

MEGA BILLS FINANCE CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2016	December 31, 2015
Cash and cash equivalents	6(1) and 7	\$ 346,391	\$ 321,356
Financial assets at fair value through profit or loss	6(2)(6), 7 and 8	125,297,488	115,285,106
Available-for-sale financial assets	6(3)(6), 7 and 8	132,867,186	100,816,225
Bills and bonds investment with resale agreements	6(4)	-	1,000,000
Receivables – net	6(5)	1,531,891	1,185,047
Held-to-maturity financial assets	6(8)	350,000	600,000
Other financial assets – net	6(9) and 8	820,362	818,540
Property and equipment - net	6(10)	370,177	375,457
Investment property - net	6(11)	2,528,424	2,539,088
Intangible assets - net		3,310	2,427
Deferred income tax assets - net	6(29)	152,104	106,254
Other assets – net	6(12) and 7	34,868	48,225
TOTAL ASSETS		\$ 264,302,201	\$ 223,097,725
Liabilities and equity			
Interbank overdraft and call loans	6(13), 7 and 8	\$ 15,714,592	\$ 11,294,776
Financial liabilities at fair value through profit or loss	6(7)(14)	22,543	6,149
Bills and bonds payable under repurchase agreements	6(2)(3)(4) and 7	210,809,807	173,109,248
Payables	6(15)	602,808	504,042
Current income tax liabilities	6(29)	191,490	131,256
Provisions for liabilities	6(16)(17) and 7	2,728,105	2,757,420
Deferred income tax liabilities	6(29)	22,700	12,647
Other liabilities	7	431,098	828,935
TOTAL LIABILITIES		230,523,143	188,644,473
Capital stock			
Common stocks	6(18)	13,114,411	13,114,411
Capital surplus	6(19)	320,929	320,929
Retained earnings	6(20)		
Legal reserve		17,209,762	16,319,161
Special reserve		203,090	203,090
Unappropriated retained earnings		2,963,015	2,968,669
Other equity interest			
Unrealized valuation gain or loss of available-for-sale financial assets		(32,149)	1,526,992
TOTAL EQUITY		33,779,058	34,453,252
Significant contingent liabilities and unrecognized 9 contract commitments			
TOTAL LIABILITIES AND EQUITY		\$ 264,302,201	\$ 223,097,725

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

MEGA BILLS FINANCE CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

Items	Notes	For the years ended December 31,	
		2016	2015
Interest income	6(21)	\$ 3,322,888	\$ 2,930,965
Less : interest expense	6(21) and 7	(899,280)	(901,456)
Interest income, net		2,423,608	2,029,509
Non-interest income, net			
Service fee and commission income, net	6(22) and 7	1,021,838	967,377
Gain or loss from financial assets and liabilities at fair value through profit or loss	6(2)(14)(23) and 7	508,425	598,034
Realized gain or loss on available-for-sale financial assets	6(24)	225,269	432,215
Foreign exchange gain or loss, net		2,544	3,203
Other non-interest income or loss, net			
Leasehold income	7	106,167	112,699
Others		33,858	20,877
Net revenues		4,321,709	4,163,914
Reversals (provisions)	6(25)	45,896	134,508
Operating expenses			
Employee benefit expense	6(17)(26)	(565,372)	(562,029)
Depreciation and amortization	6(27)	(24,660)	(23,592)
Other business and administrative expenses	6(28) and 7	(206,528)	(206,991)
Total operating expenses		(796,560)	(792,612)
Income before income tax from operating unit		3,571,045	3,505,810
Income tax expense	6(29)	(590,919)	(495,374)
Net income		2,980,126	3,010,436
Other comprehensive income			
Not reclassifiable to profit or loss:			
Remeasurement of defined benefit plans	6(17)	(21,513)	(46,645)
Income tax relating to items that are not reclassifiable to profit or loss	6(29)	3,657	7,929
Potentially reclassifiable to profit or loss subsequently:			
Unrealized profit or loss on valuation of available-for-sale financials assets		(1,559,141)	424,155
Total other comprehensive (loss) income (after income tax)		(1,576,997)	385,439
Total comprehensive income		\$ 1,403,129	\$ 3,395,875
Earnings per share			
Basic and diluted earnings per share	6(30)	\$ 2.27	\$ 2.30

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

MEGA BILLS FINANCE CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Capital Stocks	Capital Surplus	Retained Earnings		Unappropriated Retained Earnings	Other equity interest Unrealized gain or loss on available-for-sale financial assets	Total equity
			Legal Reserve	Special Reserve			
<u>For the year ended December 31, 2015</u>							
Balance as of January 1, 2015	\$ 13,114,411	\$ 320,929	\$ 15,429,923	\$ 203,090	\$ 2,959,575	\$ 1,102,837	\$ 33,130,765
Appropriation of 2014 earnings (Note)							
Legal reserve	-	-	889,238	-	(889,238)	-	-
Cash dividends	-	-	-	-	(2,073,388)	-	(2,073,388)
Total comprehensive income							
Net income for 2015	-	-	-	-	3,010,436	-	3,010,436
Total other comprehensive (loss) income for 2015	-	-	-	-	(38,716)	424,155	385,439
Total comprehensive income for 2015	-	-	-	-	2,971,720	424,155	3,395,875
Balance as of December 31, 2015	<u>\$ 13,114,411</u>	<u>\$ 320,929</u>	<u>\$ 16,319,161</u>	<u>\$ 203,090</u>	<u>\$ 2,968,669</u>	<u>\$ 1,526,992</u>	<u>\$ 34,453,252</u>
<u>For the year ended December 31, 2016</u>							
Balance as of January 1, 2016	\$ 13,114,411	\$ 320,929	\$ 16,319,161	\$ 203,090	\$ 2,968,669	\$ 1,526,992	\$ 34,453,252
Appropriation of 2015 earnings (Note)							
Legal reserve	-	-	890,601	-	(890,601)	-	-
Cash dividends	-	-	-	-	(2,077,323)	-	(2,077,323)
Total comprehensive income							
Net income for 2016	-	-	-	-	2,980,126	-	2,980,126
Total other comprehensive loss for 2016	-	-	-	-	(17,856)	(1,559,141)	(1,576,997)
Total comprehensive income (loss) for 2016	-	-	-	-	2,962,270	(1,559,141)	1,403,129
Balance as of December 31, 2016	<u>\$ 13,114,411</u>	<u>\$ 320,929</u>	<u>\$ 17,209,762</u>	<u>\$ 203,090</u>	<u>\$ 2,963,015</u>	<u>(\$ 32,149)</u>	<u>\$ 33,779,058</u>

Note: Employee remuneration (bonuses) amounting to \$62,175 and \$64,322 thousand for 2015 and 2014 have been deducted from the statements of comprehensive income.

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, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31,	
		2016	2015
<u>Cash Flows from Operating Activities</u>			
Income before income tax		\$ 3,571,045	\$ 3,505,810
Adjustments to reconcile income before tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation	6(27)	20,660	19,550
Amortization	6(27)	4,000	4,042
Reversal for bad debts and various reserves	6(16) (	41,865 ) (	64,115)
Interest income	6(21) (	3,322,888 ) (	2,930,965)
Dividend income	(	49,064 ) (	75,992)
Interest expense	6(21)	899,280	901,456
Gains on disposal of property and equipment	(	53 ) (	590)
Changes in assets/liabilities relating to operating assets:			
(Increase) decrease in financial assets at fair value through profit or loss	(	10,012,382)	1,741,510
Decrease in bills and bonds investment with resale agreements		1,000,000	8,805,054
Increase in receivables	(	52,191 ) (	3,928)
Increase in available-for-sale financial assets	(	33,610,102 ) (	17,058,190)
Decrease in held-to-maturity financial assets		250,000	250,000
Increase in other financial assets	(	27,625 ) (	40,040)
Decrease (increase) in other assets		18,122 (	20,018)
Increase in financial liabilities at fair value through profit or loss		16,394	5,738
Increase in bills and bonds payable under repurchase agreements		37,700,559	9,331,357
Increase in payables		67,925	11,460
Increase in provisions for liabilities		17,472	18,186
(Decrease) increase in other liabilities	(	397,837)	712,394
Interest paid	(	868,439 ) (	911,675)
Interest received		3,027,603	2,754,211
Dividend received		49,064	75,992
Income tax paid	(	562,825 ) (	429,278)
Net cash (used in) provided by operating activities	(	2,303,147)	6,601,969
<u>Cash Flows from Investing Activities</u>			
Acquisition of property and equipment	6(10) (	4,723 ) (	15,075)
Increase in intangible assets	(	1,627 ) (	721)
Increase in other assets	(	8,021 ) (	4,448)
Proceeds from disposal of property and equipment		60	590
Net cash used in investing activities	(	14,311)	19,654
<u>Cash Flows from Financing Activities</u>			
Increase (decrease) in interbank overdraft and call loans		4,419,816	(4,631,837)
Payments of cash dividends	(	2,077,323)	(2,073,388)
Net cash provided by (used in) financing activities		2,342,493	(6,705,225)
Net increase (decrease) in cash and cash equivalents		25,035	(122,910)
Cash and cash equivalents, beginning of year	6(1)	321,356	444,266
Cash and cash equivalents, end of year	6(1)	\$ 346,391	\$ 321,356

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