

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 equity:

1. Investments decreased mainly due to the disposal of Taiwan High Speed Rail Corp shares.
2. Intangible assets increased mainly due to the acquisition of 5G spectrum.
3. Current liabilities and non-current liabilities increased mainly due to an increase in short-term notes and bills payable and the issuance of bonds respectively.

2019 - 2020 Consolidated Balance Sheet

Unit: NT\$'000, %

	2019	2020	YoY change	
			Amount	%
Current assets	29,905,700	32,092,794	2,187,094	7.31
Investments	6,723,913	4,256,640	(2,467,273)	(36.69)
Property, plant and equipment	36,182,005	42,479,314	6,297,309	17.40
Intangible assets	59,078,475	85,766,511	26,688,036	45.17
Other assets	22,029,866	19,989,343	(2,040,523)	(9.26)
Total assets	153,919,959	184,584,602	30,664,643	19.92
Current liabilities	44,522,956	58,532,319	14,009,363	31.47
Non-current liabilities	35,220,728	54,062,071	18,841,343	53.50
Total liabilities	79,743,684	112,594,390	32,850,706	41.20
Paid-in capital	35,093,545	35,124,215	30,670	0.09
Capital surplus	20,274,694	18,936,574	(1,338,120)	(6.60)
Retained earnings	41,927,491	43,471,394	1,543,903	3.68
Other equity and treasury stock	(29,278,439)	(32,167,083)	(2,888,644)	9.87
Non-controlling interests	6,158,984	6,625,112	466,128	7.57
Total equity	74,176,275	71,990,212	(2,186,063)	(2.95)

Stand-alone balance sheet analysis

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

1. Property, plant and equipment increased mainly due to the construction of a 5G network.
2. Intangible assets increased mainly due to the acquisition of 5G spectrum.
3. Current liabilities and non-current liabilities increased mainly due to an increase in short-term notes and bills payable and the issuance of bonds respectively.

2019- 2020 Stand-alone Balance Sheet

Unit: NT\$'000, %

	2019	2020	YoY change	
			Amount	%
Current assets	16,835,738	16,039,175	(796,563)	(4.73)
Investments	45,171,026	47,242,230	2,071,204	4.59
Property, plant and equipment	19,711,168	25,327,616	5,616,448	28.49
Intangible assets	38,300,915	65,347,011	27,046,096	70.61
Other assets	19,087,499	16,914,811	(2,172,688)	(11.38)
Total assets	139,106,346	170,870,843	31,764,497	22.83
Current liabilities	42,009,716	57,436,944	15,427,228	36.72
Non-current liabilities	29,079,339	48,068,799	18,989,460	65.30
Total liabilities	71,089,055	105,505,743	34,416,688	48.41
Paid-in capital	35,093,545	35,124,215	30,670	0.09
Capital surplus	20,274,694	18,936,574	(1,338,120)	(6.60)
Retained earnings	41,927,491	43,471,394	1,543,903	3.68
Other equity and treasury stock	(29,278,439)	(32,167,083)	(2,888,644)	9.87
Total equity	68,017,291	65,365,100	(2,652,191)	(3.90)

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

Preventive measures: Not applicable