

PRESIDENT SECURITIES CORPORATION
NON-CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT ACCOUNTANTS
JUNE 30, 2010 AND 2009

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

PWCM10000137

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, 2010 and 2009, 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, 2010 and 2009, 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, 2010 and 2009. In our report dated August 25, 2010, we expressed an unqualified opinion on those consolidated financial statements.

PricewaterhouseCoopers

August 25, 2010

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, 2010 AND 2009
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | 2010 | | 2009 | | | 2010 | | 2009 | |
|--|----------------------|------------|----------------------|------------|--|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % | | Amount | % | Amount | % |
| ASSETS | | | | | LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| <u>Current Assets</u> | | | | | <u>Current Liabilities</u> | | | | |
| Cash and cash equivalents(note 4(1)) | \$ 1,223,791 | 3 | \$ 1,215,564 | 4 | Short-term loans (Note 4 (6)) | \$ 3,570,000 | 9 | \$ 300,000 | 1 |
| Financial assets at fair value through profit or loss - current (Notes 4 (2), 5, 6 and 10) | 12,112,468 | 31 | 8,217,025 | 27 | Commercial papers payable (Note 4 (7)) | 2,799,382 | 7 | 149,914 | - |
| Margin loans receivable (Note 4 (4)) | 15,150,433 | 39 | 10,410,010 | 34 | Bonds sold under repurchase agreements (Notes 4 (8), 6 and 10) | 4,604,362 | 12 | 4,106,333 | 13 |
| Refinancing security deposits | 14,274 | - | 25,583 | - | Financial liabilities at fair value through profit or loss-current (Notes 4 (10) and 10) | 208,775 | - | 184,704 | 1 |
| Receivables from refinance guaranty | 11,988 | - | 41,434 | - | Deposits on short sales | 1,083,198 | 3 | 1,149,089 | 4 |
| Receivables from security lending | 29,666 | - | 91,801 | - | Short sale proceeds payable | 1,263,670 | 3 | 1,332,936 | 4 |
| Security lending deposits | 26,791 | - | 82,934 | - | Guarantee deposit received for securities lending | 1,002,607 | 3 | - | - |
| Notes receivable | 1,045 | - | 1,065 | - | Accounts payable | 977,642 | 2 | 45,581 | - |
| Accounts receivable - net (Note 5) | 272,941 | 1 | 669,177 | 2 | Advance receipts | 127 | - | 359 | - |
| Prepayments | 16,676 | - | 19,686 | - | Collections on behalf of third parties | 250,659 | 1 | 330,496 | 1 |
| Prepaid pension expenses - current (Note 4 (15)) | 80,685 | - | 86,964 | - | Other payables (Notes 4 (11) and (24)) | 1,931,500 | 5 | 1,811,973 | 6 |
| Other receivables | 423,342 | 1 | 303,831 | 1 | Deferred tax liabilities - current (Note 4 (24)) | - | - | 19,024 | - |
| Restricted assets (Note 6) | 1,343,348 | 3 | 1,323,507 | 4 | Long-term liabilities - current portion (Notes 4 (13) and 10) | 2,298,014 | 6 | - | - |
| Deferred tax assets -current (Note 4 (24)) | 21,368 | - | - | - | Other financial liabilities - current (Note 4 (12)) | 172,964 | - | 338,960 | 1 |
| Available-for-sale financial assets - current (Note 4 (3)) | 994,119 | 3 | 767,274 | 3 | Total Current Liabilities | 20,162,900 | 51 | 9,769,369 | 31 |
| Total Current Assets | 31,722,935 | 81 | 23,255,855 | 75 | | | | | |
| <u>Funds and Investments</u> | | | | | <u>Long-term Liabilities</u> | | | | |
| Equity investments-equity method (Note 4 (5)) | 3,368,892 | 9 | 3,388,106 | 11 | Bonds payable (Notes 4 (13) and 10) | - | - | 2,232,308 | 7 |
| Available-for-sale financial assets-non-current (Note 4 (3)) | 89,323 | - | 135,845 | 1 | Long-term loans (Note 4 (14)) | - | - | 599,585 | 2 |
| Financial assets at fair value through profit or loss-non-current (Notes 4 (2) and 6) | 68,498 | - | 106,287 | - | Total Long-term Liabilities | - | - | 2,831,893 | 9 |
| Total Funds and Investments | 3,526,713 | 9 | 3,630,238 | 12 | <u>Other Liabilities</u> | | | | |
| <u>Fixed Assets (Note 6)</u> | | | | | Reserve for default (Note 4 (16)) | 200,000 | 1 | 200,000 | 1 |
| Land | 1,517,335 | 4 | 1,414,528 | 4 | Reserve for trading loss (Note 4 (17)) | - | - | 60,519 | - |
| Buildings | 964,398 | 3 | 891,988 | 3 | Deposits-in | 5,250 | - | 2,421 | - |
| Equipment | 468,783 | 1 | 498,353 | 2 | Total Other Liabilities | 205,250 | 1 | 262,940 | 1 |
| Prepayments for equipment | 23,644 | - | 2,378 | - | Securities Brokerage Debit Accounts - Net (Note 4 (26)) | 331,843 | 1 | 8,284 | - |
| Leasehold improvements | 49,282 | - | 46,452 | - | Total Liabilities | 20,699,993 | 53 | 12,872,486 | 41 |
| Less: Accumulated depreciation | (627,034) | (2) | (649,181) | (2) | <u>SHAREHOLDERS' EQUITY</u> | | | | |
| Total Fixed Assets | 2,396,408 | 6 | 2,204,518 | 7 | Capital (Note 4 (18)) | 11,857,062 | 30 | 11,857,062 | 38 |
| <u>Other Assets</u> | | | | | Common stock | 462,272 | 1 | - | - |
| Operating guarantee deposits (Note 6) | 702,000 | 2 | 702,000 | 2 | Stock dividend distributable | - | - | - | - |
| Exchange clearing deposits | 418,031 | 1 | 387,385 | 1 | Capital reserve (Note 4 (19)) | 13,558 | - | 13,558 | - |
| Deposits-out (Notes 5 and 6) | 150,359 | - | 257,023 | 1 | Common stock | 137,274 | - | 70,899 | - |
| Deferred assets | 411 | - | 2,222 | - | Treasury stock (Note 4 (23)) | 166,277 | 1 | 166,116 | 1 |
| Rental assets (Note 5) | 253,773 | 1 | 255,631 | 1 | Stock warrants (Note 4 (13)) | - | - | - | - |
| Idle assets (Note 6) | 125,375 | - | 285,785 | 1 | Retained earnings | 1,723,534 | 4 | 1,521,014 | 5 |
| Deferred tax assets - non-current (Note 4 (24)) | 48,314 | - | 37,432 | - | Legal reserve (Note 4 (20)) | 4,527,183 | 12 | 4,123,962 | 13 |
| Total Other Assets | 1,698,263 | 4 | 1,927,478 | 6 | Special reserve (Note 4 (21)) | 53,795 | - | 857,903 | 3 |
| | | | | | Unappropriated earnings (Notes 4 (22)(24)) | (83,846) | - | (36,514) | - |
| | | | | | Cumulative translation adjustments | - | - | (3,017) | - |
| | | | | | Net loss on unrecognized pension cost | (291,722) | (1) | (388,640) | (1) |
| | | | | | Treasury stock (Note 4 (23)) | 78,939 | - | (36,740) | - |
| | | | | | Unrealized gain or loss on financial instruments (Note 10) | - | - | - | - |
| | | | | | Total Shareholders' Equity | 18,644,326 | 47 | 18,145,603 | 59 |
| | | | | | <u>Significant Commitments and Contingent Liabilities (Note 7)</u> | | | | |
| | | | | | <u>Significant Subsequent Events (Note 9)</u> | | | | |
| | | | | | <u>Other Disclosure Items (Note 11)</u> | | | | |
| TOTAL ASSETS | \$ 39,344,319 | 100 | \$ 31,018,089 | 100 | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 39,344,319 | 100 | \$ 31,018,089 | 100 |

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

PRESIDENT SECURITIES CORPORATION
NON-CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT FOR EARNINGS PER SHARE AMOUNT)

| | 2010 | | 2009 | |
|---|--------------|------------|--------------|------------|
| | Amount | % | Amount | % |
| Revenues | | | | |
| Securities brokerage fees | \$ 1,015,022 | 44 | \$ 1,102,330 | 41 |
| Security lending | 13,888 | 1 | - | - |
| Underwriting fees | 27,390 | 1 | 11,739 | - |
| Gain on trading of securities - dealer (Notes 4 (2)(3)(28) and 5) | 1,620 | - | 577,281 | 22 |
| Gain on trading of securities - underwriter (Notes 4 (2)(28)) | 28,790 | 1 | 3,555 | - |
| Gain on trading of securities - hedging (Notes 4 (2)(28)) | - | - | 30,860 | 1 |
| Stock custodian income (Note 5) | 40,553 | 2 | 40,807 | 2 |
| Interest income (Note 10) | 501,766 | 22 | 308,417 | 12 |
| Dividend income | 13,174 | 1 | 11,795 | - |
| Gain on valuation of operating securities (Note 4 (2)) | - | - | 151,012 | 6 |
| Gain on short covering and trading securities - RS financing covering | - | - | 35,396 | 1 |
| Gain on valuation of borrowed securities and bonds with resale agreements | 3,555 | - | - | - |
| Gain on warrants issuance (Note 10) | 311,586 | 14 | 28,354 | 1 |
| Commissions on futures (Note 5) | 31,392 | 1 | 35,261 | 1 |
| Gain on derivative financial instruments - FUTURES (Note 10) | 20,342 | 1 | - | - |
| Gain on derivative financial instruments - OTC (Note 10) | - | - | 24,798 | 1 |
| Other operating income (Note 5) | 158,303 | 7 | 39,075 | 2 |
| Non-operating income (Notes 4 (29), 5 and 10) | 110,898 | 5 | 262,991 | 10 |
| | 2,278,279 | 100 | 2,663,671 | 100 |
| Expenses | | | | |
| Handling charges - brokerage | (74,094) | (3) | (77,532) | (3) |
| Handling charges - dealing | (31,549) | (1) | (16,934) | (1) |
| Service charges - refinancing | (674) | - | (732) | - |
| Loss on trading of securities - hedging (Notes 4 (2)(28)) | (151,015) | (7) | - | - |
| Interest expense (Note 10) | (9,135) | - | (11,815) | (1) |
| Loss on valuation of operating securities (Note 4 (2)) | (284,249) | (13) | - | - |
| Loss on short covering and trading securities - RS financing covering | (413) | - | - | - |
| Loss on valuation of borrowed securities and bonds with resale agreements | - | - | (4,276) | - |
| Warrants issuance expenses | (20,977) | (1) | (4,887) | - |
| Clearing charges (Note 5) | (14,269) | (1) | (6,966) | - |
| Loss on derivative financial instruments - FUTURES (Note 10) | - | - | (118,123) | (4) |
| Loss on derivative financial instruments - OTC (Note 10) | (204,075) | (9) | - | - |
| Operating expenses (Note 4 (27)) | (1,290,611) | (57) | (1,404,606) | (53) |
| Other operating expenses | (774) | - | (155) | - |
| Non-operating expenses (Note 4 (30)) | (141,126) | (6) | (70,178) | (3) |
| | (2,222,961) | (98) | (1,716,204) | (65) |
| Income before income tax | 55,318 | 2 | 947,467 | 35 |
| Income tax expense (Note 4 (24)) | (11,045) | - | (89,564) | (3) |
| Net income | \$ 44,273 | 2 | \$ 857,903 | 32 |
| | Before | After | Before | After |
| | income tax | income tax | income tax | income tax |
| Basic earnings per share (Note 4 (25)) (in NT Dollars) | | | | |
| Net income | \$ 0.05 | \$ 0.04 | \$ 0.79 | \$ 0.72 |
| Diluted earnings per share (Note 4 (25)) (in NT Dollars) | | | | |
| Net income | \$ 0.05 | \$ 0.04 | \$ 0.72 | \$ 0.65 |

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

PRESIDENT SECURITIES CORPORATION
NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Capital | | | Retained Earnings | | | | Cumulative Translation Adjustments | Net loss on unrecognized pension cost | Unrealized Loss on Market Value | | Total |
|---|----------------------|------------------------------|-------------------|---------------------|---------------------|-------------------------|---|------------------------------------|---------------------------------------|---------------------------------|----------------------|-------|
| | Common Stock | Stock Dividend Distributable | Capital Reserve | Legal Reserve | Special Reserve | Unappropriated Earnings | Decline of Long-term Equity Investments | | | Treasury Stock | Total | |
| | | | | | | | | | | | | |
| 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 | - | - | - | (505,416) | - | 505,416 | - | - | - | - | - | |
| Net income for the six-month period ended June 30, 2009 | - | - | - | - | - | 857,903 | - | - | - | - | 857,903 | |
| Unrealized gain or 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 | <u>\$ 11,857,062</u> | <u>\$ -</u> | <u>\$ 250,573</u> | <u>\$ 1,521,014</u> | <u>\$ 4,123,962</u> | <u>\$ 857,903</u> | <u>(\$ 36,514)</u> | <u>(\$ 3,017)</u> | <u>(\$ 388,640)</u> | <u>(\$ 36,740)</u> | <u>\$ 18,145,603</u> | |
| Balance at January 1, 2010 | \$ 11,857,062 | \$ - | \$ 317,109 | \$ 1,521,014 | \$ 4,123,962 | \$ 2,025,194 | (\$ 87,565) | \$ - | (\$ 291,722) | \$ 18,281 | \$ 19,483,335 | |
| Appropriations of 2009 earnings:(Note) | | | | | | | | | | | | |
| Legal reserve | - | - | - | 202,520 | - | (202,520) | - | - | - | - | - | |
| Special reserve | - | - | - | - | 403,221 | (403,221) | - | - | - | - | - | |
| Cash dividends | - | - | - | - | - | (947,659) | - | - | - | (947,659) | - | |
| Stock dividends | - | 462,272 | - | - | - | (462,272) | - | - | - | - | - | |
| Net income for the six-month period ended June 30, 2010 | - | - | - | - | - | 44,273 | - | - | - | - | 44,273 | |
| Unrealized gain or loss on financial instruments | - | - | - | - | - | - | - | - | - | 60,658 | 60,658 | |
| Cumulative translation adjustments | - | - | - | - | - | - | 3,719 | - | - | - | 3,719 | |
| Balance at June 30, 2010 | <u>\$ 11,857,062</u> | <u>\$ 462,272</u> | <u>\$ 317,109</u> | <u>\$ 1,723,534</u> | <u>\$ 4,527,183</u> | <u>\$ 53,795</u> | <u>(\$ 83,846)</u> | <u>\$ -</u> | <u>(\$ 291,722)</u> | <u>\$ 78,939</u> | <u>\$ 18,644,326</u> | |

(Note) Directors' and supervisors' remuneration of \$44,524 and employees' bonus of \$29,683 had been deducted from the statement of income.

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

PRESIDENT SECURITIES CORPORATION
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | <u>2010</u> | <u>2009</u> |
|---|------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 44,273 | \$ 857,903 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation (including rental assets and idle assets) | 36,809 | 33,114 |
| Amortization | 906 | 906 |
| Loss (gain) on valuation of open-ended funds and money-market instruments | 16,052 (| 5,802) |
| Loss (gain) on decline in value of securities | 284,249 (| 151,012) |
| Write-off of bad debts classified as revenue | (98) (| 571) |
| Provision for bad debts | 190 | 425 |
| Loss (gain) on long-term investments accounted for under the equity method | 56,116 (| 157,474) |
| Proceeds from cash dividends - under the equity method | 94,555 | 125,541 |
| Loss (gain) on disposal of fixed assets | 5 (| 12,221) |
| Discount on bonds payable | 32,583 | 32,794 |
| Loss on redemption of bonds payable | - | 275 |
| (Write-off) provision for trading loss | (138,935) | 33,408 |
| Changes in assets and liabilities: | | |
| Financial assets at fair value through profit or loss | (1,965,212) | 1,425,148 |
| Bonds purchased under resale agreements | 853,313 | 738,658 |
| Net cash funded from margin loans and short sales transactions | (1,050,250) (| 3,598,621) |
| Refinancing security deposits | 7,970 (| 25,441) |
| Receivables from refinance guaranty | 18,704 (| 29,935) |
| Receivables from stock borrowing guaranty | (8,052) (| 59,994) |
| Security lending deposit | (7,265) (| 54,204) |
| Guarantee deposit received for securities lending | 610,481 | - |
| Notes receivable | 1,262 | 765 |
| Accounts receivable | 2,640,945 (| 297,925) |
| Prepayments | 6,118 | 9,094 |
| Prepaid pension expenses | 4,149 (| 8,886) |
| Other receivables | (218,194) (| 124,699) |
| Available-for-sale financial assets - current | (111,165) | 875,907 |
| Deferred tax assets / liabilities | (41,003) (| 7,796) |
| Bonds sold under repurchase agreements | 1,404,201 | 909,420 |
| Financial liabilities at fair value through profit or loss - current | (501,573) (| 292,513) |
| Accounts payable | 866,585 (| 811,872) |
| Advance receipts | (25) | 200 |
| Collections on behalf of third parties | (39,052) | 118,873 |
| Other payables | (656,517) | 276,438 |
| Other financial liabilities - current | (287,231) | 313,960 |
| Securities brokerage debit accounts - net | <u>324,190</u> | <u>30,104</u> |
| Net cash provided by operating activities | <u>2,279,084</u> | <u>143,967</u> |

(Continued)

PRESIDENT SECURITIES CORPORATION
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | <u>2010</u> | <u>2009</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| (Increase) decrease in restricted assets - current | (\$ 10,115) | \$ 62,592 |
| Return of share capital from capital reduction in available- for- sale financial asset | 46,522 | - |
| Acquisition of fixed assets | (56,237) | (4,568) |
| Proceeds from disposal of fixed assets | - | 42,000 |
| Increase in exchange clearing deposits | (30,646) | (36,831) |
| Decrease (increase) in deposits-out | 126,362 | (69,876) |
| Increase in operating guarantee deposits | - | (2,000) |
| Net cash provided by (used in) investing activities | <u>75,886</u> | <u>(8,683)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| (Decrease) increase in short-term loans | (1,953,000) | 175,000 |
| Increase (decrease) in commercial papers payable | 500,088 | (299,477) |
| Proceeds from redeemed bonds | - | (39,940) |
| Repayment of long-term loans | (600,000) | (840,000) |
| Increase (decrease) in deposits-in | 1,907 | (3,493) |
| Reacquired treasury stock | - | (146,756) |
| Net cash used in financing activities | <u>(2,051,005)</u> | <u>(1,154,666)</u> |
| Net increase (decrease) in cash and cash equivalents | 303,965 | (1,019,382) |
| Cash and cash equivalents, beginning of the period | <u>919,826</u> | <u>2,234,946</u> |
| Cash and cash equivalents, end of the period | <u>\$ 1,223,791</u> | <u>\$ 1,215,564</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | |
| Cash paid for interest | <u>\$ 47,647</u> | <u>\$ 19,281</u> |
| Cash paid for income tax | <u>\$ 323,402</u> | <u>\$ 105,951</u> |

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

PRESIDENT SECURITIES CORPORATION
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009
(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, 2010, the Company had 35 operating branches with approximately 1,600 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(12).

4) 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.

5) 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.

6) 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.

7) 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.

8) Fixed, rental and idle 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.

9) Deferred assets

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

10) 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.

11) 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.

12) Bonds payable

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.

13) Pension plan

Under the defined benefit pension plan, net periodic pension costs are recognized in accordance with the actuarial calculations. Net periodic pension costs include service cost, interest cost, expected return on plan assets, and amortization of unrecognized net transition obligation and gains or losses on plan assets. Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

14) 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.

15) 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. Treasury stocks transferred to employees on or after January 1, 2008 are accounted for in accordance with R.O.C. SFAS No. 39, “Accounting for Share-based Payment”.
- C. 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.

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

16) Share-based payment — employee compensation plan

For the grant date of the share-based payment agreements set on or after January 1, 2008, the Company shall measure the services received during the vesting period by reference to the fair value of the equity instruments granted and account for those amounts as payroll expenses during that period.

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

Effective January 1, 2008, pursuant to EITF 96-052 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 EITF 97-127 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

None.

4. DETAILS OF SIGNIFICANT ACCOUNTS

1) CASH AND CASH EQUIVALENTS

| | June 30, | |
|-----------------------------------|---------------------|---------------------|
| | 2010 | 2009 |
| Petty cash | \$ 1,774 | \$ 1,764 |
| Checking deposits | 154,831 | 115,929 |
| Demand deposits | | |
| - New Taiwan Dollar | 255,522 | 641,350 |
| - Foreign currency | 512 | 528 |
| Time deposit | <u>2,934,500</u> | <u>2,664,500</u> |
| Subtotal | 3,347,139 | 3,424,071 |
| Less: restricted assets - current | (1,343,348) | (1,323,507) |
| restricted assets - non current | <u>(780,000)</u> | <u>(885,000)</u> |
| Total | <u>\$ 1,223,791</u> | <u>\$ 1,215,564</u> |

2) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <u>June 30,</u> | |
|--|------------------|------------------|
| | <u>2010</u> | <u>2009</u> |
| Current items: | | |
| Financial assets held for trading - current: | | |
| <u>Open-end mutual funds beneficiary certificates</u> | | |
| <u>and money market instruments</u> | | |
| Open-end mutual funds beneficiary certificates | \$ 200,000 | \$ 130,000 |
| Adjustment of open-end mutual funds beneficiary certificates | (22,891) | (21,335) |
| Total | <u>177,109</u> | <u>108,665</u> |
| <u>Trading securities - dealer</u> | | |
| Listed (TSE and OTC) stocks | 1,543,258 | 579,821 |
| Government bonds | 4,819,919 | 2,811,289 |
| Secured corporate bonds | 98,958 | 98,367 |
| Financial bonds | 495,143 | 489,980 |
| Convertible corporate bonds | 1,810,508 | 1,402,139 |
| Emerging stocks | <u>254,894</u> | <u>177,189</u> |
| Subtotal | 9,022,680 | 5,558,785 |
| Adjustment of trading securities - dealer | (40,588) | 6,150 |
| Total | <u>8,982,092</u> | <u>5,564,935</u> |
| <u>Trading securities - underwriter</u> | | |
| Listed (TSE and OTC) stocks | 2,920 | 4,845 |
| Convertible corporate bonds | 809,761 | 754,460 |
| Others | <u>10,000</u> | <u>-</u> |
| Subtotal | 822,681 | 759,305 |
| Adjustment of trading securities - underwriter | 14,034 | (16,171) |
| Total | <u>836,715</u> | <u>743,134</u> |

| | June 30, | |
|--|---------------|--------------|
| | 2010 | 2009 |
| <u>Trading securities - hedging</u> | | |
| Listed (TSE and OTC) stocks | \$ 815,030 | \$ 191,998 |
| Convertible corporate bonds | 173,108 | 66,362 |
| Warrants | 14,407 | 55,007 |
| Subtotal | 1,002,545 | 313,367 |
| Adjustment of trading securities - hedging | (14,625) | (10,643) |
| Total | 987,920 | 302,724 |
| <u>Buy option - futures</u> | 40,928 | 12,156 |
| <u>Futures guarantee deposits receivable</u> | 1,087,338 | 1,219,576 |
| <u>Derivative financial instrument assets - OTC</u> | 366 | 265,835 |
| Total | \$ 12,112,468 | \$ 8,217,025 |
| Noncurrent items: | | |
| Financial assets held for trading - non-current-bonds | \$ 67,717 | \$ 103,769 |
| Adjustment of financial assets designated at fair value through profit or loss | 781 | 2,518 |
| Total | \$ 68,498 | \$ 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 periods ended June 30, 2010 | |
|--|--|-----------------------------|
| | Gain/(loss) on disposal | Gain/(loss) on valuation |
| Open-end mutual funds beneficiary certificates | (\$ 4,696) | (\$ 16,052) |
| Trading securities - dealer | (4,805) | (209,456) |
| Trading securities - underwriter | 28,790 | (10,580) |
| Trading securities - hedging | (151,015) | (64,213) |
| Total | (\$ 131,726) | (\$ 300,301) |

| | For the six-month periods ended June 30, 2009 | |
|--|--|-----------------------------|
| | Gain/(loss) on disposal | 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 | <u>\$ 585,711</u> | <u>\$ 156,814</u> |

3) AVAILABLE-FOR-SALE FINANCIAL ASSETS

| Investees | June 30, 2010 | | June 30, 2009 | |
|--|-------------------|----------------------------|-------------------|----------------------------|
| | Amount | Percentage of ownership | Amount | Percentage of ownership |
| <u>Current</u> | | | | |
| <u>Trading securities - dealer</u> | | | | |
| Listed stocks | \$ 628,235 | - | \$ 517,070 | - |
| Adjustment of trading securities - dealer | 85,875 | | (11,223) | |
| Subtotal | <u>714,110</u> | | <u>505,847</u> | |
| <u>Trading securities - underwriter</u> | | | | |
| Listed stocks | 286,945 | - | 286,944 | - |
| Adjustment of trading securities - underwriter | (6,936) | | (25,517) | |
| Subtotal | <u>280,009</u> | | <u>261,427</u> | |
| Total | <u>\$ 994,119</u> | | <u>\$ 767,274</u> | |
| <u>Non-Current</u> | | | | |
| <u>Unlisted stock</u> | | | | |
| Taiwan Depository & Clearing Corp | \$ 2,450 | 0.24% | \$ 2,450 | 0.24% |
| Taiwan Futures Exchange | 4,000 | 0.20% | 4,000 | 0.20% |
| Hua Liu Venture Capital Corporation | 43,478 | 8.70% | 90,000 | 8.70% |
| Cathay Venture Capital I | 24,000 | 5.00% | 24,000 | 5.00% |
| Taiwan Integrated Shareholder Service Company | <u>15,395</u> | 5.27% | <u>15,395</u> | 5.27% |
| Total | <u>\$ 89,323</u> | | <u>\$ 135,845</u> | |

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

| Items | For the six-month periods ended June 30, | |
|-----------------------------|---|-----------|
| | 2010 | 2009 |
| Trading securities - dealer | \$ 6,425 | \$ 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, 2010 and 2009, the carrying amount/fair value of the reclassified listed stocks stated above is as follows:

| Items | June 30, | |
|---------------|------------|------------|
| | 2010 | 2009 |
| Listed stocks | \$ 913,108 | \$ 765,803 |

b) Changes in the fair values of the reclassified listed stocks stated above for the six-month periods ended June 30, 2010 and 2009 were as follows:

| | For the six-month periods ended June 30, | | | |
|---------------|---|---|------------------------------|---|
| | 2010 | | 2009 | |
| | Changes in fair values | | 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 | \$ - | \$ 92,346 | \$ - | \$ 135,002 |

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 |
|--|-------------------|
| July 1, 2008~December 31, 2008 | (\$ 171,972) |
| For the year ended December 31, 2009 | 189,961 |
| For the six-month period ended June 30, 2010 | 92,346 |
| Total | <u>\$ 110,335</u> |

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, 2010 and 2009, the annual interest rate was 6.525% for both periods.

5) INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

| | June 30, 2010 | | June 30, 2009 | |
|--|---------------------|----------------------------|---------------------|----------------------------|
| | Amount | Percentage of ownership | Amount | Percentage of ownership |
| President Futures Corporation | \$ 981,966 | 97.69% | \$ 950,686 | 97.69% |
| President Securities (HK) Limited | 61,091 | 5.19% | 61,923 | 5.19% |
| President Capital Management Corporation | 145,049 | 100.00% | 144,189 | 100.00% |
| President Securities (BVI) Limited | 1,784,537 | 100.00% | 1,792,634 | 100.00% |
| Uni-President Assets Management Corp. | 383,602 | 38.66% | 428,426 | 38.66% |
| President Personal Insurance Agency Co.Ltd. | 5,545 | 100.00% | 5,459 | 100.00% |
| President Insurance Agency Co. Ltd. | 7,102 | 100.00% | 4,789 | 100.00% |
| | <u>\$ 3,368,892</u> | | <u>\$ 3,388,106</u> | |

- 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, 2010 and 2009 was (\$56,116) and \$157,474, respectively.
- C. 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, | |
|----------------|---------------------|--------------------|
| | 2010 | 2009 |
| Secured loans | \$ 2,520,000 | \$ 100,000 |
| Credit loans | 1,050,000 | 200,000 |
| Total | <u>\$ 3,570,000</u> | <u>\$ 300,000</u> |
| Interest rates | <u>0.6%~1.298%</u> | <u>0.872%~1.2%</u> |

7) COMMERCIAL PAPERS PAYABLE

| | June 30, | |
|----------------|---------------------|-------------------|
| | 2010 | 2009 |
| Face value | \$ 2,800,000 | \$ 150,000 |
| Less: Discount | (618) | (86) |
| Total | <u>\$ 2,799,382</u> | <u>\$ 149,914</u> |
| Interest rates | <u>0.31%~0.44%</u> | <u>2.2%</u> |

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

8) BONDS SOLD UNDER REPURCHASE AGREEMENTS

| | June 30, | |
|-------------------------|---------------------|---------------------|
| | 2010 | 2009 |
| Government bonds | \$ 4,005,349 | \$ 2,428,648 |
| Secured corporate bonds | 100,000 | 1,179,003 |
| Financial bonds | 499,013 | 498,682 |
| Total | <u>\$ 4,604,362</u> | <u>\$ 4,106,333</u> |

The above bonds sold under repurchase agreements as of June 30, 2010 and 2009 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 \$4,604,523 and \$4,106,488, respectively. As of June 30, 2010 and 2009, annual interest rates of those bonds ranged from 0.22% to 0.39% and 0% to 0.25%, 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 currency -denominated bonds. 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, | |
|--|-------------------|-------------------|
| | 2010 | 2009 |
| Payables for securities borrowing & lending- hedging | \$ 29,739 | \$ 92,410 |
| Adjustment of payables for securities borrowing& lending - hedging | (450) | 1,587 |
| Subtotal | <u>29,289</u> | <u>93,997</u> |
| Warrants | 223,720 | 2,518,160 |
| Gain on price fluctuation | <u>1,993,600</u> | <u>201,727</u> |
| Market value (A) | <u>2,217,320</u> | <u>2,719,887</u> |
| Repurchase of warrants | 2,526,396 | 3,393,803 |
| Loss on price fluctuation | (453,875) | (745,027) |
| Market value (B) | <u>2,072,521</u> | <u>2,648,776</u> |
| Warrants-net (A-B) | <u>144,799</u> | <u>71,111</u> |
| Liabilities for sale of options - futures | <u>16,892</u> | <u>16,604</u> |
| Derivative financial instrument liabilities - OTC | <u>17,795</u> | <u>2,992</u> |
| Total | <u>\$ 208,775</u> | <u>\$ 184,704</u> |

- 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 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, 2010 are as follows:

| Warrants | Units Issued | Warrants (in NT Dollars) | | | | |
|--------------|--------------|--------------------------|---------------|----------------|--------------|--------------|
| | | Underlying Securities | Issuance Date | Issuance Price | Market Value | Strike Price |
| PRESIDENT 06 | 10,000 | EPISTAR | 2009.9.29 | \$ 2.30 | \$ 0.20 | \$ 108.00 |
| PRESIDENT AA | 15,000 | FFHC | 2010.1.18 | 0.65 | 0.02 | 29.63 |
| PRESIDENT AB | 10,000 | EMC | 2010.1.18 | 0.65 | 0.02 | 29.63 |
| PRESIDENT AC | 10,000 | CMI | 2010.1.18 | 0.83 | 0.01 | 83.35 |
| PRESIDENT AD | 10,000 | Alpha | 2010.1.18 | 0.49 | 0.02 | 43.50 |
| PRESIDENT AE | 10,000 | PIHSIAING | 2010.1.18 | 0.51 | 0.01 | 104.40 |
| PRESIDENT AF | 10,000 | HTC | 2010.1.18 | 2.75 | 3.12 | 566.25 |
| PRESIDENT AG | 15,000 | ESMT | 2010.1.18 | 0.52 | 0.18 | 79.20 |
| PRESIDENT AH | 10,000 | LARGAN | 2010.1.18 | 2.85 | 3.84 | 625.50 |
| PRESIDENT AI | 10,000 | SiS | 2010.1.20 | 1.40 | 0.13 | 36.90 |
| PRESIDENT AJ | 10,000 | GDC | 2010.1.20 | 0.48 | 0.07 | 23.10 |
| PRESIDENT AK | 10,000 | CATHAY HOLDINGS | 2010.1.20 | 1.65 | 0.02 | 89.70 |
| PRESIDENT AL | 10,000 | MSI | 2010.1.20 | 0.82 | 0.01 | 33.15 |
| PRESIDENT AM | 10,000 | HON HAI | 2010.1.20 | 2.20 | 0.01 | 223.50 |
| PRESIDENT AN | 10,000 | PI | 2010.1.20 | 0.90 | 0.07 | 85.50 |
| PRESIDENT AP | 10,000 | RUENTEX IND.LTD | 2010.1.20 | 0.91 | 4.93 | 90.00 |
| PRESIDENT AQ | 12,000 | GET | 2010.1.20 | 0.61 | 0.01 | 121.50 |
| PRESIDENT AR | 10,000 | ACER | 2010.1.20 | 1.56 | 2.03 | 50.50 |
| PRESIDENT AS | 10,000 | SSFC | 2010.1.21 | 0.37 | 0.09 | 17.33 |
| PRESIDENT AT | 10,000 | TCB | 2010.1.21 | 0.35 | 0.10 | 29.40 |
| PRESIDENT AU | 10,000 | LSC | 2010.1.21 | 1.02 | 0.10 | 34.50 |
| PRESIDENT AV | 10,000 | KYEC | 2010.1.21 | 0.70 | 0.16 | 26.10 |
| PRESIDENT AW | 10,000 | FOXLINK | 2010.1.21 | 0.95 | 0.07 | 106.50 |
| PRESIDENT AX | 10,000 | DELTA | 2010.1.21 | 1.48 | 1.60 | 148.35 |
| PRESIDENT AY | 10,000 | Wei chuan | 2010.1.21 | 0.98 | 0.74 | 60.75 |
| PRESIDENT AZ | 10,000 | MTK | 2010.1.21 | 3.00 | 0.23 | 864.00 |
| PRESIDENT BA | 10,000 | EPISTAR | 2010.1.21 | 0.84 | 0.59 | 54.50 |
| PRESIDENT BB | 10,000 | CFHC | 2010.1.25 | 0.86 | 0.13 | 27.98 |
| PRESIDENT BC | 10,000 | CFHC | 2010.1.25 | 0.63 | 0.10 | 9.33 |
| PRESIDENT BD | 10,000 | UMC | 2010.1.25 | 0.74 | 0.03 | 26.55 |
| PRESIDENT BE | 10,000 | CHANG HWA BANK | 2010.1.25 | 0.54 | 0.17 | 22.43 |
| PRESIDENT BF | 10,000 | GTK | 2010.1.25 | 0.46 | 0.14 | 47.93 |
| PRESIDENT BG | 10,000 | Altek | 2010.1.25 | 0.93 | 0.01 | 96.45 |
| PRESIDENT BH | 10,000 | king slide | 2010.1.25 | 2.20 | 0.42 | 286.50 |
| PRESIDENT BI | 10,000 | YFY | 2010.1.26 | 0.54 | 0.08 | 19.50 |

| Warrants | Units Issued | Warrants (in NT Dollars) | | | | |
|--------------|--------------|--------------------------|-----------|----------|---------|------------------|
| | | Underlying | Issuance | Issuance | Market | Strike |
| | | Securities | Date | Price | Value | Price |
| PRESIDENT BJ | 10,000 | TW50 | 2010.1.26 | \$ 1.61 | \$ 0.10 | \$ 81.30 |
| PRESIDENT BK | 10,000 | SEEC | 2010.1.26 | 0.82 | 0.02 | 59.03 |
| PRESIDENT BL | 15,000 | YP | 2010.1.26 | 0.55 | 0.06 | 19.80 |
| PRESIDENT BM | 10,000 | Wistron | 2010.1.26 | 0.87 | 0.05 | 90.60 |
| PRESIDENT BN | 10,000 | QCI | 2010.1.27 | 2.00 | 0.07 | 96.30 |
| PRESIDENT BP | 10,000 | CLEVO CO. | 2010.1.27 | 0.87 | 1.01 | 85.20 |
| PRESIDENT BQ | 10,000 | MTK | 2010.1.27 | 3.00 | 1.40 | 258.00 |
| PRESIDENT BR | 10,000 | MEGA FHC | 2010.1.28 | 0.68 | 0.41 | 25.73 |
| PRESIDENT BS | 20,000 | IAC | 2010.1.28 | 0.45 | 0.04 | 43.50 |
| PRESIDENT BT | 10,000 | CHROMA | 2010.1.28 | 1.11 | 0.27 | 84.90 |
| PRESIDENT BU | 10,000 | Richtek | 2010.1.28 | 2.80 | 0.13 | 450.00 |
| PRESIDENT BV | 10,000 | FTC | 2010.1.28 | 1.08 | 0.10 | 196.50 |
| PRESIDENT BW | 10,000 | Taiwan Stock Index | 2010.1.28 | 0.98 | 0.26 | 3,780.02 Points |
| PRESIDENT BX | 10,000 | HTC | 2010.2.10 | 1.08 | 7.20 | 445.50 |
| PRESIDENT BY | 10,000 | Taiwan Stock Index | 2010.2.10 | 2.36 | 0.50 | 11,041.56 Points |
| PRESIDENT BZ | 10,000 | Yuanta Group | 2010.3.5 | 0.95 | 0.18 | 28.73 |
| PRESIDENT CA | 10,000 | AUO | 2010.3.5 | 1.32 | 0.10 | 50.10 |
| PRESIDENT CB | 10,000 | Fubon Financial | 2010.3.9 | 0.83 | 0.35 | 55.43 |
| PRESIDENT CC | 15,000 | FFHC | 2010.3.9 | 0.64 | 0.35 | 26.85 |
| PRESIDENT CD | 10,000 | TBB | 2010.3.10 | 0.62 | 0.41 | 12.32 |
| PRESIDENT CE | 10,000 | SINOPAC HOLDINGS | 2010.3.10 | 0.42 | 0.14 | 15.83 |
| PRESIDENT CF | 10,000 | SPIL | 2010.3.10 | 0.79 | 0.24 | 58.43 |
| PRESIDENT CG | 10,000 | SZS | 2010.3.10 | 1.34 | 0.09 | 188.25 |
| PRESIDENT CH | 10,000 | TW50 | 2010.3.10 | 2.90 | 3.62 | 26.90 |
| PRESIDENT CI | 10,000 | YFO | 2010.3.11 | 0.79 | 0.11 | 462.00 |
| PRESIDENT CJ | 10,000 | EVERLIGHT | 2010.3.11 | 1.11 | 0.31 | 145.20 |
| PRESIDENT CK | 10,000 | Tung Ho Steel | 2010.3.11 | 0.65 | 0.02 | 54.98 |
| PRESIDENT CL | 10,000 | HON HAI | 2010.3.11 | 1.15 | 2.10 | 69.00 |
| PRESIDENT CM | 10,000 | EPISTAR | 2010.3.12 | 2.00 | 0.36 | 144.00 |
| PRESIDENT CN | 15,000 | Compal | 2010.3.12 | 0.67 | 0.12 | 65.70 |
| PRESIDENT CP | 10,000 | TSMC | 2010.3.12 | 2.00 | 1.51 | 92.10 |
| PRESIDENT CQ | 10,000 | MTK | 2010.3.17 | 0.88 | 0.12 | 798.00 |
| PRESIDENT CR | 10,000 | MTK | 2010.3.17 | 0.75 | 1.05 | 266.00 |
| PRESIDENT CS | 10,000 | ZINWELL | 2010.3.17 | 0.93 | 0.15 | 92.10 |
| PRESIDENT CT | 10,000 | CST | 2010.3.17 | 1.45 | 0.74 | 96.60 |
| PRESIDENT CU | 10,000 | TSFHC | 2010.3.18 | 0.60 | 0.53 | 17.78 |
| PRESIDENT CV | 10,000 | SKFH | 2010.3.18 | 0.60 | 0.17 | 17.85 |
| PRESIDENT CW | 10,000 | TCC | 2010.3.18 | 1.27 | 0.53 | 44.10 |
| PRESIDENT CX | 10,000 | TYG | 2010.3.18 | 0.97 | 0.28 | 80.55 |

| Warrants (in NT Dollars) | | | | | | |
|--------------------------|--------------|-----------------------|---------------|----------------|--------------|--------------|
| Warrants | Units Issued | Underlying Securities | Issuance Date | Issuance Price | Market Value | Strike Price |
| PRESIDENT CY | 10,000 | HON HAI | 2010.3.18 | \$ 0.94 | \$ 0.10 | \$ 209.25 |
| PRESIDENT CZ | 10,000 | Faraday | 2010.3.23 | 1.06 | 0.18 | 87.00 |
| PRESIDENT DA | 10,000 | Wistron | 2010.3.23 | 0.85 | 1.75 | 29.20 |
| PRESIDENT DB | 10,000 | Macronix | 2010.3.31 | 1.05 | 0.61 | 30.83 |
| PRESIDENT DC | 10,000 | RUENTEX DEVELOP | 2010.4.2 | 0.84 | 0.69 | 70.65 |
| PRESIDENT DD | 10,000 | RUENTEX DEVELOP | 2010.4.2 | 1.09 | 0.61 | 23.55 |
| PRESIDENT DE | 10,000 | GINTECH | 2010.4.2 | 1.32 | 0.32 | 154.50 |
| PRESIDENT DF | 10,000 | TSMC | 2010.4.2 | 1.08 | 0.89 | 31.05 |
| PRESIDENT DG | 10,000 | NOVATEK | 2010.4.6 | 1.31 | 0.21 | 156.75 |
| PRESIDENT DH | 10,000 | NK | 2010.4.6 | 0.93 | 0.13 | 70.20 |
| PRESIDENT DI | 10,000 | PI | 2010.4.6 | 1.07 | 0.47 | 80.55 |
| PRESIDENT DJ | 10,000 | Tingyi | 2010.4.6 | 0.75 | 0.35 | 61.50 |
| PRESIDENT DK | 10,000 | MTK | 2010.4.7 | 2.37 | 0.16 | 855.00 |
| PRESIDENT DL | 10,000 | MTK | 2010.4.7 | 2.10 | 2.73 | 285.00 |
| PRESIDENT DM | 10,000 | NAMCHOW | 2010.4.7 | 0.84 | 0.45 | 54.75 |
| PRESIDENT DN | 10,000 | WINTEK CORP. | 2010.4.7 | 1.72 | 0.48 | 43.13 |
| PRESIDENT DP | 10,000 | ACC | 2010.4.7 | 1.18 | 0.49 | 47.10 |
| PRESIDENT DQ | 10,000 | FTC | 2010.4.7 | 1.26 | 0.16 | 140.40 |
| PRESIDENT DR | 10,000 | WPG | 2010.4.9 | 0.96 | 0.49 | 82.95 |
| PRESIDENT DS | 10,000 | WPG | 2010.4.9 | 1.16 | 0.94 | 27.65 |
| PRESIDENT DT | 10,000 | HEY-SONG | 2010.4.9 | 1.00 | 0.19 | 43.20 |
| PRESIDENT DU | 10,000 | ITEQ | 2010.4.9 | 2.46 | 0.85 | 60.30 |
| PRESIDENT DV | 10,000 | COMPEQ MFG. | 2010.4.9 | 0.44 | 0.12 | 14.24 |
| PRESIDENT DW | 10,000 | MIC | 2010.4.9 | 0.66 | 0.11 | 23.25 |
| PRESIDENT DX | 10,000 | CMI | 2010.4.9 | 2.10 | 0.06 | 73.05 |
| PRESIDENT DY | 10,000 | ky | 2010.4.9 | 1.63 | 0.08 | 36.90 |
| PRESIDENT DZ | 10,000 | LTC | 2010.4.9 | 0.63 | 0.25 | 64.50 |
| PRESIDENT EA | 10,000 | Infortrend | 2010.4.9 | 1.16 | 0.15 | 75.90 |
| PRESIDENT EB | 10,000 | RUENTEX IND.LTD | 2010.4.12 | 1.01 | 0.93 | 119.85 |
| PRESIDENT EC | 10,000 | RUENTEX IND.LTD | 2010.4.12 | 0.74 | 0.25 | 39.95 |
| PRESIDENT ED | 10,000 | SYNCMOLD | 2010.4.12 | 1.04 | 0.21 | 115.50 |
| PRESIDENT EE | 10,000 | D-LINK | 2010.4.12 | 0.61 | 0.08 | 48.30 |
| PRESIDENT EF | 10,000 | FOXLINK | 2010.4.12 | 1.12 | 0.20 | 96.00 |
| PRESIDENT EG | 10,000 | Unizyx | 2010.4.12 | 0.54 | 0.12 | 36.08 |
| PRESIDENT EH | 10,000 | YP | 2010.4.12 | 0.56 | 0.16 | 19.50 |
| PRESIDENT EI | 10,000 | Richtek | 2010.4.12 | 1.77 | 2.92 | 179.25 |
| PRESIDENT EJ | 10,000 | LARGAN | 2010.4.12 | 0.96 | 0.58 | 243.50 |
| PRESIDENT EK | 10,000 | Tung Ho Steel | 2010.4.13 | 1.54 | 0.06 | 54.83 |
| PRESIDENT EL | 10,000 | PAN JIT | 2010.4.13 | 0.83 | 0.25 | 51.75 |

| Warrants | Units Issued | Warrants (in NT Dollars) | | | | |
|--------------|--------------|--------------------------|------------|----------|---------|----------|
| | | Underlying | Issuance | Issuance | Market | Strike |
| | | Securities | Date | Price | Value | Price |
| PRESIDENT EM | 10,000 | Wistron | 2010.4.13 | \$ 1.00 | \$ 0.19 | \$ 86.10 |
| PRESIDENT EN | 10,000 | Synnex | 2010.4.13 | 1.51 | 0.65 | 105.60 |
| PRESIDENT EP | 10,000 | FOREPI | 2010.4.13 | 1.21 | 0.34 | 73.05 |
| PRESIDENT EQ | 10,000 | SNC | 2010.4.13 | 0.80 | 0.24 | 61.50 |
| PRESIDENT ER | 10,000 | Ali | 2010.4.13 | 0.85 | 0.11 | 109.65 |
| PRESIDENT ES | 10,000 | ITE | 2010.4.13 | 0.63 | 0.18 | 90.15 |
| PRESIDENT ET | 10,000 | HUAKU | 2010.4.13 | 0.98 | 0.27 | 136.80 |
| PRESIDENT EU | 10,000 | UMC | 2010.4.14 | 0.64 | 0.15 | 24.90 |
| PRESIDENT EV | 10,000 | UMC | 2010.4.14 | 0.52 | 0.79 | 8.30 |
| PRESIDENT EW | 10,000 | FORHOUSE | 2010.4.14 | 2.68 | 0.53 | 59.70 |
| PRESIDENT EX | 10,000 | WPG | 2010.4.14 | 2.72 | 1.44 | 88.50 |
| PRESIDENT EY | 10,000 | YL | 2010.4.14 | 2.10 | 0.42 | 56.70 |
| PRESIDENT EZ | 10,000 | LITE-ON IT | 2010.4.14 | 1.88 | 2.35 | 48.30 |
| PRESIDENT FA | 10,000 | FRG | 2010.4.14 | 0.81 | 0.16 | 41.85 |
| PRESIDENT FB | 10,000 | ASIA | 2010.4.14 | 1.61 | 0.50 | 93.15 |
| PRESIDENT FC | 10,000 | WALSIN | 2010.4.14 | 0.98 | 0.37 | 19.73 |
| PRESIDENT FD | 10,000 | Young Optics | 2010.4.16 | 1.90 | 0.57 | 396.00 |
| PRESIDENT FE | 10,000 | CHUNG HUNG | 2010.4.19 | 1.13 | 0.16 | 24.90 |
| PRESIDENT FF | 10,000 | ABILITY | 2010.4.19 | 2.53 | 0.79 | 77.70 |
| PRESIDENT FG | 10,000 | T.S.M.C | 2010.4.19 | 1.05 | 0.21 | 26.78 |
| PRESIDENT FH | 10,000 | GSC | 2010.4.19 | 1.62 | 0.27 | 65.85 |
| PRESIDENT FI | 10,000 | TAIFLEX | 2010.4.19 | 0.53 | 0.26 | 90.00 |
| PRESIDENT FJ | 10,000 | AVERMEDIA | 2010.4.19 | 1.09 | 0.54 | 67.65 |
| PRESIDENT FK | 10,000 | ENTIRE | 2010.4.19 | 1.28 | 0.10 | 357.00 |
| PRESIDENT FL | 10,000 | Compal | 2010.4.19 | 0.60 | 0.27 | 44.20 |
| PRESIDENT FM | 10,000 | AMTRAN | 2010.4.20 | 0.88 | 0.44 | 52.05 |
| PRESIDENT FN | 10,000 | AVC | 2010.4.20 | 0.90 | 0.76 | 54.82 |
| PRESIDENT FP | 10,000 | GEMTEK | 2010.4.20 | 1.11 | 0.30 | 76.05 |
| PRESIDENT FQ | 10,000 | RT | 2010.4.20 | 0.76 | 0.18 | 123.00 |
| PRESIDENT FR | 10,000 | Unity | 2010.4.21 | 0.71 | 0.29 | 94.80 |
| PRESIDENT FS | 10,000 | GPPC | 2010.4.21 | 0.67 | 0.17 | 22.35 |
| PRESIDENT FT | 10,000 | HONCHUAN | 2010.4.21 | 1.31 | 0.87 | 88.50 |
| PRESIDENT FU | 10,000 | CATHAY HOLDINGS | 2010.4.23 | 2.06 | 1.42 | 76.65 |
| PRESIDENT FV | 10,000 | TSRC | 2010.4.23 | 1.64 | 0.81 | 67.35 |
| PRESIDENT FW | 10,000 | JENTECH | 2010.4.26 | 3.59 | 4.01 | 279.00 |
| PRESIDENT FX | 10,000 | CHANGWAH | 2010.4.26 | 2.25 | 3.12 | 250.50 |
| PRESIDENT FY | 10,000 | HIWIN | 2010.4.26 | 1.67 | 0.85 | 103.35 |
| PRESIDENT FZ | 10,000 | WAH LEE | 2010.4.26 | 1.93 | 1.13 | 72.30 |
| PRESIDENT G5 | 15,000 | FENC | 2009.12.29 | 0.85 | 0.01 | 59.40 |

| Warrants | Units Issued | Warrants (in NT Dollars) | | | | |
|--------------|--------------|--------------------------|------------|----------|---------|----------|
| | | Underlying | Issuance | Issuance | Market | Strike |
| | | Securities | Date | Price | Value | Price |
| PRESIDENT G6 | 15,000 | LTC | 2009.12.29 | \$ 0.85 | \$ 0.01 | \$ 66.83 |
| PRESIDENT G7 | 10,000 | CHINALIFE | 2009.12.29 | 0.58 | 0.15 | 37.05 |
| PRESIDENT G8 | 10,000 | TLGAM | 2009.12.29 | 0.77 | 0.01 | 53.70 |
| PRESIDENT G9 | 10,000 | AcBel | 2009.12.29 | 1.45 | 0.01 | 42.45 |
| PRESIDENT GA | 10,000 | UPC | 2010.4.26 | 0.87 | 0.37 | 26.32 |
| PRESIDENT GB | 10,000 | HEY-SONG | 2010.4.27 | 0.70 | 0.28 | 39.15 |
| PRESIDENT GC | 10,000 | LOTES | 2010.4.27 | 2.54 | 0.84 | 292.50 |
| PRESIDENT GD | 10,000 | FPC | 2010.4.28 | 0.60 | 0.22 | 105.60 |
| PRESIDENT GE | 10,000 | E.S.F.H | 2010.4.28 | 0.55 | 0.29 | 20.85 |
| PRESIDENT GF | 10,000 | QCI | 2010.4.28 | 1.10 | 0.90 | 92.85 |
| PRESIDENT GG | 10,000 | CLEVO CO. | 2010.4.28 | 1.22 | 0.80 | 110.25 |
| PRESIDENT GH | 10,000 | CHICONY | 2010.4.28 | 1.40 | 0.46 | 128.55 |
| PRESIDENT GI | 10,000 | USI | 2010.4.30 | 1.09 | 0.36 | 35.92 |
| PRESIDENT GJ | 10,000 | LP | 2010.4.30 | 1.57 | 0.25 | 26.70 |
| PRESIDENT GK | 10,000 | CPDC | 2010.4.30 | 0.75 | 1.00 | 24.60 |
| PRESIDENT GL | 10,000 | GBM | 2010.4.30 | 1.34 | 0.75 | 38.85 |
| PRESIDENT GM | 10,000 | U-MING | 2010.4.30 | 0.88 | 0.63 | 100.50 |
| PRESIDENT GN | 10,000 | FSC | 2010.4.30 | 0.95 | 0.79 | 84.45 |
| PRESIDENT GP | 10,000 | NAMCHOW | 2010.4.30 | 0.95 | 0.33 | 70.50 |
| PRESIDENT GQ | 10,000 | FATC | 2010.4.30 | 1.18 | 0.76 | 77.55 |
| PRESIDENT GR | 10,000 | Arcadyan | 2010.4.30 | 0.66 | 0.15 | 138.90 |
| PRESIDENT GS | 10,000 | Yuanta Group | 2010.5.3 | 1.53 | 1.13 | 28.27 |
| PRESIDENT GT | 10,000 | CHUNG HUNG | 2010.5.3 | 0.55 | 0.17 | 24.07 |
| PRESIDENT GU | 10,000 | NPC | 2010.5.3 | 0.75 | 0.16 | 99.30 |
| PRESIDENT GV | 10,000 | CSRC | 2010.5.3 | 0.65 | 0.43 | 50.55 |
| PRESIDENT GW | 10,000 | HOLTEK | 2010.5.3 | 0.80 | 0.55 | 72.15 |
| PRESIDENT GX | 10,000 | DARFON | 2010.5.3 | 0.73 | 0.34 | 67.50 |
| PRESIDENT GY | 10,000 | EMC | 2010.5.4 | 0.82 | 1.12 | 30.07 |
| PRESIDENT GZ | 10,000 | DELTA | 2010.5.4 | 1.58 | 2.20 | 154.50 |
| PRESIDENT H1 | 20,000 | WALSIN | 2009.12.30 | 0.52 | 0.01 | 17.55 |
| PRESIDENT H2 | 15,000 | INVENTEC | 2009.12.30 | 0.83 | 0.01 | 28.95 |
| PRESIDENT H3 | 10,000 | D-LINK | 2009.12.30 | 0.64 | 0.01 | 49.73 |
| PRESIDENT H4 | 10,000 | Unizyx | 2009.12.30 | 0.67 | 0.01 | 43.80 |
| PRESIDENT H5 | 10,000 | YAGEO | 2009.12.30 | 1.04 | 0.29 | 17.40 |
| PRESIDENT H6 | 15,000 | Getac | 2009.12.31 | 0.63 | 0.01 | 45.53 |
| PRESIDENT H7 | 10,000 | CHICONY | 2009.12.31 | 0.76 | 0.07 | 115.95 |
| PRESIDENT H8 | 10,000 | E.S.F.H | 2009.12.31 | 0.72 | 0.18 | 19.80 |
| PRESIDENT H9 | 10,000 | HOLY STONE | 2009.12.31 | 1.66 | 0.01 | 67.95 |
| PRESIDENT HA | 10,000 | YAGEO | 2010.5.5 | 1.15 | 0.35 | 22.87 |

| Warrants (in NT Dollars) | | | | | | |
|--------------------------|--------------|-----------------------|---------------|----------------|--------------|--------------|
| Warrants | Units Issued | Underlying Securities | Issuance Date | Issuance Price | Market Value | Strike Price |
| PRESIDENT HB | 10,000 | HO TUNG | 2010.5.5 | \$ 0.90 | \$ 0.60 | \$ 24.97 |
| PRESIDENT HC | 10,000 | S.F.C | 2010.5.5 | 1.20 | 1.24 | 107.10 |
| PRESIDENT HD | 10,000 | UNIMICRON | 2010.5.5 | 0.93 | 0.81 | 70.20 |
| PRESIDENT HE | 10,000 | HTC | 2010.5.5 | 2.55 | 2.84 | 669.00 |
| PRESIDENT HF | 10,000 | CSCC | 2010.5.5 | 0.70 | 0.59 | 142.95 |
| PRESIDENT HG | 10,000 | YFO | 2010.5.5 | 0.50 | 0.20 | 449.25 |
| PRESIDENT HH | 10,000 | HON HAI | 2010.5.7 | 1.75 | 0.39 | 211.50 |
| PRESIDENT HI | 10,000 | HON HAI | 2010.5.7 | 1.88 | 3.99 | 70.50 |
| PRESIDENT HJ | 10,000 | KINPO | 2010.5.7 | 0.64 | 0.35 | 13.66 |
| PRESIDENT HK | 10,000 | YUNG TAY | 2010.5.7 | 0.41 | 0.30 | 42.22 |
| PRESIDENT HL | 10,000 | HTC | 2010.5.7 | 0.75 | 0.61 | 630.00 |
| PRESIDENT HM | 10,000 | SPIL | 2010.5.11 | 1.16 | 0.75 | 56.10 |
| PRESIDENT HN | 10,000 | MSI | 2010.5.11 | 0.89 | 0.32 | 27.52 |
| PRESIDENT HP | 10,000 | GREATWALL | 2010.5.11 | 0.32 | 0.28 | 43.95 |
| PRESIDENT HQ | 10,000 | TW50 | 2010.5.13 | 1.50 | 1.45 | 26.05 |
| PRESIDENT HR | 10,000 | Fubon Financial | 2010.5.13 | 1.54 | 0.97 | 39.00 |
| PRESIDENT HS | 10,000 | Yuanta Group | 2010.5.13 | 0.66 | 0.55 | 19.50 |
| PRESIDENT HT | 10,000 | CHANG HWA BANK | 2010.5.13 | 0.87 | 1.50 | 20.17 |
| PRESIDENT HU | 10,000 | Cheng Loong | 2010.5.13 | 0.44 | 0.35 | 17.62 |
| PRESIDENT HV | 10,000 | Everlight Chemical | 2010.5.13 | 0.65 | 0.30 | 46.87 |
| PRESIDENT HW | 10,000 | TFC | 2010.5.13 | 1.72 | 0.90 | 140.55 |
| PRESIDENT HX | 10,000 | Ralink | 2010.5.13 | 1.59 | 0.74 | 213.75 |
| PRESIDENT HY | 10,000 | TECO | 2010.5.14 | 0.49 | 0.49 | 20.02 |
| PRESIDENT HZ | 10,000 | Alpha | 2010.5.14 | 0.60 | 0.27 | 41.70 |
| PRESIDENT I1 | 10,000 | SINOPAC HOLDINGS | 2009.12.31 | 0.69 | 0.01 | 18.90 |
| PRESIDENT I2 | 10,000 | SKFH | 2010.1.5 | 0.62 | 0.01 | 19.80 |
| PRESIDENT I3 | 10,000 | TSFHC | 2010.1.5 | 0.59 | 0.02 | 18.90 |
| PRESIDENT I4 | 10,000 | MERRY | 2010.1.5 | 1.61 | 0.06 | 99.75 |
| PRESIDENT I5 | 10,000 | KINDOM | 2010.1.5 | 0.65 | 0.10 | 42.90 |
| PRESIDENT I6 | 10,000 | ABILITY | 2010.1.5 | 0.76 | 0.28 | 93.00 |
| PRESIDENT I7 | 15,000 | Faraday | 2010.1.6 | 0.72 | 0.01 | 100.95 |
| PRESIDENT I8 | 10,000 | GIGABYTE | 2010.1.6 | 1.60 | 0.59 | 45.23 |
| PRESIDENT I9 | 10,000 | TYG | 2010.1.6 | 1.23 | 0.04 | 83.55 |
| PRESIDENT IA | 10,000 | CMI | 2010.5.14 | 0.90 | 0.45 | 59.77 |
| PRESIDENT IB | 10,000 | Faraday | 2010.5.14 | 1.00 | 0.65 | 79.65 |
| PRESIDENT IC | 10,000 | CATCHER | 2010.5.14 | 0.67 | 0.32 | 120.00 |
| PRESIDENT ID | 10,000 | ENTIRE | 2010.5.14 | 1.07 | 0.59 | 326.25 |
| PRESIDENT IE | 10,000 | TSMC | 2010.5.18 | 0.92 | 0.92 | 88.80 |
| PRESIDENT IF | 10,000 | GDC | 2010.5.18 | 0.58 | 0.92 | 17.85 |

| Warrants (in NT Dollars) | | | | | | |
|--------------------------|--------------|-----------------------|---------------|----------------|--------------|--------------|
| Warrants | Units Issued | Underlying Securities | Issuance Date | Issuance Price | Market Value | Strike Price |
| PRESIDENT IG | 10,000 | YMTC | 2010.5.19 | \$ 0.54 | \$ 1.75 | \$ 19.50 |
| PRESIDENT IH | 10,000 | FENC | 2010.5.19 | 0.46 | 0.74 | 48.82 |
| PRESIDENT II | 10,000 | GET | 2010.5.19 | 0.59 | 0.71 | 100.80 |
| PRESIDENT IJ | 10,000 | FFHC | 2010.5.21 | 1.00 | 1.67 | 24.90 |
| PRESIDENT IK | 10,000 | AUO | 2010.5.21 | 1.15 | 0.82 | 45.60 |
| PRESIDENT IL | 10,000 | LITE-ON IT | 2010.5.21 | 0.73 | 0.83 | 55.80 |
| PRESIDENT IM | 10,000 | Wistron | 2010.5.21 | 0.80 | 0.48 | 75.75 |
| PRESIDENT IN | 10,000 | RT | 2010.5.21 | 0.75 | 0.53 | 106.35 |
| PRESIDENT IP | 10,000 | EVERLIGHT | 2010.5.25 | 0.72 | 0.67 | 131.25 |
| PRESIDENT IQ | 10,000 | HTC | 2010.5.28 | 1.13 | 1.60 | 637.50 |
| PRESIDENT IR | 10,000 | HTC | 2010.5.28 | 1.60 | 0.88 | 212.50 |
| PRESIDENT IS | 10,000 | GINTECH | 2010.5.28 | 0.99 | 1.07 | 120.60 |
| PRESIDENT IT | 10,000 | ACER | 2010.5.28 | 0.85 | 0.75 | 112.95 |
| PRESIDENT IU | 10,000 | RADIUM | 2010.5.28 | 0.57 | 0.72 | 38.32 |
| PRESIDENT IV | 10,000 | TW50 | 2010.5.28 | 1.26 | 1.37 | 74.49 |
| PRESIDENT IW | 10,000 | YAGEO | 2010.6.1 | 0.86 | 0.61 | 21.22 |
| PRESIDENT IX | 10,000 | SINOPAC HOLDINGS | 2010.6.1 | 0.65 | 0.87 | 14.53 |
| PRESIDENT IY | 10,000 | MEGA FHC | 2010.6.1 | 0.63 | 0.81 | 25.42 |
| PRESIDENT IZ | 10,000 | WINTEK CORP. | 2010.6.1 | 0.70 | 0.97 | 35.62 |
| PRESIDENT J1 | 10,000 | TC | 2010.1.6 | 0.66 | 0.01 | 37.28 |
| PRESIDENT J2 | 10,000 | CMI | 2010.1.6 | 1.10 | 0.01 | 35.70 |
| PRESIDENT J3 | 10,000 | TSMC | 2010.1.8 | 2.62 | 0.23 | 96.30 |
| PRESIDENT J4 | 10,000 | CATCHER | 2010.1.8 | 0.53 | 0.01 | 123.45 |
| PRESIDENT J5 | 10,000 | ACER | 2010.1.8 | 0.83 | 0.01 | 145.50 |
| PRESIDENT J6 | 10,000 | Young Optics | 2010.1.8 | 0.44 | 0.04 | 378.00 |
| PRESIDENT J7 | 10,000 | WINTEK CORP. | 2010.1.8 | 0.56 | 0.03 | 42.30 |
| PRESIDENT J8 | 15,000 | LCYCIC | 2010.1.11 | 0.70 | 0.13 | 59.55 |
| PRESIDENT J9 | 20,000 | Fubon Financial | 2010.1.11 | 0.67 | 0.09 | 60.38 |
| PRESIDENT JA | 10,000 | SONIX | 2010.6.1 | 1.10 | 0.71 | 103.80 |
| PRESIDENT JB | 10,000 | WNC | 2010.6.1 | 1.17 | 0.75 | 89.55 |
| PRESIDENT JC | 10,000 | UMC | 2010.6.2 | 1.09 | 1.03 | 22.20 |
| PRESIDENT JD | 10,000 | LARGAN | 2010.6.2 | 0.89 | 0.65 | 784.50 |
| PRESIDENT JE | 10,000 | CMI | 2010.6.4 | 0.83 | 0.79 | 53.40 |
| PRESIDENT JF | 10,000 | CMI | 2010.6.4 | 0.62 | 0.36 | 17.80 |
| PRESIDENT JG | 10,000 | EPISTAR | 2010.6.4 | 0.90 | 0.94 | 133.65 |
| PRESIDENT JH | 10,000 | NPC | 2010.6.4 | 0.74 | 0.78 | 78.00 |
| PRESIDENT JI | 10,000 | HON HAI | 2010.6.4 | 0.73 | 0.63 | 62.50 |
| PRESIDENT JJ | 10,000 | CATHAY HOLDINGS | 2010.6.4 | 0.68 | 0.36 | 23.43 |
| PRESIDENT JK | 10,000 | CHINALIFE | 2010.6.8 | 1.21 | 1.51 | 36.75 |

| Warrants (in NT Dollars) | | | | | | |
|--------------------------|--------------|-----------------------|---------------|----------------|--------------|----------------|
| Warrants | Units Issued | Underlying Securities | Issuance Date | Issuance Price | Market Value | Strike Price |
| PRESIDENT JL | 10,000 | ELAN | 2010.6.8 | \$ 0.98 | \$ 1.00 | \$ 67.05 |
| PRESIDENT JM | 10,000 | AUO | 2010.6.8 | 0.70 | 0.84 | 14.83 |
| PRESIDENT JN | 10,000 | MTK | 2010.6.9 | 1.61 | 0.58 | 772.50 |
| PRESIDENT JP | 10,000 | GMT | 2010.6.9 | 1.56 | 1.35 | 230.25 |
| PRESIDENT JQ | 10,000 | HON HAI | 2010.6.9 | 1.03 | 0.67 | 167.25 |
| PRESIDENT JR | 10,000 | SUNPLUS | 2010.6.9 | 0.55 | 0.38 | 36.00 |
| PRESIDENT JS | 10,000 | AMTRAN | 2010.6.9 | 1.15 | 0.72 | 46.95 |
| PRESIDENT JT | 10,000 | LARGAN | 2010.6.9 | 0.93 | 0.94 | 258.00 |
| PRESIDENT JU | 10,000 | TW50 | 2010.6.9 | 1.15 | 0.82 | 24.28 |
| PRESIDENT JV | 10,000 | AUO | 2010.6.11 | 1.16 | 0.72 | 44.25 |
| PRESIDENT JW | 10,000 | AUO | 2010.6.11 | 1.06 | 1.00 | 14.75 |
| PRESIDENT JX | 10,000 | AMBH | 2010.6.11 | 1.10 | 0.90 | 54.07 |
| PRESIDENT JY | 10,000 | TCC | 2010.6.11 | 0.96 | 0.84 | 40.50 |
| PRESIDENT JZ | 10,000 | ESMT | 2010.6.11 | 1.35 | 0.80 | 87.15 |
| PRESIDENT K1 | 10,000 | CSC | 2010.1.11 | 1.20 | 0.10 | 52.28 |
| PRESIDENT K2 | 10,000 | SPIL | 2010.1.11 | 1.00 | 0.12 | 69.68 |
| PRESIDENT K3 | 10,000 | TXC | 2010.1.11 | 0.89 | 0.03 | 83.70 |
| PRESIDENT K4 | 10,000 | RADIUM | 2010.1.11 | 0.75 | 0.10 | 44.85 |
| PRESIDENT K5 | 10,000 | AUO | 2010.1.11 | 1.57 | 0.02 | 62.55 |
| PRESIDENT K6 | 10,000 | N.P.C | 2010.1.11 | 1.28 | 0.12 | 204.00 |
| PRESIDENT K7 | 10,000 | CSRC | 2010.1.11 | 0.67 | 0.08 | 51.50 |
| PRESIDENT K8 | 10,000 | ACC | 2010.1.11 | 0.51 | 0.01 | 53.03 |
| PRESIDENT K9 | 10,000 | TCC | 2010.1.13 | 0.43 | 0.01 | 51.83 |
| PRESIDENT KA | 10,000 | TSMC | 2010.6.11 | 0.95 | 1.07 | 29.70 |
| PRESIDENT KB | 10,000 | Taiwan Stock Index | 2010.6.11 | 1.78 | 2.09 | 3590.89 Points |
| PRESIDENT KC | 10,000 | KINSUS | 2010.6.17 | 0.63 | 0.29 | 111.00 |
| PRESIDENT KD | 10,000 | PTI | 2010.6.17 | 0.68 | 0.49 | 144.75 |
| PRESIDENT KE | 10,000 | TXC | 2010.6.16 | 0.75 | 0.78 | 75.00 |
| PRESIDENT KF | 10,000 | OUCC | 2010.6.17 | 0.68 | 1.07 | 35.25 |
| PRESIDENT KG | 10,000 | UMC | 2010.6.21 | 1.00 | 0.96 | 22.42 |
| PRESIDENT KH | 10,000 | TCB | 2010.6.21 | 1.15 | 1.25 | 28.05 |
| PRESIDENT KI | 10,000 | CMI | 2010.6.21 | 1.30 | 0.91 | 53.47 |
| PRESIDENT KJ | 10,000 | PCC | 2010.6.21 | 0.94 | 0.95 | 37.35 |
| PRESIDENT KK | 10,000 | CATHAY HOLDINGS | 2010.6.21 | 0.91 | 1.15 | 71.55 |
| PRESIDENT KL | 10,000 | LCYCIC | 2010.6.22 | 1.37 | 1.38 | 57.97 |
| PRESIDENT KM | 10,000 | ZINWELL | 2010.6.22 | 1.01 | 0.93 | 76.65 |
| PRESIDENT KN | 10,000 | HTC | 2010.6.22 | 0.76 | 0.79 | 220.00 |
| PRESIDENT KP | 10,000 | TBB | 2010.6.23 | 0.61 | 0.56 | 12.45 |
| PRESIDENT KQ | 10,000 | ASE | 2010.6.23 | 1.18 | 1.15 | 40.57 |

| Warrants | Units Issued | Warrants (in NT Dollars) | | | | |
|--------------|--------------|--------------------------|------------|----------|---------|----------|
| | | Underlying | Issuance | Issuance | Market | Strike |
| | | Securities | Date | Price | Value | Price |
| PRESIDENT KR | 10,000 | FOREPI | 2010.6.23 | \$ 1.15 | \$ 1.10 | \$ 65.55 |
| PRESIDENT KS | 10,000 | JENTECH | 2010.6.23 | 1.72 | 1.56 | 364.50 |
| PRESIDENT L1 | 10,000 | TFC | 2010.1.13 | 1.39 | 0.01 | 182.25 |
| PRESIDENT L2 | 10,000 | CATHAY RED | 2010.1.13 | 0.74 | 0.01 | 21.38 |
| PRESIDENT L3 | 10,000 | CMC | 2010.1.13 | 0.96 | 0.06 | 33.30 |
| PRESIDENT L4 | 10,000 | Yuanta Group | 2010.1.13 | 1.08 | 0.01 | 35.25 |
| PRESIDENT L5 | 10,000 | FH | 2010.1.13 | 0.76 | 0.25 | 88.80 |
| PRESIDENT L6 | 10,000 | YC | 2010.1.13 | 1.07 | 0.02 | 42.75 |
| PRESIDENT L7 | 10,000 | TW50 | 2010.1.13 | 1.81 | 3.25 | 28.80 |
| PRESIDENT L8 | 10,000 | TTC | 2010.1.14 | 1.24 | 0.01 | 31.65 |
| PRESIDENT L9 | 10,000 | CPDC | 2010.1.14 | 0.60 | 0.92 | 19.58 |
| PRESIDENT M1 | 10,000 | CSBC | 2010.1.14 | 1.09 | 0.01 | 46.35 |
| PRESIDENT M2 | 10,000 | I-CHIUN | 2010.1.14 | 1.07 | 0.15 | 77.55 |
| PRESIDENT M3 | 10,000 | SiS | 2010.1.14 | 0.48 | 0.03 | 37.35 |
| PRESIDENT M4 | 10,000 | NK | 2010.1.14 | 1.29 | 0.06 | 74.03 |
| PRESIDENT M5 | 10,000 | GREATWALL | 2010.1.14 | 0.52 | 0.03 | 53.48 |
| PRESIDENT M6 | 10,000 | FEDS | 2010.1.14 | 0.74 | 0.01 | 55.50 |
| PRESIDENT M7 | 10,000 | HON HAI | 2010.1.14 | 0.93 | 0.01 | 218.25 |
| PRESIDENT M8 | 10,000 | Cyberlink | 2010.1.14 | 1.68 | 0.16 | 222.75 |
| PRESIDENT M9 | 10,000 | Cheng Loong | 2010.1.15 | 0.46 | 0.01 | 19.43 |
| PRESIDENT N1 | 10,000 | SUNPLUS | 2010.1.15 | 1.88 | 0.01 | 48.60 |
| PRESIDENT N2 | 10,000 | ASE | 2010.1.15 | 1.51 | 0.20 | 46.05 |
| PRESIDENT N3 | 10,000 | SHINKO. TEXTILE | 2010.1.15 | 0.56 | 0.11 | 55.20 |
| PRESIDENT N4 | 10,000 | DARFON | 2010.1.15 | 0.91 | 0.01 | 80.40 |
| PRESIDENT N5 | 10,000 | EVERLIGHT | 2010.1.15 | 1.10 | 0.01 | 167.25 |
| PRESIDENT N6 | 10,000 | JPC | 2010.1.15 | 1.85 | 0.01 | 215.25 |
| PRESIDENT N7 | 10,000 | ASROCK | 2010.1.15 | 1.06 | 0.05 | 216.75 |
| PRESIDENT N8 | 10,000 | YFO | 2010.1.15 | 0.54 | 0.01 | 547.50 |
| PRESIDENT N9 | 10,000 | TECO | 2010.1.18 | 1.23 | 0.17 | 21.38 |
| PRESIDENT NZ | 10,000 | AUO | 2009.9.25 | 3.72 | 0.01 | 36.50 |
| PRESIDENT RE | 10,000 | Userjoy | 2009.12.28 | 0.50 | 1.27 | 408.00 |
| PRESIDENT RF | 10,000 | IGS | 2009.12.28 | 0.33 | 0.01 | 390.00 |
| PRESIDENT RG | 10,000 | TTY | 2010.1.7 | 1.04 | 0.11 | 150.00 |
| PRESIDENT RH | 10,000 | Phison | 2010.1.7 | 0.38 | 0.01 | 397.50 |
| PRESIDENT RJ | 5,000 | ADATA | 2010.1.7 | 1.05 | 0.10 | 149.70 |
| PRESIDENT RK | 10,000 | CHIPBOND | 2010.1.7 | 0.82 | 3.14 | 43.95 |
| PRESIDENT RL | 10,000 | Etron | 2010.1.7 | 2.00 | 0.05 | 38.40 |
| PRESIDENT RM | 15,000 | GAMANIA | 2010.1.12 | 0.60 | 0.18 | 82.35 |
| PRESIDENT RN | 5,000 | Dynapack | 2010.1.12 | 1.00 | 0.09 | 160.50 |

| Warrants | Units Issued | Warrants (in NT Dollars) | | | | |
|--------------|--------------|--------------------------|-----------|----------|---------|-----------|
| | | Underlying | Issuance | Issuance | Market | Strike |
| | | Securities | Date | Price | Value | Price |
| PRESIDENT RP | 10,000 | CMEI | 2010.1.12 | \$ 0.91 | \$ 0.01 | \$ 110.85 |
| PRESIDENT RQ | 10,000 | VIS | 2010.1.19 | 0.45 | 0.06 | 25.13 |
| PRESIDENT RR | 10,000 | ACON | 2010.1.19 | 0.49 | 0.01 | 39.83 |
| PRESIDENT RS | 20,000 | PXI | 2010.1.19 | 0.30 | 0.01 | 379.50 |
| PRESIDENT RT | 10,000 | GMTC | 2010.1.22 | 1.05 | 0.35 | 30.98 |
| PRESIDENT RU | 10,000 | Celxpert | 2010.1.22 | 0.64 | 0.09 | 74.78 |
| PRESIDENT RV | 5,000 | PXI | 2010.3.15 | 2.56 | 0.90 | 285.00 |
| PRESIDENT RW | 10,000 | Etron | 2010.4.1 | 0.99 | 0.45 | 39.83 |
| PRESIDENT RX | 10,000 | TSMT | 2010.4.8 | 1.49 | 0.77 | 105.60 |
| PRESIDENT RY | 10,000 | CHINESEGAMER | 2010.4.8 | 1.95 | 0.15 | 561.00 |
| PRESIDENT RZ | 10,000 | LONGWELL | 2010.4.8 | 0.42 | 0.20 | 78.90 |
| PRESIDENT SA | 10,000 | SMP | 2010.4.8 | 2.02 | 1.00 | 278.25 |
| PRESIDENT SB | 10,000 | WAFER WORKS | 2010.4.15 | 1.14 | 0.22 | 82.50 |
| PRESIDENT SC | 5,000 | SYSTEX | 2010.4.15 | 1.36 | 0.40 | 73.95 |
| PRESIDENT SD | 10,000 | GMTC | 2010.4.15 | 0.66 | 0.10 | 37.43 |
| PRESIDENT SE | 10,000 | Ardentec | 2010.4.15 | 1.37 | 0.36 | 40.43 |
| PRESIDENT SF | 5,000 | AVY | 2010.4.22 | 1.84 | 0.55 | 222.75 |
| PRESIDENT SG | 10,000 | CHINSAN | 2010.4.22 | 0.70 | 0.14 | 92.40 |
| PRESIDENT SH | 10,000 | E-TON SOLAR | 2010.4.22 | 1.44 | 0.10 | 90.30 |
| PRESIDENT SJ | 10,000 | FFG | 2010.4.22 | 1.96 | 0.55 | 45.22 |
| PRESIDENT SK | 10,000 | ZENGHSING | 2010.4.26 | 1.37 | 1.94 | 179.25 |
| PRESIDENT SL | 10,000 | TTC | 2010.4.26 | 1.08 | 0.53 | 126.90 |
| PRESIDENT SM | 10,000 | Userjoy | 2010.4.29 | 1.24 | 0.15 | 681.00 |
| PRESIDENT SN | 10,000 | ACX | 2010.4.29 | 0.43 | 0.45 | 327.75 |
| PRESIDENT SP | 10,000 | Coretronic | 2010.5.6 | 0.88 | 0.65 | 72.00 |
| PRESIDENT SQ | 10,000 | ADATA | 2010.5.6 | 0.92 | 0.40 | 113.25 |
| PRESIDENT SR | 10,000 | St. Shine | 2010.5.6 | 1.21 | 1.29 | 393.75 |
| PRESIDENT SS | 10,000 | Phison | 2010.5.6 | 0.49 | 0.26 | 306.00 |
| PRESIDENT ST | 5,000 | TUNG THIH | 2010.5.12 | 1.00 | 0.97 | 213.00 |
| PRESIDENT SU | 10,000 | ALLTOP | 2010.5.12 | 1.37 | 0.89 | 169.50 |
| PRESIDENT SV | 10,000 | IGS | 2010.5.12 | 1.08 | 0.89 | 357.75 |
| PRESIDENT SW | 5,000 | GAMANIA | 2010.5.20 | 1.05 | 1.02 | 78.30 |
| PRESIDENT SX | 10,000 | CHINESEGAMER | 2010.5.27 | 0.79 | 0.22 | 482.25 |
| PRESIDENT SY | 10,000 | CHIPBOND | 2010.6.3 | 0.92 | 1.28 | 68.70 |
| PRESIDENT SZ | 10,000 | Userjoy | 2010.6.3 | 0.44 | 0.19 | 697.50 |
| PRESIDENT TA | 10,000 | SOFT-WORLD | 2010.6.7 | 1.70 | 1.33 | 258.75 |
| PRESIDENT TB | 5,000 | ANPEC | 2010.6.10 | 0.83 | 0.52 | 52.50 |
| PRESIDENT TC | 10,000 | Phison | 2010.6.10 | 1.89 | 1.18 | 292.50 |

| Warrants | Units Issued | Underlying Securities | Warrants (in NT Dollars) | | | |
|--------------|--------------|-----------------------|--------------------------|----------------|--------------|--------------|
| | | | Issuance Date | Issuance Price | Market Value | Strike Price |
| PRESIDENT TD | 5,000 | ATC | 2010.6.10 | \$ 1.51 | \$ 1.27 | \$ 216.00 |
| PRESIDENT TE | 10,000 | CHINESEGAMER | 2010.6.10 | 1.56 | 1.14 | 407.25 |

11) OTHER PAYABLES

| | June 30, | |
|---|---------------------|---------------------|
| | 2010 | 2009 |
| Cash dividend payable | \$ 947,659 | \$ - |
| Income tax payable | 337,705 | 982,868 |
| Accrued payroll and bonus | 323,600 | 469,191 |
| Directors' and Supervisors' remuneration payables | 45,454 | 15,228 |
| Employees' bonuses payable | 30,303 | 12,427 |
| Interest payable | 24,383 | 41,994 |
| Others | 222,396 | 290,265 |
| Total | <u>\$ 1,931,500</u> | <u>\$ 1,811,973</u> |

12) OTHER FINANCIAL LIABILITIES - CURRENT

| | June 30, | |
|--------------------|-------------------|-------------------|
| | 2010 | 2009 |
| ELN - Options | \$ 83,000 | \$ 89,800 |
| PGN - fixed income | 89,964 | 249,160 |
| Total | <u>\$ 172,964</u> | <u>\$ 338,960</u> |

13) BONDS PAYABLE

| | June 30, | |
|-------------------------------------|--------------|---------------------|
| | 2010 | 2009 |
| Unsecured convertible bonds payable | \$ 2,357,600 | \$ 2,357,600 |
| Less: Discount | (59,586) | (125,292) |
| Subtotal | 2,298,014 | 2,232,308 |
| Less: Current portion | (2,298,014) | - |
| Total | <u>\$ -</u> | <u>\$ 2,232,308</u> |

A. 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, 2010, 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 \$39,940 (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)(No such transaction for the six-month period ended June 30, 2010.). As of June 30, 2010, 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, | |
|---------------------------|-------------|-------------------------|
| | 2010 | 2009 |
| Commercial papers payable | \$ - | \$ 600,000 |
| Less: Discount | | (415) |
| Total | <u>\$ -</u> | <u>\$ 599,585</u> |
| Interest rates | | <u>- 0.55% ~0.7210%</u> |

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 7.2% of employees' monthly base salaries and wages to an independent fund with the Bank of Taiwan, the trustee. For the six-month periods ended June 30, 2010 and 2009, the Company recognized net periodic pension cost of \$28,846 and \$11,380, respectively. The fund balance was \$336,647 and \$324,669 as of June 30, 2010 and 2009, 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 \$28,604 and \$21,722 under the New Plan for the six-month periods ended June 30, 2010 and 2009, 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

A. As of June 30, 2010 and 2009, the Company's authorized capital was \$15,000,000. The Company's issued common stocks were 1,185,706,000 and 1,185,706,000 shares, respectively, and the outstanding common stocks were 1,155,681,000 and 1,145,706,000 shares as of June 30, 2010 and 2009, respectively, with a par value of \$10 (dollars) per share. For treasury stock transactions, please refer to Note 4 (23).

B. In accordance with the resolution adopted by the stockholders at their annual stockholders’ meeting on June 25, 2010, the Company capitalized retained earnings of \$462,272 by distributing 46,227,000 shares of stock dividends, with the effective date on August 25, 2010. The capital increase had been approved by the Securities and Futures Bureau of Financial Supervisory Commission, Executive Yuan on July 19, 2010.

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 2009 earnings as resolved by the stockholders at their meeting

on June 25, 2010 is as follows:

| | <u>2009</u> | |
|-----------------|---------------|----------------------------|
| | <u>Amount</u> | <u>Dividends per share</u> |
| | | <u>(in dollars)</u> |
| Legal reserve | \$ 202,520 | |
| Special reserve | 403,221 | |
| Stock dividends | 462,272 | \$ 0.40 |
| Cash dividends | 947,659 | 0.82 |

E. Information on the appropriation of the Company's earnings 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.

The difference between employees' bonus of \$29,683 and directors' and supervisors' remuneration of \$44,524 for 2009 as resolved by the stockholders and employees' bonus of \$28,003 and directors' and supervisors' remuneration of \$42,004 recognized in the 2009 financial statements, totaling \$4,200, had been adjusted in the statement of income for the six-month period ended June 30, 2010.

F. The estimated amount of employees' bonus for the six-month periods ended June 30, 2010 and 2009 was \$2,300 and \$10,152, respectively. Directors' and supervisors' remuneration was accrued at \$3,450 and \$15,229 under operating expenses for the six-month periods ended June 30, 2010 and 2009, respectively, which was estimated based on certain percentage, prescribed by the Company's Articles of Incorporation, of net income in current period after taking into account the legal reserve and other factors. Information on the Company's employees' bonus and directors' and supervisors' remuneration as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

23) TREASURY STOCK

A. Details of treasury stock transactions for the six-month period ended June 30, 2010 are as follows:

| (In thousands of shares) | | | | |
|--------------------------|----------------------|------------|-----------|-------------------|
| Purpose | Beginning Balance | Repurchase | Write Off | Ending Balance |
| Employee ownership | 30,025 | - | - | 30,025 |

Details of treasury stock transactions for the six-month period ended June 30, 2009 are as follows:

| (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, | |
|--|------------------|------------------|
| | 2010 | 2009 |
| Income tax payable (shown under "other payables") | \$ 337,705 | \$ 982,868 |
| Prepaid income tax | 7,274 | 12,833 |
| Net effect of deferred tax assets | (49,528) | (3,194) |
| Tax effect of amendments to the tax laws | 8,525 | (4,602) |
| (Over) under provision of prior year's income tax | (42,025) | 41,024 |
| Unpaid amount of prior year's income tax | (250,906) | (940,408) |
| Tax on separately taxed income | - | 1,043 |
| Retention tax (10%) on unappropriated earnings | (952) | - |
| Income tax expense - current | 10,093 | 89,564 |
| Retention tax (10%) on unappropriated earnings | 952 | - |
| Income tax expense | <u>\$ 11,045</u> | <u>\$ 89,564</u> |

B. The deferred tax assets are as follows:

| | June 30, | | | |
|---|------------|------------------|------------|--------------------|
| | 2010 | | 2009 | |
| Temporary differences | Amount | Tax effect | Amount | Tax effect |
| Current: | | | | |
| - Bad debts | \$ 78,153 | \$ 13,287 | \$ 78,153 | \$ 15,631 |
| - Gain (loss) on valuation of financial instruments | 18,897 | 3,212 | (207,065) | (41,413) |
| - Others | 28,643 | 4,869 | 33,790 | 6,758 |
| | | <u>\$ 21,368</u> | | <u>(\$ 19,024)</u> |
| Non-current: | | | | |
| - Unrealized loss on default | \$ 177,568 | \$ 30,186 | \$ 177,568 | \$ 35,514 |
| - Various expenses | 97,809 | \$ 16,627 | - | - |
| - Others | 8,824 | 1,501 | 9,590 | 1,918 |
| | | <u>\$ 48,314</u> | | <u>\$ 37,432</u> |

C. Imputation tax system

| | June 30, | |
|--------------------------------------|---------------------|-------------------|
| | 2010 | 2009 |
| Balance of imputation credit account | <u>\$ 1,214,988</u> | <u>\$ 309,275</u> |
| | 2009 | 2008 |
| Rate of imputation credit account | <u>33.34%</u> | <u>-</u> |
| | (Estimated) | (Actual) |

D. Unappropriated earnings

| | June 30, | |
|------------------|-----------|------------|
| | 2010 | 2009 |
| 1998 and onwards | \$ 53,795 | \$ 857,903 |

E. As of June 30, 2010, 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 \$1,088,832. 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, 2010, the appeal is still pending. However, the Company has accrued the additional income tax in the financial statements.

25) BASIC EARNINGS PER SHARE

A. The Company's capital structure is a simple capital structure. The basic earnings per share for the six-month periods ended June 30, 2010 and 2009 were calculated based on the weighted-average outstanding common shares of 1,201,908,000 and 1,192,641,000 shares, respectively, which had been adjusted retroactively.

B The effective date for capital increase due to the distribution of stock dividends for 2009 earnings, which had been resolved at the stockholders' meeting on June 25, 2010, was set on August 25, 2010. The following sets forth the pro forma information taking into account the effect of the distribution of stock dividends on earnings per share:

| For the six-month period ended June 30, 2010 | | | | | |
|---|------------------|------------------|---|---------------------------------------|----------------|
| | Amount | | Weighted-average outstanding common shares (thousands shares) | Earnings per share (in NT dollars) | |
| | Before tax | After tax | | Before tax | After tax |
| <u>Basic earnings per share:</u> | | | | | |
| Net income attributable to common stockholders | \$ 55,318 | \$ 44,273 | 1,201,908 | \$ 0.05 | \$ 0.04 |
| <u>Dilutive effect of common stock equivalents:</u> | | | | | |
| Employees' bonus | - | - | 97 | | |
| Convertible bonds | - | - | (Note 1) | | |
| | <u>\$ 55,318</u> | <u>\$ 44,273</u> | <u>1,202,005</u> | <u>\$ 0.05</u> | <u>\$ 0.04</u> |

| For the six-month period ended June 30, 2009 | | | | | |
|---|-------------------|-------------------|---|---------------------------------------|----------------|
| | Amount | | Weighted-average outstanding common shares (thousands shares) | Earnings per share (in NT dollars) | |
| | Before tax | After tax | | Before tax | After tax |
| <u>Basic earnings per share:</u> | | | | | |
| Net income attributable to common stockholders | \$ 947,467 | \$ 857,903 | 1,192,641 | \$ 0.79 | \$ 0.72 |
| <u>Dilutive effect of common stock equivalents:</u> | | | | | |
| Employees' bonus | - | - | 1,346 | | |
| Convertible bonds | (12,025) | (12,025) | 107,850 | | |
| | <u>\$ 935,442</u> | <u>\$ 845,878</u> | <u>1,301,837</u> | <u>\$ 0.72</u> | <u>\$ 0.65</u> |

Note 1: If "if-converted" method is used, anti-dilutive effect would occur, thus they are not included in the calculation of anti-dilutive shares.

26) SECURITIES BROKERAGE ACCOUNTS - NET

| | <u>June 30,</u> | |
|--|---------------------|---------------------|
| | <u>2010</u> | <u>2009</u> |
| Debits: | | |
| Cash in bank - settlement | \$ 11,080 | \$ 14,792 |
| Accounts receivable | | |
| - customers' purchases | 43,253 | 9,908 |
| Net exchange clearing receivable | 599,948 | 1,114,688 |
| Accounts receivable - settlement | <u>4,505,707</u> | <u>4,303,621</u> |
| Subtotal | <u>5,159,988</u> | <u>5,443,009</u> |
| Credits: | | |
| Accounts payable - sales consignment of securities | (5,274) | (2,594) |
| Accounts payable - settlement | (4,510,588) | (4,987,208) |
| Net exchange clearing payable | <u>(975,969)</u> | <u>(461,491)</u> |
| Subtotal | <u>(5,491,831)</u> | <u>(5,451,293)</u> |
| Securities brokerage accounts - net | <u>(\$ 331,843)</u> | <u>(\$ 8,284)</u> |

27) PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

For the six-month period ended June 30, 2010

| <u>Nature/ Function</u> | <u>Brokerage</u> | <u>Dealing</u> | <u>Underwriting</u> | <u>Administration</u> | <u>Total</u> |
|-------------------------|------------------|----------------|---------------------|-----------------------|--------------|
| Personnel expenses | | | | | |
| Salaries | \$ 485,870 | \$ 28,176 | \$ 23,545 | \$ 96,016 | \$ 633,607 |
| Insurance | 35,945 | 2,307 | 2,104 | 4,949 | 45,305 |
| Pension | 47,287 | 2,710 | 2,196 | 5,257 | 57,450 |
| Others | 32,195 | 1,482 | 1,484 | 8,467 | 43,628 |
| Depreciation (Note) | 23,494 | 2,915 | 1,317 | 7,492 | 35,218 |
| Amortization | - | - | - | 906 | 906 |

For the six-month period ended June 30, 2009

| <u>Nature/ Function</u> | <u>Brokerage</u> | <u>Dealing</u> | <u>Underwriting</u> | <u>Administration</u> | <u>Total</u> |
|-------------------------|------------------|----------------|---------------------|-----------------------|--------------|
| 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 |

Note : Depreciation on rental and idle assets for the six-month periods ended June 30, 2010 and 2009 were \$1,591 and \$1,980, respectively. and was recorded as non-operating expense.

28) GAIN (LOSS) ON TRADING OF SECURITIES

| | For six-month periods ended June 30, | |
|---------------|---|------------|
| | 2010 | 2009 |
| Dealer: | | |
| - TAIEX | (\$ 29,571) | \$ 396,837 |
| - OTC | 31,191 | 180,444 |
| Subtotal | 1,620 | 577,281 |
| Underwriters: | | |
| - TAIEX | 10,872 | 1,562 |
| - OTC | 17,918 | 1,993 |
| Subtotal | 28,790 | 3,555 |
| Hedging: | | |
| - TAIEX | (150,974) | 37,091 |
| - OTC | (41) | (6,231) |
| Subtotal | (151,015) | 30,860 |
| Total | (\$ 120,605) | \$ 611,696 |

29) NON-OPERATING REVENUES AND GAINS

| | For six-month periods ended June 30, | |
|---|---|------------|
| | 2010 | 2009 |
| Interest revenue | \$ 18,861 | \$ 21,356 |
| Foreign exchange gains | 1,561 | 4,658 |
| Investment gain accounted for under the equity method | - | 157,474 |
| Other non-operating revenues | 90,476 | 79,503 |
| Total | \$ 110,898 | \$ 262,991 |

30) NON-OPERATING EXPENSES AND LOSSES

| | For six-month periods ended June 30, | |
|---|---|-----------|
| | 2010 | 2009 |
| Interest expense | \$ 54,445 | \$ 48,362 |
| Investment loss accounted for under the equity method | 56,116 | - |
| Foreign exchange losses | 412 | 65 |
| Other non-operating expenses | 30,153 | 21,751 |
| Total | \$ 141,126 | \$ 70,178 |

5. RELATED PARTY TRANSACTIONS

1) Names and relationships of related parties

| <u>Names of related parties</u> | <u>Relationships with the Company</u> |
|---|---------------------------------------|
| 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 |
| Uni-President Assets Management Corp. | Majority-owned subsidiary |
| President Personal Insurance Agency Co., Ltd. | Majority-owned subsidiary |
| President Insurance Agency Co., Ltd. | Majority-owned subsidiary |
| President Wealth 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, | |
|-----|---|--------------|
| | 2010 | 2009 |
| PFC | \$ 1,087,338 | \$ 1,219,576 |

The futures deposits are used for futures transactions.

B. Receivables from related parties

| | For six-month periods ended June 30, | |
|-----|---|----------|
| | 2010 | 2009 |
| | | |
| PFC | \$ 4,779 | \$ 6,127 |

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

C. Deposits-out

| | For six-month periods ended June 30, | |
|-----|---|-----------|
| | 2010 | 2009 |
| | | |
| PFC | \$ 38,000 | \$ 38,000 |

The above deposits-out pertain to futures settlement.

D. Commission income - Futures

| | For six-month periods ended June 30, | |
|-----|---|-----------|
| | 2010 | 2009 |
| | | |
| PFC | \$ 31,392 | \$ 35,261 |

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, | |
|---------------------------------------|---|----------|
| | 2010 | 2009 |
| | | |
| Uni-President Assets Management Corp. | \$ 13,366 | \$ 9,420 |

F. Rent revenue

| | Period | Deposit | For six-month periods ended June 30, | |
|---------------------------------------|-----------------|---------|---|----------|
| | | | 2010 | 2009 |
| | | | | |
| President Pharmaceutical Corporation | 2007.11~2010.07 | \$ - | \$ 1,990 | \$ 1,989 |
| Uni-President Assets Management Corp. | 2006.05~2011.04 | - | 4,046 | 4,142 |
| President Tokyo Co., Ltd. | 2009.04~2012.03 | - | 3,212 | 1,603 |
| Others | 2006.01~2015.06 | 467 | 1,181 | 1,103 |
| Total | | | \$ 10,429 | \$ 8,837 |

The rent was determined based on negotiation between the parties, and payable

quarterly during the contract period.

G. Stock custodian income

| | For six-month periods ended June 30, | |
|---------------------------------|---|-----------------|
| | 2010 | 2009 |
| UNI-President Enterprises Corp. | \$ 2,135 | \$ 2,046 |
| Others | 2,545 | 2,334 |
| Total | <u>\$ 4,680</u> | <u>\$ 4,380</u> |

H. Clearing charges-futures

| | For six-month periods ended June 30, | |
|-----|---|-----------------|
| | 2010 | 2009 |
| PFC | <u>\$ 14,269</u> | <u>\$ 6,966</u> |

I. Professional service fees

| | For six-month periods ended June 30, | |
|------|---|-----------------|
| | 2010 | 2009 |
| PCMC | <u>\$ 9,000</u> | <u>\$ 3,000</u> |

J. Purchases of trading securities - dealer

For the six-month periods ended June 30, 2010 and 2009, stock trading transactions with related parties were as follows:

| | For the six-month period ended June 30, 2010 | | |
|---------------------------------|---|------------------|--------------------|
| | <u>Shares</u> | <u>Balance</u> | <u>Gain/(Loss)</u> |
| UNI-President Enterprises Corp. | 68,000 | \$ 2,470 | (\$ 683) |
| TONYI | 250,000 | 3,540 | 27 |
| PCSC | 169,000 | 16,201 | 241 |
| | | <u>\$ 22,211</u> | <u>(\$ 415)</u> |

| | For the six-month period ended June 30, 2009 | | |
|---------------------------------|---|-----------------|--------------------|
| | <u>Shares</u> | <u>Balance</u> | <u>Gain/(Loss)</u> |
| UNI-President Enterprises Corp. | 50,000 | \$ 1,707 | (\$ 116) |
| TONYI | - | - | (121) |
| PCSC | - | - | (187) |
| | | <u>\$ 1,707</u> | <u>(\$ 424)</u> |

K. Disposal of fixed assets (for the six-month period ended June 30, 2010: None)

| | For six-month period ended June 30, 2009 | |
|--------------------------------------|---|--------------------|
| | <u>Book value</u> | <u>Sales Price</u> |
| Uni-President Assets Management Corp | <u>\$ 30,552</u> | <u>\$ 42,000</u> |

The sales price was set by reference to the appraisal 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, | | Purpose |
|--|------------|--------------|---|
| | 2010 | 2009 | |
| Financial assets at fair value through profit or loss - current | | | |
| Trading securities (par value) | | | |
| - Corporate bonds | \$ 100,000 | \$ 1,100,000 | Securities for bonds sold under repurchase agreements |
| - Government bonds | 3,830,400 | 2,281,200 | Securities for bonds sold under repurchase agreements |
| - Financial bonds | 500,000 | 500,000 | Securities for bonds sold under repurchase agreements |
| Financial assets at fair value through - non-current (par value) | | | |
| - Government bonds | - | 10,000 | Securities for bids for bonds |
| - Government bonds | 68,700 | 96,700 | IRS refundable deposit |
| Restricted assets | | | |
| - Demand deposits | 30,848 | 1,007 | Collections on behalf of third parties and reimbursement for wages and compensation and for short-terms |
| - Pledged time deposits | 1,312,500 | 1,322,500 | Securities for short-term loans and guarantees for issuance of commercial papers |
| Fixed Assets | | | |
| - Land and buildings (book value) | 1,367,731 | 1,378,412 | Securities for short-term loans and guarantees for issuance of commercial papers |
| Other assets | | | |
| - Operating guarantee deposits | 702,000 | 702,000 | Security deposits |
| - Deposits-out | 78,000 | 183,000 | Additional corporate income taxes |
| Idle assets | | | |
| - Land and buildings (book value) | 38,781 | 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:

| <u>Year</u> | <u>Amount</u> |
|-------------------------|-------------------|
| 2010 (July~ December) | \$ 38,843 |
| 2011 | 73,877 |
| 2012 | 52,850 |
| 2013 | 33,816 |
| 2014 | <u>16,267</u> |
| | <u>\$ 215,653</u> |

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

8. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

9. SIGNIFICANT SUBSEQUENT EVENTS

None.

10. OTHER EVENTS

1) The fair values of the financial instruments

| | June 30, 2010 | | |
|--|----------------------|---|---|
| | <u>Book value</u> | <u>Fair value</u> | |
| | | <u>Quotations in an active market</u> | <u>Estimated using a valuation method</u> |
| <u>Non-derivative financial instruments</u> | | | |
| Financial assets with fair value equal to book value | \$ 18,497,619 | \$ - | \$ 18,497,619 |
| Financial assets for trading purposes - current | 10,983,836 | 10,983,836 | - |
| Available-for-sale financial assets - current | 994,119 | 994,119 | - |
| Financial assets at fair value through profit or loss-non-current | 68,498 | 68,498 | - |
| Operating guarantee deposits | 702,000 | - | 702,000 |
| Exchange clearing deposits | 418,031 | - | 418,031 |
| Deposits-out | 150,359 | - | 149,664 |
| <u>Derivative financial instruments</u> | | | |
| Buy option - futures | 40,928 | 40,928 | - |
| Futures guarantee deposits receivable | 1,087,338 | 1,087,338 | - |
| Derivative financial instrument assets - OTC | 366 | - | 366 |
| Total | \$ 32,943,094 | \$ 13,174,719 | \$ 19,767,680 |
| <u>Non-derivative financial instruments</u> | | | |
| Financial liabilities with fair value equal to book value | \$ 17,482,408 | \$ - | \$ 17,482,408 |
| Bonds payable (including current portion) | 2,298,014 | - | 2,298,014 |
| Long-term liabilities | - | - | - |
| Securities borrowing payable | 29,289 | 29,289 | - |
| <u>Derivative financial instruments</u> | | | |
| Sell option - futures | 16,892 | 16,892 | - |
| Warrants | 2,217,320 | 2,217,320 | - |
| Repurchase of warrants | (2,072,521) | (2,072,521) | - |
| Derivative financial instrument liabilities - OTC | 17,795 | - | 17,795 |
| Other financial liabilities - current | 172,964 | - | 172,964 |
| Total | \$ 20,162,161 | \$ 190,980 | \$ 19,971,181 |

| | June 30, 2009 | | |
|--|----------------------|-----------------------------------|---------------------------------------|
| | | Fair value | |
| | Book value | Quotations in an active market | Estimated using a valuation method |
| <u>Non-derivative financial instruments</u> | | | |
| 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 | - |
| 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 |
| <u>Derivative financial instruments</u> | | | |
| 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 |
| Total | <u>\$ 24,601,900</u> | <u>\$ 8,824,751</u> | <u>\$ 15,776,680</u> |
| <u>Non-derivative financial instruments</u> | | | |
| 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 (including current portion) | 2,232,308 | - | 2,232,308 |
| Long-term liabilities | 599,585 | - | 599,585 |
| Deposits - in | 2,421 | - | 2,421 |
| <u>Derivative financial instruments</u> | | | |
| Sell 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 |
| Total | <u>\$ 11,609,716</u> | <u>\$ 181,712</u> | <u>\$ 11,428,004</u> |

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, Receivables from security lending, Security lending deposits, Notes receivable, Accounts receivable, Other receivables, Restricted assets-current, Operating guarantee deposits, Exchange clearing deposits, Securities brokerage debit accounts-net, Short-term loans, Commercial papers payable, Bonds sold under repurchase agreements, Deposit on short sales, Short sale proceeds payable,

Guarantee deposit received on borrowed securities, Accounts payable, Collections on behalf of third parties, Other payables (excluding income tax payable), Collections on behalf of third parties, Deposits-in, 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.

- 2) As of June 30, 2010, the financial assets and financial liabilities with fair value risk due to the change of interest amounted to \$23,448,316 and \$16,621,233, respectively, and the financial assets with cash flow risk due to the change of interest amounted to \$0.
- 3) For the six-month period ended June 30, 2010, 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 \$496,237 and \$30,997, respectively.

4) 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, hedging compound value loss risk, VaR risk, warrant market creating risk and reissuance risk. The Company monitors such risks based on the authorized limit, risk management principles and department risk management mechanisms, and controls market risk and liquidity risk of hedging operations by adjusting the number of shares of the underlying securities after the issuance of warrants. The authorized limit of hedging position falls in certain range of the theoretical hedging number of shares.

(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.

5) Information of financial risk

A) Derivative financial instruments

| <u>Financial instruments</u> | <u>June 30,</u> | |
|--|---------------------|---------------------|
| | <u>2010</u> | <u>2009</u> |
| | <u>Book value</u> | <u>Book value</u> |
| Assets: | | |
| Buy option - futures | \$ 40,928 | \$ 12,156 |
| Futures guarantee deposits receivable | 1,087,338 | 1,219,576 |
| Interest rate swap contracts | - | 202,921 |
| Bond options | - | 98 |
| Financial assets held for trading - CB options | - | 58,705 |
| ELN-Options | 358 | 4,111 |
| Buy option - hedge | 8 | - |
| | <u>\$ 1,128,632</u> | <u>\$ 1,497,567</u> |
| Liabilities: | | |
| Warrants | \$ 144,799 | \$ 71,111 |
| Sell option - futures | 16,892 | 16,604 |
| Asset swap options | 10,350 | 2,037 |
| Bond options | 19 | 30 |
| Interest rate swap contracts | 7,372 | - |
| Structured notes | 54 | 925 |
| ELN liabilities: | | |
| - Option money (Note) | 83,000 | 89,800 |
| PGN liabilities: | | |
| - Fixed income securities (Note) | 89,964 | 249,160 |
| Total | <u>\$ 352,450</u> | <u>\$ 429,667</u> |

Note: Recorded as “other financial liabilities”.

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

| | For the six-month period ended June 30, 2010 | |
|--|--|------------------------------------|
| | Gain (loss) on derivative financial assets - OTC | Unrealized gain (loss) included |
| Interest rate swaps - non-hedging | (\$ 117,205) | (\$ 205,910) |
| Options - asset swaps | (18,490) | 7,480 |
| Investment loss before treasury bonds issued | (55,249) | - |
| Equity - linked note | 9,533 | 1,269 |
| Principal guaranteed note | (397) | (8) |
| Options - CB | (21,902) | (21,902) |
| Bond options - non-hedging | (226) | 86 |
| Buy options - hedging | (139) | (139) |
| | <u>(\$ 204,075)</u> | <u>(\$ 219,124)</u> |

| | 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 gain 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 | - |
| | <u>\$ 24,798</u> | <u>\$ 27,590</u> |

C) Information of financial instruments

a) Trading of futures

The list of deposits for trading futures:

| | June 30, | |
|--------------------------------------|--------------|--------------|
| | 2010 | 2009 |
| Futures security deposits receivable | \$ 1,087,338 | \$ 1,219,576 |
| Excess security deposits | \$ 1,056,014 | \$ 1,159,319 |

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

| | June 30, | |
|---------------------------------|-----------|--------------|
| | 2010 | 2009 |
| Gain (loss) on futures contract | \$ 43,855 | \$ 763,921 |
| Gain (loss) on trading options | (24,658) | (871,047) |
| Total | \$ 19,197 | (\$ 107,126) |

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

| | June 30, | |
|--|----------|-------------|
| | 2010 | 2009 |
| Gain (loss) on futures contract - realized | \$ 553 | (\$ 4,218) |
| Gain (loss) on futures contract - unrealized | 322 | (282) |
| Gain (loss) on options contract - realized | (208) | (5,735) |
| Gain (loss) on options contract - unrealized | 478 | (762) |
| | \$ 1,145 | (\$ 10,997) |

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, 2010 and 2009, notional principal of convertible bond options sold were \$45,000 and \$86,000, 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, 2010 and 2009, the nominal principals were \$232,500,000 and \$233,140,000, 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 (Equity-Linked Notes) and PGN (Principal Guaranteed Notes). 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, 2010 and 2009, the nominal principals of ELN were \$83,000 and \$89,800, respectively, and the nominal principals of PGN were \$90,000 and \$250,000, 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, 2010 and 2009, the nominal principals of bond options bought were \$0 and \$200,000, respectively, the nominal principals of bond options sold were \$100,000.

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%.

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.

11. OTHER DISCLOSURE ITEMS

A. Information about significant transactions

- 1) Lending to others: Excluding security margin trading and conditional 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

I. Related information of investee companies

| Name of the investor | Name of the investee company | Location | Major operating activities | Original investment | | Ending balance | | | Net income (loss) of investee company | Investment income (loss) recognized by the Company | Notes |
|--------------------------------------|---|------------------------|---|--------------------------|--------------------------|----------------|------------|------------|---------------------------------------|--|------------------------------------|
| | | | | Balance on June 30, 2010 | Balance on June 30, 2009 | Shares | Percentage | Book value | | | |
| President Securities Corp. | President Futures Corp. | Taipei | Futures brokerage | \$ 651,317 | \$ 651,317 | 64,477,303 | 97.69% | \$ 981,966 | \$ 58,747 | \$ 57,811 | Subsidiary of the Company |
| | President Capital Management Corp. | Taipei | Securities investment consulting | 150,000 | 150,000 | 12,400,000 | 100.00% | 145,049 | (243) | (243) | Subsidiary of the Company |
| | President Securities (HK) Ltd. | Hong Kong | Securities brokerage, underwriting and consulting | 34,030 | 34,030 | 10,000,000 | 5.19% | 61,091 | (83,192) | (4,300) | Subsidiary of the Company |
| | President Securities (BVI) Ltd. | British Virgin Islands | Securities investment and holding company | 2,264,573 | 2,264,573 | 67,746,000 | 100.00% | 1,784,537 | (125,892) | (125,556) | Subsidiary of the Company |
| | Uni-President Assets Management Corp. | Taipei | Investment Trust | 624,940 | 624,940 | 13,570,830 | 38.66% | 383,602 | 34,056 | 13,166 | (NOTE) |
| | President Personal Insurance Agency Co., Ltd. | Taipei | Insurance Agent | 5,000 | 5,000 | 500,000 | 100.00% | 5,545 | 947 | 947 | Subsidiary of the Company |
| | President Insurance Agency Co., Ltd. | Taipei | Insurance Agent | 5,000 | 5,000 | 500,000 | 100.00% | 7,102 | 2,059 | 2,059 | 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% | 1,198,107 | (83,192) | (78,559) | Subsidiary of the Company |
| | President Wealth Management (HK) Ltd. | Hong Kong | Wealth management | 92,091 | 92,091 | 23,400,000 | 100.00% | 60,773 | (5) | (5) | Indirect subsidiary of the Company |
| | President Securities (NOMINEE) Ltd. | Hong Kong | Nominee Service | 3,403 | 3,403 | 1,000,000 | 100.00% | 2,811 | 12 | 12 | Indirect subsidiary of the Company |
| President Insurance Agency Co., Ltd. | Uni-President Assets Management Corp. | Taipei | Investment Trust | 478 | - | 12,000 | 0.03% | 337 | 34,056 | 23 | (NOTE) |

(NOTE) Investee accounted for under the equity method

2. Lending to others: Excluding security margin trading and conditional 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, 2010 of President Securities (BVI) Ltd.:

| Securities types and name | Type | Number of shares | Carrying value | | Fair value | | Note |
|--|-------|------------------|---------------------------|-----------|------------|-----------|------|
| | | | Unit price | Amount | Unit price | Amount | |
| | | | Expressed in U.S. Dollars | | | | |
| <u>Financial assets at fair value through profit or loss - current</u> | | | | | | | |
| Funds and money market instruments : | | | | | | | |
| AAP | STOCK | 971 | \$ 50.180 | \$ 48,725 | \$ 50.180 | \$ 48,725 | |
| AAPL | STOCK | 599 | 251.530 | 150,666 | 251.530 | 150,666 | |
| ADTN | STOCK | 1,711 | 27.270 | 46,659 | 27.270 | 46,659 | |
| AKAM | STOCK | 1,284 | 40.570 | 52,092 | 40.570 | 52,092 | |
| ALXN | STOCK | 770 | 51.190 | 39,416 | 51.190 | 39,416 | |
| AME | STOCK | 1,048 | 40.150 | 42,077 | 40.150 | 42,077 | |
| ARO | STOCK | 1,305 | 28.640 | 37,375 | 28.640 | 37,375 | |
| BEAV | STOCK | 1,449 | 25.430 | 36,848 | 25.430 | 36,848 | |
| BIIB | STOCK | 802 | 47.450 | 38,055 | 47.450 | 38,055 | |
| BOH | STOCK | 807 | 48.350 | 39,018 | 48.350 | 39,018 | |
| BRF | STOCK | 1,090 | 43.620 | 47,546 | 43.620 | 47,546 | |
| BWA | STOCK | 968 | 37.340 | 36,145 | 37.340 | 36,145 | |
| CAF | STOCK | 1,504 | 25.490 | 38,337 | 25.490 | 38,337 | |
| CELG | STOCK | 892 | 50.820 | 45,331 | 50.820 | 45,331 | |
| CHIQ | STOCK | 2,909 | 16.280 | 47,359 | 16.280 | 47,359 | |
| CNL | STOCK | 1,477 | 26.410 | 39,008 | 26.410 | 39,008 | |
| CPT | STOCK | 991 | 40.850 | 40,482 | 40.850 | 40,482 | |
| CRM | STOCK | 601 | 85.820 | 51,578 | 85.820 | 51,578 | |
| DBA | STOCK | 1,667 | 23.990 | 39,991 | 23.990 | 39,991 | |
| DOG | STOCK | 6,630 | 54.010 | 358,086 | 54.010 | 358,086 | |
| ECH | STOCK | 1,561 | 56.690 | 88,493 | 56.690 | 88,493 | |
| EEB | STOCK | 1,222 | 37.750 | 46,131 | 37.750 | 46,131 | |
| EEM | STOCK | 1,231 | 37.320 | 45,941 | 37.320 | 45,941 | |

Expressed in U.S. Dollars

| Securities types and name | Type | Number of shares | Carrying value | | Fair value | | Note |
|---------------------------|-------|------------------|----------------|-----------|------------|-----------|------|
| | | | Unit price | Amount | Unit price | Amount | |
| EOG | STOCK | 464 | \$ 98.370 | \$ 45,644 | \$ 98.370 | \$ 45,644 | |
| ESRX | STOCK | 994 | 47.020 | 46,738 | 47.020 | 46,738 | |
| EWC | STOCK | 1,458 | 24.870 | 36,260 | 24.870 | 36,260 | |
| EWH | STOCK | 2,601 | 14.770 | 38,417 | 14.770 | 38,417 | |
| EWM | STOCK | 7,557 | 11.440 | 86,452 | 11.440 | 86,452 | |
| EWS | STOCK | 3,451 | 11.240 | 38,789 | 11.240 | 38,789 | |
| EWY | STOCK | 1,023 | 44.710 | 45,738 | 44.710 | 45,738 | |
| FCN | STOCK | 942 | 43.590 | 41,062 | 43.590 | 41,062 | |
| FFIV | STOCK | 744 | 68.570 | 51,016 | 68.570 | 51,016 | |
| FTO | STOCK | 2,795 | 13.450 | 37,593 | 13.450 | 37,593 | |
| GENZ | STOCK | 935 | 50.770 | 47,470 | 50.770 | 47,470 | |
| GLD | STOCK | 2,523 | 121.680 | 306,999 | 121.680 | 306,999 | |
| GPRO | STOCK | 868 | 45.420 | 39,425 | 45.420 | 39,425 | |
| GS | STOCK | 358 | 131.270 | 46,995 | 131.270 | 46,995 | |
| HNI | STOCK | 1,364 | 27.590 | 37,633 | 27.590 | 37,633 | |
| IDX | STOCK | 678 | 71.730 | 48,633 | 71.730 | 48,633 | |
| INFA | STOCK | 1,482 | 23.880 | 35,390 | 23.880 | 35,390 | |
| INP | STOCK | 635 | 64.000 | 40,640 | 64.000 | 40,640 | |
| INTU | STOCK | 2,547 | 34.770 | 88,559 | 34.770 | 88,559 | |
| JOYG | STOCK | 702 | 50.090 | 35,163 | 50.090 | 35,163 | |
| KBR | STOCK | 1,741 | 20.340 | 35,412 | 20.340 | 35,412 | |
| KFY | STOCK | 2,519 | 13.900 | 35,014 | 13.900 | 35,014 | |
| LRCX | STOCK | 2,288 | 38.060 | 87,081 | 38.060 | 87,081 | |
| LTM | STOCK | 1,413 | 31.790 | 44,919 | 31.790 | 44,919 | |
| MCK | STOCK | 725 | 67.160 | 48,691 | 67.160 | 48,691 | |
| MENT | STOCK | 4,449 | 8.850 | 39,374 | 8.850 | 39,374 | |
| MR | STOCK | 1,559 | 31.420 | 48,984 | 31.420 | 48,984 | |
| NEM | STOCK | 898 | 61.740 | 55,443 | 61.740 | 55,443 | |
| NHP | STOCK | 1,126 | 35.770 | 40,277 | 35.770 | 40,277 | |
| NTAP | STOCK | 1,350 | 37.310 | 50,369 | 37.310 | 50,369 | |
| NTY | STOCK | 1,074 | 34.010 | 36,527 | 34.010 | 36,527 | |
| PCAR | STOCK | 1,124 | 39.870 | 44,814 | 39.870 | 44,814 | |
| PCY | STOCK | 1,918 | 26.110 | 50,079 | 26.110 | 50,079 | |
| PLT | STOCK | 1,243 | 28.600 | 35,550 | 28.600 | 35,550 | |
| PNRA | STOCK | 486 | 75.290 | 36,591 | 75.290 | 36,591 | |
| PSQ | STOCK | 7,058 | 45.260 | 319,445 | 45.260 | 319,445 | |
| RBCN | STOCK | 1,931 | 29.790 | 57,524 | 29.790 | 57,524 | |

Expressed in U.S. Dollars

| Securities types and name | Type | Number of shares | Carrying value | | Fair value | | Note |
|---|------------------|------------------|----------------|----------------------|------------|----------------------|------|
| | | | Unit price | Amount | Unit price | Amount | |
| RDY | STOCK | 1,649 | \$ 30.850 | \$ 50,872 | \$ 30.850 | \$ 50,872 | |
| ROST | STOCK | 866 | 53.290 | 46,149 | 53.290 | 46,149 | |
| RSG | STOCK | 1,621 | 29.730 | 48,192 | 29.730 | 48,192 | |
| RWM | STOCK | 960 | 43.200 | 41,472 | 43.200 | 41,472 | |
| SEF | STOCK | 1,235 | 44.292 | 54,701 | 44.292 | 54,701 | |
| SFSF | STOCK | 2,383 | 20.790 | 49,543 | 20.790 | 49,543 | |
| SH | STOCK | 6,598 | 55.010 | 362,956 | 55.010 | 362,956 | |
| SNDK | STOCK | 2,278 | 42.070 | 95,835 | 42.070 | 95,835 | |
| SRCL | STOCK | 873 | 65.580 | 57,251 | 65.580 | 57,251 | |
| SUN | STOCK | 1,429 | 34.770 | 49,686 | 34.770 | 49,686 | |
| SXCI | STOCK | 550 | 73.250 | 40,288 | 73.250 | 40,288 | |
| THG | STOCK | 895 | 43.500 | 38,933 | 43.500 | 38,933 | |
| TRMB | STOCK | 1,328 | 28.000 | 37,184 | 28.000 | 37,184 | |
| UNG | STOCK | 5,384 | 7.750 | 41,726 | 7.750 | 41,726 | |
| UNT | STOCK | 876 | 40.590 | 35,557 | 40.590 | 35,557 | |
| USO | STOCK | 1,127 | 33.960 | 38,273 | 33.960 | 38,273 | |
| VCLK | STOCK | 3,481 | 10.690 | 37,212 | 10.690 | 37,212 | |
| VMW | STOCK | 829 | 62.590 | 51,887 | 62.590 | 51,887 | |
| VRSN | STOCK | 1,808 | 26.550 | 48,002 | 26.550 | 48,002 | |
| DCHAF | STOCK | 66,000 | 0.599 | 39,527 | 0.599 | 39,527 | |
| FL.R GSC EUROPEAN CDO | STRUCTURED NOTES | 2,500,000 | 1.000 | 2,500,000 | 0.478 | 1,195,652 | |
| FL.R ARES VIR | STRUCTURED NOTES | 5,000,000 | 0.995 | 4,975,000 | 0.476 | 2,379,348 | |
| Less : Impairment | | | | (3,900,000) | | - | |
| Subtotal | | | | <u>8,556,314</u> | | <u>8,556,314</u> | |
| Securities for futures transactions - own capital | | | | <u>2,826,817</u> | | <u>2,826,817</u> | |
| Total | | | | <u>\$ 11,383,131</u> | | <u>\$ 11,383,131</u> | |

Expressed in U.S. Dollars

| Securities types and name | Type | Number of shares | Carrying value | | Fair value | | Note |
|---|-------|------------------|----------------|----------------------|------------|----------------------|------|
| | | | Unit price | Amount | Unit price | Amount | |
| <u>Long-term investment - equity method</u> | | | | | | | |
| President Securities (HK) Ltd. | STOCK | 182,600,000 | \$ 0.190 | \$ 34,647,639 | \$ 0.190 | \$ 34,647,639 | |
| President Wealth Management (HK) Ltd. | STOCK | 23,400,000 | 0.080 | 1,882,565 | 0.080 | 1,882,565 | |
| President Securities (NOMINEE) Ltd. | STOCK | 1,000,000 | 0.087 | 87,457 | 0.087 | 87,457 | |
| Total | | | | <u>\$ 36,617,661</u> | | <u>\$ 36,617,661</u> | |

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

As of June 30, 2010, the carrying value of USD\$3,575,000 of asset securitization for derivatives was undertaken with the Company's own capital of USD\$7,475,000.

c) As of June 30, 2010, there was no existing litigation.

d) Balance sheets

PRESIDENT SECURITIES (BVI) LTD.
BALANCE SHEETS
JUNE 30, 2010 AND 2009

| Assets | | | | | Expressed in U.S. Dollars | | | | |
|---|---------------|-----|---------------|------|--|---------------|--------|---------------|-------|
| | 2010 | | 2009 | | 2010 | | 2009 | | |
| | Amount | % | Amount | % | Amount | % | Amount | % | |
| Current Assets | | | | | Liabilities and Stockholders' Equity | | | | |
| Cash and cash equivalents | \$ 7,008,388 | 12 | \$ 5,833,258 | 8 | Current Liabilities | | | | |
| Financial assets at fair value through profit or loss - current | 11,383,131 | 19 | 29,911,145 | 38 | Short-term loans | \$ 4,144,904 | 7 | \$ 22,358,607 | 29 |
| Accounts receivable | 1,326,793 | 2 | 171,445 | - | Other payables | 11,799 | - | 561,744 | 1 |
| Other receivables | 16,807 | - | 599,412 | 1 | Total | 4,156,703 | 7 | 22,920,351 | 30 |
| Restricted assets | 3,300,000 | 6 | 4,580,000 | 6 | Stockholders' Equity | | | | |
| Total | 23,035,119 | 39 | 41,095,260 | 53 | Share capital | 67,746,000 | 114 | 67,746,000 | 87 |
| Long-term investment - equity method | 36,617,661 | 61 | 36,461,900 | 47 | Capital reserve | 757,813 | 1 | 757,813 | 1 |
| Held-to-maturity financial assets: non-current | - | - | 1,252,104 | 2 | Cumulative translation adjustments | 603,488 | 1 | 776,906 | 1 |
| Less: accumulated impairment | - | - | (1,252,104) | (2) | Accumulated deficit | (13,611,224) | (23) | (14,643,910) | (19) |
| | - | - | - | - | Total | 55,496,077 | 93 | 54,636,809 | 70 |
| Total Assets | \$ 59,652,780 | 100 | \$ 77,557,160 | 100 | Total Liabilities and Stockholders' Equity | \$ 59,652,780 | 100 | \$ 77,557,160 | 100 |

e) Statement of operations

PRESIDENT SECURITIES (BVI) LTD.
STATEMENTS OF OPERATIONS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009

| Accounts | Expressed in U.S. Dollars | | | |
|--|---------------------------|-------|--------------|-------|
| | 2010 | | 2009 | |
| | Amount | % | Amount | % |
| Revenues | | | | |
| Gain on disposal of financial assets at fair value through profit or loss | \$ 73,692 | 73 | \$ 1,061,516 | 27 |
| Investment income under equity method | - | - | 1,135,952 | 29 |
| Gain on futures transactions | - | - | 1,083,585 | 27 |
| Interest revenue | 5,079 | 5 | 601,594 | 15 |
| Other non-operating revenue | 22,350 | 22 | 71,834 | 2 |
| Total | 101,121 | 100 | 3,954,481 | 100 |
| Expenditures | | | | |
| Loss on valuation of financial assets at fair value through profit or loss | (627,609) | (6) | (1,448,858) | (37) |
| Loss on futures transactions | (806,291) | (8) | - | - |
| Investment loss accounted for under the equity method | (2,473,098) | (24) | - | - |
| Operating expenses | (50,669) | (1) | (47,790) | (1) |
| Non-operating expense | (91,182) | (1) | (5,480) | - |
| Total | (4,048,849) | (40) | (1,502,128) | (38) |
| Net (loss) income | (\$ 3,947,728) | 60 | \$ 2,452,353 | 62 |

f) Transactions between related parties and foreign business : None

C. Disclosure of investment in Mainland China :

Not applicable.

12. SEGMENT FINANCIAL INFORMATION

Not applicable.