

Statements of Comprehensive Income Analysis

Consolidated Statements of Comprehensive Income

1. Decrease in non-operating expenses: Non-operating expenses decreased due to lower losses from asset write-offs.
2. Decrease in losses from discontinued operations: momo sold its loss-making cosmetics chain stores in 2014.

2013 – 2014 Consolidated Statements of Comprehensive Income

Unit: NT\$'000, %

	2013	2014	YoY change	
			Amount	%
Operating revenue	108,407,931	112,623,879	4,215,948	3.89
Operating costs	69,571,020	75,098,238	5,527,218	7.94
Gross profit	38,836,911	37,525,641	(1,311,270)	(3.38)
Operating expenses	17,828,219	17,925,037	96,818	0.54
Operating income	21,071,835	19,710,715	(1,361,120)	(6.46)
Non-operating income (expenses)	(1,652,822)	(845,638)	807,184	(48.84)
Income before tax	19,419,013	18,865,077	(553,936)	(2.85)
Profit from continuing operations	16,067,173	15,631,434	(435,739)	(2.71)
Loss from discontinued operations	249,392	78,329	(171,063)	(68.59)
Net income	15,817,781	15,553,105	(264,676)	(1.67)

Stand-alone Statements of Comprehensive Income

1. Decrease in operating income: Operating income dropped due to rising operating expenses from 4G business expansion.
2. Increase in non-operating income: Non-operating income rose due to higher investment income from subsidiaries.

2013 – 2014 Stand-alone Statements of Comprehensive Income

Unit: NT\$'000, %

	2013	2014	YoY change	
			Amount	%
Operating revenue	78,928,492	81,649,070	2,720,578	3.45
Operating costs	51,265,449	52,822,024	1,556,575	3.04
Gross profit	27,629,638	28,814,818	1,185,180	4.29
Operating expenses	19,424,256	23,153,551	3,729,295	19.20
Operating income	8,258,017	5,713,280	(2,544,737)	(30.82)
Non-operating income (expenses)	8,329,636	10,027,657	1,698,021	20.39
Income before tax	16,587,653	15,740,937	(846,716)	(5.10)
Net income	15,583,447	15,005,428	(578,019)	(3.71)

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

In 2015, the Company will continue to leverage its 4G high-speed mobile internet service to expand its market share. As demand for smart devices increases, the Company will invest in value-added services to tap into this market's full growth potential. It will focus on developing and enhancing top-of-the-line mobile value-added services, including mobile shopping, mobile payment, video/audio services and myBook store (an e-book platform), to satisfy customer demand and boost 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. Decrease in cash outflow from investment activities: Cash outflow declined significantly from 2013 when the Company paid the 4G license fees.
2. Increase in cash outflow from financing activities: Cash outflow rose as the Company paid down bank loans.

2013 – 2014 Consolidated Cash Flow Statement

Unit: NT\$'000, %

	2013	2014	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	24,833,011	28,338,516	3,505,505	14.12
Cash inflow (outflow) from investment activities	(42,370,252)	(19,664,554)	22,705,698	53.59
Cash inflow (outflow) from financing activities	19,291,773	(8,735,720)	(28,027,493)	NM
Impact from changes in exchange rate	8,622	11,241	2,619	30.38
Net cash increase (decrease)	1,763,154	(50,517)	(1,813,671)	NM

Stand-alone cash flow analysis

1. Increase in cash inflow from operating activities: Cash inflow rose due to higher revenue collection from expanding businesses.
2. Decrease in cash outflow from investment activities: Cash outflow declined significantly from 2013 when the Company paid the 4G license fees.
3. Increase in cash outflow from financing activities: Cash outflow rose as the Company paid down bank borrowings.

2013 – 2014 Stand-alone Cash Flow Statement

Unit: NT\$'000, %

	2013	2014	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	12,197,463	17,234,402	5,036,939	41.29
Cash inflow (outflow) from investment activities	(32,165,200)	(3,870,819)	28,294,381	(87.97)
Cash inflow (outflow) from financing activities	19,414,105	(12,797,819)	(32,211,924)	NM
Net cash increase (decrease)	(553,632)	565,764	1,119,396	NM

Plans to improve negative liquidity: Not applicable