

Statements of Comprehensive Income Analysis

Consolidated Statements of Comprehensive Income

1. Decrease in non-operating expenses in 2015 was 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.

2014 – 2015 Consolidated Statements of Comprehensive Income

Unit: NT\$'000, %

	2014	2015	YoY change	
			Amount	%
Operating revenue	112,623,879	116,144,205	3,520,326	3.13
Operating costs	75,097,542	79,785,135	4,687,593	6.24
Gross profit	37,526,337	36,359,070	(1,167,267)	(3.11)
Operating expenses	17,924,638	17,894,501	(30,137)	(0.17)
Operating income	19,711,810	18,769,149	(942,661)	(4.78)
Non-operating income (expenses)	(845,638)	(603,199)	242,439	(28.67)
Income before tax	18,866,172	18,165,950	(700,222)	(3.71)
Profit from continuing operations	15,632,343	16,168,029	535,686	3.43
Loss from discontinued operations	78,329	-	(78,329)	(100.00)
Net income	15,554,014	16,168,029	614,015	3.95

Stand-alone Statements of Comprehensive Income

1. Increase in operating income: Both operating revenue and operating income rose as the Company terminated its direct store management contract with 100%-owned Taiwan Digital Service.
2. Decrease in non-operating income: Investment income from subsidiaries decreased as the Company terminated its direct store management contract with 100%-owned Taiwan Digital Service.

2014 – 2015 Stand-alone Statements of Comprehensive Income

Unit: NT\$'000, %

	2014	2015	YoY change	
			Amount	%
Operating revenue	81,649,070	83,710,453	2,061,383	2.52
Operating costs	52,822,273	52,234,342	(587,931)	(1.11)
Gross profit	28,814,569	31,521,743	2,707,174	9.40
Operating expenses	23,153,864	19,363,666	(3,790,198)	(16.37)
Operating income	5,712,718	12,397,268	6,684,550	117.01
Non-operating income (expenses)	10,029,032	4,366,737	(5,662,295)	(56.46)
Income before tax	15,741,750	16,764,005	1,022,255	6.49
Net income	15,006,337	15,686,186	679,849	4.53

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

In 2016, 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 from 2014 when the Company had higher investment.

2014 – 2015 Consolidated Cash Flow Statement

Unit: NT\$'000, %

	2014	2015	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	28,338,516	25,805,736	(2,532,780)	(8.94)
Cash inflow (outflow) from investment activities	(19,664,554)	(15,179,543)	4,485,011	(22.81)
Cash inflow (outflow) from financing activities	(8,735,720)	(9,948,924)	(1,213,204)	13.89
Impact from changes in exchange rate	11,241	(1,624)	(12,865)	NM
Net cash increase (decrease)	(50,517)	675,645	726,162	NM

Stand-alone cash flow analysis: No significant changes

2014 – 2015 Stand-alone Cash Flow Statement

Unit: NT\$'000, %

	2014	2015	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	17,234,402	16,554,741	(679,661)	(3.94)
Cash inflow (outflow) from investment activities	(3,870,819)	(4,547,144)	(676,325)	17.47
Cash inflow (outflow) from financing activities	(12,797,819)	(11,629,231)	1,168,588	(9.13)
Net cash increase (decrease)	565,764	378,366	(187,398)	(33.12)

Plans to improve negative liquidity: Not applicable