PRESIDENT SECURITIES CORPORATION
NON-CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT ACCOUNTANTS
JUNE 30, 2011 AND 2010

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

PWCM11000103

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, 2011 and 2010, 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 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, 2011 and 2010, 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, 2011 and 2010. In our report dated August 19, 2011, we expressed an unqualified opinion on those consolidated financial statements.

PricewaterhouseCoopers, Taiwan

August 19, 2011

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, 2011 AND 2010
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2011		2010	
	Amount	%	Amount	%
ASSETS				
Current Assets				
Cash and cash equivalents (Note 4 (1))	$ 1,638,242	4	$ 1,223,791	3
Financial assets at fair value through profit or loss - current (Notes 4 (2), 5, 6 and 10)	13,587,859	29	12,112,468	31
Bonds purchased under resale agreements (Notes 4 (4) and 10)	878,052	2	-	-
Margin loans receivable (Note 4 (5))	17,014,943	36	15,150,433	39
Refinancing security deposits	120	-	14,274	-
Receivables from refinance guaranty	3,229	-	11,988	-
Receivables from security lending	117,349	-	29,666	-
Security lending deposits	106,032	-	26,791	-
Notes receivable	2,170	-	1,045	-
Accounts receivable - net (Note 5)	377,540	1	272,941	1
Prepayments (Note 5)	20,557	-	16,676	-
Prepaid pension expenses - current (Note 4 (15))	120,107	-	80,685	-
Other receivables	538,482	1	423,342	1
Restricted assets (Notes 4 (1) and 6)	2,270,268	5	1,343,348	3
Deferred tax assets - current (Note 4 (25))	15,626	-	21,368	-
Available-for-sale financial assets - current (Notes 4 (3) and 10)	2,059,942	5	994,119	3
Total Current Assets	38,750,518	83	31,722,935	81
Funds and Investments				
Investments accounted for under the equity method (Note 4 (6))	3,528,552	8	3,368,892	9
Available-for-sale financial assets - non - current (Note 4 (3))	82,123	-	89,323	-
Financial assets at fair value through profit or loss - non-current (Notes 4 (2) , 6 and 10)	-	-	68,498	-
Total Funds and Investments	3,610,675	8	3,526,713	9
Fixed Assets (Note 6)				
Land	1,517,335	3	1,517,335	4
Buildings	991,227	2	964,398	3
Equipment	490,790	1	468,783	1
Prepayments for equipment	12,222	-	23,644	-
Leasehold improvements	58,062	-	49,282	-
Less: Accumulated depreciation	(661,109)	(1)	(627,034)	(2)
Total Fixed Assets	2,408,527	5	2,396,408	6
Other Assets				
Operating guarantee deposits (Notes 6 and 10)	702,000	1	702,000	2
Exchange clearing deposits (Notes 5 and 10)	427,941	1	418,031	1
Deposits-out (Notes 6 and 10)	149,733	-	150,359	-
Deferred assets	-	-	411	-
Rental assets (Note 5)	251,915	1	253,773	1
Idle assets (Note 6)	124,476	-	125,375	-
Deferred tax assets - non-current (Note 4 (25))	1,340	-	48,314	-
Total Other Assets	1,657,405	3	1,698,263	4
Securities brokerage debit accounts - net (Note 4 (27))	329,518	1	-	-
TOTAL ASSETS	$ 46,756,643	100	$ 39,344,319	100

	2011		2010	
	Amount	%	Amount	%
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Short-term loans (Note 4 (7))	$ 8,150,000	17	$ 3,570,000	9
Commercial papers payable (Note 4 (8))	5,448,382	12	2,799,382	7
Bonds sold under repurchase agreements (Notes 4 (9), 6 and 10)	6,298,475	13	4,604,362	12
Financial liabilities at fair value through profit or loss - current (Notes 4 (11) and 10)	601,967	1	208,775	-
Deposits on short sales	1,075,035	2	1,083,198	3
Short sale proceeds payable	1,277,025	3	1,263,670	3
Guarantee deposit received on borrowed securities	959,120	2	1,002,607	3
Accounts payable	224,084	1	977,642	2
Advance receipts	2,119	-	127	-
Collections on behalf of third parties	348,460	1	250,659	1
Other payables (Note 4 (12))	1,532,583	3	1,931,500	5
Long-term liabilities - current portion (Notes 4 (14) and 10)	-	-	2,298,014	6
Other financial liabilities - current (Notes 4 (13) and 10)	235,669	1	172,964	-
Total Current Liabilities	26,152,919	56	20,162,900	51
Other Liabilities				
Reserve for default (Note 4 (16))	-	-	200,000	1
Deposits-in (Note 5)	29,567	-	5,250	-
Total Other Liabilities	29,567	-	205,250	1
Securities brokerage credit accounts - net (Note 4 (27))	-	-	331,843	1
Total Liabilities	26,182,486	56	20,699,993	53
SHAREHOLDERS' EQUITY				
Capital				
Common stock (Note 4 (18))	12,319,334	26	11,857,062	30
Stock dividend distributable (Note 4 (18))	727,122	2	462,272	1
Capital reserve (Note 4 (19))				
Common stock	179,674	-	13,558	-
Treasury stock (Notes 4 (23) and (24))	223,970	1	137,274	-
Stock warrants (Note 4 (24))	483	-	166,277	1
Retained earnings				
Legal reserve (Note 4 (20))	1,903,868	4	1,723,534	4
Special reserve (Note 4 (21))	5,198,754	11	4,527,183	12
Unappropriated earnings (Notes 4 (22) and (25))	215,759	-	53,795	-
Other adjustments to shareholders' equity				
Cumulative translation adjustments	(315,028)	(1)	(83,846)	-
Treasury stock (Notes 4 (23) and (24))	(194,941)	-	(291,722)	(1)
Unrealized gain or loss on financial instruments (Note 4 (3))	315,162	1	78,939	-
Total Shareholders' Equity	20,574,157	44	18,644,326	47
Commitments and Contingent Liabilities (Note 7)				
Significant Subsequent Event (Note 9)				
Other Disclosure Items (Note 11)				
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 46,756,643	100	$ 39,344,319	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, 2011 AND 2010
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	For The Six-Month Periods Ended June 30,			
	2011		2010	
	Amount	%	Amount	%
Revenues				
Securities brokerage fees	$ 1,001,323	43	$ 1,015,022	44
Security lending	24,354	1	13,888	1
Underwriting fees	10,635	1	27,390	1
Gain on trading of securities - dealer (Notes 4 (2), (3), (29) and 5)	67,110	3	1,620	-
Gain on trading of securities - underwriter (Notes 4 (2), (3) and (29))	15,886	1	28,790	1
Stock custodian income (Note 5)	40,238	2	40,553	2
Interest income (Note 10)	607,893	26	501,766	22
Dividend income	30,945	1	13,174	1
Gain on short covering and trading securities - RS financing covering	2,933	-	-	-
Gain on valuation of borrowed securities and bonds with resale agreements	2,397	-	3,555	-
Gain on warrants issuance (Note 10)	231,118	10	311,586	14
Commissions on futures (Note 5)	34,837	2	31,392	1
Gain on derivative financial instruments - FUTURES (Note 10)	96,567	4	20,342	1
Other operating income (Note 5)	21,542	1	158,303	7
Non-operating income (Notes 4 (6), (30), 5 and 10)	123,640	5	110,898	5
	2,311,418	100	2,278,279	100
Expenses				
Handling charges - brokerage	(77,159)	(3)	(74,094)	(3)
Handling charges - dealing	(54,828)	(3)	(31,549)	(1)
Service charges - refinancing	(710)	-	(674)	-
Loss on trading of securities - hedging (Notes 4 (2) and (29))	(95,230)	(4)	(151,015)	(7.)
Interest expense	(17,831)	(1)	(9,135)	-
Loss on valuation of trading securities (Note 4 (2))	(138,271)	(6)	(284,249)	(13.)
Loss on short covering and trading securities - RS financing covering	-	-	(413)	-
Warrants issuance expenses	(20,323)	(1)	(20,977)	(1)
Securities commission fees	(62)	-	-	-
Clearing charges (Note (5))	(25,625)	(1)	(14,269)	(1)
Loss on derivative financial instruments - OTC (Note 10)	(53,279)	(2)	(204,075)	(9)
Operating expenses (Notes 4 (24), (28) and 5)	(1,464,561)	(63)	(1,290,611)	(57)
Other operating expenses	(1,331)	-	(774)	-
Non-operating expenses (Note 4 (31))	(88,414)	(4)	(141,126)	(6)
	(2,037,624)	(88)	(2,222,961)	(98)
Income before income tax	273,794	12	55,318	2
Income tax expense (Note 4 (25))	(73,504)	(3)	(11,045)	-
Net income	$ 200,290	9	$ 44,273	2

	Before income tax	After income tax	Before income tax	After income tax
Basic earnings per share (Note 4 (26))				
Net income	$ 0.21	$ 0.16	$ 0.04	$ 0.03
Diluted earnings per share				
Net income	$ 0.21	$ 0.16	$ 0.04	$ 0.03

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, 2011 AND 2010
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Capital			Retained Earnings			Cumulative		Unrealized Gain or	
	Common Stock	Stock Dividend Distributable	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Translation Adjustment	Treasury Stock	Loss on Financial Instruments	Total
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:										
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 on financial instruments	-	-	-	-	-	-	-	-	60,658	60,658
Cumulative translation adjustments	-	-	-	-	-	-	3,719	-	-	3,719
Balance at June 30, 2010	$ 11,857,062	$ 462,272	$ 317,109	$ 1,723,534	$ 4,527,183	$ 53,795	($ 83,846)	($ 291,722)	$ 78,939	$ 18,644,326
Balance at January 1, 2011	$ 12,319,334	$ -	$ 399,809	$ 1,723,534	$ 4,527,183	$ 1,812,870	($ 285,973)	($ 291,722)	$ 256,992	$ 20,462,027
Appropriations of 2010 earnings:										
Legal reserve	-	-	-	180,334	-	(180,334)	-	-	-	-
Special reserve	-	-	-	-	320,366	(320,366)	-	-	-	-
Cash dividends	-	-	-	-	-	(569,579)	-	-	-	(569,579)
Stock dividends	-	727,122	-	-	-	(727,122)	-	-	-	-
Net income for the six-month period ended June 30, 2011	-	-	-	-	-	200,290	-	-	-	200,290
Unrealized gain on financial instruments	-	-	-	-	-	-	-	-	58,170	58,170
Cumulative translation adjustments (including investee companies)	-	-	-	-	-	-	(29,055)	-	-	(29,055)
"Special reserve" (including investees)	-	-	-	-	351,205	-	-	-	-	351,205
Treasury stock transactions	-	-	4,318	-	-	-	-	96,781	-	101,099
Balance at June 30, 2011	$ 12,319,334	$ 727,122	$ 404,127	$ 1,903,868	$ 5,198,754	$ 215,759	($ 315,028)	($ 194,941)	$ 315,162	$ 20,574,157

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 JUNE 30, 2011 AND 2010
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For The Six-Month Periods Ended June 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 200,290	$ 44,273
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation (including rental and idle assets)	42,381	36,809
Amortization	-	906
Loss on valuation of open-ended funds and money-market instruments	10,016	16,052
Loss on valuation of trading securities	138,271	284,249
Write-off of bad debts classified as revenue	(81)	(98)
Provision for bad debts	1,183	190
(Income) loss on long-term investments accounted for under the equity method	(6,638)	56,116
Cash dividends accounted for under the equity method	94,399	94,555
Reversal on disposal of provision for fixed assets	-	5
Discount on bonds payable	26,463	32,583
Reversal of provision for trading loss	-	(138,935)
Changes in assets and liabilities:		
Financial assets at fair value through profit or loss	1,087,264	(1,965,212)
Bonds purchased under resale agreements	(379,964)	853,313
Net cash funded from margin loans and short sales transactions	1,159,204	(1,050,250)
Refinancing security deposits	(45)	7,970
Receivables from refinance guaranty	8,234	18,704
Receivables from stock borrowing guaranty	(109,951)	(8,052)
Securities lending deposits	(99,349)	(7,265)
Guarantee deposit received on borrowed securities	(205,184)	610,481
Notes receivable	(790)	1,262
Accounts receivable	(230,436)	2,640,945
Prepayments	7,937	6,118
Prepaid pension expenses	(21,238)	4,149
Other receivables	(182,421)	(218,194)
Available-for-sale financial assets - current	(383,473)	(111,165)
Deferred tax assets	4,967	(41,003)
Bonds sold under repurchase agreements	2,838,943	1,404,201
Financial liabilities at fair value through profit or loss - current	(188,096)	(501,573)
Accounts payable	(1,033,656)	866,585
Advance receipts	2,095	(25)
Collections on behalf of third parties	86,502	(39,052)
Other payables	(326,283)	(656,517)
Other financial liabilities - current	(39,664)	(287,231)
Securities brokerage debit accounts - net	(329,707)	324,190
Net cash provided by operating activities	2,171,173	2,279,084

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PRESIDENT SECURITIES CORPORATION
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2011 AND 2010
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For The Six-Month Periods Ended June 30, 2011	2010
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in restricted assets - current	($ 11,406)	($ 10,115)
Return of share capital due to capital reduction in available-for-sale financial assets	-	46,522
Acquisition of fixed assets	(30,832)	(56,237)
Decrease (increase) in exchange clearing deposits	2,090	(30,646)
Decrease in deposits-out	8,398	126,362
Net cash (used in) provided by investing activities	(31,750)	75,886
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in short-term loans	1,290,000	(1,953,000)
Increase (decrease) in commercial papers payable	(800,003)	500,088
Repayment of long-term loans	-	(600,000)
Increase in deposits-in	10,838	1,907
Proceeds from redeemed bonds	(2,357,600)	-
Treasury stock transactions	101,099	-
Net cash used in financing activities	(1,755,666)	(2,051,005)
Net increase in cash and cash equivalents	383,757	303,965
Beginning balance of cash and cash equivalents	1,254,485	919,826
Ending balance of cash and cash equivalents	$ 1,638,242	$ 1,223,791
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 61,455	$ 47,647
Cash paid for income tax	$ 119,501	$ 323,402

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

PRESIDENT SECURITIES CORPORATION

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,

EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

1) 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, 2011, the Company had 35 operating branches with approximately 1,600 employees.

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

3) 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 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. The Company's significant accounting policies are described below:

1) Translation of foreign currency transactions

A. Transactions denominated in foreign currencies are translated into New Taiwan dollars at the spot exchange rates prevailing at the transaction dates. Exchange gains or losses are recognized in profit or loss.

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) Notes and accounts receivable, other receivables and margin loans receivable

A. Notes and accounts receivable and margin loans receivable are claims resulting from sales of goods or services; other receivables are receivables other than above. Notes and accounts receivable and margin loans receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment loss.

B. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A provision for impairment of financial asset is established when there is objective evidence that it is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the fair value of the asset subsequently increases and the increase can be objectively related to an event occurring after the impairment loss being recognized in profit or loss, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss. Such recovery of impairment loss shall not make the asset's carrying amount greater than its amortized cost without impairment loss being recognized. The recoveries of amounts are recognized in profit or loss.

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 recognized in interest revenue or interest expense.

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. Interests incurred on the loans used to bring the asset for their intended uses are capitalized. Depreciation is provided using the weighted-average method based on the estimated economic useful lives of the assets plus one year as the residual value, except for leasehold improvements which are depreciated based on useful lives or the term of the contracts whichever is shorter. 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. 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 available-for-sale financial assets – non-current since those bonds is 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

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

14) Income tax

A. Provision for income tax includes deferred income tax resulting from temporary differences and loss carryforward. Valuation allowance on deferred tax assets is provided to the extent that it is more likely than not that the tax benefit will not be realized. Over or under provision of prior years’ income tax liabilities is included in current year’s income tax.

B. 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.

C. 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 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 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 recognized 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 estimations 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.

22) Operating segments

A. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

B. In accordance with R.O.C. SFAS No. 41, “Operating Segments”, segment information is disclosed in the consolidated financial statements rather than in the separate financial statements of the Company.

3. CHANGES IN ACCOUNTING PRINCIPLES

1) Notes and accounts receivable, other receivables and margin loans receivable

Effective January 1, 2011, the Company adopted the amendments to R.O.C. SFAS No. 34, "Financial Instruments: Recognition and Measurement". A provision for impairment (bad debts) of notes and accounts receivable, other receivables and margin loans receivable is made when there is objective evidence of impairment. This change in accounting principle had no significant effect on net income and earnings per share for the six-month period ended June 30, 2011.

2) Operating segments

Effective January 1, 2011, the Company adopted the newly published R.O.C. SFAS No. 41, "Operating Segments" and therefore, restated the segment reporting of 2010 upon the first adoption of R.O.C. SFAS No. 41. This change in accounting principle had no significant effect on net income and earnings per share for the six-month periods ended June 30, 2011 and 2010.

4. DETAILS OF SIGNIFICANT ACCOUNTS

1) CASH AND CASH EQUIVALENTS

	June 30, 2011	June 30, 2010
Petty Cash	$ 1,773	$ 1,774
Checking Deposits	162,058	154,831
Current Deposits：		
Deposits denominated in NTD	326,375	255,522
Deposits denominated in foreign currencies	126,679	512
Time Deposits		
Deposits denominated in NTD	3,353,500	2,934,500
Deposits denominated in foreign currencies	718,125	-
Subtotal	4,688,510	3,347,139
Less：Restricted assets-current	(2,270,268)	(1,343,348)
Restricted assets-non-current	(780,000)	(780,000)
Total	$ 1,638,242	$ 1,223,791

2) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2011	June 30, 2010
Current items:		
Financial assets held for trading:		
Open-end mutual funds beneficiary certificates and money market instruments		
Open-end mutual funds beneficiary certificates	$ 710,120	$ 200,000
Adjustment of open-end mutual funds beneficiary certificates	(3,881)	(22,891)
Total	706,239	177,109
Trading securities - dealer		
Listed (TSE and OTC) stocks	2,624,426	1,543,258
Government bonds	4,963,714	4,819,919
Secured corporate bonds	99,275	98,958
Financial bonds	-	495,143
Convertible corporate bonds	1,685,786	1,810,508
Emerging stocks	260,510	254,894
Overseas stocks	290,683	-
Subtotal	9,924,394	9,022,680
Adjustment of trading securities - dealer	102,366	(40,588)
Total	10,026,760	8,982,092
Trading securities - underwriter		
Listed (TSE and OTC) stocks	1,955	2,920
Convertible corporate bonds	452,200	809,761
Others	-	10,000
Subtotal	454,155	822,681
Adjustment of trading securities - underwriter	35,288	14,034
Total	489,443	836,715

	June 30, 2011	June 30, 2010
Trading securities - hedging		
Listed (TSE and OTC) stocks	$ 803,847	$ 815,030
Convertible corporate bonds	157,890	173,108
Warrants	68,587	14,407
Subtotal	1,030,324	1,002,545
Adjustment of trading securities - hedging	(20,082)	(14,625)
Total	1,010,242	987,920
Buy option - futures	32,526	40,928
Futures guarantee deposits receivable	1,320,869	1,087,338
Derivative financial instrument assets - OTC	1,780	366
Total	$ 13,587,859	$ 12,112,468
Noncurrent items:		
Trading securities - dealer - government bonds	$ -	$ 67,717
Adjustment of trading securities	-	781
Total	$ -	$ 68,498

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

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

	For the six-month period ended June 30, 2011	
	Gain (loss) on disposal	Gain (loss) on valuation
Open-end mutual funds beneficiary certificates	$ 740	($ 10,016)
Trading securities - dealer	58,988	(135)
Trading securities - underwriter	9,398	(23,936)
Trading securities - hedging	(95,230)	(114,200)
Total	($ 26,104)	($ 148,287)

	For the six-month period 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)

C. For details of the listed stocks reclassified to "available-for-sale financial assets- current", please refer to Note 4(3).

3) AVAILABLE-FOR-SALE FINANCIAL ASSETS

Investees	June 30, 2011 Amount	June 30, 2011 Percentage of ownership	June 30, 2010 Amount	June 30, 2010 Percentage of ownership
Current				
Trading securities - dealer				
Listed stocks	$ 1,490,342	-	$ 628,235	-
Adjustment of trading securities - dealer	300,239		85,875	
Subtotal	1,790,581		714,110	
Trading securities - underwriter				
Listed stocks	254,438	-	286,945	-
Adjustment of trading securities - underwriter	14,923		(6,936)	
Subtotal	269,361		280,009	
Total	$ 2,059,942		$ 994,119	
Non-Current				
Unlisted stocks				
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%	43,478	8.70%
Cathay Venture Capital I	16,800	5.00%	24,000	5.00%
Taiwan Integrated Shareholder Service Company	15,395	5.27%	15,395	5.27%
Total	$ 82,123		$ 89,323	

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

Items	For the six-month periods ended June 30, 2011	For the six-month periods ended June 30, 2010
Trading securities - dealer	$ 8,122	$ 6,425
Trading securities - underwriter	6,488	-
Total	$ 14,610	$ 6,425

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, 2011 and 2010, the carrying amount (fair value) of the reclassified listed stocks stated above is as follows:

Items	June 30, 2011	June 30, 2010
Listed stocks	$ 1,044,553	$ 913,108

b) Changes in the fair values of the reclassified listed stocks stated above for the six-month periods ended June 30, 2011 and 2010 were as follows:

	For the six-month periods ended June 30,			
	2011 Changes in fair values		2010 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	$ 9,954	$ 66,894	$ -	$ 92,346

For those listed stocks stated above, had they not been reclassified to "available-for-sale financial assets-current" during the third quarter of 2008, the loss from 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 year ended December 31, 2010	185,685
For the six-month period ended June 30, 2011	66,894
	$ 270,568

4) BONDS PURCHASED UNDER RESALE AGREEMENTS

	For the six-month periods ended June 30,	
Items	2011	2010
Government bonds	$ 878,052	$ -

The above bonds purchased under resale agreements as of June 30, 2011 was due within one year and were contracted to be resold at the agreed-upon price plus interest charge on the specific date after transaction. The total resale amount was $878,136. Annual interest rates of those bonds ranged from 0.66% to 0.695%.

5) 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, 2011 and 2010, the annual interest rate was both 6.525%.

6) INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

	June 30, 2011		June 30, 2010	
	Amount	Percentage of ownership	Amount	Percentage of ownership
President Futures Corp.	$ 1,092,949	97.69%	$ 981,966	97.69%
President Securities (HK) Ltd.	65,865	5.19%	61,091	5.19%
President Capital Management Corp.	146,757	100.00%	145,049	100.00%
President Securities (BVI) Ltd.	1,847,874	100.00%	1,784,537	100.00%
Uni-President Assets Management Corp.	361,502	38.66%	383,602	38.66%
President Personal Insurance Agency Co.Ltd.	5,535	100.00%	5,545	100.00%
President Insurance Agency Corp.	8,070	100.00%	7,102	100.00%
	$ 3,528,552		$ 3,368,892	

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, 2011 and 2010 was $6,638 of income and $56,116 of loss, respectively.

C. The Company has included investee companies in 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.

7) SHORT-TERM LOANS

	June 30,	
	2011	2010
Secured loans	$ 5,300,000	$ 2,520,000
Unsecured loans	2,850,000	1,050,000
Total	$ 8,150,000	$ 3,570,000
Interest rates	0.839%~0.97%	0.6%~1.298%

8) COMMERCIAL PAPERS PAYABLE

	June 30,	
	2011	2010
Face value	$ 5,450,000	$ 2,800,000
Less: Discount	(1,618)	(618)
Total	$ 5,448,382	$ 2,799,382
Interest rates	0.62%~0.84%	0.31%~0.44%

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

9) BONDS SOLD UNDER REPURCHASE AGREEMENTS

	June 30,			
	2011		2010	
Government bonds	$	6,198,475	$	4,005,349
Corporate bonds		100,000		100,000
Financial bonds		-		499,013
Total	$	6,298,475	$	4,604,362

The above bonds sold under repurchase agreements as of June 30, 2011 and 2010 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 $6,299,165 and $4,604,523, respectively. As of June 30, 2011 and 2010, annual interest rates of those bonds ranged from 0.5% to 0.8% and 0.22% to 0.39%, respectively.

10) 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 NTD3, 800 thousand and USD115, 400 thousand. In accordance with R.O.C. SFAS No. 33 "Accounting for Transfers of Financial Assets and Extinguishments of Financial Liabilities", 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 violations, the Company will pay in cash to repurchase the proceeds within 10 business days upon receipt of advice from the trustees.

11) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2011	June 30, 2010
Financial liabilities held for trading:		
Securities borrowing & lending：		
Payables for securities borrowing hedging	$ 117,812	$ 29,739
Adjustment of payables for securities borrowing hedging	(1,405)	(450)
Subtotal	116,407	29,289
Warrants	5,434,332	223,720
(Gain) loss on price fluctuation	(1,432,735)	1,993,600
Market value (A)	4,001,597	2,217,320
Repurchase of warrants	4,734,866	2,526,396
Gain on price fluctuation	(1,105,585)	(453,875)
Market value (B)	3,629,281	2,072,521
Warrants-net (A-B)	372,316	144,799
Liabilities for sale of options - futures	111,301	16,892
Derivative financial instrument liabilities - OTC	1,943	17,795
Total	$ 601,967	$ 208,775

A. For details of derivative financial instrument liabilities - OTC, please refer to Note 11.

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 repurchased 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.

12) OTHER PAYABLES

	June 30, 2011	June 30, 2010
Cash dividend payable	$ 569,579	$ 947,659
Income tax payable	209,108	337,705
Accrued payroll and bonus	411,306	323,600
Directors' and supervisors' remuneration payable	45,154	45,454
Employees' bonuses payable	30,103	30,303
Interest payable	22,636	24,383
Others	244,697	222,396
Total	$ 1,532,583	$ 1,931,500

13) OTHER FINANCIAL LIABILITIES - CURRENT

	June 30, 2011	June 30, 2010
Equity-Linked Notes (ELN) - Options	$ 35,700	$ 83,000
Principal Guarantee Notes (PGN) - fixed income	199,969	89,964
Total	$ 235,669	$ 172,964

14) BONDS PAYABLE

	June 30, 2011	June 30, 2010
Unsecured convertible bonds payable	$ -	$ 2,357,600
Less: Discount of bonds payable	-	(59,586)
Subtotal	-	2,298,014
Less: Expired during the period	-	(2,298,014)
Total	$ -	$ -

The first domestic unsecured convertible bonds:

a) On May 28, 2008, the Company issued zero coupons, 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, 2011, none of the 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. As of June 30, 2011, the total convertible bonds are due and redeemed.

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%.

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, 2011 and 2010, the Company recognized net periodic pension cost of $27,929 and $28,846, respectively. The fund balance was $387,390 and $336,647 as of June 30, 2011 and 2010, respectively. The total of additional retirement funds deposited was $101,941 and $62,871 as of June 30, 2011 and 2010, 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 $28,912 and $28,604 under the New Plan for the six-month periods ended June 30, 2011 and 2010, 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 Bureau (SFB).

C. In accordance with the ordering letters issued by the Financial Supervisory Commission on January 11 and 13, 2011, effective January, 2011, securities firms are no longer required to provide reserve for trading loss and reserve for default, in line with the amended "Rules Governing the Administration of Securities Firms". The Company had reclassified the reserve for trading loss and reserve for default as of December 31, 2010 into "special reserve" in January, 2011.

17) RESERVE FOR TRADING LOSS

A. 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.

B. For details regarding the treatment effective January, 2011, please refer to Note 4 (16) C.

18) COMMON STOCK AND STOCK DIVIDEND DISTRIBUTABLE

A. As of June 30, 2011 and 2010, the Company's authorized capital was $15,000,000. The Company's issued common stocks were 1,231,933,000 shares and 1,185,706,000 shares, respectively, and the outstanding common stocks were 1,211,869,000 and 1,155,681,000 shares as of June 30, 2011 and 2010, respectively, with a par value of $10 (dollars) per share. For treasury stock transactions, please refer to Note 4 (23).

B. The stockholders at their annual stockholders' meeting on June 24, 2011 adopted a resolution to distribute stock dividend accounting to $727,122 from the unappropriated earnings balance. The distribution issued a total of 72,712,000 shares of new common stock which had been approved by the Securities and Futures Bureau. The effective date of the capital increase was set on August 15, 2011.

19) CAPITAL RESERVE

Under the 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 50% 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 50% 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 shareholders’ 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% and cash dividends shall be lower than 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 24, 2011, the Company decided to distribute earnings for the year ended December 30, 2010. Appropriation of 2009 earnings as resolved by the stockholders at their meeting on June 25, 2010 is as follows:

	2010	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 180,334	
Special reserve	320,366	
Stock dividends	727,122	$0.60
Cash dividends	569,579	0.47
Total	$ 1,797,401	

	2009	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 202,520	
Special reserve	403,221	
Stock dividends	462,272	$0.40
Cash dividends	947,659	0.82
Total	$ 2,015,672	

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 $27,299 and directors’ and supervisors’ remuneration of $40,948 for 2010 as resolved by the stockholders and employees’ bonus of $27,328 and directors’ and supervisors’ remuneration of $40,991 recognized in the 2010 financial statements, totaling ($72), had been adjusted in the statement of income for the six-month period ended June 30, 2011.

F. Employees’ bonus was accrued at $2,804 and $2,300 and directors’ and supervisors’ remuneration was accrued at $4,206 and $3,450 for the six-month periods ended June 30, 2011 and 2010, respectively, which were estimated based on certain percentages (prescribed by the Company's Articles of Incorporation) of net income in current period after taking into account the legal reserve and other factors, and were accrued as operating expenses for the six-month periods ended June 30, 2011 and 2010, respectively. Information on the appropriation of the Company’s employees’ bonus and directors’ and supervisors’ remuneration as resolved by the Board of Directors and approved by the stockholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

23) TREASURY STOCK

A. Details of treasury stock transactions for the six-month periods ended June 30, 2011 and 2010 were as follows:

For the six-month period ended June 30, 2011

Reason for reacquisition	Beginning Shares	Additions	Disposal	Ending Shares
To be reissued to employees	30,025	-	(9,961)	20,064

For the six-month period ended June 30, 2010

Reason for reacquisition	Beginning Shares	Additions	Disposal	Ending Shares
To be reissued to employees	30,025	-	-	30,025

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 shareholder'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) SHARE-BASED PAYMENT – EMPLOYEEE COMPENSATION PLAN

A. As of June 30, 2011, the Company's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted (in shares)	Contract period	Vesting Conditions	Actual resignation rate in the current period	Estimated future resignation rate
Treasury stock transferred to employees	2010.12.10	10,000 thousand	NA	Vested immediately	NA	NA
Treasury stock transferred to employees	2009.08.31	10,000 thousand	NA	Vested immediately	NA	NA

B. For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the option-pricing model. The weighted-average parameters used in the estimation of the fair value were as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Agreed price (in dollars)	Estimated fluctuation rate	Estimated duration	Estimated dividend	Risk-free interest rate	Fair value
Treasury stock transferred to employees	2010.12.10	18.45	10.18	25.919%	40 days	-	0.66%	8.27 dollars
Treasury stock transferred to employees	2009.08.31	16.4	9.97	33.848%	40 days	-	0.14%	6.43 dollars

C. As of June 30, 2011 and 2010, the total expense derived from share-based payment transactions are both $0.

25) INCOME TAX

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

	June 30, 2011	June 30, 2010
Income tax payable (recorded as other payables)	$ 209,108	$ 337,705
Prepaid income tax	11,967	7,274
Net effect of deferred tax assets	4,967	(49,528)
Tax effect of amendments to the tax laws	-	8,525
(Over) under provision of prior year's income tax	3,032	(42,025)
Unpaid amount of prior year's income tax	(155,570)	(250,906)
Retention tax (10%) on unappropriated earnings	(595)	(952)
Income tax expense - current	72,909	10,093
Retention tax (10%) on unappropriated earnings	595	952
Income tax expense	$ 73,504	$ 11,045

B. Details of temporary differences, loss carryforwards and investment tax credits resulting in deferred income tax assets and liabilities are as follows:

	June 30,			
	2011		2010	
Temporary differences	Amount	Tax effect	Amount	Tax effect
Current:				
Temporary differences:				
- Bad debts	$ 78,153	$ 13,286	$ 78,153	$ 13,287
- (Loss) gain on valuation of financial instruments	(15,135)	(2,573)	18,897	3,212
- Others	28,900	4,913	28,643	4,869
		$ 15,626		$ 21,368
Non-current:				
Temporary differences:				
- Unrealized loss on default	$ -	$ -	$ 177,568	$ 30,186
- Various expenses	-	-	97,809	16,627
- Others	7,882	1,340	8,824	1,501
		$ 1,340		$ 48,314

C. Imputation tax system

The balance of the imputation tax credit account and the creditable tax rate are shown below:

	June 30,	
	2011	2010
Balance of imputation credit account	$ 810,423	$ 1,214,988
	2010 (Estimated)	2009 (Actual)
Estimated/Actual rate of imputation credit	21.22%	33.34%

D. Unappropriated earnings

	June 30,	
	2011	2010
1998 and onwards	$ 215,759	$ 53,795

E. As of June 30, 2011, the Company’s income tax returns through 2007 have been assessed by the Tax Authority.

F. The Tax Authority assessed additional income tax amounting to $1,055,563. 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, 2011, the appeal is still pending. However, the Company has accrued the additional income tax in the financial statements.

26) BASIC EARNINGS PER SHARE

The Company's capital structure is a simple capital structure. The basic earnings per share for the six-month periods ended June 30, 2011 and 2010 were calculated based on the weighted-average outstanding common shares of 1,283,123,000 and 1,274,023,000 shares, respectively, which had been adjusted retroactively.

	For the six-month period ended June 30, 2011				
	Amount		Weighted-average outstanding common shares	Earnings per share (In dollars)	
	Before tax	After tax	(In thousands)	Before tax	After tax
Basic earnings per share:					
Net income attributable to common stockholders	$ 273,794	$ 200,290	1,283,123	$ 0.21	$ 0.16
Dilutive effect of common stock equivalents:					
-Employee bonus	-	-	146		
	$ 273,794	$ 200,290	1,283,269	$ 0.21	$ 0.16

	For the six-month period ended June 30, 2010				
	Amount		Weighted-average outstanding common shares	Earnings per share (In dollars)	
	Before tax	After tax	(In thousands)	Before tax	After tax
Basic earnings per share:					
Net income attributable to common stockholders	$ 55,318	$ 44,273	1,274,023	$ 0.04	$ 0.03
Dilutive effect of common stock equivalents:					
-Employee bonus	-	-	97		
-Convertible bonds	-	-	Note		
	$ 55,318	$ 44,273	1,274,120	$ 0.04	$ 0.03

Note: Adopting the conversion method will have an anti-dilution effect. Therefore, it is not included in the anti-dilution shares.

27) SECURITIES BROKERAGE ACCOUNTS - NET

	June 30, 2011	June 30, 2010
Debits:		
Cash in bank - settlement	$ 214,477	$ 11,080
Accounts receivable - securities purchases	4,900	43,253
Net exchange clearing receivable	1,039,611	599,948
Accounts receivable - settlement	5,198,846	4,505,707
	6,457,834	5,159,988
Credits:		
Accounts payable - sales consignment of securities	(7,577)	(5,274)
Accounts payable - settlement	(5,559,376)	(4,510,588)
Net exchange clearing payable	(561,363)	(975,969)
	(6,128,316)	(5,491,831)
Securities brokerage accounts - net	$ 329,518	($ 331,843)

28) PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

For the six-month period ended June 30, 2011

Nature/ Function	Brokerage	Dealing	Underwriting	Administration	Total
Personnel Expenses					
Salaries	$ 530,380	$ 24,343	$ 23,785	$ 206,056	$ 784,564
Labor and health insurance	38,799	2,136	2,312	5,344	48,591
Pension expense	47,964	2,073	2,082	4,722	56,841
Others	31,808	1,201	1,384	10,630	45,023
Depreciation (Note)	26,314	2,844	1,307	10,537	41,002
Amortization	-	-	-	-	-

For the six-month period ended June 30, 2010

Nature/ Function	Brokerage	Dealing	Underwriting	Administration	Total
Personnel Expenses					
Salaries	$ 485,870	$ 28,176	$ 23,545	$ 96,016	$ 633,607
Labor and health insurance	35,945	2,307	2,104	4,949	45,305
Pension expense	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

Note: Depreciation on rental and idle assets for the six-month periods ended June 30, 2011 and 2010 was $1,379 and $1,591 respectively, which was recorded as non-operating expense.

29) GAINS (LOSS) ON TRADING OF SECURITIES

	For the six-month periods ended June 30, 2011	For the six-month periods ended June 30, 2010
Dealer:		
- TAIEX	$ 109,583	($ 29,571)
- OTC	(43,262)	31,191
- Overseas trading	789	-
Subtotal	67,110	1,620
Underwriters:		
- TAIEX	9,931	10,872
- OTC	5,955	17,918
Subtotal	15,886	28,790
Hedging:		
- TAIEX	(66,564)	(150,974)
- OTC	(28,666)	(41)
Subtotal	(95,230)	(151,015)
Total	($ 12,234)	($ 120,605)

30) NON-OPERATING INCOME AND GAINS

	For the six-month periods ended June 30, 2011	For the six-month periods ended June 30, 2010
Interest revenue	$ 9,852	$ 18,861
Foreign exchange gains	4,092	1,561
Investment gain accounted for under the equity method	6,638	-
Dividend revenue	13,014	-
Other non-operating revenues	90,044	90,476
Total	$ 123,640	$ 110,898

31) NON-OPERATING EXPENSES AND LOSSES

	For the six-month periods ended June 30, 2011	For the six-month periods ended June 30, 2010
Interest expense	$ 72,800	$ 54,445
Investment loss accounted for under the equity method	-	56,116
Foreign exchange losses	1,040	412
Other non-operating expenses	14,574	30,153
Total	$ 88,414	$ 141,126

5. RELATED PARTY TRANSACTIONS

1) Names and relationships of related parties

Names of related parties	Relationship with the Company
UNI-President Enterprises Corp.	Major shareholder
President Capital Management Corp. (PCMC)	Majority-owned subsidiary
President Futures Corp. (PFC)	Majority-owned subsidiary
Uni-President Assets Management Corp.	Majority-owned subsidiary
President Securities (BVI) Ltd. (PSBVI)	Majority-owned subsidiary
President Securities (Nominee) Ltd.	Indirectly-owned subsidiary
President Wealth Management (HK) Ltd.	Indirectly-owned subsidiary
President Securities (HK) Ltd.(PSHK)	Majority-owned subsidiary
President Personal Insurance Agency Co., Ltd.	Majority-owned subsidiary
President Insurance Agency Corp.	Majority-owned subsidiary
President Chain Store Corp. (PCSC)	Affiliate Company
President Pharmaceutical Corporation	Affiliate Company
Ton Yi Industrial Corp.	Affiliate Company
President Tokyo Co., LTD.	Affiliate Company
President Fair Development Corp.	Affiliate Company

2) Significant related party transactions and balances

A. Futures security deposits receivable

	June 30,	
	2011	2010
PFC	$ 1,320,869	$ 1,087,338

The futures deposits are used for futures transactions.

B. Receivables from related parties

	June 30,	
	2011	2010
PFC	$ 6,429	$ 4,779

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

C. Prepaid account

	June 30,	
	2011	2010
President Fair Developement Corp.	$ 5,000	$ -

The above prepaid account pertains to prepaid marketing expense.

D. Deposits-out

	June 30,	
	2011	2010
PFC	$ 38,000	$ 38,000

The above deposits-out pertain to futures settlement.

E. Deposits-in

	June 30,	
	2011	2010
PFC	$ 24,000	$ -

The above deposits-in pertain to securities settlement.

F. Commission income - Futures

	For the six-month periods ended June 30,	
	2011	2010
PFC	$ 34,837	$ 31,392

PFC is the only broker for this transaction. Commission income was collected on a monthly basis in accordance with contract terms.

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

	For the six-month periods ended June 30,	
	2011	2010
Uni-President Assets Management Corp.	$ 16,657	$ 13,366

The revenue was collected on a monthly basis in accordance with contract terms.

H. Rent revenue

			For the six-month periods ended June 30,	
	Period	Deposit	2011	2010
President Pharmaceutical Corp.	2008.07~2015.07	$ -	$ 2,254	$ 1,990
Uni-President Assets Management Corp.	2008.05~2016.04	-	4,088	4,046
President Tokyo Co., Ltd.	2009.04~2013.03	-	3,253	3,212
Others	2009.05~2014.05	467	1,765	1,181
			$ 11,360	$ 10,429

The above rent revenue pertains to the rental of office space to the Company’s related parties. The rent was determined based on negotiation between the parties, and payable according to the contract.

I. Stock custodian income

	For the six-month periods ended June 30,	
	2011	2010
UNI-President Enterprises Corp.	$ 1,996	$ 2,135
Others	2,897	2,545
Total	$ 4,893	$ 4,680

J. Clearing charges-futures

	For the six-month periods ended June 30,	
	2011	2010
PFC	$ 25,625	$ 14,269

K. Labor costs

	For the six-month periods ended June 30,	
	2011	2010
PCMC	$ 14,408	$ 9,000

L. Advertisement expenses

	For the six-month periods ended June 30,	
	2011	2010
President Fair Develeopement Corp.	$ 5,000	$ -

M. Purchases of trading securities - dealer

For the six-month periods ended June 30, 2011 and 2010, stock trading transactions with related parties were as follows:

	For the six-month period ended June 30, 2011		
	Ending Shares	Ending Balance	Gain/(Loss)
UNI-President Enterprises Corp.	1,100,000	$ 45,291	($ 1,734)
Ton Yi Industrial Corp.	-	-	(61)
President Chain Store Corp.	282,000	44,966	1,138
Total		$ 90,257	($ 657)

	For the six-month period ended June 30, 2010		
	Ending Shares	Ending Balance	Gain/(Loss)
UNI-President Enterprises Corp.	68,000	$ 2,470	($ 683)
Ton Yi Industrial Corp.	250,000	3,540	27
President Chain Store Corp.	169,000	16,201	241
Total		$ 22,211	($ 415)

6. PLEDGED ASSETS

The Company's assets pledged or restricted for use are as follows:

Assets	June 30, 2011	June 30, 2010	Purpose
Financial assets at fair value through profit or loss - current:			
Trading securities (par value)			
- Corporate bonds	$ 100,000	$ 100,000	Securities for bonds sold under repurchase agreements
- Government bonds	4,767,800	3,830,400	Securities for bonds sold under repurchase agreements
- Financial bonds	-	500,000	Securities for bonds sold under repurchase agreements
Financial assets at fair value through profit or loss- non-current (par value)			
- Government bonds	-	68,700	IRS refundable deposit
Restricted assets:			
- Demand deposits	124,643	30,848	Collections on behalf of third parties and reimbursement for wages and compensation and for short-terms loans
- Pledged time deposits	1,427,500	1,312,500	Securities for short-term loans and guarantees for issuance of commercial papers
- Deposits-in	718,125	-	Deposits-in for foreign currency securities
Fixed Assets			
- Land and buildings (book value)	1,357,050	1,367,731	Securities for short-term loans and guarantees for issuance of commercial papers
Pledged Time Deposits			
- Operating guarantee deposits	702,000	702,000	Security deposits
- Deposits-out	78,000	78,000	Additional corporate income taxes
Idle assets			
- Land and buildings (book value)	38,539	38,781	Securities for short-term loans and guarantees for issuance of commercial papers

7. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

1) As of June 30, 2011, the Company entered into various operating lease agreements and the future minimum rental commitments are as follows:

Year	Amount
2011(July~December)	$ 42,922
2012	71,257
2013	52,438
2014	32,600
2015 and onwards	25,625
	$ 224,842

2) For guarantees provided for the income tax administrative appeal, please refer to Note 4 (25).

8. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

9. SIGNIFICANT SUBSEQUENT EVENTS

None.

10. OTHERS

1) The fair values of the financial instruments

	June 30, 2011		
		Fair value	
	Book value	Quotations in an active market	Estimated using a valuation method
Assets:			
Non-derivative financial instruments			
Financial assets with fair value equal to book value	$ 23,275,945	$ -	23,275,945
Financial assets for trading purposes - current	12,232,684	12,232,684	-
Available-for-sale financial assets - current	2,059,942	2,059,942	-
Operating guarantee deposits	702,000	-	702,000
Exchange clearing deposits	427,941	-	427,941
Deposits-out	149,733	-	149,733
Derivative financial instruments			
Buy option - futures	32,526	32,526	-
Futures guarantee deposits receivable	1,320,869	1,320,869	-
Derivative financial instrument assets - OTC	1,780	-	1,780
Total	$ 40,203,420	$ 15,646,021	$ 24,557,399
Liabilities:			
Non-derivative financial instruments			
Financial liabilities with fair value equal to book value	$ 25,104,056	$ -	$ 25,104,056
Deposits-in	29,567	-	29,567
Security lending payable	116,407	116,407	-
Derivative financial instruments			
Call option - futures	111,301	111,301	-
Warrants	4,001,597	4,001,597	-
Repurchase of warrants	(3,629,281)	(3,629,281)	-
Derivative financial instrument liabilities - OTC	1,943	-	1,943
Other financial liabilities - current	235,669	-	235,669
Total	$ 25,971,259	$ 600,024	$ 25,371,235

	June 30, 2010		
		Fair value	
	Book value	Quotations in an active market	Estimated using a valuation method
Assets:			
Non-derivative financial instruments			
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 - noncurrent	68,498	68,498	-
Operating guarantee deposits	702,000	-	702,000
Exchange clearing deposits	418,031	-	418,031
Deposits-out	150,359	-	150,359
Derivative financial instruments			
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	$ 19,768,375
Liabilities:			
Non-derivative financial instruments			
Financial liabilities with fair value equal to book value	$ 17,477,158	$ -	$ 17,477,158
Bonds payable (including current portion)	2,298,014	-	2,298,014
Deposits-in	5,250	-	5,250
Security lending payable	29,289	29,289	-
Derivative financial instruments			
Call 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

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 (credit) 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, 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 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.

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

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

F) 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.

G) The fair values of financial assets and liabilities held for trading which is 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.

H) 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, 2011, the financial assets and financial liabilities with fair value risk due to the change of interest amounted to $25,255,090 and $23,208,036, respectively, and the financial assets with cash flow risk due to the change of interest amounted to $1,561.

3) For the six-month period ended June 30, 2011, 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 $578,978 and $64,168, 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.

The Company has 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

	June 30,	
	2011	2010
Items	Book value	Book value
Assets:		
Buy option - futures	$ 32,526	$ 40,928
Futures guarantee deposits receivable	1,320,869	1,087,338
Interest rate swap contracts	1,562	-
Financial assets held for trading - CB options	218	-
ELN - Options	-	358
Buy options - hedging	-	8
Total	$ 1,355,175	$ 1,128,632
Liabilities:		
Warrants	$ 372,316	$ 144,799
Call option - futures	111,301	16,892
Asset swap options	1,826	10,350
Bond options	-	19
Interest rate swap contracts	-	7,372
Structured notes	117	54
ELN liabilities:		
- Option premium (Note)	35,700	83,000
PGN liabilities:		
- Fixed income securities (Note)	199,969	89,964
Total	$ 721,229	$ 352,450

Note: Recorded as “other financial liabilities”.

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

	For the six-month period ended June 30, 2011	
	Gain (loss) on derivative financial assets - OTC	Unrealized gain (loss) included
Interest rate swaps - non-hedging	($ 42,629)	($ 11,182)
Options - asset swaps	638	638
Investment loss before treasury bonds issued	(13,259)	-
Equity - linked note	2,359	20
Principal guaranteed note	(218)	141
Buy options - hedging	992	(179)
Buy options - non-hedging	(1,162)	-
Total	($ 53,279)	($ 10,562)

	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)
Total	($ 204,075)	($ 219,124)

C) Information on financial instruments

a) Trading of futures

The list of deposits for trading futures:

	June 30, 2011	June 30, 2010
Futures security deposits receivable	$ 1,320,869	$ 1,087,338
Excess security deposits	$ 745,249	$ 1,056,014

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

	For the six-month periods ended June 30,	
	2011	2010
(Loss) gain on futures contract	($ 166,750)	$ 43,855
Gain (loss) on trading options	303,747	(24,658)
Total	$ 136,997	$ 19,197

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

	For the six-month periods ended June 30,	
	2011	2010
Gain on futures contract - realized	$ 33,089	$ 553
Gain on futures contract - unrealized	8,783	322
Loss on options contract - realized	(66,949)	(208)
(Loss) gain on options contract - unrealized	(15,353)	478
Total	($ 40,430)	$ 1,145

b) Warrants

For information relating to issuance of warrants: please refer to Note 4 (11).

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 buy back the convertible bonds. Under an option transaction, the Company keeps the right to buy back 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, 2011 and 2010, notional principal of convertible bond options sold were $50,000 and $45,000, 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, 2011 and 2010, the nominal principals were $213,088,324 and $232,500,000, 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 (Securities and Futures Bureau). As of June 30, 2011 and 2010, the nominal principals of ELN were $35,700 and $83,000, respectively, and the nominal principals of PGN were $200,000 and $90,000, 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, 2011 and 2010, the nominal principals of bond options sold were $0 and $100,000, respectively.

D) Information of financial risk

a) Market risk

1. 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%.

2. The Company’s business involves some non-functional currency operations. In accordance with EITF 100-046 of the R.O.C. Accounting Research and Development Foundation, dated February 18, 2011, the information on monetary assets and liabilities denominated in foreign currencies whose values would be materially affected by the fluctuations of the foreign exchange rates is disclosed as follows:

	June 30,					
	2011			2010		
Effect on profit or loss	Currency	Foreign Amount (in thousands)	Exchange Rate	Currency	Foreign Amount (in thousands)	Exchange Rate
Financial assets						
Cash and cash equivalents	USD	$ 79	28.73		$ 9	32.18
Financial assets at fair value through profit or loss	USD	14,352	28.73	USD	1,466	32.18
Restricted assets -current	USD	29,311	28.73	USD	-	-
Securities brokerage debit accounts - net	USD	6,724	28.73 (Note)	USD	-	-
Financial liability						
Guarantee deposit received on borrowed securities	USD	29,311	28.73	USD	-	-
Effect on stockholders' equity						
Financial asset						
Investments accounted for under the equity method	USD	64,330	28.73	USD	55,507	32.15

(Note) Because the net effect of value fluctuations on such monetary assets and liabilities denominated in foreign currencies due to changes in foreign exchange rates is insignificant, they are not adjusted based on the foreign exchange rates at balance sheet date.

b) Credit risk

1. Failure to deliver risk

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

2. Risk of degradation of the issuer’s credit rating

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

3. 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 allowances. Since the Company does not have significant commitment or guaranty items, no significant credit risk is expected to occur.

c) Liquidity risk

1) Liquidity risk position

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.

i. Market liquidity risk:

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

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

ii. Trading liquidity risk:

Internal factors of liquidity risk positions, such as inventory position for more than the normal market trading volume.

2) Cash liquidity risk:

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

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

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

(iii) 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 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 refers 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

1.Related information of investee companies

Name of the investor	Name of the investee company	Location	Major operating activities	Original investment: Balance on June 30, 2011	Original investment: Balance on December 31, 2010	Ending balance: Shares	Ending balance: Percentage	Ending balance: Book value	Net income (loss) of investee company	Investment income (loss) recognized by the Company	Notes
President Securities Corp.	President Futures Corp.	Taipei	Futures brokerage	$ 651,317	$ 651,317	64,477,303	97.69%	$ 1,092,949	$ 67,723	$ 66,172	Subsidiary of the Company
	President Capital Management Corp.	Taipei	Securities investment consulting	150,000	150,000	12,400,000	100.00%	146,757	2,957	2,957	Subsidiary of the Company
	President Securities (HK) Ltd.	Hong Kong	Securities dealer , brokerage, underwriting and consulting	34,030	34,030	10,000,000	5.19%	65,865	(85,014)	(4,430)	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%	1,847,874	(80,278)	(80,597)	Subsidiary of the Company
	Uni-President Assets Management Corp.	Taipei	Investment Trust	624,940	624,940	13,570,830	38.66%	361,502	52,485	20,296	Notes
	President Personal Insurance Agency Co., Ltd.	Taipei	Insurance Agent	5,000	5,000	500,000	100.00%	5,535	(146)	(146)	Subsidiary of the Company
	President Insurance Agency Corp.	Taipei	Insurance Agent	5,000	5,000	500,000	100.00%	8,070	2,386	2,386	Subsidiary of the Company
President Securities (BVI) Ltd.	President Securities (HK) Ltd.	Hong Kong	Securities dealer , brokerage, underwriting and consulting	814,705	814,705	182,600,000	94.81%	1,203,208	(85,014)	(80,921)	Subsidiary of the Company
	President Wealth Management (HK) Ltd.	Hong Kong	Wealth management	92,091	92,091	23,400,000	100.00%	54,033	(2)	(2)	Indirect subsidiary of the Company
	President Securities (Nominee) Ltd.	Hong Kong	Nominee Service	3,403	3,403	1,000,000	100.00%	2,439	4	4	Indirect subsidiary of the Company
President Insurance Agency Corp.	Uni-President Assets Management Corp.	Taipei	Investment Trust	478	478	12,000	0.03%	322	52,485	21	Notes

Notes:Investee company 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, 2011 of President Securities (BVI) Ltd.:

Expressed in U.S. Dollars

Securities types and name	Type	Number of shares	Carrying value: Unit price	Carrying value: Amount	Fair value: Unit price	Fair value: Amount	Note
Financial assets at fair value through profit or loss - current							
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	
				7,475,000		3,575,000	
Less:Impairment loss				(3,900,000)		-	
Total				$ 3,575,000		$ 3,575,000	
Long-term investment - equity method							
President Securities (HK) Ltd.	STOCK	182,600,000	0.229	$ 41,898,099	0.229	$ 41,898,099	
President Wealth Management (HK) Ltd.	STOCK	23,400,000	0.085	1,881,039	0.085	1,881,039	
President Securities (Nominee) Ltd.	STOCK	1,000,000	0.080	84,914	0.080	84,914	
Total				$ 43,864,052		$ 43,864,052	

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

As of June 30, 2011, the carrying value of USD3,575,000 of asset securitization for derivatives was undertaken with the Company's own capital of USD7,475,000.

c) For the six-month period ended June 30, 2011, the Company had no litigation cases.

d) Balance sheets

PRESIDENT SECURITIES (BVI) LTD.

BALANCE SHEETS

JUNE 30 , 2011 AND 2010

Expressed in U.S. Dollars

	2011		2010			2011		2010	
Assets	Amount	%	Amount	%	Liabilities and Stockholders' Equity	Amount	%	Amount	%
Current Assets					Current Liabilities				
Cash and cash equivalents	$ 16,295,430	25	$ 7,008,388	12	Short-term loans	$ -	-	$ 4,144,904	7
Financial assets at fair value through profit or loss - current	3,575,000	6	11,383,131	19	Other payables	-	-	11,799	-
Accounts receivable	-	-	1,326,793	2	Total liabilities	-	-	4,156,703	7
Other receivables	6,294	-	16,807	-	Stockholders' Equity				
Restricted assets	600,000	1	3,300,000	6	Share capital	67,746,000	105	67,746,000	114
Total current assets	20,476,724	32	23,035,119	39	Capital reserve	757,813	1	757,813	1
Long-term investment - equity method	43,864,052	68	36,617,661	61	Cumulative translation adjustments	596,279	1	603,488	1
					Accumulated deficit	(4,759,316)	(7)	(13,611,224)	(23)
					Total stockholders' equity	64,340,776	100	55,496,077	93
Total Assets	$ 64,340,776	100	$ 59,652,780	100	Total Liabilities and Stockholders' Equity	$ 64,340,776	100	$ 59,652,780	100

e) Statements of income

PRESIDENT SECURITIES (BVI) LTD.

STATEMENTS OF INCOME

FOR THE SIX-MONTH PERIODS ENDED JUNE 30 , 2011 AND 2010

	2011		2010	
Accounts	Amount	%	Amount	%
Revenues				
Gain on disposal of financial assets at fair value through profit or loss	$ -	-	$ 73,692	73
Interest revenue	41,979	99	5,079	5
Other non-operating revenue	396	1	22,350	22
Total	42,375	100	101,121	100
Expenditures				
Loss on valuation of financial assets at fair value through profit or loss	-	-	(627,609)	(6)
Loss on futures transactions	-	-	(806,291)	(8)
Investment loss accounted for under the equity method	(2,772,827)	(65)	(2,473,098)	(24)
Operating expenses	(31,322)	(1)	(50,669)	(1)
Non-operating expenses	(10)	-	(91,182)	(1)
Total	(2,804,159)	(66)	(4,048,849)	(40)
Net loss	($ 2,761,784)	34	($ 3,947,728)	60

f) Transactions between related parties and foreign business：None

C. Disclosure of investment in Mainland China：

Not applicable.

12. SEGMENT FINANCIAL INFORMATION

In accordance with R.O.C. SFAS No. 41, “Operating Segments ”, segment information is disclosed in the consolidated financial statements.