

PRIMASIA SECURITIES CO., LTD.
Balance Sheets
December 31, 2010 and 2009
(expressed in thousands of New Taiwan dollars)

Assets	2010.12.31		2009.12.31		Liabilities and stockholders' equity	2010.12.31		2009.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents (notes(4) and (21))	\$ 90,133	3	89,182	4	Short-term loans (note(14), (21) and (24))	\$ 592,000	21	834,000	27
Financial assets measured at fair value through profit and loss-current (notes(2), (5), (21) and (24))	1,517,952	54	1,382,715	45	Commercial paper payable (note(14), (21) and (24))	418,788	15	376,808	13
Customer margin account (note(2),(6) and (21))	12,633	-	12,210	-	Bonds sold under repurchase agreement (notes(2), (15), (21), (23) and (24))	-	-	256,924	8
Prepaid expenses	1,205	-	1,156	-	Financial liabilities measured at fair value through profit and loss-current (note(2), (5) and (21))	879	-	-	-
Other receivables	3,195	-	4,112	-	Customer accounts' liability (note(2), (16) and (21))	12,631	-	12,206	-
Restricted current assets (notes(4), (21) and (24))	323,500	11	450,300	15	Notes payable (note(21))	260	-	306	-
	<u>1,948,618</u>	<u>68</u>	<u>1,939,675</u>	<u>64</u>	Other current liabilities (note(23))	40,497	1	39,725	1
						<u>1,065,055</u>	<u>37</u>	<u>1,519,969</u>	<u>49</u>
Funds and investments:					Other liabilities:				
Long-term investments under equity method (notes(2), (8) and (23))	-	-	245,727	8	Reserve for loss caused by breach of contract (note(2) and (26))	73,674	3	71,164	2
Available-for-sale financial assets-non current (notes(2), (5) and (21))	280,925	10	280,925	9	Reserve for securities trading losses (note(2) and (26))	14,557	1	17,166	1
	<u>280,925</u>	<u>10</u>	<u>526,652</u>	<u>17</u>	Guarantee Deposits Received	280	-	280	-
Fixed assets:(notes (2), (9) and (24))					Accrued pension liabilities –non current (notes(2) and (18))	11,200	-	11,631	-
Land	198,336	7	198,336	6	Deferred income tax liabilities-non current (notes(19))	-	-	4,954	-
Buildings and improvements	184,407	7	182,919	6	Bad debt provision (notes(2))	17,757	1	17,757	1
Office and transportation equipment	49,583	2	43,954	1		<u>117,468</u>	<u>5</u>	<u>122,952</u>	<u>4</u>
	432,326	16	425,209	13	Total liabilities	<u>1,182,523</u>	<u>42</u>	<u>1,642,921</u>	<u>53</u>
Less: accumulated depreciation	(131,861)	(5)	(121,131)	(4)	Stockholder's equity:				
	<u>300,465</u>	<u>11</u>	<u>304,078</u>	<u>9</u>	Capital stock (note(17))				
Other assets:					Common stock	1,137,554	40	1,137,554	38
Operating bonds (note (10) , (21) and (24))	130,000	5	130,000	4	Capital surplus				
Settlement funds (note (11) , (21) and (24))	51,064	2	50,250	2	Capital surplus- long-term investments	-	-	35,905	1
Guarantee deposits (notes(21), (24) and (25))	5,001	-	7,363	-	Retained earnings				
Deferred charges (note (2))	1,564	-	2,191	-	Legal reserve (notes(17))	105,850	4	105,850	3
Leased Assets (notes(2), (12), (23) and (24))	112,905	4	114,868	4	Special reserve (notes(17))	351,569	12	351,569	12
	<u>300,534</u>	<u>11</u>	<u>304,672</u>	<u>10</u>	Unappropriated earnings (notes(17) and (19))	55,722	2	(246,402)	(8)
Debit Items for Consignment Tradings (note(13) and (21))	2,676	-	3,147	-		<u>513,141</u>	<u>18</u>	<u>211,017</u>	<u>7</u>
					Other				
					Foreign currency translation adjustment (note(2))	-	-	(17,118)	(1)
					Unrealized gain on financial instruments	-	-	67,945	2
						<u>-</u>	<u>-</u>	<u>50,827</u>	<u>1</u>
					Total stockholders' equity	<u>1,650,695</u>	<u>58</u>	<u>1,435,303</u>	<u>47</u>
					Commitments and contingencies (note(25))				
Total assets	<u>\$ 2,833,218</u>	<u>100</u>	<u>3,078,224</u>	<u>100</u>	Total liabilities and stockholders' equity	<u>\$ 2,833,218</u>	<u>100</u>	<u>3,078,224</u>	<u>100</u>

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

PRIMASIA SECURITIES CO., LTD.
Statements of Income
Years ended December 31, 2010 and 2009
(expressed in thousands of New Taiwan dollars except for earnings per common share)

	2010		2009	
	Amount	%	Amount	%
Income:				
Brokerage handling fee revenue (note(23))	\$ 59,607	13	63,840	10
Revenue from underwriting business (note(23))	5,737	1	67	-
Profit from sale of operating securities (note(2))	68,278	15	171,002	27
Interest revenue (note(2))	3	-	2	-
Dividend revenue	6,473	1	2,635	-
Gain from valuation of operating securities	172,494	37	353,252	55
Gain from financial derivative instruments (note (2) and (21))	47,021	10	20,448	3
Profit from reversal of trading loss reserve	2,609	1	-	-
Other operating revenue	1,973	-	1,750	-
Non-operating revenue and profits (note(8)and (23))	104,334	22	26,691	5
Investment income under the equity method, net (note(8))	-	-	2,269	-
	<u>468,529</u>	<u>100</u>	<u>641,956</u>	<u>100</u>
Expenses:				
Brokerage handling fee expense	5,306	1	5,428	1
Dealing handling fee expense	230	-	130	-
Underwriting operation handling fee expense	3	-	-	-
Interest Expense(note(2) and (23))	1,232	-	2,815	-
Settlement service expense	69	-	154	-
Operating expenses (notes(2), (23) and (26))	145,508	31	192,391	30
Non-operating expenses and losses (note(2))	23,026	5	27,733	4
Investment loss under the equity method, net (note(8))	1,382	-	-	-
	<u>176,756</u>	<u>37</u>	<u>228,651</u>	<u>35</u>
Net income before income tax	<u>291,773</u>	<u>63</u>	<u>413,305</u>	<u>65</u>
Income tax (benefits) expenses (notes(2) and (19))	(10,351)	(2)	700	-
Net income	<u>\$ 302,124</u>	<u>65</u>	<u>412,605</u>	<u>65</u>
	<u>Before</u>	<u>After</u>	<u>Before</u>	<u>After</u>
	<u>income taxes</u>	<u>income taxes</u>	<u>income taxes</u>	<u>income taxes</u>
Basic earnings per share (notes(2) and (20))				
Net income	<u>\$ 2.56</u>	<u>2.66</u>	<u>3.63</u>	<u>3.63</u>

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

PRIMASIA SECURITIES CO., LTD.
Statements of Changes in Stockholders' Equity
Years ended December 31, 2010 and 2009
(expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus- long-term investments	Reserves and unappropriated earnings (Accumulated deficit)			Other adjustments of stockholders' equity		Total
			Legal reserve	Special reserve	Unappropriated earnings (Accumulated deficit)	Cumulative translation adjustment	Unrealized gain (loss) on financial instruments	
Balance at January 1, 2009	\$ 1,137,554	35,905	105,850	351,569	(659,007)	(13,417)	4,326	962,780
Net income in 2009	-	-	-	-	412,605	-	-	412,605
Accumulated translation adjustment	-	-	-	-	-	(3,701)	-	(3,701)
Unrealized gains on financial instruments caused by long-term investments under equity method	-	-	-	-	-	-	63,619	63,619
Balance at December 31, 2009	\$ 1,137,554	35,905	105,850	351,569	(246,402)	(17,118)	67,945	1,435,303
Balance at January 1, 2010	\$ 1,137,554	35,905	105,850	351,569	(246,402)	(17,118)	67,945	1,435,303
Net Income in 2010	-	-	-	-	302,124	-	-	302,124
Accumulated translation adjustment	-	-	-	-	-	(5)	-	(5)
Unrealized loss on financial instruments caused by long-term investment under equity method	-	-	-	-	-	-	(5,418)	(5,418)
Disposal of long-term investments under equity method	-	(35,905)	-	-	-	17,123	(62,527)	(81,309)
Balance at December 31, 2010	\$ 1,137,554	-	105,850	351,569	55,722	-	-	1,650,695

The accompanying notes are an integral part of the financial statements

PRIMASIA SECURITIES CO., LTD.
Statements of Cash Flows
Years ended December 31, 2010 and 2009
(Expressed in thousands of New Taiwan dollars)

	2010	2009
Cash flows from operating activities:		
Net income	\$ 302,124	412,605
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	11,274	12,459
Amortization	1,501	1,868
Depreciation of leased assets	1,990	1,380
(Profit from reversal of trading loss reserve) loss caused by securities trading loss	(2,609)	17,166
Loss caused by breach of contract	2,510	2,516
Investment loss (income) under equity method	1,382	(2,269)
Loss (gain) on disposal of fixed assets	366	(1,479)
Gain on sale of long-term investment under equity method	(72,326)	-
Tax effect of foreign currency translation adjustment resulted from sale of long-term investment under equity method	(5,398)	-
Gain on valuation of operating securities	(172,494)	(353,252)
Net changes in operating assets and liabilities		
Net changes in operating assets:		
Decrease (increase) in financial assets measured at fair value through profit and loss- current	37,257	(49,501)
(Increase) decrease in customer margin account	(423)	4,545
Decrease in accounts receivable	-	12,098
(Increase) decrease in prepaid expenses	(49)	147
Decrease in other receivables	917	36,392
Net cash provided (used) by debit items for consigned trades	471	(2,679)
Net changes in operating liabilities:		
Decrease in bonds sold under repurchase agreement	(256,924)	(96,466)
Increase (decrease) in customer accounts' liability	425	(4,543)
Decrease in notes payable	(46)	(215)
Decrease in accounts payable	-	(1,120)
Decrease in accrued pension liabilities-non current	(431)	(35,538)
Decrease (increase) in deferred income tax liabilities- non current	(4,954)	255
Increase in other current liabilities	772	25,975
Increase in guarantee deposits received	-	280
Increase in financial liabilities measured at fair value through profit and loss-current	879	-
Net cash used in by operating activities	(153,786)	(19,376)
Cash flows from investing activities:		
Acquisition of fixed assets	(8,417)	(5,863)
Proceeds from sale of fixed assets	390	5,352
Acquisition of leased assets	(27)	-
Increase in settlement fund	(814)	(3,372)
Decrease in guarantee deposits	2,362	11,528
Increase on deferred charges	(874)	(1,088)
Decrease in restricted current assets	126,800	40,700
Proceeds from sale of long-term investments under equity method	235,337	-
Net cash provided by investing activities	354,757	47,257
Cash flows from financing activities:		
Decrease in short-term loans and commercial paper payable	(200,020)	(76,610)
Net cash used in by financing activities	(200,020)	(76,610)
Increase (decrease) in cash and cash equivalents	951	(48,729)
Cash and cash equivalents, beginning of the year	89,182	137,911
Cash and cash equivalents, end of the year	\$ 90,133	\$ 89,182
Supplemental disclosures of cash flows information:		
Cash paid during the year for income taxes	\$ -	1
Cash paid during the year for interest	\$ 21,018	26,518
Investing and financing activities with no effect on cash flows:		
Fixed assets transfer to leased assets	\$ -	80,003

The accompanying notes are an integral part of the financial statements