBITDA margin jump in 4Q, credited to a NT\$62m reversal of over-accrued pension cost resulted from headcount cutting and some one-off operating cost adjustment. The substantial YoY improvement in EBITDA margin was attributable mainly to personnel and maintenance expense cuts.

Cable MSO's YoY growth in EBITDA in 4Q was up from 3Q due to the fact that most opex remained stable while revenue continued rising plus the reversal of over-accrued 2006 expense and less sales commission spent.

Non-Operating Item Analysis

2007 2G asset write-offs executed largely in 4Q with NT\$11.34bn losses. Net interest expense in 4Q rose 4.2x YoY as we increased our bank borrowings in 2007 to finance TFN acquisition.



III. Income Statement Analysis

Table 4. TWM Consolidated Results vs. Forecast

NT\$bn	4Q07 Actual	4Q07 Forecast	% of Forecast Achieved
Revenue	17.33	17.41	100%
Operating Income	4.97	5.25	95%
Pre-tax Income	(6.72)	(6.24)	92%
(Less Tax)	1.68	1.45	115%
Net Income - Attributed to the Parent	(5.11)	(4.83)	94%
EPS (NT\$)	(1.16)	(1.12)	96%
EBITDA	7.35	7.61	97%
EBITDA margin	42.40%	43.72%	

Table 5. Income Statement

NT\$bn	4Q07	2007	2006
Revenue	17.33	66.10	58.91
Operating Cost	7.94	29.26	24.72
Operating Expenses	4.42	15.51	14.85
EBITDA	7.35	30.15	27.16
Operating Income	4.97	21.32	19.33
Non-op. Income (Expense)	(11.69)	(12.37)	(0.42)
Pre-tax Income	(6.72)	8.95	18.91
Pre-tax Income -recurring	4.61	21.39	20.49
(Less Tax)	1.68	(2.18)	(2.69)
(Minority Interest)	(0.07)	(0.16)	(0.04)
Net Income - Attributed to the Parent	(5.11)	6.61	16.17
EPS (NT\$)	(1.16)	1.68	3.28

Income Statement Analysis

Taiwan Mobile recorded NT\$17.33bn of total consolidated revenue in 4Q, in line with our expectation.

Our 4Q expenses reflected more commission arising from 22% rise in pre-paid revenue, 2) more new sub acquisitions with 9% rise in average subsidy, and 3) more intensive marketing spent related to alternative channels. 4Q numbers also factored in cost savings at TFN and TFN Media. The only thing that was not factored into our 4Q guidance was the NT\$0.3bn of employee-related expense, which made our 4Q EBITDA fall short of our guidance by 3%.

For the full-year, our 2007 full year EBITDA grew 11% on stable mobile EBITDA coupled with contributions from fixed-line and cable TV operations.

Asset write-off losses totaled NT\$12.45bn for the year, increased from NT\$4.28bn a year ago. Nevertheless, this is expected to translate into NT\$1.3bn depreciation expense savings in 2008. Separately, we booked NT\$3.39bn investment income, disposal gains and dividend income in 2006 while the related profit was a mere NT\$386m in 2007. This is because we sold down almost all Chunghwa Telecom shares in 2006 and, through TFN acquisition, inherited Fubon Financial Holding shares, which contributed to dividend income and disposal gains in 2007.

Table 6. Cash Flow

NT\$bn	4Q07	3Q07	4Q06
Total Op Sources/(Uses)	8.97	6.56	3.79
Consolidated Net Income	(5.04)	3.80	2.95
Depreciation	2.09	2.03	1.74
Amortization	0.29	0.26	0.25
Asset Write-off Loss Add-back	11.34	0.71	1.37
Changes in Working Capital	0.30	(0.24)	1.08
Cash Management	(0.00)	0.01	(3.59)
Net Investing Sources/(Uses)	(2.38)	(3.16)	0.14
Divestment	0.67	0.50	3.28
Capex	(1.92)	(2.01)	(3.19)
Pledged Time Deposit	0.02	(0.02)	0.00
Acquisition	(1.27)	(1.65)	0.00
Net Financing Sources/(Uses)	(11.23)	(6.61)	(0.64)
Dividend and Bonus Payment	(0.01)	(9.81)	0.00
Short-Term Borrowings	(2.24)	5.21	0.00
Debt Repayment	(8.69)	(3.91)	(1.25)
Commercial Paper Payable	(0.40)	2.00	0.00
Treasury Stock Transferred to Employees	0.71	0.00	0.59
Cash Inherited from M&A	0.00	0.22	0.00
Net Cash Position Chg.	(4.63)	(2.98)	3.29

Table 7. Capex & FCF

NT\$bn	4Q07	3Q07	4Q06
Cash Capex	1.92	2.01	3.19
- Mobile	1.65	1.68	
- Fixed-line	0.12	0.15	
- Cable MSO	0.15	0.18	
% of Revenue	11%	11%	22%
Free Cash Flow	7.06	4.55	0.60

Cash Flow Analysis

Adjusting for assets write-off loss of NT\$11.34bn, our 4Q07 operating cash flow rose sequentially. For the full year, excluding operating cash flows associated with money market cash management, our recurring operating cash flow reached NT\$26.74bn, which was comparable to NT\$26.99bn in 2006.

NT\$0.67bn of cash inflows from divestment included NT\$0.4bn sales proceeds from the disposal of 0.17% Fubon Financial Holding and the balance from liquidation of money market instruments.

The NT\$11.33bn bank loan repayment was the main cash outlays for financing activities in 4Q07.

Capex and Free Cash Flow Analysis

Cash capex in 4Q was quite similar to 3Q. For the full-year, total cash capex reached NT\$7.1bn, of which 86% was spent on wireless infrastructure, which increased our total 3G base stations to 4,050 at the end of 2007.

4Q free cash flow rose YoY and QoQ due to good core business cash earnings and stable cash capex. Excluding operating cash flows associated with money market cash management, 2007 full-year recurring free cash flow was NT\$19.68bn, or 9% of

market cap in 2007.

V. Balance Sheet Analysis

Table 8. Balance Sheet

NT\$bn	4Q07	3Q07	4Q06
Total Assets	98.03	115.64	118.41
Current Assets	17.69	23.21	34.43
- Cash & Cash Equivalents	7.03	11.66	12.42
-Available-for-Sale Financial Asset	2.10	2.74	0.38
-Financial Assets at Fair Value	0.13	0.13	14.08
- Other Current Assets	8.43	8.67	7.56
Long-Term Investment	3.03	3.22	3.88
Property and Equipment	50.98	64.94	60.97
Intangible Assets	21.84	21.83	15.95
-3G License	8.22	8.41	8.97
-Goodwill	9.23	9.83	6.84
Other Assets	4.49	2.45	3.19
Liabilities	65.63	60.62	28.52
Current Liabilities	57.65	45.74	17.98
- ST Debts	24.28	28.49	3.81
- Commercial Paper Payable	1.59	2.00	0.00
- Other Current Liabilities	31.78	15.25	14.17
Long-Term Borrowings	7.50	14.17	10.00
Other Liabilities	0.47	0.71	0.54
Shareholders' Equity	32.41	55.02	89.89
-Treasury Shares	(40.84)	(38.49)	(1.44)
-Paid-in Capital	38.01	50.01	49.99

Table 9. Ratios

	2007	1-3Q07	2006
Current Ratio	31%	51%	192%
Interest Coverage (x)	10.5	24.9	45.8
Net Debt (Cash) to Equity	81%	60%	-14%
ROE (annualized)	11%	22%	18%
ROA (annualized)	7%	14%	14%

Balance Sheet Analysis

Cash balance at the end of 2007 further declined from the previous quarter due to the NT\$11.33bn debt repayment in 4Q. We further sold down Fubon Financial Holding shares in 4Q, down from 0.97% to 0.8%. The decrease in long-term investment was mainly due to capital reduction of NCIC.

Due to the NT\$11.34bn 2G asset write-off in 4Q, our property and equipment book value fell to only NT\$50.98bn at 2007 year end, which consisted of NT\$33.16bn 2G, NT\$14.07bn 3G, NT\$2.3bn cable TV assets, and a mere NT\$1.43bn building owned by fixed-line division.

The increase in other assets in 4Q07 came from the rise in deferred tax asset.

Gross debt balance fell to NT\$33.37bn at the end of 4Q. Other current liabilities at the end of 4Q increased by NT\$16.53bn QoQ due to NT\$8.8bn payable for capital reduction and NT\$6.9bn payable to minority shareholders of TFN and TTN for buying their shares.

Ratio Analysis

Current ratio hit a low of 31% in 4Q end as cash level dropped while the aforementioned reason causing other current liabilities to rise. That said, our interest coverage was at 11x and net debt to EBITDA remained at a healthy level of 0.87x. 4Q ROE and ROA were negatively affected by asset write-off losses. Stripping out the write-offs, the recurring ROE and ROA in 4Q were 22% and 13%.

VI. Forecast

Table 10. Forecast

NT\$bn	1Q08	QoQ	YoY
Revenue	17.21	-1%	19%
EBITDA	7.17	-2%	3%
EBITDA margin	41.67%		
Operating Income	5.36	8%	8%
(Asset write-off)	(0.26)	-98%	36%
Pre-tax Income	5.20	NM	4%
(Tax Expense)	(1.36)	NM	16%
(Minority Interest)	(0.01)	-85%	NM
Net Income	3.83	NM	0%
EPS (NT\$)	1.31	NM	70%

Table 11. Mobile Division's Forecast

NT\$bn	1Q08	QoQ	YoY
Revenue	14.64	-1%	1%
-Telecom Service Revenue	14.49	-1%	1%
EBITDA	6.23	-1%	-10%
EBITDA margin	42.56%		
Operating Income	4.57	9%	-8%
Asset write-off	(0.26)	-98%	39%
Pre-tax Income	5.04	NM	1%

1Q08 guidance

1Q08 revenue stream includes mobile, fixed-line, and cable TV vs. mobile only a year ago. As such, 1Q08 revenue is forecasted to grow 19% YoY. Aided by a combined NT\$783m EBIT contribution from fixed-line and cable TV business, we estimate 1Q08 EBIT to rise 8% YoY. Based on post-capital reduction share count of 3.8bn and subtracting 812m treasury shares from the calculation, our 1Q08 EPS is forecasted to reach NT\$1.31.

Mobile business

Mobile revenue in 1Q08 is expected to be flat on a YoY comparison as MOU increase is expected to be offset by regulator's mandatory price cut coupled with less-than-expected pick-up in SMS usages following our recent price cut.

Due to a low base in 2007, marketing expense is forecasted to rise 19% YoY in 1Q08 following more spending on subscriber acquisition and retention. The centralization of certain supporting functions back to parent company from various affiliates is expected to increase mobile's opex despite savings at affiliates. The expensing of employee bonuses per the newly implemented regulation will also have a negative impact on margins.

Net net, mobile's EBITDA margin is estimated to be trending down both on a YoY and a QoQ comparison. That said, it is noteworthy that mobile's total depreciation and amortization expense in the quarter would be NT\$300m less than a year ago, benefiting from major 2G asset write-off in 2007. Additionally, we raised our ownership in Phoenix CATV from 70% to 100% and acquired an extra 6.179% stake in Globalview CATV recently, which will lead to some incremental profits in 2008.

Fixed-line business

Revenue and EBITDA are forecasted to rise 18% YoY and 65% YoY, respectively, in 1Q08, on the back of continuous data business growth and integration synergies.

Cable TV business

Revenue will grow at a 5% YoY 1Q08. But EBITDA will be flat due to higher selling & marketing expenses to promote cable broadband and other new services.

VII. Management Discussion & Analysis

Key Message

The organizational & business integration of the group has been a great task for all of us. Despite the challenges, we will strive to maintain growth in top line as well as absolute EBITDA. Most importantly, TWM remains committed to enhancement of shareholder value.

2007 Earnings distribution

TWM's board meeting approved the proposal to distribute NT\$7.6bn out of our retained earnings as dividends to shareholders. Dividend per share is NT\$2 based on post capital reduction share count of 3.8bn. This does not include dividends to be forfeited by TFN on the record date of earnings distribution.

Treasury share disposal

Taiwan Fixed Network (TFN) sold 300mn shares of Taiwan Mobile on January 28, 2008 at NT\$45.2/share to specific investors, Tsai family included. Sales proceeds from this transaction will be used largely for our upcoming capital reduction, with the remaining cash to be paid to TFN's minority shareholders.

M&A

The old TFN and TTN were merged into the new TFN. Presently, we have 100% ownership of both TFN and TFN Media.

Capital reduction

Trading suspension will begin on Feb. 1, 2008 and trading will resume on Feb. 20, 2008, which is also the share price adjustment and cash payment day.

New branding structure

Following our acquisition of TFN, we had reorganized ourselves into three business segments, namely consumer, household and enterprise under the branding of "Taiwan Mobile", "TWM Broadband" and "TWM Solution", respectively.

New product & service

- Slashed both on-net and off-net SMS charge by 60% and 33%, respectively, for mid-to-high usage customers.
- Launched "0 monthly fee" rate plan to gain pre-paid customers from competitors. This also serves the purpose of providing an alternative for our pre-paid customers.
- Introduced new price plans of 688/988 to attract competitors' customers which feature free on-net calls made during the time slot chosen by customers.

Regulatory updates

- Incumbent fixed-line operator's minimum capital will be lowered to NT\$21bn from NT\$40bn, effective in February, 2008. This could give us more flexibility in terms of capital deployment.
- Fixed-line operators will get back pricing right and call revenue for fixed to mobile (F2M) calls, starting 2011. In view that F2M MOU declines at the rate of 5-10% p.a. and F2M tariff is subject to 4.88% p.a. reduction per NCC's request, the net revenue impacts to mobile operators are likely to be gradually minimized by the time this regulation takes place.
- Pay-TV price cap in 2008 had been announced by local governments. Around half of our CATV subs will benefit from around 5% price reduction in 2008. Our CATV revenue and cable broadband revenue increase can more than offset the negative revenue impact.