

Chapter 6 Review and Analysis of Financial Conditions, Operating Results and Risk Management

Balance Sheet Analysis

Consolidated balance sheet analysis

Explanation of significant changes (at least a 20% change) in the past two years' assets, liabilities and shareholders' equity:

1. Investments increased mainly due to the acquisition of a 14.9% stake in Ambit.
2. Non-current liabilities increased due to additional borrowings to finance mid- and long-term operational requirements.
3. Non-controlling interests increased in 2014 as the Company started to consolidate the numbers of a 49.9%-owned subsidiary, Taipei New Horizon, and because of momo's rights issue for its IPO in which the Company did not participate.

2013 - 2014 Consolidated Balance Sheet

Unit: NT\$'000, %

	2013	2014	YoY change	
			Amount	%
Current assets	29,493,868	32,834,704	3,340,836	11.33
Investments	4,194,570	5,070,051	875,481	20.87
Property, plant and equipment	42,985,801	47,066,319	4,080,518	9.49
Intangible assets	54,837,271	61,168,844	6,331,573	11.55
Other assets	6,840,869	7,397,334	556,465	8.13
Total assets	138,352,379	153,537,252	15,184,873	10.98
Current liabilities	58,605,638	53,468,928	(5,136,710)	(8.76)
Non-current liabilities	21,226,100	33,556,074	12,329,974	58.09
Total liabilities	79,831,738	87,025,002	7,193,264	9.01
Paid-in capital	34,208,328	34,208,328	-	-
Capital surplus	12,456,891	14,715,830	2,258,939	18.13
Retained earnings	41,433,176	41,355,524	(77,652)	(0.19)
Other equity and treasury stock	(30,664,501)	(30,020,330)	644,171	(2.10)
Non-controlling interests	1,086,747	6,252,898	5,166,151	475.38
Total equity	58,520,641	66,512,250	7,991,609	13.66

Stand-alone balance sheet analysis

Explanation of significant changes (at least a 20% change) in the past two years' assets, liabilities and shareholders' equity:

1. Current assets decreased due to a decline in the Company's loans to its subsidiaries.
2. Investments increased due to rising investments in subsidiaries and financial assets available for sale.
3. Other assets decreased due to some investment properties reclassified to PP&E.
4. Non-current liabilities increased due to additional borrowings to finance mid- and long-term operational requirements.

2013- 2014 Stand-alone Balance Sheet

Unit: NT\$'000, %

	2013	2014	YoY change	
			Amount	%
Current assets	19,819,698	15,251,167	(4,568,531)	(23.05)
Investments	39,563,373	49,879,231	10,315,858	26.07
Property, plant and equipment	28,975,365	32,294,190	3,318,825	11.45
Intangible assets	40,247,043	39,117,370	(1,129,673)	(2.81)
Other assets	5,571,753	4,080,948	(1,490,805)	(26.76)
Total assets	134,177,232	140,622,906	6,445,674	4.80
Current liabilities	57,236,700	53,250,046	(3,986,654)	(6.97)
Non-current liabilities	19,506,638	27,113,508	7,606,870	39.00
Total liabilities	76,743,338	80,363,554	3,620,216	4.72
Paid-in capital	34,208,328	34,208,328	-	-
Capital surplus	12,456,891	14,715,830	2,258,939	18.13
Retained earnings	41,433,176	41,355,524	(77,652)	(0.19)
Other equity and treasury stock	(30,664,501)	(30,020,330)	644,171	(2.10)
Total shareholders' equity	57,433,894	60,259,352	2,825,458	4.92

Impact of changes in financial conditions on financial results: No significant impact

Preventive measures: Not applicable