

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

Balance Sheet Analysis

Stand-alone balance sheet analysis

Explanation of significant changes – i.e., at least a 10% change amounting to more than NT\$10 million – in the past two years' assets, liabilities and shareholders' equity:

1. Current assets rose due to increases in accounts receivable and inventory as a result of mobile data revenue growth and strong smartphone sales.
2. Investments increased due to the Company's participation in the rights issue of its subsidiary, Wealth Media Technology Co., Ltd.
3. Long-term liabilities increased mainly due to the issuance of new corporate bonds at the end of 2012.

2011- 2012 Stand-alone Balance Sheet

Unit: NT\$'000, %

	2011	2012	YoY change	
			Amount	%
Current assets	10,307,087	12,702,556	2,395,469	23.24
Investments	26,670,657	34,466,074	7,795,417	29.23
Fixed assets	31,268,171	29,131,007	(2,137,164)	(6.83)
Intangible assets	12,816,185	12,014,914	(801,271)	(6.25)
Other assets	3,665,604	3,650,151	(15,453)	(0.42)
Total assets	84,727,704	91,964,702	7,236,998	8.54
Current liabilities	29,800,200	31,158,254	1,358,054	4.56
Long-term liabilities	4,000,000	8,995,180	4,995,180	124.88
Other liabilities	1,979,493	2,087,331	107,838	5.45
Total liabilities	35,779,693	42,240,765	6,461,072	18.06
Paid-in capital	34,208,328	34,208,328	-	-
Capital surplus	12,432,446	12,432,446	-	-
Retained earnings	33,272,277	34,082,930	810,653	2.44
Other equity	(30,965,040)	(30,999,767)	(34,727)	0.11
Total shareholders' equity	48,948,011	49,723,937	775,926	1.59

Consolidated balance sheet analysis

Explanation of significant changes – i.e., at least a 10% change amounting to more than NT\$10 million – in the past two years' assets, liabilities and shareholders' equity:

1. Current assets increased due to rising cash inflows from operating income and higher inventories resulting from procurement of various models of smartphones.
2. Investments increased mainly due to a capital injection in Taipei New Horizon and new investments in Taiwan Pelican Express and Kbro Media.
3. Current liabilities dropped due to decreases in short-term borrowings and short-term notes and bills payable.
4. Long-term liabilities increased owing to a new corporate bond issuance at the end of 2012.
5. Other liabilities rose due to an increase in guarantee deposits received as well as an increase in long-term construction payables to restore the leased property when returned.

2011 - 2012 Consolidated Balance Sheet

Unit: NT\$'000, %

	2011	2012	YoY change	
			Amount	%
Current assets	18,126,033	20,097,186	1,971,153	10.87
Investments	2,161,551	2,842,353	680,802	31.50
Fixed assets	40,801,447	39,834,181	(967,266)	(2.37)
Intangible assets	27,760,674	26,781,024	(979,650)	(3.53)
Other assets	2,944,663	2,820,300	(124,363)	(4.22)
Total assets	91,794,368	92,375,044	580,676	0.63
Current liabilities	36,105,959	30,749,506	(5,356,453)	(14.84)
Long-term liabilities	4,000,000	8,995,180	4,995,180	124.88
Other liabilities	1,624,524	1,824,538	200,014	12.31
Total liabilities	41,730,483	41,569,224	(161,259)	(0.39)
Paid-in capital	34,208,328	34,208,328	-	-
Capital surplus	12,432,446	12,432,446	-	-
Retained earnings	33,272,277	34,082,930	810,653	2.44
Other equity	(30,965,040)	(30,999,767)	(34,727)	0.11
Minority interest	1,115,874	1,081,883	(33,991)	(3.05)
Total shareholders' equity	50,063,885	50,805,820	741,935	1.48

Impact of changes on financial results: No significant impact

Preventive measures: Not applicable