

MEGA BILLS FINANCE CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2012 AND 2011
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>ASSETS</u>	<u>NOTES</u>	<u>2012</u>	<u>2011</u>
Assets			
Cash and cash equivalents	4(1) and 5	\$ 367,174	\$ 601,915
Financial assets at fair value through profit or loss	4(2), 5 and 6	129,072,587	135,756,870
Receivables - net	4(4)	1,261,152	1,833,166
Available-for-sale financial assets - net	4(5), 5 and 6	81,883,882	83,240,989
Held-to-maturity financial assets - net	4(6)	500,000	250,000
Other financial assets – net	4(7) and 6	1,299,398	822,684
Property and equipment - net	4(8)	2,918,234	2,928,881
Intangible assets - net		4,750	1,096
Other assets - net	4(9) and 5	110,397	47,010
TOTAL ASSETS		<u>\$ 217,417,574</u>	<u>\$ 225,482,611</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Liabilities			
Bank overdrafts and call loans from banks	4(10) and 5	\$ 20,861,000	\$ 3,416,000
Financial liabilities at fair value through profit or loss	4(11)	3,154	-
Bills and bonds payable under repurchase agreements	4(3) and 5	159,376,775	184,993,275
Payables	4(12),(13) and 5	1,000,645	1,257,098
Other Liabilities			
Reserves for guarantee liabilities	5	2,999,660	2,911,927
Accrued pension liability	4(14)	281,049	235,663
Other liabilities - others	5	76,217	73,473
Total Liabilities		<u>184,598,500</u>	<u>192,887,436</u>
Capital stock	4(15)		
Common stocks		13,114,411	13,114,411
Capital surplus	4(16)	312,823	312,823
Retained earnings	4(13), (17) and (18)		
Legal reserve		13,814,076	13,009,385
Special reserve		203,090	203,090
Unappropriated retained earnings		2,883,611	2,685,319
Other stockholders' equity adjustments			
Unrealized gain or loss on financial instruments	4(5)	2,567,813	3,327,430
Losses not recognized as pension cost-net	4(14)	(76,750)	(57,283)
Total Stockholders' Equity		<u>32,819,074</u>	<u>32,595,175</u>
Commitments And Contingent Liabilities	7		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$ 217,417,574</u>	<u>\$ 225,482,611</u>

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, 2012 AND 2011

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

	NOTES	2012	2011		
Interest Income		\$ 3,206,986	\$ 3,344,572		
Less : Interest Expense	5	(1,217,712)	(936,945)		
Interest Income, Net		1,989,274	2,407,627		
Non-Interest Income, Net					
Service fee and commission income, net	5 and 10(2)	593,311	712,572		
Gain or loss from financial assets and liabilities at fair value through profit or loss	5,10(2)and (4)	230,851	85,780		
Realized gain or loss on available-for-sale financial assets	10(2)	379,658	267,225		
Foreign exchange (loss) gain, net		(293)	189		
Other non-interest income or loss, net					
Rental income	5	108,754	107,184		
Recovery of bad debts and overdue accounts	5	953,776	414,100		
Others		16,557	12,797		
Net Revenues		4,271,888	4,007,474		
Provisions	10(6)	(126,379)	(89,757)		
Operating Expenses					
Personnel expenses	4(19)	(581,343)	(551,876)		
Depreciation and amortization	4(19)	(19,320)	(27,142)		
Other business and administrative expenses	5	(196,287)	(200,596)		
Total operating expenses		(796,950)	(779,614)		
Income before Income Tax from Operating Unit		3,348,559	3,138,103		
Income Tax Expense	4(13)	(467,593)	(455,801)		
Net Income		\$ 2,880,966	\$ 2,682,302		
		Before Tax	After Tax	Before Tax	After Tax
Earnings Per Share (in dollars)	4(20)				
Net Income		\$ 2.55	\$ 2.20	\$ 2.39	\$ 2.05

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MEGA BILLS FINANCE CO., LTD.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Retained Earnings</u>					Unrealized		
	Common	Capital	Legal	Special	Unappropriated	Gain or Loss on	Losses not	Total
	<u>Stocks</u>	<u>Surplus</u>	<u>Reserve</u>	<u>Reserve</u>	<u>Retained Earnings</u>	<u>Financial Instruments</u>	<u>Recognized as Pension Cost-Net</u>	<u>Stockholders' Equity</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>
Balance as of January 1, 2012	\$ 13,114,411	\$ 312,823	\$ 13,009,385	\$ 203,090	\$ 2,685,319	\$ 3,327,430	(\$ 57,283)	\$ 32,595,175
Appropriation of 2011 earnings (Note)								
Legal reserve	-	-	804,691	-	(804,691)	-	-	-
Cash dividends	-	-	-	-	(1,877,983)	-	-	(1,877,983)
Net income for 2012	-	-	-	-	2,880,966	-	-	2,880,966
Changes in unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	(759,617)	-	(759,617)
Changes in unrecognized gains or losses on pension cost-net	-	-	-	-	-	-	(19,467)	(19,467)
Balance as of December 31, 2012	<u>\$ 13,114,411</u>	<u>\$ 312,823</u>	<u>\$ 13,814,076</u>	<u>\$ 203,090</u>	<u>\$ 2,883,611</u>	<u>\$ 2,567,813</u>	<u>(\$ 76,750)</u>	<u>\$ 32,819,074</u>

Note: Employee bonuses amounting to \$65,716 and \$65,045 for 2011 and 2010, respectively have been recorded under operating expense in the statement of income, and 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, 2012 AND 2011
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2012</u>	<u>2011</u>
<u>Cash Flows from Operating Activities</u>		
Net income	\$ 2,880,966	\$ 2,682,302
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	19,320	27,142
Provisions for bad debts and various reserves	126,379	89,757
Gains on disposal of fixed assets	(81)	(171)
Decrease (increase) in operating assets:		
Financial assets at fair value through profit or loss	6,684,283	(23,071,095)
Bills and bonds investment with resale agreements	-	529,800
Receivables	572,014	268,722
Available-for-sale financial assets	597,490	7,084,487
Held-to-maturity financial assets	(250,000)	-
Other financial assets	(515,360)	(192,049)
Other assets	(2,925)	7,530
Income tax on separately taxed income	(63,388)	-
Increase (decrease) in operating liabilities:		
Financial liabilities at fair value through profit or loss	3,154	(10,130)
Bills and bonds payable under repurchase agreement	(25,616,500)	14,829,805
Payables	(256,453)	13,275
Other liabilities – others	2,744	(13,697)
Accrued pension liability	28,738	12,994
Net cash (used in) provided by operating activities	(15,789,619)	2,258,672
<u>Cash Flows from Investing Activities</u>		
Acquisition of property and equipment	(6,410)	(3,460)
Proceeds from disposal of property and equipment	81	171
Increase in other assets	(1,706)	(6,686)
Increase in intangible assets	(4,104)	(1,025)
Net cash used in investing activities	(12,139)	(11,000)
<u>Cash Flows from Financing Activities</u>		
Increase (decrease) in bank overdrafts and call loans from banks	17,445,000	(481,000)
Payments of cash dividends	(1,877,983)	(1,901,590)
Net cash provided by (used in) financing activities	15,567,017	(2,382,590)
Net decrease in cash and cash equivalents	(234,741)	(134,918)
Cash and cash equivalents, beginning of year	601,915	736,833
Cash and cash equivalents, end of year	<u>\$ 367,174</u>	<u>\$ 601,915</u>
<u>Supplemental Disclosures of Cash Flow Information:</u>		
Interest paid	<u>\$ 1,210,022</u>	<u>\$ 913,908</u>
Income tax paid	<u>\$ 343,960</u>	<u>\$ 393,433</u>

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