

MEGA BILLS FINANCE CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		December 31, 2017		December 31, 2016	
	Assets	Notes	AMOUNT		AMOUNT
11000	Cash and cash equivalents	6(1) and 7	\$ 793,634	\$	346,391
12000	Financial assets at fair value through profit or loss	6(2)(6), 7 and 8	136,554,017		125,297,488
14000	Available-for-sale financial assets	6(3)(6), 7 and 8	135,888,342		132,867,186
12500	Bills and bonds investment with resale agreements	6(4)	501,259		-
13000	Receivables – net	6(5)	1,651,477		1,531,891
14500	Held-to-maturity financial assets	6(8)	100,000		350,000
15500	Other financial assets – net	6(9) and 8	875,137		820,362
18500	Property and equipment - net	6(10)	363,606		370,177
18700	Investment property - net	6(11)	2,517,760		2,528,424
19000	Intangible assets - net		4,920		3,310
19300	Deferred income tax assets - net	6(29)	222,666		152,104
19500	Other assets – net	6(12) and 7	49,031		34,868
	TOTAL ASSETS		\$ 279,521,849	\$	264,302,201
Liabilities and equity					
21000	Interbank overdraft and call loans	6(13), 7 and 8	\$ 31,124,272	\$	15,714,592
22000	Financial liabilities at fair value through profit or loss	6(7)(14)	632		22,543
22500	Bills and bonds payable under repurchase agreements	6(2)(3)(4) and 7	208,414,735		210,809,807
23000	Payables	6(15)	947,769		602,808
23200	Current income tax liabilities	6(29)	40,412		191,490
25600	Provisions for liabilities	6(16)(17) and 7	2,759,489		2,728,105
29300	Deferred income tax liabilities	6(29)	45,675		22,700
29500	Other liabilities	7	151,008		431,098
	TOTAL LIABILITIES		243,483,992		230,523,143
31100	Stockholders' Equity				
31101	Common stocks	6(18)	13,114,411		13,114,411
31500	Capital surplus	6(19)	320,929		320,929
32000	Retained earnings	6(20)			
32001	Legal reserve		18,098,666		17,209,762
32003	Special reserve		235,239		203,090
32005	Unappropriated retained earnings		2,679,521		2,963,015
32500	Other equity interest				
32500	Other equity interest		1,589,091	(32,149)
	TOTAL EQUITY		36,037,857		33,779,058
	Significant contingent liabilities and unrecognized contract commitments	9			
	TOTAL LIABILITIES AND EQUITY		\$ 279,521,849	\$	264,302,201

MEGA BILLS FINANCE CO., LTD.
STATEMENTS OF INCOME
ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

		Year ended December 31	
		2017	2016
Items	Notes	AMOUNT	AMOUNT
41000 Interest income	6(21)	\$ 3,382,516	\$ 3,322,888
51000 Less : interest expense	6(21) and 7	(1,209,251)	(899,280)
Interest income, net		2,173,265	2,423,608
Non-interest income, net			
49100 Service fee and commission income, net	6(22) and 7	954,340	1,021,838
49200 Gain or loss from financial assets and liabilities at fair value through profit or loss	6(2)(14)(23) and 7	554,321	508,425
49300 Realized gain or loss on available-for-sale financial assets	6(24)	236,419	225,269
49600 Foreign exchange gain or loss, net		(69,904)	2,544
49800 Other non-interest income or loss, net			
49851 Leasehold income	7	103,911	106,167
49899 Others		13,568	33,858
Net revenues		3,965,920	4,321,709
58200 Reversals (provisions)	6(25)	11,068	45,896
Operating expenses			
58500 Employee benefit expense	6(17)(26)	(531,788)	(565,372)
59000 Depreciation and amortization	6(10)(11)(27)	(25,010)	(24,660)
59500 Other business and administrative expenses	6(28) and 7	(208,669)	(206,528)
Total operating expenses		(765,467)	(796,560)
61001 Income before income tax from operating unit		3,211,521	3,571,045
61003 Income tax expense	6(29)	(506,292)	(590,919)
64000 Net income		\$ 2,705,229	\$ 2,980,126
Other comprehensive income			
Not reclassifiable to profit or loss:			
65201 Remeasurement of defined benefit plans	6(17)	(\$ 42,091)	(\$ 21,513)
65220 Income tax relating to items that are not reclassifiable to profit or loss	6(29)	7,155	3,657
Potentially reclassifiable to profit or loss subsequently:			
65302 Unrealized profit or loss on valuation of available-for-sale financials assets		1,621,240	(1,559,141)
65000 Total other comprehensive income(loss) (after income tax)		\$ 1,586,304	(\$ 1,576,997)
66000 Total comprehensive income		\$ 4,291,533	\$ 1,403,129
67500 Earnings per share			
Basic and diluted earnings per share	6(30)	\$ 2.06	\$ 2.27

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, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Retained Earnings			Other equity interest	
	Common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealised valuation gain or loss of available-for-sale financial assets	Total equity
<u>For the year ended December 31, 2016</u>							
Balance at 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 at 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>
<u>For the year ended December 31, 2017</u>							
Balance at January 1, 2017	\$ 13,114,411	\$ 320,929	\$ 17,209,762	\$ 203,090	\$ 2,963,015	(\$ 32,149)	\$ 33,779,058
Appropriation of 2016 earnings (Note)							
Legal reserve	-	-	888,904	-	(888,904)	-	-
Special reserve	-	-	-	32,149	(32,149)	-	-
Cash dividends	-	-	-	-	(2,032,734)	-	(2,032,734)
Total comprehensive income							
Net income for 2017	-	-	-	-	2,705,229	-	2,705,229
Total other comprehensive (loss) income for 2017	-	-	-	-	(34,936)	1,621,240	1,586,304
Total comprehensive income for 2017	-	-	-	-	2,670,293	1,621,240	4,291,533
Balance at December 31, 2017	<u>\$ 13,114,411</u>	<u>\$ 320,929</u>	<u>\$ 18,098,666</u>	<u>\$ 235,239</u>	<u>\$ 2,679,521</u>	<u>\$ 1,589,091</u>	<u>\$ 36,037,857</u>

MEGA BILLS FINANCE CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

	Notes	2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 3,211,521	\$ 3,571,045
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	21,329	20,660
Amortization	6(27)	3,681	4,000
Reversal for bad debts and various reserves	6(16)	40,063	(41,865)
Interest income	6(21)	(3,382,516)	(3,322,888)
Dividend income		(64,849)	(49,064)
Interest expense	6(21)	1,209,251	899,280
Gains on disposal of property and equipment		(62)	(53)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(11,256,529)	(10,012,382)
Bills and bonds investment with resale agreements		(501,259)	1,000,000
Increase in receivables		14,487	(52,191)
Increase in available-for-sale financial assets		(1,399,916)	(33,610,102)
Held-to-maturity financial assets		250,000	250,000
Increase in other financial assets		(54,775)	(27,625)
Decrease (increase) in other assets		(16,473)	18,122
Increase in financial liabilities at fair value through profit or loss		(21,911)	16,394
Bills and bonds payable under repurchase agreements		(2,395,072)	37,700,559
Increase in payables		349,909	67,925
Increase in provisions for liabilities		(50,707)	17,472
Other liabilities		(280,090)	(397,837)
Cash outflow generated from operations		(14,323,918)	(3,948,550)
Interest paid		(1,214,199)	(868,439)
Interest received		3,248,380	3,027,603
Dividend received		64,849	49,064
Income tax paid		(697,802)	(562,825)
Net cash flows used in operating activities		(12,922,690)	(2,303,147)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property and equipment	6(10)	(4,095)	(4,723)
Increase in intangible assets		(2,376)	(1,627)
Increase in other assets		(605)	(8,021)
Proceeds from disposal of property and equipment		63	60
Net cash flows used in investing activities		(7,013)	(14,311)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in interbank overdraft and call loans		15,409,680	4,419,816
Payments of cash dividends		(2,032,734)	(2,077,323)
Net cash flows from financing activities		13,376,946	2,342,493
Net increase in cash and cash equivalents		447,243	25,035
Cash and cash equivalents at beginning of year	6(1)	346,391	321,356
Cash and cash equivalents at end of year	6(1)	\$ 793,634	\$ 346,391

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