

Statements of Comprehensive Income Analysis

Consolidated Statements of Comprehensive Income

1. Increase in revenue and operating costs: Growing mobile broadband and online shopping businesses, coupled with strong smartphone sales, led to higher revenue and operating costs.
2. Increase in operating expenses: Operating expenses rose due to expansion of company stores.
3. Increase in non-operating expenses: Non-operating expenses expanded due to higher losses from asset write-offs and disposal of fixed assets.

2012 – 2013 Consolidated Statements of Comprehensive Income

Unit: NT\$'000, %

| | 2012 | 2013 | YoY change | |
|---------------------------------|------------|-------------|------------|--------|
| | | | Amount | % |
| Revenue | 99,740,256 | 109,143,367 | 9,403,111 | 9.43 |
| Operating costs | 61,625,644 | 70,033,319 | 8,407,675 | 13.64 |
| Gross profit | 38,114,612 | 39,110,048 | 995,436 | 2.61 |
| Operating expenses | 17,402,414 | 18,374,554 | 972,140 | 5.59 |
| Operating income | 20,782,210 | 20,794,837 | 12,627 | 0.06 |
| Non-operating income (expenses) | (840,885) | (1,676,296) | (835,411) | 99.35 |
| Income before tax | 19,941,325 | 19,118,541 | (822,784) | (4.13) |
| Net income | 16,550,199 | 15,817,781 | (732,418) | (4.43) |

Stand-alone Statements of Comprehensive Income

1. Increase in operating costs: Operating costs rose in 2013 due to rising smartphone sales and mobile data subscriber number.
2. Increase in operating expenses: Operating expenses rose due to store expansion and handset promotional campaigns to acquire new or retain customers.
3. Increase in non-operating income: Non-operating income rose due to higher investment gains from Taiwan Fixed Network.

2012 – 2013 Stand-alone Statements of Comprehensive Income

Unit: NT\$'000, %

| | 2012 | 2013 | YoY change | |
|---------------------------------|------------|------------|-------------|---------|
| | | | Amount | % |
| Revenue | 69,867,814 | 78,928,492 | 9,060,678 | 12.97 |
| Operating costs | 42,407,001 | 51,265,449 | 8,858,448 | 20.89 |
| Gross profit | 27,460,813 | 27,629,638 | 168,825 | 0.61 |
| Operating expenses | 14,450,553 | 19,424,256 | 4,973,703 | 34.42 |
| Operating income | 13,063,580 | 8,258,017 | (4,805,563) | (36.79) |
| Non-operating income (expenses) | 5,244,610 | 8,329,636 | 3,085,026 | 58.82 |
| Income before tax | 18,308,190 | 16,587,653 | (1,720,537) | (9.40) |
| Net income | 16,326,013 | 15,583,447 | (742,566) | (4.55) |

Revenue outlook, key assumptions, potential impact on the Company's business and corresponding proposal:

In 2014, the Company will continue to leverage mobile internet products to expand its wireless market share. As demand for smart devices expands, the Company aims to invest in value-added services to tap into this market's full growth potential. The Company will focus on developing the latest top-of-the-line mobile value-added services, such as mobile shopping, video/audio services and myBook store (an e-book platform), to satisfy customers' demand in order to boost revenue and increase average revenue per user. The Company will make full use of its potential and competitive edge in handset procurement to raise its cost-efficiency so as to meet its profit target.

Cash Flow Analysis

Consolidated cash flow analysis

1. Increase in cash outflow from investment activities: Cash outflow rose due to the payment of 4G license fees.
2. Increase in cash inflow from financing activities: Cash inflow rose due to increased bank borrowings.

2012 – 2013 Consolidated Cash Flow Statement

Unit: NT\$'000, %

| | 2012 | 2013 | YoY change | |
|--|--------------|--------------|--------------|----------|
| | | | Amount | % |
| Cash inflow (outflow) from operating activities | 25,984,728 | 24,833,011 | (1,151,717) | (4.43) |
| Cash inflow (outflow) from investment activities | (10,227,809) | (42,345,998) | (32,118,189) | (314.03) |
| Cash inflow (outflow) from financing activities | (16,132,067) | 19,267,519 | 35,399,586 | NM |
| Impact from changes in exchange rate | (5,904) | 8,622 | 14,526 | NM |
| Net cash increase (decrease) | (381,052) | 1,763,154 | 2,144,206 | NM |

Stand-alone cash flow analysis

1. Decrease in cash inflow from operating activities: Cash inflow decreased due to increasing operating expenditure from expanding scale of business.
2. Increase in cash outflow from investment activities: Cash outflow rose due to the payment of 4G license fees.
3. Increase in cash inflow from financing activities: Cash inflow rose due to increased bank borrowings.

2012 – 2013 Stand-alone Cash Flow Statement

Unit: NT\$'000, %

| | 2012 | 2013 | YoY change | |
|--|-------------|--------------|--------------|----------|
| | | | Amount | % |
| Cash inflow (outflow) from operating activities | 17,863,604 | 12,197,463 | (5,666,141) | (31.72) |
| Cash inflow (outflow) from investment activities | (8,278,465) | (32,140,946) | (23,862,481) | (288.25) |
| Cash inflow (outflow) from financing activities | (9,307,302) | 19,389,851 | 28,697,153 | NM |
| Net cash increase (decrease) | 277,837 | (553,632) | (831,469) | NM |

Plans to improve negative liquidity: Not applicable