

**PRIMASIA SECURITIES CO., LTD.**  
**Balance Sheets**  
**December 31, 2011 and 2010**  
**(expressed in thousands of New Taiwan dollars)**

Assets	2011.12.31		2010.12.31		Liabilities and stockholders' equity	2011.12.31		2010.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current assets:</b>					<b>Current liabilities:</b>				
Cash and cash equivalents (notes(4) and (20))	\$ 94,967	4	90,133	3	Short-term loans (note(14), (20) and (23))	\$ 774,000	31	592,000	21
Financial assets measured at fair value through profit and loss-current (notes(2), (5), (20) and (23))	1,047,854	42	1,517,952	54	Commercial paper payable (note(14), (20) and (23))	409,545	16	418,788	15
Customer margin account (note(2),(6) and (20))	11,561	-	12,633	-	Financial liabilities measured at fair value through profit and loss-current (note(2), (5) and (20))	15,743	1	879	-
Prepaid expenses	1,942	-	1,205	-	Customer accounts' liability (note(2), (15) and (20))	11,557	-	12,631	-
Other receivables (note (20))	1,524	-	3,195	-	Notes payable (note(20))	560	-	260	-
Other financial assets-current (notes(20) and (22))	10,616	-	-	-	Other current liabilities (note(20))	38,345	1	40,497	1
Restricted current assets (notes(4), (20) and (23))	403,500	16	323,500	11		<u>1,249,750</u>	<u>49</u>	<u>1,065,055</u>	<u>37</u>
	<u>1,571,964</u>	<u>62</u>	<u>1,948,618</u>	<u>68</u>	<b>Other liabilities:</b>				
<b>Funds and investments:</b>					Reserve for loss caused by breach of contract (note(2))	-	-	73,674	3
Available-for-sale financial assets-non current (notes(2), (5) and (20))	394,222	15	280,925	10	Reserve for securities trading losses (note(2))	-	-	14,557	1
<b>Fixed assets:(notes (2), (9) and (23))</b>					Guarantee Deposits Received	236	-	280	-
Land	198,336	8	198,336	7	Accrued pension liabilities –non current (notes(2) and (17))	10,876	-	11,200	-
Buildings and improvements	187,932	7	184,407	7	Bad debt provision (notes(2))	17,757	1	17,757	1
Office and transportation equipment	43,191	2	49,583	2		<u>28,869</u>	<u>1</u>	<u>117,468</u>	<u>5</u>
	429,459	17	432,326	16	<b>Total liabilities</b>	<u>1,278,619</u>	<u>50</u>	<u>1,182,523</u>	<u>42</u>
Less: accumulated depreciation	(132,783)	(5)	(131,861)	(5)	<b>Stockholder's equity:</b>				
	<u>296,676</u>	<u>12</u>	<u>300,465</u>	<u>11</u>	Capital stock (note(16))				
<b>Other assets:</b>					Common stock	1,137,554	44	1,137,554	40
Operating bonds (note (10) , (20) and (23) )	130,000	5	130,000	5	Retained earnings				
Settlement funds (note (11) , (20) and (23))	50,864	2	51,064	2	Legal reserve (notes(16))	111,422	4	105,850	4
Guarantee deposits (notes(20), (23) and (24))	5,489	-	5,001	-	Special reserve (notes(16))	450,944	18	351,569	12
Deferred charges (note (2))	2,949	-	1,564	-	(Accumulated deficit ) Unappropriated earnings (notes(16) and (18))	(410,378)	(16)	55,722	2
Leased Assets (notes(2), (12), (22) and (23))	114,673	4	112,905	4		<u>151,988</u>	<u>6</u>	<u>513,141</u>	<u>18</u>
	<u>303,975</u>	<u>11</u>	<u>300,534</u>	<u>11</u>	<b>Total stockholders' equity</b>	<u>1,289,542</u>	<u>50</u>	<u>1,650,695</u>	<u>58</u>
<b>Debit Items for Consignment Tradings (note(13) and (20))</b>	1,324	-	2,676	-	<b>Commitments and contingencies (note(23))</b>				
					<b>Total liabilities and stockholders' equity</b>	<u>\$ 2,568,161</u>	<u>100</u>	<u>2,833,218</u>	<u>100</u>
<b>Total assets</b>	<u>\$ 2,568,161</u>	<u>100</u>	<u>2,833,218</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, 2011 and 2010**

**(expressed in thousands of New Taiwan dollars except for earnings per common share)**

	2011		2010	
	Amount	%	Amount	%
<b>Income:</b>				
Brokerage handling fee revenue (note(22))	\$ 42,859	13	59,607	13
Revenue from underwriting business (note(22))	185	-	5,737	1
Profit from sale of operating securities (note(2))	240,384	71	68,278	15
Interest revenue (note(2))	6,556	2	3	-
Dividend revenue	16,184	5	6,473	1
Gain from valuation of operating securities	-	-	172,494	37
Gain from financial derivative instruments (note (2) and (20))	-	-	47,021	10
Profit from reversal of trading loss reserve	-	-	2,609	1
Other operating revenue	1,404	-	1,973	-
Non-operating revenue and profits (note(8) and (22))	30,849	9	104,334	22
	<u>338,421</u>	<u>100</u>	<u>468,529</u>	<u>100</u>
<b>Expenses:</b>				
Brokerage handling fee expense	4,230	1	5,306	1
Dealing handling fee expense	559	-	230	-
Underwriting operation handling fee expense	3	-	3	-
Interest Expense(notes(2) and (22))	-	-	1,232	-
Loss from valuation of operating securities	373,661	110	-	-
Settlement service expense	93	-	69	-
Loss from financial derivative instruments (notes(2) and (20))	186,718	55	-	-
Operating expenses (notes(22) and (25))	157,791	47	145,508	31
Non-operating expenses and losses	21,301	6	23,026	5
Investment loss under the equity method (note(8))	-	-	1,382	-
	<u>744,356</u>	<u>219</u>	<u>176,756</u>	<u>37</u>
<b>Net (loss) income before income tax</b>	<u>(405,935)</u>	<u>(119)</u>	<u>291,773</u>	<u>63</u>
Income expenses (benefits) (notes(2) and (18))	9,322	3	(10,351)	(2)
<b>Net (loss) income</b>	<u>\$ (415,257)</u>	<u>(122)</u>	<u>302,124</u>	<u>65</u>
	<b>Before</b>	<b>After</b>	<b>Before</b>	<b>After</b>
	<b>income taxes</b>	<b>income taxes</b>	<b>income taxes</b>	<b>income taxes</b>
<b>Basic (loss) earnings per share (notes(2) and (19))</b>				
Net (loss) income	<u>\$ (3.57)</u>	<u>(3.65)</u>	<u>2.56</u>	<u>2.66</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, 2011 and 2010**  
**(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	
<b>Balance at January 1, 2010</b>	\$ 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)
<b>Balance at December 31, 2010</b>	1,137,554	-	105,850	351,569	55,722	-	-	1,650,695
Net loss in 2011	-	-	-	-	(415,257)	-	-	(415,257)
Appropriation of earnings:								
Legal Reserve	-	-	5,572	-	(5,572)	-	-	-
Special reserve	-	-	-	11,144	(11,144)	-	-	-
Cash Dividend	-	-	-	-	(34,127)	-	-	(34,127)
Reserve for loss caused by breach of contract and securities trading losses transferred to Special reserve	-	-	-	88,231	-	-	-	88,231
<b>Balance at December 31, 2011</b>	\$ 1,137,554	-	111,422	450,944	(410,378)	-	-	1,289,542

The accompanying notes are an integral part of the financial statements

**PRIMASIA SECURITIES CO., LTD.**  
**Statements of Cash Flows**  
**Years ended December 31, 2011 and 2010**  
**(Expressed in thousands of New Taiwan dollars)**

	2011	2010
<b>Cash flows from operating activities:</b>		
Net (loss) income	\$ (415,257)	302,124
Adjustments to reconcile net (loss) income to net cash provided (used) by operating activities:		
Depreciation	11,327	11,274
Amortization	1,492	1,501
Depreciation of leased assets	2,078	1,990
Profit from reversal of trading loss reserve	-	(2,609)
Loss caused by breach of contract	-	2,510
Investment loss under equity method	-	1,382
Loss on disposal of fixed assets	214	366
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)
Loss (gain) on valuation of operating securities	373,661	(172,494)
Net changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease in financial assets measured at fair value through profit and loss- current	96,437	37,257
Decrease (increase) in customer margin account	1,072	(423)
Increase in prepaid expenses	(737)	(49)
Decrease in other receivables	1,671	917
Increase in other financial assets-current	(10,616)	-
Net cash provided by debit items for consigned trades	1,352	471
Net changes in operating liabilities:		
Decrease in bonds sold under repurchase agreement	-	(256,924)
Increase in financial liabilities measured at fair value through profit and loss-current	14,864	879
(Decrease) increase in customer accounts' liability	(1,074)	425
Increase (decrease) in notes payable	300	(46)
Decrease in accrued pension liabilities-non current	(324)	(431)
Decrease in deferred income tax liabilities- non current	-	(4,954)
(Decrease) increase in other current liabilities	(2,152)	772
Decrease in guarantee deposits received	(44)	-
Net cash provided by (used in) operating activities	<u>74,264</u>	<u>(153,786)</u>
<b>Cash flows from investing activities:</b>		
Acquisition of available-for-sale financial assets	(113,297)	-
Acquisition of fixed assets	(8,652)	(8,417)
Proceeds from sale of fixed assets	900	390
Acquisition of leased assets	(3,846)	(27)
Decrease (increase) in settlement fund	200	(814)
Increase (decrease) in guarantee deposits	(488)	2,362
Increase in deferred charges	(2,877)	(874)
(Increase) decrease in restricted current assets	(80,000)	126,800
Proceeds from sale of long-term investments under equity method	-	235,337
Net cash (used in) provided by investing activities	<u>(208,060)</u>	<u>354,757</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term loans and commercial paper payable	172,757	(200,020)
Distribute cash dividends	(34,127)	-
Net cash provided by (used in) financing activities	<u>138,630</u>	<u>(200,020)</u>
Increase in cash and cash equivalents	4,834	951
Cash and cash equivalents, beginning of the year	90,133	89,182
Cash and cash equivalents, end of the year	<u>\$ 94,967</u>	<u>90,133</u>
<b>Supplemental disclosures of cash flows information:</b>		
Cash paid for interest during the year	<u>\$ 18,955</u>	<u>21,018</u>

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