

MEGA BILLS FINANCE CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Assets	Notes	December 31, 2018	December 31, 2017
		AMOUNT	AMOUNT
Cash and cash equivalents	6(1) and 7	\$ 326,207	\$ 793,634
Financial assets at fair value through profit or loss	6(2)(7), 7 and 8	126,577,565	136,554,017
Financial assets at fair value through other comprehensive income	6(3)(7), 7 and 8	131,955,095	-
Investments in debt instruments at amortized cost	6(4)(7)	440,070	-
Available-for-sale financial assets	6(7), 7, 8 and 15(4)	-	135,888,342
Bills and bonds investment with resale agreements	6(5)(7)	-	501,259
Receivables – net	6(6) and 15(4)	1,534,617	1,651,477
Held-to-maturity financial assets	15(4)	-	100,000
Other financial assets – net	6(9), 7, 8 and 15(4)	497,703	875,137
Property and equipment - net	6(10)	363,438	363,606
Investment property - net	6(11)	2,507,096	2,517,760
Intangible assets - net		4,140	4,920
Deferred income tax assets - net	6(29)	532,673	222,666
Other assets – net	6(12) and 7	49,956	49,031
TOTAL ASSETS		\$ 264,788,560	\$ 279,521,849
Liabilities and equity			
Interbank overdraft and call loans	6(13), 7 and 8	\$ 23,074,279	\$ 31,124,272
Financial liabilities at fair value through profit or loss	6(14)	5,892	632
Bills and bonds payable under repurchase agreements	6(2)(3)(5)(7)(8), 7 and 15(4)	202,310,405	208,414,735
Payables	6(15)	560,256	947,769
Current income tax liabilities	6(29)	69,738	40,412
Provisions for liabilities	6(16)(17), 7 and 15(4)	2,696,915	2,759,489
Deferred income tax liabilities	6(29)	86,060	45,675
Other liabilities	7	356,264	151,008
TOTAL LIABILITIES		229,159,809	243,483,992
Stockholders' Equity			
Common stocks	6(18)	13,114,411	13,114,411
Capital surplus	6(19)	320,929	320,929
Retained earnings	6(20)		
Legal reserve		18,902,523	18,098,666
Special reserve		203,090	235,239
Unappropriated retained earnings		2,906,836	2,679,521
Other equity interest		180,962	1,589,091
TOTAL EQUITY		35,628,751	36,037,857
TOTAL LIABILITIES AND EQUITY		\$ 264,788,560	\$ 279,521,849

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, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

Items	Notes	For the years ended December 31,	
		2018	2017
		AMOUNT	AMOUNT
Interest income	6(21)	\$ 3,446,303	\$ 3,382,516
Less: interest expense	6(21) and 7	(1,603,543)	(1,209,251)
Interest income, net		1,842,760	2,173,265
Non-interest income, net			
Service fee and commission income, net	6(22) and 7	922,292	954,340
Gain or loss from financial assets and liabilities at fair value through profit or loss	6(2)(14)(23) and 7	495,452	554,321
Realized gain on financial assets at fair value through other comprehensive income	6(3)(24)	337,985	-
Realized gain or loss on available-for-sale financial assets	15(4)	-	236,419
Foreign exchange gain or loss, net		44,323	(69,904)
Reversal of impairment loss on assets		6,542	-
Other non-interest income or loss, net			
Leasehold income	7	107,528	103,911
Others		20,797	13,568
Net revenues		3,777,679	3,965,920
Reversals (provisions)	6(25)	54,058	11,068
Operating expenses			
Employee benefit expense	6(17)(26)	(526,892)	(531,788)
Depreciation and amortization	6(10)(11)(27)	(25,683)	(25,010)
Other business and administrative expenses	6(28) and 7	(216,565)	(208,669)
Total operating expenses		(769,140)	(765,467)
Income before income tax from operating unit		3,062,597	3,211,521
Income tax expense	6(29)	(504,516)	(506,292)
Net income		2,558,081	2,705,229
Other comprehensive income			
Not reclassifiable to profit or loss:			
Remeasurement of defined benefit plans	6(17)	(47,769)	(42,091)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	6(3)	(85,869)	-
Income tax relating to items that are not reclassifiable to profit or loss	6(29)	9,554	7,155
Potentially reclassifiable to profit or loss subsequently:			
Unrealized profit or loss on valuation of available-for-sale financial assets		-	1,621,240
Gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	6(3)	(1,562,145)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(29)	299,253	-
Total other comprehensive income(loss) (after income tax)		(1,386,976)	1,586,304
Total comprehensive income		\$ 1,171,105	\$ 4,291,533
Earnings per share			
Basic and diluted earnings per share	6(30)	\$ 1.95	\$ 2.06

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, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Retained Earnings					Other equity interest		
	Common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Gains or losses on financial assets measured at fair value through other comprehensive income	Unrealised valuation gain or loss of available-for-sale financial assets	Total equity
<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
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
Appropriation of 2016 earnings								
Legal reserve	-	-	888,904	-	(888,904)	-	-	-
Special reserve	-	-	-	32,149	(32,149)	-	-	-
Cash dividends	-	-	-	-	(2,032,734)	-	-	(2,032,734)
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>\$ -</u>	<u>\$ 1,589,091</u>	<u>\$ 36,037,857</u>
<u>For the year ended December 31, 2018</u>								
Balance at January 1, 2018	\$ 13,114,411	\$ 320,929	\$ 18,098,666	\$ 235,239	\$ 2,679,521	\$ -	\$ 1,589,091	\$ 36,037,857
Effects of retrospective application and retrospective restatement	-	-	-	-	346,880	1,563,589	(1,589,091)	321,378
Balance at 1 January after adjustments	<u>13,114,411</u>	<u>320,929</u>	<u>18,098,666</u>	<u>235,239</u>	<u>3,026,401</u>	<u>1,563,589</u>	<u>-</u>	<u>36,359,235</u>
Net income for 2018	-	-	-	-	2,558,081	-	-	2,558,081
Other comprehensive income	-	-	-	-	(38,215)	(1,348,761)	-	(1,386,976)
Total comprehensive income for 2018	-	-	-	-	2,519,866	(1,348,761)	-	1,171,105
Appropriation of 2017 earnings								
Legal reserve	-	-	803,857	-	(803,857)	-	-	-
Special reserve	-	-	-	(32,149)	32,149	-	-	-
Cash dividends	-	-	-	-	(1,901,589)	-	-	(1,901,589)
Disposal of investment in equity instruments designated at fair value through other comprehensive income	-	-	-	-	33,866	(33,866)	-	-
Balance at December 31, 2018	<u>\$ 13,114,411</u>	<u>\$ 320,929</u>	<u>\$ 18,902,523</u>	<u>\$ 203,090</u>	<u>\$ 2,906,836</u>	<u>\$ 180,962</u>	<u>\$ -</u>	<u>\$ 35,628,751</u>

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, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

	Notes	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 3,062,597	\$ 3,211,521
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	21,750	21,329
Amortization	6(27)	3,933	3,681
(Reversal) recognition for bad debts and various reserves	6(16)	(52,590)	40,063
Interest income	6(21)	(3,446,303)	(3,382,516)
Dividend income		(86,620)	(64,849)
Interest expense	6(21)	1,603,543	1,209,251
Reversal of impairment loss on assets		(6,542)	-
Gains on disposal of property and equipment		(58)	(62)
Changes in operating assets and liabilities			
Changes in operating assets			
Decrease (increase) in financial assets at fair value through profit or loss		9,976,452	(11,256,529)
Decrease in financial assets at fair value through other comprehensive income		3,058,020	-
Increase in investments in debt instruments measured at amortized cost		(440,184)	-
Decrease (increase) in bills and bonds investment with resale agreements		501,259	(501,259)
Decrease in receivables		39,902	14,487
Increase in available-for-sale financial assets		-	(1,399,916)
Decrease in held-to-maturity financial assets		-	250,000
Decrease (increase) in other financial assets		33,134	(54,775)
Increase in other assets		(1,767)	(16,473)
Increase (decrease) in financial liabilities at fair value through profit or loss		5,260	(21,911)
Decrease in bills and bonds payable under repurchase agreements		(6,104,330)	(2,395,072)
(Decrease) increase in payables		(436,197)	349,909
Decrease in provisions for liabilities		(57,803)	(50,707)
Increase (decrease) in other liabilities		205,256	(280,090)
Interest received		3,522,858	3,248,380
Interest paid		(1,554,859)	(1,214,199)
Dividend received		86,620	64,849
Income tax paid		(436,005)	(697,802)
Net cash flows from (used in) operating activities		<u>9,497,326</u>	<u>(12,922,690)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property and equipment	6(10)	(10,967)	(4,095)
Increase in intangible assets		(340)	(2,376)
Increase in other assets		(1,971)	(605)
Proceeds from disposal of property and equipment		107	63
Net cash flows used in investing activities		<u>(13,171)</u>	<u>(7,013)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in interbank overdraft and call loans		(8,049,993)	15,409,680
Payments of cash dividends		(1,901,589)	(2,032,734)
Net cash flows (used in) from financing activities		<u>(9,951,582)</u>	<u>13,376,946</u>
Net (decrease) increase in cash and cash equivalents		(467,427)	447,243
Cash and cash equivalents at beginning of year	6(1)	793,634	346,391
Cash and cash equivalents at end of year	6(1)	<u>\$ 326,207</u>	<u>\$ 793,634</u>

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