

**MEGA BILLS FINANCE CO., LTD**  
**BALANCE SHEETS**  
**December 31, 2011 and 2010**  
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	NOTES	2011	2010
<b>Assets</b>			
Cash and cash equivalents	4(1) and 5	\$ 601,915	\$ 736,833
Financial assets at fair value through profit or loss	4(2), 5 and 6	135,756,870	112,685,775
Bills and bonds investment with resale agreements	4(3)	-	529,800
Receivables - net	4(4)	1,833,166	2,101,018
Available-for-sale financial assets - net	4(5), 5 and 6	83,240,989	91,189,051
Held-to-maturity financial assets - net	4(6)	250,000	250,000
Other financial assets – net	4(7) and 6	822,684	693,381
Property and equipment - net	4(8)	2,928,881	2,945,800
Intangible assets - net		1,096	309
Other assets - net	4(9) and 5	47,010	55,134
<b>TOTAL ASSETS</b>		<b>\$ 225,482,611</b>	<b>\$ 211,187,101</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Bank overdrafts and call loans from banks	4(10) and 5	\$ 3,416,000	\$ 3,897,000
Financial liabilities at fair value through profit or loss	4(11)	-	10,130
Bills and bonds payable under repurchase agreements	4(3) and 5	184,993,275	170,163,470
Payables	4(12),(13) and 5	1,257,098	1,243,823
<b>Other Liabilities</b>			
Reserves for guarantee liabilities	5	2,911,927	2,884,046
Reserves for securities trading losses		-	200,000
Accrued pension liability	4(14)	235,663	166,141
Other liabilities - others	5	73,473	87,170
<b>Total Liabilities</b>		<b>192,887,436</b>	<b>178,651,780</b>
<b>Capital stock</b>			
Common stocks	4(15)	13,114,411	13,114,411
Capital surplus	4(16)	312,823	312,823
<b>Retained earnings</b>			
Legal reserve	4(13), (17) and (18)	13,009,385	12,212,916
Special reserve		203,090	3,090
Unappropriated retained earnings		2,685,319	2,701,076
<b>Other stockholders' equity adjustments</b>			
Unrealized gain or loss on financial instruments	4(5)	3,327,430	4,191,005
Losses not recognized as pension cost-net	4(14)	( 57,283)	-
<b>Total Stockholders' Equity</b>		<b>32,595,175</b>	<b>32,535,321</b>
<b>Commitments And Contingent Liabilities</b>	7		
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>\$ 225,482,611</b>	<b>\$ 211,187,101</b>

The accompanying notes are an integral part of these financial statements.

**MEGA BILLS FINANCE CO., LTD**  
**STATEMENTS OF INCOME**  
For the Years Ended December 31, 2011 and 2010  
(Expressed in Thousands of New Taiwan Dollars, Except For Earnings Per Share)

	NOTES	2011	2010
Interest Income		\$ 3,344,572	\$ 3,347,214
Less : Interest Expense	5	( 936,945)	( 509,053)
Interest Income, Net		2,407,627	2,838,161
Non-Interest Income, Net			
Service fee and commission income, net	5 and 10(2)	712,572	795,646
Gain or loss from financial assets and liabilities at fair value through profit or loss	5 and 10(4)	85,780	221,564
Realized gain or loss on available-for-sale financial assets	10(2)	267,225	335,050
Foreign exchange loss, net		189	( 77)
Loss on asset impairment	4(7)	-	( 169,957)
Other non-interest income or loss, net			
Rental income	5	107,184	126,671
Recovery of bad debts and overdue accounts		414,100	104,713
Others		12,797	12,577
Net Revenues		4,007,474	4,264,348
Provisions	10(6)	( 89,757)	( 345, 695)
Operating Expenses			
Personnel expenses	4(19)	( 551,876)	( 513, 641)
Depreciation and amortization	4(19)	( 27,142)	( 37, 349)
Other business and administrative expenses	5	( 200,596)	( 212,013)
Total operating expenses		( 779,614)	( 763,003)
Income before Income Tax from Operating Unit		3,138,103	3,155,650
Income Tax Expense	4(13)	( 455,801)	( 500,753)
Net Income		\$ 2,682,302	\$ 2,654,897
		Before Tax	After Tax
Earnings Per Share (in dollars)	4(20)		
Net Income		\$ 2.39	\$ 2.05
		Before Tax	After Tax
		\$ 2.41	\$ 2.02

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MEGA BILLS FINANCE CO., LTD  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
For the Years Ended December 31, 2011 and 2010  
(Expressed in Thousands of New Taiwan Dollars)

	<u>Retained Earnings</u>					Unrealized	Losses not	Total
	<u>Common</u>	<u>Capital</u>	<u>Legal</u>	<u>Special</u>	<u>Unappropriated</u>	<u>Gain or Loss on</u>	<u>Recognized as</u>	<u>Stockholders'</u>
	<u>Stock</u>	<u>Surplus</u>	<u>Reserve</u>	<u>Reserve</u>	<u>Retained Earnings</u>	<u>Financial Assets</u>	<u>Pension Cost-</u>	<u>Equity</u>
							<u>Net</u>	
Balance as of January 1, 2010	\$ 13,114,411	\$ 312,823	\$ 11,355,330	\$ 3,090	\$ 2,870,927	\$ 5,179,496	\$ -	\$ 32,836,077
Appropriation of 2009 earnings (Note)								
Legal reserve	-	-	857,586	-	( 857,586)	-	-	-
Cash dividends	-	-	-	-	( 1,967,162)	-	-	( 1,967,162)
Net income for 2010	-	-	-	-	2,654,897	-	-	2,654,897
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	( 988,491)	-	( 988,491)
Balance as of December 31, 2010	<u>\$ 13,114,411</u>	<u>\$ 312,823</u>	<u>\$ 12,212,916</u>	<u>\$ 3,090</u>	<u>\$ 2,701,076</u>	<u>\$ 4,191,005</u>	<u>\$ -</u>	<u>\$ 32,535,321</u>
Balance as of January 1, 2011	\$ 13,114,411	\$ 312,823	\$ 12,212,916	\$ 3,090	\$ 2,701,076	\$ 4,191,005	\$ -	\$ 32,535,321
Appropriation of 2010 earnings (Note)								
Legal reserve	-	-	796,469	-	( 796,469)	-	-	-
Cash dividends	-	-	-	-	( 1,901,590)	-	-	( 1,901,590)
Net income for 2011	-	-	-	-	2,682,302	-	-	2,682,302
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	( 863,575)	-	( 863,575)
Trading loss reserve transferred to special reserve	-	-	-	200,000	-	-	-	200,000
Losses not recognized as pension cost-net	-	-	-	-	-	-	( 57,283)	( 57,283)
Balance as of December 31, 2011	<u>\$ 13,114,411</u>	<u>\$ 312,823</u>	<u>\$ 13,009,385</u>	<u>\$ 203,090</u>	<u>\$ 2,685,319</u>	<u>\$ 3,327,430</u>	<u>(\$ 57,283)</u>	<u>\$ 32,595,175</u>

Note: Employee bonuses amounting to \$65,045 and \$75,239 for 2010 and 2009, have been recorded under operation expense in the statement of income, not recorded as earnings appropriation items.

The accompanying notes are an integral part of these financial statements.

**MEGA BILLS FINANCE CO., LTD**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2011 and 2010  
(Expressed in Thousands of New Taiwan Dollars)

	<u>2011</u>	<u>2010</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Net income	\$ 2,682,302	\$ 2,654,897
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27,142	37,349
Provisions for bad debts and various reserves	89,757	345,695
Loss on asset impairment	-	169,957
Gains on disposal of fixed assets	( 171)	( 479)
Decrease (increase) in operating assets:		
Financial assets at fair value through profit or loss	( 23,071,095)	( 26,842,127)
Bills and bonds investment with resale agreements	529,800	( 529,800)
Receivables	268,722	106,770
Available-for-sale financial assets	7,084,487	17,192,814
Held-to-maturity financial assets	-	200,000
Other financial assets	( 192,049)	68,005
Other assets	7,530	3,451
Increase (decrease) in operating liabilities:		
Financial liabilities at fair value through profit or loss	( 10,130)	( 64,860)
Bills and bonds payable under repurchase agreement	14,829,805	10,557,429
Payables	13,275	( 84,435)
Other liabilities – others	( 13,697)	( 122,297)
Accrued pension liability	12,994	22,410
Net cash provided by operating activities	<u>2,258,672</u>	<u>3,714,779</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Acquisition of property and equipment	( 3,460)	( 3,528)
Proceeds from disposal of property and equipment	171	479
Increase in other assets	( 6,686)	( 416)
Increase in intangible assets	( 1,025)	( 213)
Net cash used in investing activities	<u>( 11,000)</u>	<u>( 3,678)</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Decrease in bank overdrafts and call loans from banks	( 481,000)	( 1,689,000)
Payments of cash dividends	( 1,901,590)	( 1,967,162)
Net cash used in financing activities	<u>( 2,382,590)</u>	<u>( 3,656,162)</u>
Net (decrease) increase in cash and cash equivalents	( 134,918)	54,939
Cash and cash equivalents, beginning of year	736,833	681,894
Cash and cash equivalents, end of year	<u>\$ 601,915</u>	<u>\$ 736,833</u>
<b><u>Supplemental Disclosures of Cash Flow Information:</u></b>		
Interest paid	<u>\$ 913,908</u>	<u>\$ 496,730</u>
Income tax paid	<u>\$ 393,433</u>	<u>\$ 421,941</u>

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