

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. Current assets increased as accounts receivable and inventories rose due to higher smartphone and bundled sales.
2. Investments increased mainly due to a capital injection in Taipei New Horizon.
3. Intangible assets increased due to the acquisition of 4G license.
4. Current liabilities increased due to rising short-term borrowings to finance the payment of 4G license fees.
5. Non-current liabilities increased due to a new corporate bond issuance in 2013 and increased borrowings to finance mid and long-term working capital requirements.

2012 - 2013 Consolidated Balance Sheet

Unit: NT\$'000, %

	2012	2013	YoY change	
			Amount	%
Current assets	23,772,918	29,493,868	5,720,950	24.06
Investments	3,057,545	4,194,570	1,137,025	37.19
Property, plant and equipment	40,737,678	42,985,801	2,248,123	5.52
Intangible assets	26,654,154	54,837,271	28,183,117	105.74
Other assets	6,167,930	6,840,869	672,939	10.91
Total assets	100,390,225	138,352,379	37,962,154	37.81
Current liabilities	29,930,393	58,605,638	28,675,245	95.81
Non-current liabilities	12,816,539	21,226,100	8,409,561	65.61
Total liabilities	42,746,932	79,831,738	37,084,806	86.75
Paid-in capital	34,208,328	34,208,328	-	-
Capital surplus	12,431,851	12,456,891	25,040	0.20
Retained earnings	40,668,067	41,433,176	765,109	1.88
Other equity and treasury stock	(30,737,157)	(30,664,501)	72,656	(0.24)
Non-controlling interests	1,072,204	1,086,747	14,543	1.36
Total equity	57,643,293	58,520,641	877,348	1.52

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 increased as accounts receivable and inventories rose due to higher smartphone and bundled sales.
2. Intangible assets increased due to the acquisition of 4G license.
3. Current liabilities increased due to rising short-term borrowings to finance the payment of 4G license fees.
4. Non-current liabilities increased due to a new corporate bond issuance in 2013 and increased borrowings to finance mid and long-term working capital requirements.

2012- 2013 Stand-alone Balance Sheet

Unit: NT\$'000, %

	2012	2013	YoY change	
			Amount	%
Current assets	16,467,066	19,819,698	3,352,632	20.36
Investments	33,717,978	39,563,373	5,845,395	17.34
Property, plant and equipment	29,799,766	28,975,365	(824,401)	(2.77)
Intangible assets	11,932,848	40,247,043	28,314,195	237.28
Other assets	6,647,558	5,571,753	(1,075,805)	(16.18)
Total assets	98,565,216	134,177,232	35,612,016	36.13
Current liabilities	30,377,402	57,236,700	26,859,298	88.42
Non-current liabilities	11,616,725	19,506,638	7,889,913	67.92
Total liabilities	41,994,127	76,743,338	34,749,211	82.75
Paid-in capital	34,208,328	34,208,328	-	-
Capital surplus	12,431,851	12,456,891	25,040	0.20
Retained earnings	40,668,067	41,433,176	765,109	1.88
Other equity and treasury stock	(30,737,157)	(30,664,501)	72,656	(0.24)
Total shareholders' equity	56,571,089	57,433,894	862,805	1.53

Impact of changes on financial results: No significant impact

Preventive measures: Not applicable