PRESIDENT SECURITIES CORPORATION
NON-CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT ACCOUNTANTS
JUNE 30, 2009 AND 2008

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Report of Independent Accountants Translated from Chinese

PWCM09000110

To the Board of Directors and Shareholders of President Securities Corporation

We have audited the accompanying non-consolidated balance sheets of President Securities Corporation as of June 30, 2009 and 2008, and the related non-consolidated statements of income, of changes in shareholders' equity and of cash flows for the six-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards and related rules require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of President Securities Corporation as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the six-month periods then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Firms", "Rules Governing the Preparation of Financial Statements by Futures Commission Merchants", "Business Entity Accounting Law", "Regulation on Business Entity Accounting Handling" and generally accepted accounting principles in the Republic of China.

We have also audited the consolidated financial statements of President Securities Corporation and its subsidiaries (not presented herein) as of and for the six-month periods ended June 30, 2009 and 2008. In our report dated August 21, 2009, we expressed an unqualified opinion on the consolidated financial statements.

PricewaterhouseCoopers

August 21, 2009

The accompanying non-consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying non-consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept liability for the use of, or reliance on, the English translation or for any errors or misunderstanding that may derive from the translation.

PRESIDENT SECURITIES CORPORATION
NON-CONSOLIDATED BALANCE SHEETS
JUNE 30
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2009 Amount	2009 %	2008 Amount	2008 %
ASSETS				
Current Assets				
Cash and cash equivalents	$ 1,215,564	4	$ 639,030	1
Financial assets at fair value through profit or loss - current (Notes 3 ,4 (1), 5, 6 and 10)	8,217,025	27	13,410,329	28
Bonds purchased under resale agreements (Notes 4 (3), 6 and 10)	-	-	5,488,213	11
Margin loans receivable (Note 4 (4))	10,410,010	34	17,750,433	37
Refinancing security deposits	25,583	-	-	-
Receivables from refinance guaranty	41,434	-	348	-
Receivables from security lending	91,801	-	28,018	-
Security lending deposits	82,934	-	25,306	-
Notes receivable	1,065	-	2,968	-
Accounts receivable - net (Note 5)	669,177	2	801,593	2
Prepayments	19,686	-	32,785	-
Prepaid pension expenses - current (Note 4 (15))	86,964	-	80,056	-
Other receivables	303,831	1	528,140	1
Restricted assets (Note 6)	1,323,507	4	1,684,880	3
Available-for-sale financial assets - current (Notes 3 and 4 (2))	767,274	3	-	-
Total Current Assets	23,255,855	75	40,472,099	83
Funds and Investments				
Equity investments-equity method (Note 4 (5))	3,388,106	11	3,488,663	7
Available-for-sale financial assets-non-current (Note 4 (2))	135,845	1	135,845	-
Financial assets at fair value through profit or loss-non-current (Notes 4 (1) and 6)	106,287	-	-	-
Total Funds and Investments	3,630,238	12	3,624,508	7
Fixed Assets (Note 6)				
Land	1,414,528	4	1,434,274	3
Buildings	891,988	3	903,194	2
Equipment	498,353	2	522,978	1
Prepayments for equipment	2,378	-	9,009	-
Leasehold improvements	46,452	-	46,365	-
Less: Accumulated depreciation	(649,181)	(2)	(653,740)	(1)
Total Fixed Assets	2,204,518	7	2,262,080	5
Other Assets				
Operating guarantee deposits (Note 6)	702,000	2	700,000	2
Exchange clearing deposits (Note 6)	387,385	1	331,154	1
Deposits-out (Notes 5 and 6)	257,023	1	105,027	-
Deferred assets	2,222	-	4,033	-
Rental assets(Notes 5 and 6)	255,631	1	545,376	1
Idle assets (Note 6)	285,785	1	-	-
Deferred tax assets - non-current (Note 4 (24))	37,432	-	46,898	-
Total Other Assets	1,927,478	6	1,732,488	4
Securities Brokerage Debit Accounts - Net (Note 4 (26))	-	-	521,614	1
TOTAL ASSETS	$ 31,018,089	100	$ 48,612,789	100

	2009 Amount	2009 %	2008 Amount	2008 %
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Short-term loans (Note 4 (6))	$ 300,000	1	$ 4,663,000	10
Commercial papers payable (Note 4 (7))	149,914	-	4,243,988	9
Bonds sold under repurchase agreements (Notes 4 (8), 6 and 10)	4,106,333	13	5,686,353	12
Financial liabilities at fair value through profit or loss-current (Notes 4 (10) and 10)	184,704	1	1,724,166	4
Deposits on short sales	1,149,089	4	911,698	2
Short sale proceeds payable	1,332,936	4	1,064,793	2
Accounts payable	45,581	-	90,729	-
Advance receipts	359	-	503	-
Collections on behalf of third parties	330,496	1	222,612	-
Other payables (Notes 4 (11) and (24))	1,811,973	6	2,907,653	6
Deferred tax liabilities - current (Note 4 (24))	19,024	-	68,497	-
Long-term liabilities - current portion (Notes 4 (13) and 10)	-	-	2,000,000	4
Other financial liabilities - current (Note 4 (12))	338,960	1	235,413	-
Total Current Liabilities	9,769,369	31	23,819,405	49
Long-term Liabilities				
Bonds payable (Note 4 (13) and 10)	2,232,308	7	2,756,958	6
Long-term loans (Note 4 (14))	599,585	2	3,178,784	6
Total Long-term Liabilities	2,831,893	9	5,935,742	12
Other Liabilities				
Reserve for default (Note 4 (16))	200,000	1	200,000	1
Reserve for trading loss (Note 4 (17))	60,519	-	49,723	-
Deposits-in	2,421	-	5,899	-
Total Other Liabilities	262,940	1	255,622	1
Securities Brokerage Debit Accounts - Net (Note 4 (26))	8,284	-	-	-
Total Liabilities	12,872,486	41	30,010,769	62
SHAREHOLDERS' EQUITY				
Capital (Note 4 (18))				
Common stock	11,857,062	38	11,768,695	24
Stock dividend distributable	-	-	388,367	1
Capital reserve (Note 4 (19))				
Common stock	13,558	-	13,901	-
Treasury stock (Note 4 (23))	70,899	-	36,209	-
Stock warrants (Note 4 (13))	166,116	1	166,500	-
Retained earnings				
Legal reserve (Note 4 (20))	1,521,014	5	2,026,430	4
Special reserve (Note 4 (21))	4,123,962	13	4,123,962	8
Unappropriated earnings (Note 4 (22)(24))	857,903	3	267,515	1
Cumulative translation adjustments	(36,514)	-	(188,419)	-
Net loss on unrecognized pension cost	(3,017)	-	-	-
Treasury stock (Note 4 (23))	(388,640)	(1)	-	-
Unrealized loss on financial instruments (Note 10)	(36,740)	-	(1,140)	-
Total Shareholders' Equity	18,145,603	59	18,602,020	38
Commitments and Contingent Liabilities (Note 7)				
Subsequent Event (Note 9)				
Other Disclosure Items (Note 11)				
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 31,018,089	100	$ 48,612,789	100

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated August 21, 2009.

PRESIDENT SECURITIES CORPORATION
NON-CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	2009		2008	
	Amount	%	Amount	%
Revenues				
Securities brokerage fees	$ 1,102,330	41	$ 1,122,901	36
Underwriting fees	11,739	-	5,066	-
Gain on trading of securities - dealer (Notes 4 (1)(2)(28) and 5)	577,281	22	-	-
Gain on trading of securities - underwriter (Note 4 (1)(28))	3,555	-	-	-
Gain on trading of securities - hedging (Note 4 (1)(28))	30,860	1	-	-
Stock custodian income (Note 5)	40,807	2	43,097	1
Interest income (Note 10)	308,417	12	660,924	21
Dividend income	11,795	-	5,567	-
Gain on valuation of operating securities (Note 4 (1))	151,012	6	-	-
Gain on short covering and trading securities - RS financing covering	35,396	1	215,330	7
Gain on valuation of borrowed securities and bonds with resale agreements	-	-	12,607	-
Gain on warrants issuance (Note 10)	28,354	1	244,151	8
Commissions on futures (Note 5)	35,261	1	45,221	1
Gain on derivative financial instruments - FUTURES (Note 10)	-	-	466,566	15
Gain on derivative financial instruments - OTC (Note 10)	24,798	1	169,629	5
Other operating income (Note 5)	39,075	2	14,293	1
Non-operating income (Notes 4 (29), 5 and 10)	262,991	10	159,320	5
	2,663,671	100	3,164,672	100
Expenses (Note 5)				
Handling charges - brokerage	(77,532)	(3)	(75,495)	(2)
Handling charges - dealing	(16,934)	(1)	(19,286)	(1)
Service charges - refinancing	(732)	-	(468)	-
Loss on trading of securities - dealer (Notes 4 (1)(28) and 5)	-	-	(23,641)	(1)
Loss on trading of securities - underwriter (Note 4 (1)(28))	-	-	(4,670)	-
Loss on trading of securities - hedging (Note 4 (1)(28))	-	-	(217,501)	(7)
Interest expense (Note 10)	(11,815)	(1)	(99,960)	(3)
Loss on valuation of operating securities	-	-	(279,865)	(9)
Loss on valuation of borrowed securities and bonds with resale agreements	(4,276)	-	-	-
Warrants issuance expenses	(4,887)	-	(5,906)	-
Clearing charges	(6,966)	-	(4,126)	-
Loss on derivative financial instruments - FUTURES (Note 10)	(118,123)	(4)	-	-
Operating expenses (Notes 3 and 4 (27))	(1,404,606)	(53)	(1,551,978)	(49)
Other operating expenses	(155)	-	(1,340)	-
Non-operating expenses (Note 4 (30))	(70,178)	(3)	(570,163)	(18)
	(1,716,204)	(65)	(2,854,399)	(90)
Income before income tax	947,467	35	310,273	10
Income tax expense (Note 4 (24))	(89,564)	(3)	(66,959)	(2)
Net income	$ 857,903	32	$ 243,314	8
	Before income tax	After income tax	Before income tax	After income tax
Basic earnings per share (Note 4 (25)) (in NT Dollars)				
Net income	$ 0.83	$ 0.75	$ 0.26	$ 0.20
Diluted earnings per share				
Net income (Note 4 (25)) (in NT Dollars)	$ 0.83	$ 0.75	$ 0.26	$ 0.20

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

See report of independent accountants dated August 21, 2009.

PRESIDENT SECURITIES CORPORATION
NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Capital			Retained Earnings						Unrealized Loss on Market Value Decline of Long-term Equity Investments	
	Common Stock	Stock Dividend Distributable	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Net loss on unrecognized pension cost	Treasury Stock		Total
Balance at January 1, 2008	$ 11,768,695	$ -	$ 50,110	$ 1,785,795	$ 3,612,071	$ 2,424,343	($ 48,474)	$ -	$ -	($ 22,628)	$ 19,569,912
Appropriations of 2007 earnings:											
Legal reserve	-	-	-	240,635	-	(240,635)	-	-	-	-	-
Special reserve	-	-	-	-	511,891	(511,891)	-	-	-	-	-
Cash bonus to employees	-	-	-	-	-	(32,952)	-	-	-	-	(32,952)
Remuneration to directors and supervisors	-	-	-	-	-	(49,428)	-	-	-	-	(49,428)
Stock dividends	-	388,367	-	-	-	(388,367)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,176,869)	-	-	-	-	(1,176,869)
Net income for the six-month period ended June 30, 2008	-	-	-	-	-	243,314	-	-	-	-	243,314
Unrealized loss on hedged cash flow	-	-	-	-	-	-	-	-	-	21,488	21,488
Cumulative translation adjustments	-	-	-	-	-	-	(139,945)	-	-	-	(139,945)
Issuance of convertible bonds	-	-	166,500	-	-	-	-	-	-	-	166,500
Balance at June 30, 2008	$ 11,768,695	$ 388,367	$ 216,610	$ 2,026,430	$ 4,123,962	$ 267,515	($ 188,419)	$ -	$ -	($ 1,140)	$ 18,602,020
Balance at January 1, 2009	$ 12,157,062	$ -	$ 255,234	$ 2,026,430	$ 4,123,962	($ 505,416)	($ 35,122)	($ 3,017)	($ 546,545)	($ 231,626)	$ 17,240,962
Accumulated deficit offset by legal reserve (Note)	-	-	-	(505,416)	-	505,416					-
Net income for the six-month period ended June 30, 2009	-	-	-	-	-	857,903	-	-	-	-	857,903
Unrealized loss on financial instruments	-	-	-	-	-	-	-	-	-	194,886	194,886
Reacquired treasury stock	-	-	-	-	-	-	-	-	(146,756)	-	(146,756)
Retired treasury stock	(300,000)	-	(4,661)	-	-	-	-	-	304,661	-	-
Cumulative translation adjustments	-	-	-	-	-	-	(1,392)	-	-	-	(1,392)
Balance at June 30, 2009	$ 11,857,062	$ -	$ 250,573	$ 1,521,014	$ 4,123,962	$ 857,903	($ 36,514)	($ 3,017)	($ 388,640)	($ 36,740)	$ 18,145,603

(Note) In accordance with the resolution adopted by the stockholders' meeting on June 19, 2009, the 2008 earnings would not be appropriated.

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated August 21, 2009.

PRESIDENT SECURITIES CORPORATION
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 857,903	$ 243,314
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation (including rental assets and idle assets)	33,114	33,936
Amortization	906	1,257
(Gain) loss on valuation of open-ended funds and money-market instruments	(5,802)	13,872
(Gain) loss on decline in value of securities	(151,012)	279,865
Write-off of bad debts classified as revenue	(571)	(176)
Write-off of allowance for uncollectible accounts	-	(133)
Provision for bad debts	425	417
(Income) loss on long-term investments accounted for under the equity method	(157,474)	242,108
Impairment loss on long-term investments accounted for under the equity method	-	22,129
Proceeds from cash dividends - under the equity method	125,541	99,362
(Gain) loss on disposal of fixed assets	(12,221)	268
Discount on bonds payable	32,794	7,788
Loss on redemption of bonds payable	275	-
Provision for trading loss	33,408	46,345
Changes in assets and liabilities:		
Financial assets at fair value through profit or loss	1,425,148	3,193,634
Bonds purchased under resale agreements	738,658	1,165,584
Net cash funded from margin loans and short sales transactions	(3,598,621)	575,243
Refinancing security deposits	(25,441)	-
Receivables from refinance guaranty	(29,935)	8,310
Receivables from stock borrowing guaranty	(59,994)	(28,018)
Refinancing security deposits	(54,204)	(25,306)
Notes receivable	765	(1,657)
Accounts receivable	(297,925)	(550,863)
Prepayments	9,094	1,573
Prepaid pension expenses	(8,886)	(10,794)
Other receivables	(124,699)	(132,913)
Available-for-sale financial assets - current	875,907	-
Deferred tax assets / liabilities	(7,796)	(28,092)
Bonds sold under repurchase agreements	909,420	(2,967,804)
Financial liabilities at fair value through profit or loss - current	(292,513)	(1,352,022)
Accounts payable	(811,872)	(112,720)
Advance receipts	200	128
Collections on behalf of third parties	118,873	(3,417)
Other payables	276,438	(288,500)
Other financial liabilities - current	313,960	49,496
Securities brokerage debit accounts - net	30,104	(478,272)
Net cash provided by operating activities	143,967	3,942

(Continued)

PRESIDENT SECURITIES CORPORATION

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX-MONTH PERIODS ENDED JUNE 30

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2009	2008
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in restricted assets - current	$ 62,592	$ 39,650
Long-term equity investments accounted for under the equity method - subsidiaries	-	(5,000)
Return of share capital from capital reduction in long-term equity investments accounted for under the equity method - subsidiaries	-	6,000
Acquisition of fixed assets	(4,568)	(36,198)
Proceeds from disposal of fixed assets	42,000	35
(Increase) decrease in exchange clearing deposits	(36,831)	1,625
(Increase) decrease in deposits-out	(69,876)	63,521
Increase operating guarantee deposits	(2,000)	-
Net cash (used in) provided by investing activities	(8,683)	69,633
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term loans	175,000	67,000
Decrease in commercial papers payable	(299,477)	(1,801,716)
Issuance of convertible bonds	-	3,000,000
Proceeds from redeemed bonds	(39,940)	-
Increase in long-term loans	-	298,848
Repayment of long-term loans	(840,000)	(1,470,000)
(Decrease) increase in deposits-in	(3,493)	1,533
Reacquired treasury stock	(146,756)	-
Net cash (used in) provided by financing activities	(1,154,666)	95,665
Net increase in cash and cash equivalents	(1,019,382)	169,240
Cash and cash equivalents, beginning of the period	2,234,946	469,790
Cash and cash equivalents, end of the period	$ 1,215,564	$ 639,030
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 19,281	$ 231,838
Cash paid for income tax	$ 105,951	$ 280,940

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

See report of independent accountants dated August 21, 2009.

PRESIDENT SECURITIES CORPORATION

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,

EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

President Securities Corporation ("the Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 17, 1988, and started commercial operations on April 3, 1989. As of June 30, 2009, the Company had 35 operating branches with approximately 1,500 employees.

The Company is primarily engaged in the underwriting, dealing, brokerage, financing of marketable securities, futures, warrants, derivative financial instruments and wealth management business.

The Company's shares are listed on the Taiwan Stock Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with the "Rules Governing the Preparation of Financial Reports by Securities Firms", "Rules Governing the Preparation of Financial Reports by Futures Commission Merchants", "Business Entity Accounting Law", "Regulation on Business Entity Accounting Handling" and generally accepted accounting principles in the Republic of China. The Company's significant accounting policies are described below:

1) Translation of foreign currency transactions

   A. The Company maintains its accounts in New Taiwan dollars. Transactions denominated in foreign currencies are translated into New Taiwan dollars at the spot exchange rates prevailing at the transaction dates.

B. Receivables, other monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognized in profit or loss. However, translation exchange gains or losses on intercompany accounts that are, in nature, deemed long-term are accounted for as a reduction of shareholders' equity.

C. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss. However, non-monetary items that are measured on a historical cost basis are translated using the exchange rate at the date of the transaction.

2) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and other short-term highly-liquid investments which are readily convertible to a known amount of cash and subject to insignificant risk of changes in value resulting from fluctuations in interest rates.

3) Financial assets and financial liabilities at fair value through profit or loss

A. Financial assets and financial liabilities at fair value through profit or loss are recognized and derecognized using trade date accounting and are recognized initially at fair value. The account is classified into current and noncurrent. Noncurrent assets or liabilities are recorded as "Financial assets or financial liabilities at fair value through profit or loss – noncurrent" under funds and investments or long-term liabilities, respectively.

B. These financial instruments are subsequently remeasured and stated at fair value, and the gain or loss is recognized in profit or loss. The fair value of listed stocks, OTC stocks and closed-end mutual funds is based on the closing prices at the balance sheet date. The fair value of open-end mutual funds is based on the net asset value at the balance sheet date. The fair value of delisted (TSE and OTC) stocks and emerging stocks are based on the cost at the balance sheet date when the Company has no ability to exercise significant influence. The fair value of derivative financial instruments is based on the value estimated using the pricing model.

C. Profit or loss on derivatives not qualifying for hedge accounting and fall within the definition of option trading is recognized at the fair value on the trading date. For non-option trading, it is recognized at a fair value of zero on the trading date.

D. Financial assets and liabilities designated at fair value through profit or loss are those that meet one of the following requirements:

   A) the product is a mixed product;

   B) the designation can significantly eliminate the inconsistency in measurement or recognition; or

   C) the position is mutually managed in accordance with the risk management or investment strategies of the Company and is designated for the purpose of fair value evaluation.

E. For call options and resetting options, which are embedded in bonds payable, please refer to Note 2(13).

F. The Company had properly reclassified certain financial instruments from "Financial assets at fair value through profit or loss" to "Available-for-sale financial assets" during the third quarter of 2008 in accordance with the amended paragraph 104 of R.O.C. SFAS No. 34 "Financial Instruments: Recognition and Measurement" as those assets were no longer held for sale in the short-term.

4) <u>Hedged derivative financial instruments</u>

Profit or loss on derivatives qualifying for hedge accounting is eliminated with that of the hedged target. The following are the accounting treatments:

A. Fair value hedges: Changes in the fair value of derivatives designated and qualified as fair value hedges are recognized in profit or loss. Changes in the fair value of the hedged asset or liability attributable to the hedged item are recognized in profit or loss and as an adjustment to the carrying amount of the hedged item.

B. Cash flow hedges: Gain or loss on a hedging instrument is recorded as an adjustment item to the stockholders' equity. The following are the information in detail:

A) The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

B) If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized directly in equity are transferred to profit or loss in the same period or periods when the hedged item affects profit or loss.

C. Foreign operation net investment hedge:

Hedges of net investment in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity; the gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Gains and losses accumulated in equity are recognized in profit or loss when the foreign operation is disposed.

5) Available-for-sale financial assets

A. Available-for-sale financial assets are recognized and derecognized using trade date accounting. Individual assets are recognized initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

B. The financial assets are remeasured and stated at fair value or fundamental value derived from a model evaluation and the gain or loss is recognized in equity. The fair value of listed stocks, OTC stocks, closed-end mutual funds and beneficiary certificates is determined based on the closing prices at the balance sheet date. The fair value of open-end mutual funds is based on the net asset value at the balance sheet date. The fair value of delisted (TSE and OTC) stocks and emerging stocks is based on the cost at the balance sheet date when the Company has no ability to exercise significant influence.

C. If there is any objective evidence that the financial asset is impaired, the cumulative loss that had been recognized directly in equity shall be removed from equity and recognized in profit or loss. Impairment losses recognized previously in profit or loss for an investment in an equity instrument shall not be reversed through profit or loss, and if, subsequently, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed and recognized in profit or loss.

6) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on the management's assessment of the collectibility of margin loans receivable, receivables from refinance guaranty, notes receivable, accounts receivable, other receivables and overdue accounts.

7) Bonds sold under repurchase agreements and bonds purchased under resale agreements

Bonds sold with repurchase or purchased with resale agreements are stated at cost. The variance between the contracted price and the cost is amortized over the period of the transactions.

8) Investments accounted for under the equity method

A. Long-term equity investments in which the Company holds more than 20% of the investee company's voting shares or has the ability to exercise significant influence on the investee's operational decisions are accounted for under the equity method. The excess of the initial investment cost over the acquired net asset value of the investee attributable to goodwill is no longer amortized, effective January 1, 2006. Retrospective adjustment of the amount of goodwill amortized in previous year(s) is not required. The excess of acquired net asset value of investee over the initial investment cost is allocated proportionately and applied as a reduction to the book values of identifiable non-current assets, and any remaining amount of such excess after this allocation is credited to extraordinary gains. However, negative goodwill that occurred prior to December 31, 2005 is continuously amortized. All majority-owned subsidiaries and controlled entities are included in the consolidated financial statements. Effective January 1, 2008, the Company prepares consolidated financial statements on a quarterly basis.

B. Exchange differences arising from the translation of the financial statements of overseas investee companies accounted for under the equity method are recorded as “cumulative translation adjustments” under shareholders’ equity.

9) Fixed and rental assets

A. Fixed and rental assets are stated at cost. Interest incurred required to complete and prepare the asset for its intended use is capitalized. Depreciation is provided using the straight-line method based on the estimated economic useful lives of the assets plus one year as residual value, except for leasehold improvements which are depreciated based on useful lives or the term of the contracts. Fully depreciated assets still in use are depreciated based on the residual value over the re-estimated useful lives. The estimated useful lives of major fixed assets range from 3 to 5 years, except for buildings which is 50 years.

B. Major renewals and improvements are capitalized and depreciated accordingly. Maintenance and repairs are expensed when incurred.

C. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in current operations.

D. Fixed assets which are not used for operations are recorded as idle assets or leased assets based on the lower of net realizable value or book value, and any loss is recorded as non-operating expense.

10) Intangible assets

Intangible assets, mainly franchises, are stated at cost and amortized over their estimated useful lives using the straight-line method.

11) Impairment of non-financial assets

The Company recognizes impairment loss when there is indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm’s length transaction after deducting any direct incremental disposal costs. The value in use is the present value of estimated future cash flows to be derived from the continuing use of the asset and from its disposal at the end of its useful life. When the impairment no longer exists, the impairment loss recognized in prior years shall be recovered.

12) Financial institution asset securitization

According to R.O.C. SFAS No. 33 "Accounting for Transfers of Financial Assets and Extinguishments of Liabilities", in using special purpose trusts, the Company transfers bonds held as well as related rights and obligations to trustees as the basis to issue beneficiary certificates and receives funds raised thereon. Under the transaction structure, the transaction is deemed as a sale since the Company loses control over the transferred assets. On the other hand, the transfer of subordinated bonds is not treated as a sale and instead, as long-term investments since those bonds are held for the purpose of assuming the risk for all beneficiary certificates.

13) Bonds payable

A. For the bonds payable with call option, put option, conversion option and conversion price reset issued after January 1, 2006, the issuer of a financial instrument shall classify the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument. These bonds are accounted for as follows:

(A) The difference between the issue price and face value of convertible corporate bonds is accounted for as premium or discount which is required to be amortized over the period from the date of issuance to maturity date using the interest method and is recorded as “interest expense”.

(B) The value of any derivative features (such as a call option and resetting option) embedded in the compound financial instrument is recognized as “financial assets or financial liabilities at fair value through profit or loss”, These derivative features are subsequently remeasured and stated at fair value on each balance sheet date, and the gain or loss is recognized as “Gain/loss on valuation of financial assets or financial liabilities”. At the maturity of redemption period, if the fair value of common stock exceeds the redemption price, the fair value of the derivative is recognized as “paid-in capital”; however, if the fair value of common stock is lower than the redemption price, the fair value of the derivative is recognized as “gain or loss”. Upon reset of conversion price, the reduction of fair value due to reset is reclassified to “Shareholders’ equity”.

(C) A conversion option embedded in the bonds issued by the Company, which is convertible to an equity instrument, is recognized in “capital reserve from stock warrants”, net of income tax effects. When a bondholder exercises his/her conversion rights, the liability component of the bonds (including corporate bonds and embedded derivatives) shall be revalued, and the resulting difference shall be recognized as “gain or loss” in the current period. The cost of the common stock issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of the stock warrants.

B. Bonds payable issued before December 31, 2005 are accounted for as follows:

(A) The difference between the issue price and face value of convertible corporate bonds is accounted for as premium or discount which is required to be amortized over the period from the date of issuance to maturity date using the interest method and is recorded as “interest expense”.

If the difference between payment amount before the maturity date and the book value at liquidation date is significant, it should be recognized as extraordinary gain or loss.

14) Pension plan

The Company has a non-contributory and funded defined benefit pension plan covering all regular employees. The Company recognizes the pension cost based on an actuarial valuation report. The pension cost includes service cost, interest cost, expected return on fund assets, amortization of unrecognized net transition obligation and unrecognized pension loss.

Effective July 1, 2005, the Company also established a funded defined contribution plan under the Labor Pension Act.

15)Income tax

A. In accordance with R.O.C. SFAS No. 22, "Accounting for Income Taxes", the income tax effect of temporary differences, losses available for carryforward and income tax credits is recorded as deferred tax asset/liability. The realization of deferred tax assets is evaluated at the balance sheet date and any portion not realizable is accounted for as an allowance. Deferred tax assets and liabilities are classified as current or non-current based on the classification of the related asset and liability or the expected reversal date of the temporary difference. Over or under provision of prior years' income tax liabilities is included in the current year's income tax expense.

B. In accordance with R.O.C. SFAS No. 12, "Accounting for Investment Tax Credits", investment tax credits resulting from expenditures for the acquisition of machinery or technology, research and development, employees' trainings, and equity investments are recognized in the year the related expenditures are incurred.

C. The additional 10% income tax on undistributed earnings of the Company is recognized as tax expense in the year the shareholders approve a resolution to retain the earnings.

D. When a change in the tax laws is enacted, the deferred tax liability or asset should be recomputed accordingly in the period of change. The difference between the new amount and the original amount, that is, the effect of changes in the deferred tax liability or asset, should be recognized as an adjustment to income tax expense (benefit) for income from continuing operations in the current period.

16)Treasury stock

A. When the Company acquires its outstanding shares as treasury stock, the acquisition cost should be debited to the treasury stock account (classified as a contra account under shareholders' equity) if the shares are purchased.

B. When a company's treasury stock is retired, the treasury stock account should be credited, and the capital surplus- premium on stock account and capital stock account should be debited proportionately according to the share ratio. An excess of the carrying value of treasury stock over the sum of its par value and premium on stock should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. An excess of the sum of the par value and premium on stock of treasury stock over its carrying value should be credited to capital surplus from the same class of treasury stock transactions.

C. The cost of treasury stock is accounted for on a weighted-average basis.

17) Employees' bonus and directors' and supervisors' remuneration

Effective January 1, 2008, pursuant to EITF96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonus and Directors' and Supervisors' Remuneration", the costs of employees' bonus and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such a recognition is required under legal or constructive obligation and those amounts can be estimated reasonably. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the year of distribution. In addition, according to EITF97-127 of the Accounting Research and Development Foundation, R.O.C., dated March 31, 2008, "Criteria for Listed Companies in Calculating the Number of Shares of Employees' Stock Bonus", the Company calculates the number of shares of employees' stock bonus based on the closing price of the Company's common stock at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

18) Earnings per share

A. Basic earnings per share is calculated by dividing net income by the weighted average number of shares outstanding during the year after taking into consideration the retroactive effect of stock dividends and capital reserve capitalized.

B. The Company adopted the amended R.O.C. SFAS No. 24 “Earnings per share”, which requires the calculation of earnings per share by disclosing basic and diluted earnings per share if there are potential common stocks.

19) Revenues and expenses

Revenues and expenses are recorded as follows:

A. Gains (losses) on sale of securities, securities brokerage fees, and commissions on brokerage and trading are recognized on the transaction date.

B. Interest revenues on margin loans are recognized and accrued over the loan period. Interest expense on short selling is recognized and accrued over the short selling period.

C. Underwriting fees and related service charges: application fees are recognized upon collection; underwriting fees and service charges are recognized when the contract is completed.

D. Stock custodian income is recognized monthly based on the terms of the contract.

E. Commission income – Futures is recognized on the transaction date. The Company assists in futures transaction and fees collection.

F. Gains (losses) on futures contracts: The margin of futures transaction is recognized as cost.

Costs and expenses are recognized as incurred.

20) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

21) Classification of current and non-current assets and liabilities

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

a) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
b) Assets held mainly for trading purposes;
c) Assets that are expected to be realized within twelve months from the balance sheet date; and
d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

a) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
b) Liabilities arising mainly from trading activities;
c) Liabilities that are to be paid off within twelve months from the balance sheet date; and
d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

3. CHANGES IN ACCOUNTING PRINCIPLES

1) Employees' bonus and directors' and supervisors' remuneration

Effective January 1, 2008, the Company adopted EITF96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonus and Directors' and Supervisors' Remuneration". As a result of this change in accounting principle, net income decreased by $5,080 for the six-month period ended June 30, 2009.

2) Reclassification of financial assets

The Company had properly reclassified certain financial instruments (excluding derivative financial instruments) from "Financial assets at fair value through profit or loss" to "Available-for-sale financial assets" during the third quarter of 2008 in accordance with the amended paragraph 104 of R.O.C. SFAS No. 34, "Financial Instruments: Recognition and Measurement".

As a result of this change in accounting principle, net loss and losses per share decreased by $171,972 and $0.14 (in dollars), respectively, for the six-month periods ended June 30, 2009.

4. DETAILS OF SIGNIFICANT ACCOUNTS

1) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30,	
	2009	2008
Current items:		
Financial assets held for trading - current:		
Open-end mutual funds beneficiary certificates and money market instruments		
Open-end mutual funds beneficiary certificates	$ 130,000	$ 494,928
Adjustment of open-end mutual funds beneficiary certificates	(21,335)	(566)
Total	108,665	494,362
Trading securities - dealer		
Listed (TSE and OTC) stocks	579,821	2,386,193
Government bonds	2,811,289	2,303,410
Secured corporate bonds	98,367	97,773
Financial bonds	489,980	785,197
Convertible corporate bonds	1,402,139	2,369,494
Overseas convertible bonds	-	547,706
Emerging stocks	177,189	189,158
Subtotal	5,558,785	8,678,931
Adjustment of trading securities - dealer	6,150	(205,643)
Total	5,564,935	8,473,288
Trading securities - underwriter		
Listed (TSE and OTC) stocks	4,845	542,351
Convertible corporate bonds	754,460	894,565
Subtotal	759,305	1,436,916
Adjustment of trading securities - underwriter	(16,171)	(94,653)
Total	743,134	1,342,263

	June 30, 2009	June 30, 2008
Trading securities - hedging		
Listed (TSE and OTC) stocks	$ 191,998	$ 334,791
Convertible corporate bonds	66,362	989,898
Warrants	55,007	7,039
Subtotal	313,367	1,331,728
Adjustment of trading securities - hedging	(10,643)	(83,870)
Total	302,724	1,247,858
Buy option - futures	12,156	33,652
Futures guarantee deposits receivable	1,219,576	1,460,705
Derivative financial instrument assets - OTC	265,835	358,201
Total	$ 8,217,025	$ 13,410,329
Noncurrent items:		
bonds	$ 103,769	$ -
Adjustment of financial assets designated at fair value through profit or loss	2,518	-
Total	$ 106,287	$ -

A. For derivative financial instruments, please refer to Note 10.

B. Changes in financial assets at fair value through profit or loss are as follows:

	For the six-month period ended June 30, 2009 Gain/(loss) on disposal	For the six-month period ended June 30, 2009 Gain/(loss) on valuation
Open-end mutual funds beneficiary certificates	$ 2,731	$ 5,802
Trading securities - dealer	548,565	85,044
Trading securities - underwriter	3,555	59,156
Trading securities - hedging	30,860	6,812
Total	$ 585,711	$ 156,814

	For the six-month period ended June 30, 2008	
	Gain/(loss) on disposal	Gain/(loss) on valuation
Open-end mutual funds beneficiary certificates	$ 15,058	($ 13,872)
Trading securities - dealer	(23,641)	(164,551)
Trading securities - underwriter	(4,670)	(55,584)
Trading securities - hedging	(217,501)	(59,730)
Total	($ 230,754)	($ 293,737)

2) AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2009		June 30, 2008	
Investees	Amount	Percentage of ownership	Amount	Percentage of ownership
Current				
Trading securities - dealer				
Listed stocks	$ 517,070	-	$ -	-
Adjustment of trading securities - dealer	(11,223)		-	
Subtotal	505,847		-	
Trading securities - underwriter				
Listed stocks	286,944	-	-	-
Adjustment of trading securities - underwriter	(25,517)		-	
Subtotal	261,427		-	
Total	$ 767,274		$ -	
Non-Current				
Unlisted stock				
Taiwan Securities Central Custody Depository Co., Ltd.	$ 2,450	0.24%	$ 2,450	0.24%
Taiwan International Mercantile Exchange Co., Ltd.	4,000	0.20%	4,000	0.20%
Hua VI Venture Capital Corporation	90,000	8.70%	90,000	8.70%
Chyuan Hua Venture Capital Corporation	24,000	5.00%	24,000	5.00%
Taiwan Integrated Shareholder's Service Company	15,395	5.27%	15,395	5.27%
Total	$ 135,845		$ 135,845	

A. Gain (loss) on disposal of available-for-sale financial assets is as follows:

Items	For the six-month periods ended June 30, 2009	2008
Trading securities - dealer	$ 28,716	$ -

B. Due to the global financial crisis in 2008, the Company reclassified listed stocks totaling $865,241, which were originally recorded as “Financial assets at fair value through profit or loss” to “Available-for-sale financial assets” during the third quarter of 2008 in accordance with the amended paragraph 104 of R.O.C. SFAS No. 34, “Financial Instruments: Recognition and Measurement”. The relevant information is set forth below:

a) As of June 30, 2009, the carrying amount/fair value of the reclassified listed stocks stated above is as follows:

Items	June 30, 2009
Listed stocks	$ 765,803

b) Changes in the fair values of the reclassified listed stocks stated above for the six-month periods ended June 30, 2009 and 2008 were as follows:

	For the six-month periods ended June 30, 2009 Changes in fair values		2008 Changes in fair values	
	Recognized in gain/(loss)	Recognized in adjustments to shareholders' equity	Recognized in gain/(loss)	Recognized in adjustments to shareholders' equity
Listed stocks	$ -	$ 135,002	($ 13,600)	$ -

For those listed stocks stated above, had they not been reclassified to “available-for-sale financial assets-current” during the year of 2008, then loss for change in fair values of those listed stocks would have been recognized as “gain or loss” as follows:

Items	Amount
2008	($ 171,972)
For the six-month period ended June 30, 2009	135,002
	($ 36,970)

3) BONDS PURCHASED UNDER RESALE AGREEMENTS

Items	For the six-month periods ended June 30, 2009	2008
Government bonds	$ -	$ 5,488,213

A. The above bonds purchased under resale agreements as of June 30, 2008 was due within one year and were contracted to be resold at the agreed-upon price plus interest charge on the specific date after transaction. The total resale amount was $5,497,678. For the six-month period ended June 30, 2008, annual interest rates of those bonds ranged from 0% to 3%.

4) MARGIN LOANS RECEIVABLE

Margin loans receivable are secured by the securities purchased by customers under margin loans. For the six-month periods ended June 30, 2009 and 2008, the annual interest rates were 6.525% and 6.50%, respectively.

5) INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

	June 30, 2009		June 30, 2008	
	Amount	Percentage of ownership	Amount	Percentage of ownership
President Futures Corporation	$ 950,686	97.69%	$ 931,891	97.69%
President Securities (HK) Limited	61,923	5.19%	54,475	5.19%
President Capital Management Corporation	144,189	100.00%	287,589	100.00%
President Securities (BVI) Limited	1,792,634	100.00%	1,762,155	100.00%
President Investment Trust Co. Ltd.	428,426	38.66%	441,151	38.66%
President Personal Insurance Agency	5,459	100.00%	6,704	100.00%
President Insurance Agency Co. Ltd.	4,789	100.00%	4,698	100.00%
	$ 3,388,106		$ 3,488,663	

A. The Company and President Securities (BVI) Limited jointly own 100% of the outstanding shares of President Securities (HK) Limited. Accordingly, this investment is accounted for under the equity method.

B. Investment income (loss) accounted for under the equity method for the six-month periods ended June 30, 2009 and 2008 was $157,474 and ($242,108), respectively. As the amounts in the financial statements of President Personal Insurance Agency Co.Ltd. and President Insurance Agency Co. Ltd. are relatively minor and had no significant influence on the Company's financial statements, the investment income (loss) of the two companies was recognized based on their financial statements for the corresponding periods, which were not audited by independent auditors.

C. In coordination with the shareholders' funding requirements, the Company's subsidiary—President Capital Management Corp.—reduced its share capital by $150,000 and returned this amount to its shareholders, which was resolved at the shareholders' meeting on August 20, 2008.

D. Impairment loss of $0 and $22,129 were recognized for the six-month periods ended June 30, 2009 and 2008, respectively, in accordance with R.O.C. SFAS No. 35, "Accounting for Asset Impairment".

E. The Company has included investee companies which the Company holds more than 50% of the investee company's voting shares or has control over investee's operational decisions, into the consolidated financial statements.

6) SHORT-TERM LOANS

	June 30, 2009	June 30, 2008
Secured loans	$ 100,000	$ 3,363,000
Credit loans	200,000	1,300,000
Total	$ 300,000	$ 4,663,000
Interest rates	0.872%~1.2%	2.50%~2.65%

7) COMMERCIAL PAPERS PAYABLE

	June 30, 2009	June 30, 2008
Face value	$ 150,000	$ 4,250,000
Less: Discount	(86)	(6,012)
Total	$ 149,914	$ 4,243,988
Interest rates	2.2%	1.902%~2.38%

The commercial papers payable were secured by a bills-financing institution.

8) BONDS SOLD UNDER REPURCHASE AGREEMENTS

	June 30,	
	2009	2008
Government bonds	$ 2,428,648	$ 4,349,770
Secured corporate bonds	1,179,003	100,000
Convertible corporate bonds	-	186,146
Financial bonds	498,682	502,471
Overseas convertible bonds	-	547,966
Total	$ 4,106,333	$ 5,686,353

The above bonds sold under repurchase agreements as of June 30, 2009 and 2008 were due within one year and were contracted to be repurchased at the agreed-upon price plus interest charge on the specific date after transaction. The total repurchase amount was $4,106,488 and $5,687,685, respectively. As of June 30, 2009 and 2008, annual interest rates of those bonds ranged from 0% to 0.25% and 1.50% to 3.9999%, respectively.

9) FINANCIAL INSTITUTION ASSET SECURITIZATION

A. On September 29, 2006, the Company sold bonds totaling $7,569,542 to a financial institution under asset securitization for the issuance of beneficiary certificates in the amount of $3,800,000 of NT dollar-denominated bonds and USD115,400,000 of foreign. In accordance with R.O.C. SFAS No. 33, the Company transfers bonds held as well as related rights and obligations to trustees as the basis to issue beneficiary certificates and receives funds raised thereon. Under the transaction structure, the transaction is deemed as a sale since the Company loses control over the transferred assets. The proceeds amounting to $15,970 have been fully received.

B. The abovementioned bonds are guaranteed. If there are any changes, the Company will pay in cash to repurchase the proceeds within 10 business days upon receipt of advice from the trustees.

10) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2009	June 30, 2008
Financial liabilities held for trading:		
Bonds purchased under resale agreements -securities financing	$ -	$ 1,389,625
Adjustment of bonds purchased under resale agreements - securities financing	-	(960)
Subtotal	-	1,388,665
Securities borrowing & lending：		
Payables for securities borrowing & lending-hedging	92,410	28,117
Adjustment of payables for securities borrowing & lending - hedging	1,587	(7,663)
Subtotal	93,997	20,454
Warrants	2,518,160	2,703,569
Loss (gain) on price fluctuation	201,727	(2,124,242)
Market value (A)	2,719,887	579,327
Repurchase of warrants	3,393,803	1,381,253
Loss (gain) on price fluctuation	(745,027)	(848,256)
Market value (B)	2,648,776	532,997
Warrants-net (A+B)	71,111	46,330
Liabilities for sale of options - futures	16,604	57,293
Derivative financial instrument liabilities - OTC	2,992	211,424
Total	$ 184,704	$ 1,724,166

A. For derivative financial instrument liabilities - OTC, please refer to Note 10.

B. Among the warrants issued by the Company, except that contract-based warrants are European-style warrants, all other warrants are American-style warrants. Warrants are stated as liabilities for issuance of warrants at issuance price prior to expiration. Upon repurchase of warrants after issuance, the repurchasing amounts are recognized as warrants repurchase and charged as a deduction to liabilities for issuance of warrants. The warrants have six months to nine months exercise period from the date of issuance. The issuer has the option to settle either by cash or stock delivery. The details of outstanding warrants as of June 30, 2009 are as follows:

		Warrants (in NT Dollars)				
Warrants	Units Issued	Underlying Securities	Issuance Date	Issuance Price	Market Value	Strike Price
PRESIDENT KH	10,000	AUO	98.4.24	$ 2.140	$ 1.54	$ 52.88
PRESIDENT KI	10,000	AUO	98.4.24	0.690	0.67	17.63
PRESIDENT KJ	10,000	FFHC	98.4.28	1.120	1.24	25.20
PRESIDENT KK	10,000	FFHC	98.4.28	0.840	0.81	8.40
PRESIDENT KN	10,000	CATHAY HOLDINGS	98.5.6	2.500	0.96	38.00
PRESIDENT KQ	10,000	AUO	98.5.11	2.500	1.52	55.50
PRESIDENT KR	10,000	AUO	98.5.11	2.300	2.02	18.50
PRESIDENT KS	10,000	HON HAI	98.5.11	2.710	3.53	173.25
PRESIDENT KT	10,000	HON HAI	98.5.11	2.200	1.62	57.75
PRESIDENT KU	10,000	QCI	98.5.13	2.730	2.90	75.90
PRESIDENT KV	10,000	QCI	98.5.13	0.960	0.71	25.30
PRESIDENT KW	10,000	Fubon Financial	98.5.13	2.380	2.23	45.00
PRESIDENT KX	10,000	Fubon Financial	98.5.13	2.150	1.84	15.00
PRESIDENT KY	10,000	FEDS	98.5.13	2.300	2.62	40.72
PRESIDENT KZ	5,000	CATHAY HOLDINGS	98.5.15	3.240	3.82	47.68
PRESIDENT LA	10,000	S. W.	98.6.4	3.600	3.85	74.85
PRESIDENT LB	12,000	CSSC	98.6.6	1.780	1.47	43.20
PRESIDENT LC	10,000	CMO	98.6.6	1.560	0.93	29.70
PRESIDENT LD	10,000	HON HAI	98.6.6	3.600	3.23	160.50
PRESIDENT LE	10,000	HON HAI	98.6.6	3.400	3.48	53.50
PRESIDENT GX	20,000	CyberLink	97.12.16	1.800	0.60	175.50
PRESIDENT GY	20,000	EMC	97.12.16	1.420	0.35	24.15
PRESIDENT GZ	20,000	EMC	97.12.16	0.430	0.01	8.05
PRESIDENT HC	10,000	PTI	97.12.17	1.400	1.52	79.35
PRESIDENT HK	10,000	NPC	97.12.24	1.280	1.07	53.10
PRESIDENT HL	10,000	NPC	97.12.24	1.180	0.01	17.70
PRESIDENT HM	10,000	FETL	97.12.24	0.880	0.01	10.03
PRESIDENT HN	10,000	Fubon Financial	97.12.26	0.850	1.14	33.22
PRESIDENT HQ	20,000	USI	97.12.26	0.700	1.18	11.62
PRESIDENT HR	10,000	FTC	97.12.30	1.480	0.40	110.70

Warrants	Units Issued	Underlying Securities	Issuance Date	Issuance Price	Market Value	Strike Price
		Warrants (in NT Dollars)				
PRESIDENT HS	10,000	MIC	97.12.30	$ 1.120	$ 0.79	$ 15.90
PRESIDENT HT	19,886	TSMC	98.1.5	2.900	3.70	66.60
PRESIDENT HU	20,000	TSMC	98.1.5	0.920	0.01	22.20
PRESIDENT HV	7,498	Yuanta Group	98.1.19	2.020	8.40	18.08
PRESIDENT HY	10,000	CATHAY HOLDINGS	98.1.21	5.450	16.50	49.20
PRESIDENT HZ	10,000	FPCC	98.1.21	8.130	19.90	85.35
PRESIDENT IA	20,000	FPCC	98.1.21	7.250	0.01	28.45
PRESIDENT IB	10,000	FPC	98.1.21	6.850	11.80	69.45
PRESIDENT IC	10,000	FPC	98.1.21	6.250	0.07	23.15
PRESIDENT ID	10,000	CHT	98.1.21	5.850	3.56	76.65
PRESIDENT IE	10,000	CHT	98.1.21	5.100	0.14	25.55
PRESIDENT IF	10,000	CSSC	98.2.2	2.660	3.06	33.90
PRESIDENT IG	10,000	CSSC	98.2.2	2.000	0.08	11.30
PRESIDENT IH	5,000	INNOLUX	98.2.2	5.120	9.70	37.88
PRESIDENT II	5,000	INNOLUX	98.2.2	4.180	0.21	12.63
PRESIDENT IJ	10,000	CATHAY HOLDINGS	98.2.2	5.230	0.01	16.08
PRESIDENT IK	10,000	ASUSTEK	98.2.26	2.500	0.23	16.30
PRESIDENT IL	10,000	AUO	98.3.2	3.980	5.70	39.00
PRESIDENT IM	10,000	AUO	98.3.2	1.880	0.23	13.00
PRESIDENT IN	10,000	TSMC	98.3.31	3.500	2.68	70.73
PRESIDENT IP	10,000	TSMC	98.3.31	3.580	1.13	23.58
PRESIDENT IQ	10,000	HON HAI	98.3.31	4.580	0.06	34.00
PRESIDENT IV	10,000	CDIBH	98.3.20	0.850	1.09	9.58
PRESIDENT IX	10,000	HTC	98.3.23	5.490	5.70	643.50
PRESIDENT IY	10,000	HTC	98.3.23	4.930	1.82	214.50
PRESIDENT IZ	5,000	TSMC	98.3.23	2.650	1.41	23.85
PRESIDENT JA	10,000	MTK	98.3.24	4.070	7.15	462.00
PRESIDENT JB	10,000	MTK	98.3.24	3.170	0.96	154.00
PRESIDENT JC	10,000	C.H.B	98.3.24	1.250	3.10	16.58
PRESIDENT JD	10,000	C.H.B	98.3.24	1.050	0.05	5.53
PRESIDENT JE	10,000	ASUSTEK	98.3.25	2.200	3.54	55.65
PRESIDENT JF	10,000	Fubon Financial	98.3.25	2.410	9.90	30.60
PRESIDENT JG	10,000	Fubon Financial	98.3.25	1.770	0.40	10.20
PRESIDENT JK	10,000	Hannstar	98.3.25	0.800	0.58	10.20
PRESIDENT JL	10,000	TSMC	98.3.27	3.180	2.30	77.55
PRESIDENT JM	10,000	TSMC	98.3.27	3.080	1.40	25.85

		Warrants (in NT Dollars)				
Warrants	Units Issued	Underlying Securities	Issuance Date	Issuance Price	Market Value	Strike Price
PRESIDENT JN	10,000	AUO	98.3.31	$ 1.980	$ 1.97	$ 43.05
PRESIDENT JP	10,000	AUO	98.3.31	1.910	0.89	14.35
PRESIDENT JQ	9,996	HON HAI	98.3.31	4.810	16.00	112.95
PRESIDENT JR	10,000	HON HAI	98.3.31	1.680	0.21	37.65
PRESIDENT JS	5,000	TFC	98.4.1	1.650	5.20	104.25
PRESIDENT JT	5,000	TFC	98.4.1	1.100	0.31	34.75
PRESIDENT JU	10,000	ASUSTEK	98.4.1	1.630	1.56	17.83
PRESIDENT JV	10,000	INNOLUX	98.4.3	2.530	3.12	50.85
PRESIDENT JW	10,000	INNOLUX	98.4.3	0.840	0.45	16.95
PRESIDENT JX	10,000	HTC	98.4.3	4.850	5.95	648.00
PRESIDENT JY	10,000	HTC	98.4.3	4.900	1.87	216.00
PRESIDENT JZ	10,000	Faraday	98.4.6	1.230	1.38	100.13
PRESIDENT KB	10,000	ASUSTEK	98.4.14	2.520	1.95	58.65
PRESIDENT KC	10,000	MTK	98.4.14	4.200	7.30	468.00
PRESIDENT KD	10,000	MTK	98.4.14	4.200	0.98	156.00
PRESIDENT KE	10,000	MEGA FHC	98.4.14	1.930	1.07	16.54
PRESIDENT KF	10,000	MEGA FHC	98.4.14	1.710	1.32	14.65
PRESIDENT HW	20,000	TW50	98.1.20	4.300	11.30	47.30
PRESIDENT HX	20,000	TW50	98.1.20	3.600	0.01	15.77
PRESIDENT IR	10,000	TW50	98.3.31	2.910	0.25	16.74
PRESIDENT IS	10,000	KINPO	98.3.19	2.480	2.49	24.48
PRESIDENT IT	10,000	KINPO	98.3.19	1.890	0.36	8.16
PRESIDENT JH	10,000	TW50	98.3.25	2.150	3.76	56.18
PRESIDENT JI	10,000	TW50	98.3.25	2.220	0.22	18.73
PRESIDENT JJ	5,000	KINPO	98.3.27	2.110	3.86	26.06
PRESIDENT KA	10,000	TW50	98.4.9	3.150	1.36	18.87
PRESIDENT KG	10,000	TW50	98.4.24	2.700	0.56	36.41
PRESIDENT KL	10,000	TW50	98.4.28	2.600	2.22	19.76
PRESIDENT KM	10,000	TW50	98.5.6	2.110	1.50	23.15
PRESIDENT KP	10,000	TW50	98.5.7	2.400	1.51	42.00
PRESIDENT LF	10,000	TW50	98.6.8	4.200	3.69	70.35
PRESIDENT LG	10,000	TW50	98.6.8	4.020	3.94	23.45
PRESIDENT QK	10,000	MOTECH	98.3.30	1.450	2.99	146.10
PRESIDENT QL	10,000	Solar	98.6.3	1.450	0.88	115.95
PRESIDENT QM	10,000	PXI	98.6.3	5.500	1.85	441.00

11) OTHER PAYABLES

	June 30, 2009	June 30, 2008
Income tax payable	$ 982,868	$ 1,011,264
Cash dividend payable	-	$ 1,176,869
Accrued payroll and bonus	469,191	435,082
Other payables	262,031	136,070
Others	97,883	148,368
Total	$ 1,811,973	$ 2,907,653

12) OTHER FINANCIAL LIABILITIES - CURRENT

	June 30, 2009	June 30, 2008
ELN - Options	$ 89,800	$ 40,490
PGN - fixed income	249,160	194,923
Total	$ 338,960	$ 235,413

13) BONDS PAYABLE

	June 30, 2009	June 30, 2008
Secured ordinary corporate bonds payable	$ -	$ 2,000,000
Unsecured convertible bonds payable	2,357,600	3,000,000
Less: Discount of bonds payable	(125,292)	(243,042)
Subtotal	2,232,308	4,756,958
Less: Current portion	-	(2,000,000)
Total	$ 2,232,308	$ 2,756,958

A. Domestic secured ordinary corporate bonds:

a) The Company issued secured bonds on December 24, 2003. Relevant information is as follows:

1. Total issued amount: Eleven types of bonds totaling $3,000,000, with various stated interest rates.
2. Selling price: Each bond issued at $10,000 per bond at par value.
3. Interest rates: Some interest rates are fixed, and the remaining interest rates are floating, based on the 6-Month LIBOR Rate. As

of December 31, 2007, the interest rate was 0%.

4. As of December 31, 2007, the Company redeemed bonds with par value of $1,000,000 at the cost of $968,600 (excluding interest) and retired them in October 2004 and May 2005.
5. Repayment of bonds: Bonds are redeemed at par value on maturity.
6. Life of the bonds: From December 24, 2003 to December 24, 2008.
7. Interest distribution and calculation: Semi-annually at the stated interest rate
8. Guarantor: China Trust Commercial Bank
9. Securities: Please refer to Note 6.
10. The Company uses interest rate swaps for hedging against the changes in interest rates. Please refer to Note 10 (5(d)).

b) The fair value of derivative features (such as call options, put options and resetting options) embedded in bonds payable issued before December 31, 2005 was not separated in accordance with EITF95-078 of the R.O.C. Accounting Research and Development Foundation, dated March 10, 2006.

B. The first domestic unsecured convertible bonds:

a) On May 28, 2008, the Company issued zero coupon, three-year unsecured convertible bonds with the principal amount of $3,000,000. The bonds were listed on the Taiwan Over-The-Counter Securities Exchange.

b) The conversion price will be adjusted based on the terms of the convertible bonds. As of June 30, 2009, none of bonds were converted to common stocks.

c) Under the terms of the convertible bonds, all bonds (redeemed, matured and converted) are retired and not to be re-issued. The convertible bonds in the amount of $39,957 (par value of $42,400) were repurchased by the Company from the Taiwan Over-The-Counter Securities Exchange for the six-month period ended June 30, 2009, and the loss on redemption was $275 (shown as other losses). As of June 30, 2009, the total par value of the convertible bonds repurchased by the Company from the Taiwan Over-The-Counter Securities Exchange amounted to $642,400.

d) Under the terms of the convertible bonds, the rights and obligations of the new shares converted from convertible bonds are the same as the issued and outstanding common stock.

e) The fair value of convertible option of $166,500 was separated from bonds payable, and was recognized in “Capital reserve from stock warrants” in accordance with R.O.C. SFAS No. 36 “Financial Instruments: Disclosure and Presentation”. The fair value of call options and reset options was separated from bonds payable, and was recognized in “Liabilities on derivative instruments - Taiwan Over-The-Counter Securities Exchange” under the account of “Financial assets or financial liabilities at fair value through profit or loss” in accordance with R.O.C. SFAS No. 34 “Financial Instruments: Recognition and Measurement”. The effective annual interest rate of the bonds after separation was 2.8%.

14)LONG-TERM LOANS

	June 30, 2009	June 30, 2008
Commercial papers payable	$ 600,000	$ 450,000
Less: Discount	(415)	(1,216)
Subtotal	599,585	448,784
Long-term loans	-	2,730,000
Total	$ 599,585	$ 3,178,784
Interest rates	0.55%~0.7210%	2.40%~2.7579%

On October 31, 2007, the Company entered into a three-year syndicated revolving credit facility agreement with Bank of Taiwan as the lead bank. The significant terms and conditions under the agreement are set forth below:

a) Time limit for the loan: three years from the first draw-down of the loan.

b) Credit line and draw-down: total credit line is $4,200,000 and can be drawn down revolvingly during the contract period.

c) Commitment fee: for the period from the following date of six months after the contract signing date to the maturity date of the loan, the Company shall pay commitment fees equal to 50% of the unused credit line multiplied by the annual fee rate of 0.1% at the end of each three-month term.

d) During the contract period, the Company should maintain a) current assets to current liabilities ratio of at least 1:1, b) liabilities not exceeding 300% of tangible net equity, and c) net book value of tangible assets of at least $15,000,000.

15)PENSION PLAN

A. The Company has a defined benefit plan under the Labor Standards Law which provides benefits based on an employee's length of service and average salary or wage of the last 6 months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit for each additional year of service thereafter, with a maximum of 45 units. The Company contributes monthly an amount equal to 3.2% of employees' monthly base salaries and wages to an independent fund with the Bank of Taiwan, the trustee. For six-month periods ended June 30, 2009 and 2008, the Company recognized net periodic pension cost of $11,380 and $10,940, respectively. The fund balance was $324,669 and $290,844 as of June 30, 2009 and 2008, respectively.

B. Effective July 1, 2005, the Company established the defined contribution plan for employees of R.O.C nationality. The employees have the option to participate in the New Plan. Under the New Plan, the Company contributes monthly an amount equivalent to 6% of employees' salaries to the employees' personal pension accounts with the "Bureau of Labor Insurance". Benefits accrued under the New Plan are portable upon termination of employment. The total pension expenses amounted to $21,722 and $26,864 under the New Plan for the six-month periods ended June 30, 2009 and 2008, respectively.

16)RESERVE FOR DEFAULT

A. In accordance with the "Rules Governing the Administration of Securities Firms", the Company provides a monthly default reserve at 0.0028% of the settlement value up to a maximum reserve balance of $200,000.

B. This reserve shall be used only to offset against actual loss resulting from customers' default on securities transactions or other losses approved by the Securities and Futures Commission (SFC).

17) RESERVE FOR TRADING LOSS

In accordance with the "Rules Governing the Administration of Securities Firms" and the "Rules Governing Futures Commission Merchants", the Company provides a monthly reserve for trading loss on realized gain of the Futures Department at 10% of the net gain from trading of securities. This reserve shall only be used to offset actual loss on securities trading.

18) COMMON STOCK

As of June 30, 2009 and 2008, the Company's authorized capital was \$15,000,000. The Company's issued common stocks were 1,185,706,000 shares and 1,176,869,000 shares, respectively, and the outstanding common stocks were 1,145,706,000 and 1,176,869,000 shares as of June 30, 2009 and 2008, respectively, with a par value of \$10 (dollars) per share. For treasury stock transactions, please refer to Note 4 (23).

19) CAPITAL RESERVE

Under the revised Company Law, up to 10% of the total amount of capital reserve may be used to cover accumulated deficit except for the paid-in capital in excess of par from the issuance of common stock and treasury stock which may be used to increase capital provided the amount to be capitalized does not exceed 10% of the balance.

20) LEGAL RESERVE

As required by the Company Law, 10% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as legal reserve until the cumulative balance equals the total amount of paid-in capital. The legal reserve shall be used exclusively to cover accumulated deficit or to increase capital and shall not be used for any other purposes. Such capitalization shall not be permitted unless the Company had already accumulated a legal reserve of at least fifty percent of its paid-in capital and only half of such legal reserve may be capitalized.

21) SPECIAL RESERVE

A. According to the "Rules Governing the Administration of Securities

Firms", 20% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. The special reserve shall be used exclusively to cover accumulated deficit or to increase capital and shall not be used for any other purpose. Such capitalization shall not be permitted unless the Company had already accumulated a special reserve of at least fifty percent of its paid-in capital stock and only half of such special reserve may be capitalized.

B. For dividend distribution purposes, listed and over-the-counter companies shall exclude the balances of contra accounts from the unappropriated earnings balance in the stockholders' equity account.

22) UNAPPROPRIATED EARNINGS

A. In accordance with the Company's Articles of Incorporation, the current year's earnings after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as legal reserve and special reserve. In addition, an amount shall be appropriated from the remaining net income following a resolution approved by the Company's stockholders during their meeting as follows: 3% as special bonus to directors and supervisors; 2% as bonus to employees, and the remainder as dividends to stockholders.

B. In addition, the total amount of dividends declared every year shall be at least 70% of distributable earnings, of which stock dividends shall be at least 50%.

C. The Company's dividend policy is adopted taking into consideration the Company's operating results and future capital utilization plans.

D. In accordance with the resolution adopted by the Board of Directors on June 19, 2009, the Company decided not to distribute earnings for the year ended December 31, 2008 and decided to use legal reserve to cover accumulated deficits. Appropriation of 2007 earnings as resolved by the stockholders at their meeting on June 13, 2008 is as follows:

	2007	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 240,635	
Special reserve	511,891	
Stock dividends	388,367	$ 0.33
Cash dividends	1,176,869	1.00
Directors' and supervisors' remuneration	49,428	

Employees' cash bonus	32,952
Total	$ 2,400,142

E. The estimated amount of employees' bonus and directors' and supervisors' remuneration for the six-month periods ended June 30, 2009 and 2008 was $25,381 and $6,690, respectively. Information on the appropriation of the Company's employees' bonus and directors' and supervisors' remuneration as resolved by the Board of Directors and approved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange. As the Company incurred accumulated deficits in year 2008, the Company did not estimate employees' bonus and directors' and supervisors' remuneration as at December 31, 2008.

23) TREASURY STOCK

A. Details of treasury stock transactions for the six-month period ended June 30, 2009 are as follows (changes in the treasury stock for the six-month period ended June 30, 2008: none):

(In thousands of shares)

Purpose	Beginning Balance	Repurchase	Write Off	Ending Balance
Employee ownership	40,000	-	-	40,000
Enhancing the stockholders' equity	15,178	14,822	(30,000)	-
Total	55,178	14,822	(30,000)	40,000

B. According to the Securities and Exchange Law, the total number of treasury stocks shall not exceed 10% of total shares outstanding and the total amount shall not exceed the sum of the balance of retained earnings, paid in capital in excess of par and realized capital reserve.

C. Under the Securities and Exchange Law, treasury stocks shall not be pledged and shall bear no stockholder's right before reissuance.

D. Under the Securities and Exchange Law, treasury stocks acquired to enhance shareholder value shall be retired within six months from the date of acquisition. In addition, treasury stocks acquired for employee ownership shall be transferred within three years from the date of acquisition. Otherwise, these shares shall be retired.

24) INCOME TAX

A. Income tax expense and payable are reconciled as follows:

	June 30, 2009	June 30, 2008
Income tax payable	$ 982,868	$ 1,011,264
Prepaid income tax	12,833	23,717
Net effect of deferred tax assets	(3,194)	(28,092)
Tax effect of amendments to the tax laws	(4,602)	-
Under(over) provision of prior year's income tax	41,024	(24,743)
Unpaid amount of prior year's income tax	(940,408)	(916,285)
Tax on separately taxed income	1,043	1,098
Income tax expense - current	89,564	66,959
Retention tax (10%) on unappropriated earnings	-	-
Income tax expense	$ 89,564	$ 66,959

B. The deferred tax assets are as follows:

	June 30,			
	2009		2008	
Temporary differences	Amount	Tax effect	Amount	Tax effect
Current:				
- Bad debts	$ 78,153	$ 15,631	$ 78,020	$ 19,505
- Gain on valuation of financial instruments	(207,065)	(41,413)	(352,952)	(88,237)
- Others	33,790	6,758	943	235
		($ 19,024)		($ 68,497)
Non-current:				
- Unrealized loss on default	$ 177,568	$ 35,514	$ 177,568	$ 44,392
- Others	9,590	1,918	10,023	2,506
		$ 37,432		$ 46,898

C. Imputation tax system

	June 30, 2009	June 30, 2008
Balance of imputation credit account	$ 309,275	$ 372,729
	2008	2007
Actual rate of imputation credit account	-	16.26%

D. Unappropriated earnings

	June 30,	
	2009	2008
Before 1997	$ -	$ 10,497
1998 and onwards	857,903	257,018
	$ 857,903	$ 267,515

E. As of June 30, 2009, the Company's income tax returns through 2007 have been assessed by the Tax Authority.

F. The Tax Authority imposed additional income tax amounting to $1,177,834. The Company contested the assessment and provided time deposits as security for the appeal and had paid half of the additional income tax imposed. As of June 30, 2009, the appeal is still pending. However, the Company has accrued the additional income tax in the financial statements.

25) BASIC EARNINGS PER SHARE FOR COMMON STOCK

The Company's capital structure is a simple capital structure. The basic earnings per share for the six-month periods ended June 30, 2009 and 2008 were calculated based on the weighted-average outstanding common shares of 1,146,770 thousand and 1,215,706 thousand, respectively, which had been adjusted retroactively.

26) SECURITIES BROKERAGE ACCOUNTS - NET

	June 30, 2009	June 30, 2008
Debits:		
Cash in bank - settlement	$ 14,792	$ 164,451
Accounts receivable - customers' purchases	9,908	3,258,713
Accounts receivable - settlement	1,114,688	1,524,420
Net exchange clearing receivable	4,303,621	2,502,733
Subtotal	5,443,009	7,450,317
Credits:		
Accounts payable - sales consignment of securities	(2,594)	(3,530,149)
Accounts payable - settlement	(4,987,208)	(2,753,959)
Net exchange clearing payable	(461,491)	(644,595)
Subtotal	(5,451,293)	(6,928,703)
Securities brokerage accounts - net	($ 8,284)	$ 521,614

27) PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	For the six-month period ended June 30, 2009				
Nature/ Function	Brokerage	Dealing	Underwriting	Administration	Total
Personnel Expenses					
Salaries	$ 514,520	$ 24,645	$ 22,900	$ 270,429	$ 832,494
Insurance	26,701	2,012	2,047	4,756	35,516
Pension	27,706	1,633	1,414	2,349	33,102
Others	21,502	841	1,125	10,970	34,438
Depreciation (Note)	21,075	2,934	1,368	5,757	31,134
Amortization	-	-	-	906	906

	For the six-month period ended June 30, 2008				
Nature/ Function	Brokerage	Dealing	Underwriting	Administration	Total
Personnel Expenses					
Salaries	$ 556,545	$ 28,443	$ 22,323	$ 260,555	$ 867,866
Insurance	31,691	2,059	1,734	4,047	39,531
Pension	32,841	1,645	1,212	2,106	37,804
Others	24,551	1,318	1,023	12,152	39,044
Depreciation (Note)	20,158	2,498	1,290	8,010	31,956
Amortization	-	-	-	1,257	1,257

Note：Depreciation on rental and idle assets for the six-month periods ended June 30, 2009 and 2008 was both $1,980, and was recorded as non-operating expense.

28) GAIN ON TRADING OF SECURITIES

	For six-month periods ended June 30, 2009	For six-month periods ended June 30, 2008
Dealer:		
- TAIEX	$ 396,837	$ 71,387
- OTC	180,444	(94,440)
- Foreign securities	-	(588)
Subtotal	577,281	(23,641)
Underwriters:		
- TAIEX	1,562	(4,460)
- OTC	1,993	(210)
Subtotal	3,555	(4,670)
Hedging:		
- TAIEX	37,091	(78,337)
- OTC	(6,231)	(139,164)
Subtotal	30,860	(217,501)
Total	$ 611,696	($ 245,812)

29) NON-OPERATING REVENUES AND GAINS

	For six-month periods ended June 30, 2009	For six-month periods ended June 30, 2008
Interest revenue	$ 21,356	$ 32,654
Foreign exchange gains	4,658	30,116
Investment gain accounted for under the equity method	157,474	-
Other non-operating revenues	79,503	96,550
Total	$ 262,991	$ 159,320

30) NON-OPERATING EXPENSES AND LOSSES

	For six-month periods ended June 30, 2009	For six-month periods ended June 30, 2008
Interest expense	($ 48,362)	($ 227,026)
Investment loss accounted for under the equity method	-	(264,237)
Foreign exchange losses	(65)	(43,519)
Other non-operating expenses	(21,751)	(35,381)
Total	($ 70,178)	($ 570,163)

5. RELATED PARTY TRANSACTIONS

1) Names and relationships of related parties

Names of related parties	Relationships with the Company
UNI-President Enterprises Corp.	Major Shareholder
President Futures Corp. (PFC)	Majority-owned subsidiary
President Capital Management Corp. (PCMC)	Majority-owned subsidiary
President Securities (HK) Limited (PSHK)	Majority-owned subsidiary
President Securities (BVI) Limited (PSBVI)	Majority-owned subsidiary
President Securities Investment Trust Corp.	Majority-owned subsidiary
President Personal Insurance Agency Co., Ltd.	Majority-owned subsidiary
President Insurance Agency Co., Ltd.	Majority-owned subsidiary
President Financial Management (HK) Ltd.	Indirectly-owned subsidiary
President Securities (Nominee) Limited	Indirectly-owned subsidiary
President Chain Store Corp. (PCSC)	Affiliate Company
President Pharmaceutical Corporation	Affiliate Company
TONYI INDUSTRIAL CORP.	Affiliate Company
PRESIDENT TOKYO CO., LTD.	Affiliate Company

2) Significant related party transactions and balances

A. Futures security deposits receivable

	For six-month periods ended June 30,	
	2009	2008
PFC	$ 1,219,576	$ 1,460,705

The futures deposits are used for futures transactions.

B. Receivables from related parties

	For six-month periods ended June 30,	
	2009	2008
PFC	$ 6,127	$ 7,373

The above receivables pertain to commission revenue from President Futures Corp.

C. Deposits-out

	For six-month periods ended June 30,	
	2009	2008
PFC	$ 38,000	$ 38,000

The above deposits-out pertain to futures settlement.

D. Commission income - Futures

	For six-month periods ended June 30,	
	2009	2008
PFC	$ 35,261	$ 45,221

PFC is the only broker for this transaction. Commission income was collected on a monthly basis.

E. Handling charge revenue from sales of funds on behalf of others

	For six-month periods ended June 30,	
	2009	2008
President Securities Investment Trust Corp	$ 9,420	$ 7,176

F. Rent revenue

			For six-month periods ended June 30,	
	Period	Deposit	2009	2008
UNI-President Enterprises Corp.	94.09~97.04	$ -	$ 8	$ 7,540
President Pharmaceutical Corporation	96.11~99.07	-	1,989	2,070
President Securities Investment Trust Corp	95.05~100.04	-	4,142	3,190
President TOKYO CO., LTD.	98.04~101.03	-	1,603	-
Others	98.01~99.05	230	1,095	1,221
Total			$ 8,837	$ 14,021

The rent was determined based on negotiation between the parties, and payable quarterly during the contract period.

G. Capital securities registrar agency revenue

	For six-month periods ended June 30,	
	2009	2008
UNI-President Enterprises Corp.	$ 2,046	$ 1,726
Others	2,334	3,368
Total	$ 4,380	$ 5,094

H. Purchases of trading securities - dealer

For the six-month periods ended June 30, 2009 and 2008, stock trading transactions with related parties were as follows:

	For the six-month period ended June 30, 2009		
	Shares	Balance	Gain/(Loss)
UNI-President	50,000	$ 1,707	($ 116)
TONYI	-	-	(121)
PCSC	-	-	(187)
		$ 1,707	($ 424)

	For the six-month period ended June 30, 2008		
	Shares	Balance	Gain/(Loss)
UNI-President	-	$ -	($ 1,735)
TONYI	-	-	(125)
PCSC	-	-	1,249
		$ -	($ 611)

I. Disposal of fixed assets (for the six-month period ended June 30, 2008: none)

	For six-month period ended June 30, 2009	
	Book value	Sales Price
President Securities Investment Trust Corp	$ 30,552	$ 42,000

The sales price was set by reference to the appraisement report issued by Taiwan Dawa Real Estate Appraiser & Associates on March 18, 2009.

6. PLEDGED ASSETS

The book values of assets pledged or restricted for use are as follows:

Assets	June 30, 2009	June 30, 2008	Purpose
Financial assets at fair value through profit or loss - current			
Trading securities (par value)			
- Corporate bonds	$ 1,100,000	$ 100,000	Securities for bonds sold under repurchase agreements
- Government bonds	2,281,200	850,000	Securities for bonds sold under repurchase agreements
- Financial bonds	500,000	500,000	Securities for bonds sold under repurchase agreements
- International bonds	-	547,965	Securities for bonds sold under repurchase agreements
Bonds purchased under resale agreements	-	2,250,000	Securities for issuance of bonds
Financial assets at fair value through - non-current (par value)			
- Government bonds	10,000	-	Securities for bids for bonds
- Government bonds	96,700	-	IRS refundable deposit
Restricted assets			
- Demand deposits	1,007	2,880	Collections on behalf of third parties and reimbursement for wages and compensation and for short-terms
- Pledged time deposits	1,322,500	1,682,000	Securities for short-term loans and guarantees for issuance of commercial papers
Fixed Assets			
- Land and buildings (book value)	1,378,412	1,389,094	Securities for short-term loans and guarantees for issuance of commercial papers
Other assets			
- Operating guarantee deposits	702,000	700,000	Security deposits
- Exchange clearing deposits	-	50,000	Security deposits
- Deposits-out	183,000	-	Additional corporate income taxes
- Deposits-out	-	12,000	Guarantee for default customers' properties held
- Deposits-out	-	20,200	IRS refundable deposit
Rental assets - Land and buildings (book value)	-	39,265	Securities for short-term loans and guarantees for issuance of commercial papers
Idle assets - Land and buildings (book value)	39,023	-	Securities for short-term loans and guarantees for issuance of commercial papers

7. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

1) The Company entered into various operating lease agreements and the future minimum rental commitments are as follows:

Year	Amount
2009 (July~ December)	$ 41,261
2010	77,860
2011	66,009
2012	44,946
2013	25,200
	$ 255,276

2) For guarantees provided for the income tax administrative appeal, please refer to Note 4 (24).

3) As of June 30, 2009, the Company had provided the Taiwan Stock Exchange Corporation and GreTai Securities Market with bankers' letters of guarantee in the amount of $58,000 as security for issuance of warrants. The Company provided a promissory note of $1,100,000 as collateral to the bank for obtaining the combined credit line of performance guarantee for warrants, short-term loans and commercial papers payable.

8. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

9. SIGNIFICANT SUBSEQUENT EVENTS

None.

10. OTHER EVENTS

1) Financial statement presentation

Certain accounts in the financial statements as of and for the six-month period ended June 30, 2008 have been reclassified to conform to the presentation of financial statement as of and for the six-month period ended June 30, 2009.

2) The fair values of the financial instruments

	June 30, 2009		
		Fair value	
	Book value	Quotations in an active market	Estimated using a valuation method
Non-derivative financial instruments			
Financial assets with fair value equal to book value	$ 14,164,906	$ -	$ 14,164,906
Financial assets for trading purposes - current	6,719,458	6,719,458	-
Available-for-sale financial assets - current	767,274	767,274	-
Available-for-sale financial assets - non-current	135,845	-	135,845
Financial assets at fair value through profit or loss-non-current	106,287	106,287	-
Operating guarantee deposits	702,000	-	702,000
Exchange clearing deposits	387,385	-	387,385
Deposits-out	257,023	-	256,554
Derivative financial instruments			
Buy option - futures	12,156	12,156	-
Futures guarantee deposits receivable	1,219,576	1,219,576	-
Derivative financial instrument assets - OTC	265,835	-	265,835
	$ 24,737,745	$ 8,824,751	$ 15,912,525
Non-derivative financial instruments			
Financial liabilities with fair value equal to book value	$ 8,251,738	$ -	$ 8,251,738
Financial liabilities for trading purposes (excluding derivative financial instruments)	93,997	93,997	-
Bonds payable	2,232,308	-	2,232,308
Long-term liabilities	599,585	-	599,585
Deposits - in	2,421	-	2,421
Derivative financial instruments			
Call option - futures	16,604	16,604	-
Warrants	2,719,887	2,719,887	-
Repurchase of warrants	(2,648,776)	(2,648,776)	-
Derivative financial instrument liabilities - OTC	2,992	-	2,992
Other financial liabilities - current	338,960	338,960	-
	$ 11,609,716	$ 520,672	$ 11,089,044

	June 30, 2008		
		Fair value	
	Book value	Quotations in an active market	Estimated using a valuation method
Non-derivative financial instruments			
Financial assets with fair value equal to book value	$ 27,470,543	$ -	$ 27,470,543
Financial assets for trading purposes - current	11,557,771	11,557,771	-
Available-for-sale financial assets - non - current	135,845	-	135,845
Financial assets for trading purposes - non - current	-	-	-
Operating guarantee deposits	700,000	-	700,000
Exchange clearing deposits	331,154	-	331,154
Deposits-out	105,027	-	103,254
Derivative financial instruments			
Buy option - futures	33,652	33,652	-
Futures guarantee deposits receivable	1,460,705	1,460,705	-
Derivative financial instrument assets - OTC	358,201	-	358,201
	$ 42,152,898	$ 13,052,128	$ 29,098,997
Non-derivative financial instruments			
Financial liabilities with fair value equal to book value	$ 18,779,562	$ -	$ 18,779,562
Financial liabilities for trading purposes (excluding derivative financial instruments)	1,409,119	1,409,119	-
Bonds payable (including current portion)	4,756,958	-	4,756,958
Long-term liabilities	3,178,784	-	3,178,784
Deposits - in	5,899	-	5,899
Derivative financial instruments			
Call option - futures	57,293	57,293	-
Warrants	579,327	579,327	-
Repurchase of warrants	(532,997)	(532,997)	-
Derivative financial instrument liabilities - OTC	211,424	-	211,424
Other financial liabilities - current	235,413	235,413	-
	$ 28,680,782	$ 1,748,155	$ 26,932,627

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

A) For short-term instruments, the fair values were determined based on their carrying values because of their short maturities. This method was applied to Cash and cash equivalents, Bonds purchased under resale agreements, Margin loans receivable, Refinancing security deposits, Receivables from refinancing security, Notes receivable, Accounts receivable, Other receivables, Restricted assets-current, Securities brokerage debit accounts-net, Short-term loans, Commercial papers payable, Bonds sold under repurchase agreements, Deposit on short sales, Short sale proceeds payable, Borrowed securities payable-hedged, Accounts payable, Collections on behalf of third parties, Other payables (excluding income tax payable), and Securities brokerage credit accounts- net.

B) For securities purchased and underwritten, the fair values were determined based on quoted market prices at the balance sheet date except for emerging stocks which were based on cost.

C) The fair value of deposits-out was based on present value of expected cash flow amount. The discount rate was the one-year deposit rate of the Directorate General at Postal Remittances and Savings Bank.

D) The fair values of operating security deposits and exchange clearing deposits at the balance sheet date were valued at book value, as they primarily consisted of time deposits pledged.

E) The fair value of bonds payable was based on their quoted market prices.

F) The fair value of long-term loans was based on the present value of expected cash flow amount.

G) The fair values of derivative financial instruments were determined based on the amounts to be received or paid assuming the contracts were settled as of the reporting date, which include unrealized gains or losses on unsettled contracts.

H) The fair values of financial assets and liabilities held for trading which are non-derivative financial instruments are based on their quoted prices in an active market. The fair values of financial assets and liabilities held for trading which are derivative financial instruments are based on their market prices if their quoted prices are readily and regularly available from an active market; however if they have no quoted prices in an active market, their fair values are determined based upon the amounts to be received or paid assuming that the contracts are settled as of the reporting date.

I) If available-for-sale financial instruments have quoted prices in an active market, their fair value is based on their quoted price; Otherwise, their fair value is valued by using a valuation technique. The estimates and assumptions used to value the fair value through the valuation technique are the same as those used by market participants to set the price for financial instrument, which are accessible to the Company. The fair values of available-for-sale financial instruments which belong to unlisted stocks are not disclosed since they have no quoted prices in an active market and their fair value cannot be measured reliably.

3) As of June 30, 2009, the financial assets and financial liabilities with fair value risk due to the change of interest amounted to $16,596,466 and $9,870,165, respectively, and the financial assets with cash flow risk due to the change of interest amounted to $202,921.

4) For the six-month period ended June 30, 2009, total interest income and total interest expense on financial assets or financial liabilities that are not at fair value through profit or loss amounted to $288,698 and $27,383, respectively.

5) Procedure of financial risk control hedge

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

In early 2003, the Company added a Risk Controller to supervise all of the Company's risk management strategies. The responsibility of the Risk Controller includes the following:

a. Setting all of the Company's risk management systems;
b. Developing efficient methods to measure and manage the Company's risks;

c. Reviewing the risk management system, business quota, evaluation model and application of exception management of the business departments;
d. Collecting data, summarizing information, generating risk reports;
e. Analyzing the market, situation of credit and liquidity risk and reporting the results to the CEO;
f. Reporting the risk management situation to the risk management and audit committee based on the demand and essence of the meeting; and
g. Executing the items designated by the risk management and audit committee.

A. Financial risk management:

The purpose of financial risk management is to ensure the completeness of the risk management system, execute the monitoring mechanism, increase the efficiency of the risk management and set the risk management policies. By setting a consistent compelling standard, the Company can control all the possible risks within a presetting range, actively seek growth in every business scope and attain the objective of maximizing capital return.

The risks faced by the Company include market risk, credit risk, liquidity risk, cash flow risk, operating risk and lawsuit risk. The risk management system is established to efficiently control the entire Company's risk. The Company's risk management system includes an independent risk management department and a risk management organizational structure, including the Board of Directors, risk and audit management committee, risk control office, inspection and audit office, legal affairs section and the financial department.

B. Hedging strategies (financial hedging):

The Company's strategies use derivatives to control the risk of price volatility within a certain range. The strategies are set according to the Company's capacity for tolerating risk.

(A) Equity securities

The Company will bear the risk of value loss when there is an unfavorable change in the price of the target security. The methods adopted include lowering the current position and employing TX futures, TF futures and TE futures. The market value of open position is limited to the market value of the current position of TSE stocks held by the Company or a certain percentage of the net value of the Company at the end of the prior month, whichever is lower. When the net value is less than the paid-in capital, paid-in capital is used.

(B) Fixed income securities

The major risk associated with fixed income securities results from changes in interest rates. The Company bears market risk when the change in interest rates is unfavorable. The Company uses derivatives such as interest rate swaps, governmental bond futures and bond options to hedge the market risk.

(C) Warrants

The market risk of warrants includes Delta risk, Gamma risk, position risk, VaR risk, warrant market creating risk and reissuance risk.

The Company adopts the following hedging principles to minimize the market risk:

a. Delta principle:

Acquiring the underlying securities as basic position and adjusting the number of shares based on the dynamic hedging model on an on-going basis.

b. Gamma principle:

Purchasing warrants issued by others with the same underlying securities to offset the risks caused by the fluctuations.

(D) Structured notes

Structured notes are a combination of fixed income securities and options. The market risk of structured instruments includes risk resulting from changes in stock prices, volatility and interest rates. To lower the market risk resulting from engaging in business, not only the interest generated from investing in fixed income securities is used to repay the principal due, but also the Company establishes a dynamic hedging position. Hedging position is usually within a range centering on the theoretical hedge amount.

(E) Convertible bond asset swap

The Company detaches the option from the convertible bond and sells them to the market separately. This business involves market risk and credit risk of the counterparty. To lower the market risk, the Company sells the fixed income security part and the option part separately while credit limit is applied to lower the credit risk from the counterparty.

6) Information of financial risk

A) Derivative financial instruments

Financial instruments	June 30, 2009 Book value		June 30, 2008 Book value	
Assets:				
Buy option - futures	$	12,156	$	33,652
Futures guarantee deposits receivable		1,219,576		1,460,705
Interest rate swap contracts		202,921		351,491
Bond options		98		1,267
Financial assets held for trading - CB options		58,705		-
ELN-Options		4,111		5,443
	$	1,497,567	$	1,852,558
Liabilities:				
Warrants	$	71,111	$	46,330
Sell option - futures		16,604		57,293
Asset swap options		2,037		97,672
Bond options		30		452
Financial assets held for trading - CB options		-		110,580
Interest rate swap contracts		-		1,140
Structured notes		925		1,580
ELN liabilities:				
- Option money (Note)		89,800		40,490
PGN liabilities:				
- Fixed income securities (Note)		249,160		194,923
Total	$	429,667	$	550,460

Note: Recorded as “Other Financial Liabilities”.

B) The Company’s derivative financial instruments were as follows:

	For the six-month period ended June 30, 2009	
	Gain (loss) on derivative financial assets - OTC	Unrealized gain (loss) included
Interest rate swaps - non-hedging	($ 32,165)	($ 11,835)
Options - asset swaps	(1,014)	(3,352)
Investment loss before treasury bonds issued	23,499	-
Equity - linked note	(3,293)	(2,336)
Principal guaranteed note	(655)	(25)
Options - CB	44,819	44,819
Bond options - non-hedging	(6,559)	319
Buy options - hedging	166	-
	$ 24,798	$ 27,590

	For the six-month period ended June 30, 2008	
	Gain (loss) on derivative financial assets - OTC	Unrealized gain (loss) included
Interest rate swaps - non-hedging	$ 120,071	$ 115,486
Options - asset swaps	8,400	(22,437)
Investment loss before treasury bonds issued	69,636	-
Equity - linked note	4,288	4,288
Principal guaranteed note	(3,633)	-
Options - CB	(26,250)	-
Bond options - non-hedging	(2,821)	(1,634)
Buy options - hedging	(62)	2,285
	$ 169,629	$ 97,988

C) Information of financial instruments

a) Trading of futures

The list of deposits for trading futures:

	June 30, 2009	June 30, 2008
Futures security deposits receivable	$ 1,219,576	$ 1,460,705
Excess security deposits	$ 1,159,319	$ 1,033,176

Gain (loss) on derivative financial assets – Futures of futures department - dealer:

	June 30, 2009	June 30, 2008
Gain (Loss) on futures contract	$ 763,921	($ 136,926)
Gain (Loss) on trading options	(871,047)	610,562
Total	($ 107,126)	$ 473,636

Gain (loss) on derivative financial assets – Futures of futures department - hedging:

	June 30, 2009	June 30, 2008
Gain (loss) on futures contract - realized	($ 4,218)	$ -
Gain (loss) on futures contract - unrealized	(282)	-
Gain (loss) on options contract - realized	(5,735)	(6,910)
Gain (loss) on options contract - unrealized	(762)	(160)
	($ 10,997)	($ 7,070)

b) Warrants

For information relating to issuance of warrants: please refer to Note 4 (10).

c) Convertible bond asset swaps and options

The Company engages in the business of asset swaps and options. Under an asset swap, the Company sells convertible bonds to the counterparty and receives proceeds. Over the contract period, the Company exchanges its cash flows with the counterparty and retains the right to buyback the convertible bonds. Under an option transaction, the Company keeps the right to buyback the convertible bonds or the counterparty has the right to buy the convertible bonds. The Company can clear the position by rendering its currently owned bonds. As of June 30, 2009 and 2008, notional principal of convertible bond options sold were $86,000 and $923,600, respectively.

d) Interest rate swap contracts

The purpose of the Company to enter into an interest rate swap contract is to earn the interest gap based on the Company's estimation toward the interest rate trend. The contracts entered with financial institutions are valid for 1 ~ 5 years without any anticipation of material credit risk, and the interest will be received and paid according to floating interest rate and fixed interest rate, respectively. Most of the counterparties are financial institutions. As of June 30, 2009 and 2008, the nominal principals were $233,140,000 and $206,870,000, respectively.

e) Structured notes

The Company deals in equity linked products and combines fixed income instruments with call or put options. These products are categorized into ELN and PGN. On trade date, the contracted amounts were collected in full from the counterparties. The payout amount on maturity will depend on the price fluctuation of the instruments linked to these contracts. All the linked products are financial instruments under the supervision of the SFB. As of June 30, 2009 and 2008, the nominal principals of ELN were $89,800 and $40,490, respectively, and the nominal principals of PGN were $250,000 and $195,000, respectively.

f) Bond options

The Company enters into bond options for trading purposes. Option premiums are paid to or received from counterparties on contract date. On settlement date, interests are received from or paid to counterparties or physical instruments delivered. The Company will take advantage of price arbitrage arising from interest rate fluctuations. As of June 30, 2009 and 2008, the nominal principals of bond options bought were $200,000 and $2,500,000, respectively, the nominal principals of bond options sold were $100,000 and $300,000, respectively.

D) Information of financial risk

a) Market risk

Market risk refers to risk of asset impairments resulting from market risk factors such as changes in stock prices, interest rates, exchange rates and commodity prices, including directional and non-directional risk.

The Company sets authorization limit and VaR (value at risk) limit for each business department as the standard of executing risk management.

The Company measures risk using the Monte Carlo Simulation to calculate VaR with a confident interval of 95%. The following table shows the VaR data of all positions in 2009. In the table, VaRs are classified to equity securities, fixed income securities, derivatives and total amount. Because of the elimination effect resulting from the different classification, the total VaR is less than the sum of all classification. The difference between the total and the sum of individual VaR may be regarded as the achievement resulting from diversification.

	June 30, 2009	VaR		
		Mean	Minimum	Maximum
Equity securities	$ 25,613	$ 40,956	$ 16,863	$ 92,072
Fixed income securities	4,287	15,707	1,397	51,300
Derivatives	26,963	26,085	5,263	82,044
Hybrid instruments	11,901	10,936	1,537	36,273
Sum	68,763	94,024	41,148	222,359
Benefits resulting from diversification	(15,550)	(27,083)	(7,496)	(53,077)
Total VaR	53,213	66,941	21,369	214,863

b) Credit risk

(A) Failure to deliver risk

Failure to deliver risk refers to the risk resulting from the counterparty's failure to execute the duty of delivery.

(B) Risk of degradation of the issuer's credit rating

The risk occurs due to the degradation of the issuer's credit rating.

(C) Default risk

Default risk refers to the risk that the issuer cannot execute its duty.

The maximum credit exposure is equal to the book value of the Company's financial assets minus allowance. Since the Company does not have significant commitment or guaranty items, no extra credit risk is expected to occur.

c) Liquidity risk

Liquidity risk occurs when the volume of transactions is insufficient in the market such that the Company will experience difficulty in disposing its position within a reasonable time.

(A) Market liquidity risk:

(a) Liquidity risk results from external factors such as customized products.

(b) Sudden decline in the volume of transactions due to market factors.

(B) Cash liquidity risk:

Cash liquidity risk refers to the Company's inability to raise funds at reasonable costs to fulfill the following demand:

(a) The investing position exceeds the original plan so that the Company cannot afford sufficient cash to clear the transaction.

(b) The Company cannot deposit security in time so the position held is cleared irrevocably.

(c) Other factors.

The Company ensures the safety of cash flow via cash flow management and control over the credit line. The purpose of the Company's market risk management is to maximize the efficiency of the VaR. While the Company pursues this purpose, economic situation, competition, and market value risk and its effect on the Company's net interest income are all considered.

d) Fair value risk from changes in interest rates

Fair value risk from changes in interest rates refer to the uncertainty of future cash flows resulting from changes in index interest rates. If the possible risk from interest rate change exceeds the acceptable range, the Company uses interest swaps to hedge the risk.

e) Hedge strategy and related information (accounting hedge):

In December 2003, the Company issued anti-floating bonds and used interest rate swap as the tool to hedge the cash flows. Under the contract, anti-LIBOR interest rates are exchanged to fixed interest rates.

For the purpose of risk management, the Company focuses its hedge activities on two major changes: interest payments and interest rate risk. The relationship between the two changes is employed to manage cash flow risk and avoid interest rate risk.

While the major terms of the hedged target and the instrument employed are the same and changes in fair value and cash flows can be completely eliminated, the instrument is considered efficient and the hedge is in accordance with the hedge accounting.

At June 30, 2009 and 2008, the instruments employed and hedged items are as follows:

Fair value hedge, cash flow hedge and hedge of a net investment in foreign operation

	Designated hedging instrument				
	Financial instrument designated as	Fair value June 30,		Period of anticipated	Period of gain (loss) recognized in income
Hedge item	hedging instrument	2009	2008	cash flow	statement
Bonds payable	Interest Rate Swap	$ -	$ 1,140	By contracts	Recognized over the period

	June 30,	
Items	2009	2008
Amount removed from equity and recognized in profit or loss	$ -	$ 21,488

11. OTHER DISCLOSURE ITEMS

A. Information about significant transactions

1) Lending to others: Excluding security margin trading and conditonal bond trading business, there is no lending of funds to either the shareholders or other parties.

2) Endorsements and guarantees for others：None.

3) Acquisitions of real estate exceeding $100,000,000 or 20 percent of contributed capital：None.

4) Disposals of real estate exceeding $100,000,000 or 20 percent of contributed capital：None.

5) Purchases or sales transactions discount on broker's charges with related parties in excess of $5,000,000：None.

6) Receivables from related parties exceeding $100,000,000 or 20 percent of contributed capital：None.

B. Related information of investee companies

1. Related information of investee companies

Name of the investor	Name of the investee company	Location	Major operating activities	Original investment: Balance on June 30, 2009	Original investment: Balance on June 30, 2008	Ending balance: Shares	Ending balance: Percentage	Ending balance: Book value	Net income (loss) of investee company	Investment income (loss) recognized by the Company	Notes
President Securities Corp.	President Futures Corp.	Taipei	Futures brokerage	$ 651,317	$ 651,317	64,477,303	97.69%	$ 950,686	$ 49,738	$ 48,593	Subsidiary of the Company
	President Capital Management Corp.	Taipei	Securities investment consulting	150,000	300,000	15,000,000	100.00%	144,189	1,480	1,480	Subsidiary of the Company
	President Securities Corp. (HK)	Hong Kong	Securities brokerage, underwriting and consulting	34,030	34,030	10,000,000	5.19%	61,923	40,232	2,088	Subsidiary of the Company
	President Securities Corp. (BVI) Ltd.	British Virgin Islands	Securities investment and holding company	2,264,573	2,264,573	67,746,000	100.00%	1,792,634	82,277	82,277	Subsidiary of the Company
	President Investment Trust Co. Ltd.	Taipei	Investment Trust	624,940	624,940	11,599,000	38.66%	428,426	58,629	22,669	Subsidiary of the Company
	President Personal Insurance Agency Co., Ltd.	Taipei	Insurance Agent	5,000	5,000	500,000	100.00%	5,459	(65)	(65)	Subsidiary of the Company
	President Personal Agency Co., Ltd.	Taipei	Insurance Agent	5,000	5,000	500,000	100.00%	4,789	432	432	Subsidiary of the Company
President Securities (BVI) Ltd.	President Securities (HK) Ltd.	Hong Kong	Securities brokerage, underwriting and consulting	814,705	814,705	182,600,000	94.81%	1,131,205	40,232	38,144	Subsidiary of the Company
	President Financial Management (HK) Ltd.	Hong Kong	Futures dealing and brokerage	92,091	35,072	23,400,000	100.00%	62,170	(12)	(12)	Indirect subsidiary of the Company
	President Securities (NOMINEE) Ltd.	Hong Kong	Nominee Service	3,403	3,403	1,000,000	100.00%	2,939	(21)	(21)	Indirect subsidiary of the Company

2. Lending to others: Excluding security margin trading and conditonal bond trading business, there is no lending of funds to either the shareholders or other parties.

3. Endorsements and guarantees for others：None.

4. Acquisitions of real estate exceeding $100,000,000 or 20 percent of contributed capital：None.

5. Disposals of real estate exceeding $100,000,000 or 20 percent of contributed capital：None.

6. Purchases or sales transactions discount on broker's charges with related parties in excess of $5,000,000：None.

7. Receivables from related parties exceeding $100,000,000 or 20 percent of contributed capital：None.

8. Disclosure required by Ministry of Finance, Ruling No. 0920004507:

a) Securities held as of June 30, 2009 of President Securities (BVI) Ltd.:

Expressed in U.S. Dollars

			Carrying value		Fair value		
Securities types and name	Type	Number of shares	Unit price	Amount	Unit price	Amount	Note
Financial assets at fair value through profit or loss - current							
Funds and money market instruments：							
AAPL	STOCK	950	$142.430	$135,309	$142.430	$135,309	
ALXN	STOCK	1,400	41.110	57,554	41.110	57,554	
AMZN	STOCK	1,225	83.660	102,484	83.660	102,484	
ASR	STOCK	1,635	39.000	63,765	39.000	63,765	
CBG	STOCK	6,170	9.360	57,751	9.360	57,751	
CVX	STOCK	720	66.250	47,700	66.250	47,700	
DBB	STOCK	3,300	15.070	49,731	15.070	49,731	
DO	STOCK	590	83.050	49,000	83.050	49,000	
DTV	STOCK	2,030	24.710	50,161	24.710	50,161	
DUG	STOCK	30,000	18.750	562,500	18.750	562,500	
EEB	STOCK	3,240	32.110	104,036	32.110	104,036	
EMC	STOCK	3,850	13.100	50,435	13.100	50,435	
ESRX	STOCK	780	68.750	53,625	68.750	53,625	
EWT	STOCK	15,000	10.090	151,350	10.090	151,350	
EWZ	STOCK	980	52.970	51,911	52.970	51,911	
EZA	STOCK	1,080	47.270	51,052	47.270	51,052	
FNI	STOCK	6,230	16.439	102,415	16.439	102,415	
GAF	STOCK	2,060	51.700	106,502	51.700	106,502	
GAS	STOCK	1,450	34.620	50,199	34.620	50,199	
GDX	STOCK	1,340	37.815	50,672	37.815	50,672	
GILD	STOCK	1,100	46.840	51,524	46.840	51,524	
GMCR	STOCK	1,717	59.120	101,509	59.120	101,509	
GMF	STOCK	830	60.060	49,850	60.060	49,850	

Expressed in U.S. Dollars

Securities types and name	Type	Number of shares	Carrying value Unit price	Carrying value Amount	Fair value Unit price	Fair value Amount	Note
GOOG	STOCK	120	$421.590	$50,591	$421.590	$50,591	
GS	STOCK	350	147.440	51,604	147.440	51,604	
HSP	STOCK	1,300	38.520	50,076	38.520	50,076	
IDX	STOCK	1,100	43.850	48,235	43.850	48,235	
IHF	STOCK	1,300	38.600	50,180	38.600	50,180	
INP	STOCK	990	48.960	48,470	48.960	48,470	
IYT	STOCK	860	58.200	50,052	58.200	50,052	
KBH	STOCK	3,400	13.680	46,512	13.680	46,512	
MSFT	STOCK	2,130	23.770	50,630	23.770	50,630	
MYGN	STOCK	2,640	35.650	94,116	35.650	94,116	
PCLN	STOCK	625	111.550	69,719	111.550	69,719	
PSQ	STOCK	1,740	56.350	98,049	56.350	98,049	
QCOM	STOCK	1,080	45.200	48,816	45.200	48,816	
RIG	STOCK	800	74.290	59,432	74.290	59,432	
SH	STOCK	3,097	65.710	203,504	65.710	203,504	
SKF	STOCK	16,000	41.790	668,640	41.790	668,640	
STRA	STOCK	270	218.110	58,890	218.110	58,890	
SXCI	STOCK	2,330	25.420	59,229	25.420	59,229	
SYNA	STOCK	1,370	38.650	52,951	38.650	52,951	
TIE	STOCK	10,230	9.190	94,014	9.190	94,014	
USO	STOCK	1,340	37.930	50,826	37.930	50,826	
VWO	STOCK	1,550	31.820	49,321	31.820	49,321	
WLP	STOCK	990	50.890	50,381	50.890	50,381	
XBI	STOCK	1,060	50.650	53,689	50.650	53,689	
XOM	STOCK	685	69.910	47,888	69.910	47,888	
SUMITOMO RUBBER INOUSTRIES, LTD	STOCK	14,300	8.121	116,130	8.121	116,130	
Ishiihyoki	STOCK	6,700	17.142	114,851	17.142	114,851	
KAWASAKO KISEN	STOCK	23,000	4.165	95,798	4.165	95,798	
Deutsche Bank AG	BONDS	18,040,000	1.000	18,040,018	1.000	18,040,018	
FL. R GSC EUROPEAN CDO	STRUCTURED NOTES	2,500,000	1.000	2,500,000	1.000	1,195,652	
FL. R ARES VIR	STRUCTURED NOTES	5,000,000	0.995	4,975,000	0.995	2,379,348	
Less：Impairment loss				(3,900,000)		-	
Subtotal				26,298,645		26,298,645	
Securities for futures transactions - own capital				3,612,500		3,612,500	
Total				$ 29,911,145		$ 29,911,145	

Expressed in U.S. Dollars

Securities types and name	Type	Number of shares	Carrying value: Unit price	Carrying value: Amount	Fair value: Unit price	Fair value: Amount	Note
Long-term investment - equity method							
President Securities (HK) Ltd.	STOCK	182,600,000	0.189	$ 34,477,448	0.189	$ 34,477,448	
President Financial Management (HK) Ltd.	STOCK	23,400,000	0.081	1,894,861	0.081	1,894,861	
President Securities (NOMINEE) Ltd.	STOCK	1,000,000	0.090	89,591	0.090	89,591	
Total				$ 36,461,900		$ 36,461,900	
Held-to-maturity financial assets: non-current							
Bancnote Series	FUND	1,053,809	1.188	$1,252,104	1.188	$ -	
Less：Impairment loss				(1,252,104)			
Total				$ -			

b)Derivative financial instrument transactions and the source of capital of President Securities (BVI) Ltd. (PSBVI) :

As of June 30, 2009, the carrying value of USD$3,575,000 of asset securitization for derivatives was undertaken with the Company's own capital of USD$7,500,000.

c)Revenue from consulting in assets management, services and litigation: None.

PSBVI engages in consulting servies. For the six-month period ended June 30, 2009, the company had revenue of USD$3,273 from consulting service, and no litigation cases.

d) Balance sheets

PRESIDENT SECURITIES (BVI) LTD.

BALANCE SHEETS

JUNE 30

Expressed in U.S. Dollars

	2009		2008			2009		2008	
Assets	Amount	%	Amount	%	Liabilities and Stockholders' Equity	Amount	%	Amount	%
Current Assets					Current Liabilities				
Cash and cash equivalents	$ 5,833,258	8	$ 5,868,502	6	Short-term loans	$ 22,358,607	29	$ 16,912,796	18
Financial assets at fair value through profit or loss - current	29,911,145	38	31,870,481	34	Bonds sold under repurchase agreements	-	-	17,800,825	19
Accounts receivable	171,445	-	6,860,945	7	Other payables	561,744	1	57,880	-
Other receivables	599,412	1	684,215	1	Total	22,920,351	30	34,771,501	37
Restricted assets	4,580,000	6	6,569,743	7	Stockholders' Equity				
Total	41,095,260	53	51,853,886	55	Share caipital	67,746,000	87	67,746,000	73
Long-term investment - equity method	36,461,900	47	33,976,185	37	Capital reserve	757,813	1	757,813	1
Held-to-maturity financial assets: non-current	1,252,104	2	7,983,771	9	Cumulative translation adjustments	776,906	1	249,286	-
Accumulated impairment: held-to-maturity financial assets: non-current	(1,252,104)	(2)	(962,115)	(1)	Retained earnings	(14,643,910)	(19)	(10,672,873)	(11)
	-	-	7,021,656	8	Total	54,636,809	70	58,080,226	63
Total Assets	$ 77,557,160	100	$ 92,851,727	100	Total Liabilities and Stockholders' Equity	$ 77,557,160	100	$ 92,851,727	100

e) Statement of operations

PRESIDENT SECURITIES (BVI) LTD.

STATEMENTS OF OPERATIONS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30,

Expressed in U.S. Dollars

Accounts	2009 Amount	2009 %	2008 Amount	2008 %
Revenues				
Gain on disposal of financial assets at fair value through profit or loss	$ 1,061,516	27	$ -	-
Investment income under equity method	1,135,952	29	-	-
Gain on futures transactions	1,083,585	27	68,868	8
Interest revenue	601,594	15	667,630	78
Consulting service revenue	3,273	-	8,037	1
Operating revenue	68,561	2	79,193	9
Non-operating revenue	-	-	35,338	4
Total	3,954,481	100	859,066	100
Expenditures				
Loss on financial assets at fair value through profit or loss	(1,448,858)	(37)	(411,644)	(48)
Loss on disposal of financial assets at fair value through profit or loss	-	-	(7,898,947)	(919)
Investment loss accounted for under the equity method	-	-	(2,777,238)	(323)
Operating expenses	(47,790)	(1)	(66,053)	(8)
Non-operating expense	(5,480)	-	-	-
Total	(1,502,128)	(38)	(11,153,882)	(1,298)
Net (loss) income	$ 2,452,353	62	($ 10,294,816)	(1,198)

f) Transactions between related parties and foreign business： None

C. Disclosure of investment in Mainland China：

Not applicable.

12. SEGMENT FINANCIAL INFORMATION

Not applicable.