

**JIH SUN FINANCIAL HOLDING CO., LTD.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2009 AND 2008**

**AND**

**INDEPENDENT AUDITORS' REPORT**

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version of difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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(English Translation)  
**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

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**(English Translation)**  
**Independent Auditors' Report**

The Board of Directors  
Jih Sun Financial Holding Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Jih Sun Financial Holding Co., Ltd. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the Republic of China and under the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants. These standards 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 the 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 financial statements referred to above present fairly, in all material respects, the financial position of Jih Sun Financial Holding Co., Ltd. and subsidiaries as of December 31, 2009 and 2008, and the results of its consolidated operations and its consolidated cash flows for the years then ended, in conformity with the "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies" and generally accepted accounting principles in the Republic of China.

As described in Note 3, in accordance with the second revised article of the Republic of China Statements of Financial Accounting Standards (SFAS) No. 34 "Financial Instruments: Recognition and Measurement", the Company's subsidiary Jih Sun Securities Co., Ltd. reclassified its financial assets since July 1, 2008. As the result of the abovementioned change, the net income of the subsidiary Jih Sun Securities Co., Ltd. had increased by \$83,594 thousand and the earnings per share increased by \$0.07. Therefore, for the year ended December 31, 2008, net loss of Jih Sun Financial Holding Co., Ltd. and its subsidiaries had decreased by \$83,594 thousand and the losses per share had decreased by \$0.04.

KPMG  
Taipei, Taiwan, R.O.C.  
March 1, 2010

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31, 2009 and 2008**  
**(Expressed in Thousands of New Taiwan Dollars)**

	December 31,				December 31,		
	2009	2008	Change in		2009	2008	Change in
ASSETS	Amount	Amount	(%)	LIABILITIES AND STOCKHOLDERS' EQUITY	Amount	Amount	(%)
Cash and cash equivalents(Notes 2(E) and 4(A))	\$ 5,866,396	7,330,015	(20)	Deposits from the Central Bank and banks(Note 4(M))	\$ 10,854,230	10,799,605	1
Due from the Central Bank and call loans to banks(Notes 2(F)and 4(B))	40,844,637	60,936,956	(33)	Commercial papers issued-net(Notes 4(N) and 6)	4,048,252	2,535,632	60
Financial assets measured at fair value through profit or loss-net (Notes 2(G)(H) , 4(C)(AA) and 6)	11,656,058	18,320,435	(36)	Financial liabilities measured at fair value through profit or loss (Notes 2(G)(H) and 4(O))	607,644	575,457	6
Securities purchased under resell agreements (Notes2(I) and 4(D))	1,313	2,027,821	(100)	Securities sold under repurchase agreements (Notes 2(I) and 4(P))	4,063,729	13,036,553	(69)
Receivables-net(Notes 2(J)(K)(L)and 4(E)(F))	22,324,309	12,318,193	81	Payables(Notes 2(K)(S) and 4(Q))	15,157,726	13,746,975	10
Discount and Loans-net(Notes 2(L), 4(F) and 5)	125,873,517	138,644,887	(9)	Deposits and remittances(Notes 4(R) and 5)	157,014,292	189,171,538	(17)
Available-for-sale financial assets-net(Notes 2(G) and 4(G)(AA))	2,801,835	1,100,179	155	Bonds and financial notes payable(Notes 2(P), 4(S) and 6)	8,500,000	10,401,500	(18)
Equity investments under equity method-net(Notes 2(M) and 4(H))	232,966	223,536	4	Other borrowings(Note 4(T) and 6)	2,980,000	1,650,000	81
Other financial assets-net(Notes 2(G)(R), 4(I), 5, 6)	11,199,073	13,436,989	(17)	Other financial liabilities(Note 5)	86,450	106,068	(18)
Premises and equipment-net(Notes 2(N), 4(J) and 6)	6,184,963	6,557,585	(6)	Other reserve(Notes 2(T)(U))	403,091	347,084	16
Intangible assets(Notes 2(O)and 4(K))	645,910	995,480	(35)	Other liabilities(Notes 2(X) and 4(U))	408,747	468,280	(13)
Other assets-net(Notes 2(Q)(X) and 4(L)(U)(X))	2,102,593	2,564,934	(18)	<b>Total Liabilities</b>	<b>204,124,161</b>	<b>242,838,692</b>	<b>(16)</b>
				<b>Stockholders' equity</b>			
				Capital (Note 4(V))			
				Common stock	45,211,494	21,707,754	108
				Preferred stock	4,416,740	4,416,740	-
				Accumulated losses(Note 4(W))	(23,812,134)	(4,116,742)	(478)
				Other equity:			
				Cumulative translation adjustments	(123,876)	(83,662)	(48)
				Unrealized gains (losses) on available-for-sale financial assets(Note 2(G) and 4(AA))	(85,269)	(329,340)	74
				Net loss not recognized as pension cost	(21,201)	-	(100)
				Minority interest	23,655	23,568	-
				<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>25,609,409</b>	<b>21,618,318</b>	<b>18</b>
				<b>SIGNIFICANT COMMITMENTS AND CONTINGENCIES (Note 7)</b>			
<b>TOTAL ASSETS</b>	<b>\$ 229,733,570</b>	<b>264,457,010</b>	<b>(13)</b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 229,733,570</b>	<b>264,457,010</b>	<b>(13)</b>

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

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For The Years Ended December 31, 2009 and 2008**  
**(Expressed in Thousands of New Taiwan Dollars, except for Earnings Per Share)**

	For the years ended December 31,		Change in (%)
	2009	2008	
	Amount	Amount	
<b>REVENUES(</b> Note 2(Y)) :			
Interest incomes	\$ 4,826,644	8,895,627	(46)
Less:Interest expenses(Note 5)	2,640,509	5,215,779	(49)
<b>Net interest income</b>	<u>2,186,135</u>	<u>3,679,848</u>	<u>(41)</u>
Non-interest income:			
Net service fee and commission income	4,554,395	3,771,977	21
Gains (losses) on financial assets or liabilities measured at fair value through profit and loss (Notes 4(C)(O))	918,505	(410,047)	324
Realized (losses)gains on available-for-sale financial assets	(148,987)	3,746	(4,077)
Income from equity investments under the equity method (Note 4 (H))	29,709	23,077	29
Foreign exchange gains(losses)	21,294	(15,861)	234
Impairment loss on assets (Note 2(C))	(41,013)	(262,629)	84
Recovered bad debts and overdue accounts	665,955	364,622	83
Other losses(Note 4(Q) )	(344,860)	(156,547)	(120)
Other non-interest net income(Note 4(Z) )	130,712	1,098,029	(88)
Subtotal	<u>5,785,710</u>	<u>4,416,367</u>	<u>31</u>
<b>Net Revenues</b>	<u>7,971,845</u>	<u>8,096,215</u>	<u>(2)</u>
<b>Bad debt expense</b>	<u>6,477,178</u>	<u>5,113,162</u>	<u>27</u>
<b>Operating Expenses</b>			
Personnel Expenses	3,610,113	3,360,814	7
Depreciation and amortization expenses(Note 4(K))	815,800	894,541	(9)
Other operating and administrative expenses(Note 5)	2,080,465	2,451,657	(15)
Total operating expenses	<u>6,506,378</u>	<u>6,707,012</u>	<u>(3)</u>
<b>Total expenses</b>	<u>12,983,556</u>	<u>11,820,174</u>	<u>10</u>
<b>Net loss before tax</b>	(5,011,711)	(3,723,959)	(35)
<b>Income tax expense (Notes 2(W) and 4(X))</b>	(578,193)	(68,006)	750
<b>Consolidated gross loss</b>	<u>\$ (5,589,904)</u>	<u>(3,791,965)</u>	<u>(47)</u>
<b>Consolidated gross (loss)income belong to :</b>			
Parent company shareholders net loss	\$ (5,593,148)	(3,796,384)	(47)
Minority interest income	3,244	4,419	(27)
<b>Consolidated gross loss</b>	<u>\$ (5,589,904)</u>	<u>(3,791,965)</u>	<u>(47)</u>
	<b>Before</b>	<b>After</b>	<b>Before</b>
	<b>tax</b>	<b>tax</b>	<b>tax</b>
<b>Primary losses per share(dollar):</b> (Notes 2(AA) and 4(Y) )	<u>\$ (1.30)</u>	<u>(1.45)</u>	<u>(1.72)</u>
	<b>After</b>	<b>tax</b>	<b>After</b>
	<b>tax</b>	<b>tax</b>	<b>tax</b>
	<u>(1.75)</u>		

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

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**For The Years Ended December 31, 2009 and 2008**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>Capital stock</u>			<u>Other adjustments to stockholders' equity</u>				<u>Total</u>
	<u>Common stock</u>	<u>Preferred stock</u>	<u>Accumulated losses</u>	<u>Unrealized gains(losses) on available-for-sale financial assets</u>	<u>Cumulative translation adjustments</u>	<u>Net loss not recognized as pension cost</u>	<u>Minority interest</u>	
<b>Beginning Balance - January 1, 2008</b>	\$ 21,707,754	4,416,740	(320,358)	(97,683)	(110,996)	(9,172)	20,228	25,606,513
Net loss for 2008	-	-	(3,796,384)	-	-	-	4,419	(3,791,965)
Recognition of cumulative translation adjustment of subsidiaries	-	-	-	-	27,334	-	-	27,334
Recognition of unrealized gains (losses) on available-for-sale financial assets of subsidiaries	-	-	-	(231,657)	-	-	-	(231,657)
Adjustment of net loss not recognized as pension cost	-	-	-	-	-	9,172	-	9,172
Adjustment for cash dividend by sub-subsidiaries	-	-	-	-	-	-	(1,079)	(1,079)
<b>Ending balance - December 31, 2008</b>	21,707,754	4,416,740	(4,116,742)	(329,340)	(83,662)	-	23,568	21,618,318
Net loss for 2009	-	-	(5,593,148)	-	-	-	3,244	(5,589,904)
Capital increase with cash	23,503,740	-	(14,102,244)	-	-	-	-	9,401,496
Recognition of cumulative translation adjustment of subsidiaries	-	-	-	-	(40,214)	-	-	(40,214)
Recognition of unrealized gains (losses) on available-for-sale financial assets of subsidiaries	-	-	-	244,071	-	-	-	244,071
Unrecognition of net losses as pension cost of subsidiaries	-	-	-	-	-	(21,201)	-	(21,201)
Adjustment for cash dividend by sub-subsidiaries	-	-	-	-	-	-	(3,157)	(3,157)
<b>Ending balance - December 31, 2009</b>	<b>\$ 45,211,494</b>	<b>4,416,740</b>	<b>(23,812,134)</b>	<b>(85,269)</b>	<b>(123,876)</b>	<b>(21,201)</b>	<b>23,655</b>	<b>25,609,409</b>

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

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For The Years Ended December 31, 2009 and 2008**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2009	2008
<b>Cash flows from operating activities:</b>		
<b>Parent company current period loss- net</b>	\$ (5,593,148)	(3,796,384)
<b>Minority interest income-net</b>	3,244	4,419
<b>Adjustments:</b>		
Depreciation	338,847	421,334
Amortization expenses	476,953	473,207
Premises and equipment transferred to expenses	1,560	2,005
Provision for securities trading loss reserve	41,861	7,374
Provision for default loss reserve	14,156	14,327
Valuation (gain) loss on financial assets and liabilities	(105,644)	26,460
Investment income accounted for under equity method	(29,709)	(23,076)
Cash dividends received from the investment under equity method	20,279	10,920
Realized loss (gain) on available-for-sale financial assets	148,987	(3,746)
Various reserves and provisions	6,477,178	5,113,162
Loss (Gain) on disposal of premises and equipment	33,491	(209,425)
Retirement loss of intangible asset	96	-
Retirement loss of other assets	69	-
Loss (Gain) on disposal of foreclosed collaterals	67,855	(143,054)
Impairment loss of assets	41,013	262,629
<b>Changes in operating assets and liabilities:</b>		
Decrease in financial assets measured at fair value through profit or loss	6,564,310	9,702,903
(Increase) Decrease in receivables	(10,286,156)	19,553,829
Decrease in other assets	86,161	1,250,487
Increase (Decrease) in financial liabilities measured at fair value through profit or loss	237,898	(340,397)
(Decrease) Increase in payables	1,410,751	(3,765,623)
<b>Net cash (used in) provided by operating activities</b>	<u>(49,948)</u>	<u>28,561,351</u>
<b>Cash flows from investing activities:</b>		
Decrease (Increase) in due from the Central Bank and call loans to banks	20,092,319	(25,518,569)
Decrease in securities purchased under resell agreements	2,026,508	6,169,208
Decrease in loans	6,574,232	23,217,641
Decrease (Increase) in other financial assets	2,167,841	(101,419)
Increase in investment under equity method	-	(136,500)
Purchase of foreclosed collaterals	(358)	(6,273)
Purchase of premises and equipment	(77,579)	(235,751)
Purchase of software	(52,986)	(175,255)
Proceeds from disposal of premises and equipment	1,868	651,527
(Increase) Decrease in available-for-sale financial asset	(1,606,572)	40,892
Proceeds from disposal of foreclosed collaterals	337,618	676,698
<b>Net cash flow provided by investing activities</b>	<u>29,462,891</u>	<u>4,582,199</u>
<b>Cash flow from financing activities:</b>		
Increase (Decrease) in deposits from the Central Bank and other banks	54,625	(4,989,209)
Decrease in notes and bonds issued under repurchase agreements	(8,972,824)	(3,649,775)
Decrease in deposits and remittance	(32,157,246)	(7,683,163)
Increase (Decrease) in commercial papers issued	1,512,620	(3,365,266)
Decrease in bonds payable	(1,901,500)	(5,598,500)
Increase (Decrease) in other borrowings	1,330,000	(3,745,000)
Decrease in other financial liabilities	(19,618)	(538,843)
Decrease in other liabilities	(80,744)	(239,646)
Increase capital with cash by issuing new shares	9,401,496	-
Cash dividends from sub- subsidiaries	(3,157)	(1,079)
<b>Net cash used in financing activities</b>	<u>(30,836,348)</u>	<u>(29,810,481)</u>
<b>Effect of foreign exchange</b>	<u>(40,214)</u>	<u>27,334</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(1,463,619)</u>	<u>3,360,403</u>
<b>Cash and cash equivalents, beginning of the period</b>	<u>7,330,015</u>	<u>3,969,612</u>
<b>Cash and cash equivalents, end of the period</b>	<u>\$ 5,866,396</u>	<u>7,330,015</u>
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid during the year	<u>\$ 3,309,041</u>	<u>5,214,616</u>
Income taxes paid during the year	<u>\$ 129,405</u>	<u>138,318</u>
<b>Investing and financing activities not affecting cash flows :</b>		
Reclassification from financial assets measured at fair value through profit or loss- current to available-for-sale financial assets-current	<u>\$ -</u>	<u>1,045,859</u>
Unrealized gain (loss) on available-for-sale financial assets	<u>\$ 244,071</u>	<u>(231,657)</u>
Unrecognition of net loss as pension cost of subsidiaries	<u>\$ (21,201)</u>	<u>9,172</u>

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

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2009 and 2008**

**(All amounts expressed in thousands of New Taiwan dollars, unless otherwise indicated)**

**1. OVERVIEW**

(A) Overview

Jih Sun Financial Holding Co., Ltd. (the “Company”) was established to comply with the trend in global financial development, respond to government financial reforms, achieve greater economies of scale, extend management efficiency, and strengthen financial cross-industry market competitiveness. In order to cross-sell across Jih Sun group, share client sources, raise management efficiency and enjoy tax benefits, Jih Sun International Bank Ltd. and Jih Sun Securities Co., Ltd. held extraordinary shareholders’ meetings on December 14, 2001, respectively. The resolution reached at the meeting was to announce an exchange of shares between the both companies and transfer into a new “Jih Sun Financial Holding Limited Co.” The date of transfer was settled on February 5, 2002, and the Company was officially established on the date.

The principal business and other activities approved by the competent authority of the Government are H801011 financial holding company business. The Company conducts the business in the following areas: Investment banking, bills financing, credit cards, insurance, securities, futures, venture investment, investment of overseas financial institutions and the other related financial businesses approved by the competent authority.

On May 21, 2002, the Company’s Board of Directors resolved to approve the case of merger between the Company, the Company’s subsidiary Jih Sun Securities Co., Ltd. and Yuan Xin Securities Co., Ltd. According to the terms and conditions stipulated in the merger agreement, Jih Sun Securities Co., Ltd., as the surviving entity, firstly merged with Yuan Xin Securities Co., Ltd. (conversion ratio of 1.2997 shares of Yuan Xin Securities Co., Ltd. exchanged for 1 share of Jih Sun Securities Co., Ltd.). The acquisition date of record was October 10, 2002. Moreover, Shares of Jih Sun Securities Co., Ltd. acquired by shareholders of Yuan Xin Securities Co., Ltd. were exchanged for shares of the Company at a conversion ratio of 1.444 shares of the Company exchanged for one share of Jih Sun Securities Co., Ltd. as approved by SFC Tai-Cai- Zheng- Zi(1) No. 0920130277 dated July 15, 2003. The merger was in effect on July 15, 2003.

As of December 31, 2009, the number of the Company’s employees was 20 and the number of the group’s employees was 3,379.



**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(B) Consolidation profile

- a. The Company: Jih Sun Financial Holding Co., Ltd. The companies including in the consolidated financial statements are summarized as follows:

<b>Investment</b>		<b>December 31,</b>		<b>Conducts business</b>
		<b>2009</b>	<b>2008</b>	
<b>Company</b>	<b>Subsidiary</b>			
Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	100%	100%	Jih Sun Securities Co., Ltd. engages in the activities of securities brokerage, securities trading, securities underwriting, securities margin purchases and short sales, stock transaction agency services, futures trading, and auxiliary services for futures trading and stock warrant issuance
Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	100%	100%	Jih Sun International Bank Ltd. engages in the activities of general deposits, loans, collections, government bond investment, stocks, short term securities, financial debentures, and other businesses approved by the competent authority of the Central Government. The trust business includes domestic and overseas fund purchases and sales entrusted by customers, employee investments and trust, etc.
Jih Sun Financial Holding Co., Ltd.	Jih Sun Product Insurance Agent Co., Ltd.	100%	100%	Product insurance agent.
Jih Sun International Bank, Ltd.	Jih Sun Life Insurance Agent Co., Ltd.	99%	99%	Life insurance agent
Jih Sun Securities Co., Ltd.	Jih Sun Futures Co., Ltd.	98.138%	98.138%	Futures dealing and consulting, domestically and internationally
Jih Sun Securities Co., Ltd.	Jih Sun International Investment Holding Co., Ltd.	100%	100%	Securities brokerage and propriety trading, underwriting, securities research and analysis, corporate and individual financial planning, investment consulting, financing business, investment trust, futures and holding company to recognize profit and loss on investment.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

		<u>December 31,</u>		
<u>Investment</u>				
<u>Company</u>	<u>Subsidiary</u>	<u>2009</u>	<u>2008</u>	<u>Conducts business</u>
Jih Sun Securities Co., Ltd	Jih Sun Securities Investment Consulting Co., Ltd.	100%	100%	Research of securities investment and related events.
Jih Sun Securities Co., Ltd	Jih Sun future management Co., Ltd. (note)	-	100%	Managed Futures
Jih Sun International Investment Holding Co., Ltd.	Jih Sun Cresvale Securities International Limited	100%	100%	Related businesses of agency , proprietary trading and underwriting
Jih Sun International Investment Holding Co., Ltd.	Jih Sun Financial Services (Cayman) Ltd	100%	100%	Related businesses of securities financing
JihSun International Investment Holding Co., Ltd.	Jih Sun Technology Management Consulting Limited	100%	100%	Related businesses of Funds and assets management, and recognized consulting income.
Jih Sun Cresvale Securities International Limited	Jih Sun Cresvale Financial Limited	100%	100%	Agency of stocks and futures, sales of funds

Note: The procedure of liquidation had begun since May 2009. As of November 2009, the amount of \$144,998 had already collected, and the amount of difference was recognized as investment losses which amounted to \$ 17,515. (Accounted for under the other non-interest net income)

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

When preparing consolidated financial statements, the Company's investments and its subsidiaries stockholders' equity were eliminated. Moreover, the accounts non-performing loan and debt of the inter-company were removed, and all significant inter-company transactions had been cleared.

- b. Affiliates not included in the consolidated financial statements: None.
- c. Affiliates with different accounting period with the parent company: None.
- d. Affiliates with different accounting policies with the parent company: None.
- e. Unusual risks from foreign affiliates: None.
- f. Regulation or contract restrictions on earnings distribution of individual affiliates:

There were no regulations or contract restrictions on earnings distribution of oversea affiliates- Jih Sun International Investment Holding Company Limited, Jih Sun Cresvale Securities International Limited, Jih Sun Cresvale Financial Limited, Jih Sun Financial Services (Cayman) Ltd, and Jih Sun Technology Management Consulting Limited. Except for Jih Sun International Bank Ltd., which is required to make a provision of 30% for capital surplus, and Jih Sun Securities Co., Ltd. and Jih Sun Futures Co., Ltd. which are required to make a provision of 20% for special reserve, the remaining affiliates located in R.O.C have similar restrictions as the Company.

- g. Other significant issues or other information regarding affiliate companies shall be expressed and explained in the consolidated financial statement:

While preparing consolidated financial statements, the Company's investments and its subsidiaries stockholders' equity were eliminated. Intercompany receivables and payables were eliminated. Unrealized gains between the Company and its subsidiaries resulting from intercompany transactions are eliminated. Assets and liabilities of foreign subsidiaries are translated into New Taiwan dollar equivalents at the spot rates of the balance sheet date; stockholders' equity is translated by the historical rates except for the beginning balance of retained earnings. Revenues and expenses are translated at the weighted-average rate during the period, with exchange differences included in stockholders' equity as "cumulative translation adjustments."

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Company and its subsidiaries' consolidated financial statements were prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and generally accepted accounting principles of the Republic of China. The significant accounting policies and bases of measurement adopted in preparing these financial statements are as follows:

- (A) Basis of compilation for statements of cash flows

The statements of cash flows are compiled based upon cash and cash equivalents.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(B) Accounting Estimation

In conformity with aforementioned guidelines, while the Company and its subsidiaries prepare financial statement which in relation to bad debt allowance, depreciation of property and equipment, pension, asset impairment, default losses reserve and trading losses reserve, etc., it has to use the reasonable estimated amount. The actual results may be differed from management's estimation because of the estimation was based on the uncertain situation.

(C) Asset Impairment

In accordance with Financial Accounting Standards (SFAS) No. 35, unless inapplicable, while the Company and its subsidiaries prepare financial statement which the recoverable amount (individual assets or cash generating units other than goodwill) of an asset is estimated and compared with the carrying amount whenever there is an indication that the asset may be impaired. An impairment loss is recognized when the recoverable amount is less than the carrying amount. For assets other than goodwill, reversal of impairment loss is recognized when the recoverable amount of the asset has increased from its prior-period estimation. The book value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

(D) Foreign Currency Transactions and Translation of Foreign Currency Financial Statement

The non-derivative foreign currency transactions of the Company and its subsidiaries are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling on the balance sheet date. Any resulting exchange differences are included in the income statement. Non-monetary assets and liabilities are measured in terms of historical cost in a foreign currency are translated into the functional currency using the rate of exchange at the date of the initial transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange ruling at the balance sheet date. Any exchange differences resulting from fair value variation through profit and loss are included in the income statement, and exchange differences resulting from fair value variation through equity are accounted for under equity adjustments.

The foreign operating institutions with equity-method are booked in the functional currency by the subsidiary company, Jih Sun Securities Co., Ltd. The translation of the financial statement is determined by the translated differences arising from the financial statement of domestic currency which are accounted under shareholders' equity as cumulative translation adjustment after tax. The adjustments will be incorporated into the profit or loss when the foreign operating institution is sold out or under liquidation.

(E) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, checks for clearing, petty cash and the amount of deposits from the other banks, and the interest rate fluctuations have little effect on their values with a short term maturity.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(F) Due from the Central Bank and Call Loans to Banks

It refers that the amount of deposit in central bank, reserve fund, call loan to banks and banks overdraft amount.

(G) Financial Instruments

Financial instruments held by the Company and its subsidiaries are recorded on trading date. The financial instruments are initially recognized at fair value plus transaction costs, except for financial instruments held for trading purpose, which are initially recognized at fair value.

Subsequent to their initial recognition, the financial instruments held or issued by the Company and its subsidiaries are classified according to the purpose of holding or issuing as follows:

a. Financial assets carried at fair value through profit or loss:

Financial assets are classified as held for trading if they have been acquired principally for the purpose of selling or repurchasing in the near term. The derivative financial instruments held by the Company and its subsidiaries, except for those designated as hedging instruments, are classified under this account. The financial assets such as the hybrid instrument which the main contract and embedded derivative should be separately identify but failed to separately revalue at acquiring date or at each balance sheet date, should be classified under this account.

Financial assets carried at fair value through profit or loss shall be measured at their fair value. The fair value of listed and OTC stock are the market closing price at the balance sheet date. The fair value of open-end funds is the net worth at the balance sheet date. The fair value of debt securities are the OTC market closing price at the balance sheet date or the price calculated by the pricing model of the Company and its subsidiaries. The fair values of the derivative financial instruments are closing market price at the balance sheet date or the price calculated by the pricing model of the Company and its subsidiaries.

The Company and its subsidiaries reclassified the financial assets at fair value through profit or loss (not belong to derivative instruments) as the financial assets available for sale in compliance with the second revised article of SFAS No. 34. The accounting measurement at reclassified date were as follows: the financial assets measured at fair value through profit or loss originally were measured by the fair value at the reclassified date as new cost, and the profit and loss which have been recognized before are not to be reversed.

Proceeds received from issuing warrants are recorded as warrants liabilities. Amounts of repurchasing these warrants are recorded as warrants redeemed and counted for the deduction of warrants liabilities. When selling redeemed warrants, costs are calculated by weighted-average method and the related gain or loss are booked as gain or loss on issuance of warrants. Warrants liabilities and warrants redeemed are valued at market value on the balance sheet date, and the gain or loss on issuance of warrants are recorded. The decrease in such liabilities is recognized as a gain on issuance of warrants. The issuer can take the cash settlement method if the investor do not exercise until the due date on the basis of Tai- Jheng- Shang NO.0920102843, and if warrants have no exercise-value,

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

the gain on warrants expiration is recognized. When warrants are settled by cash, gains or losses on exercise of warrants are recognized by exercise price plus warrant price at the exercise day minus market price of underlying securities. When warrants are settled by securities, the underlying securities delivered are treated as sold in the market and revenue is recognized by exercise price, while cost is calculated by moving average method.

When engaging in securities borrowing transactions, securities company should recognize the amounts of securities sold from securities borrowing as liabilities and classify them by the purpose of hedging or speculative. The Company was engaged in the market-maker of stock options. Due to demands for hedging and settlement of the stock options contracts, the Company opened separate accounts for trading the underlying securities of stock options and undertook the selling of securities borrowing or securities financing. On the basis of Tai-Cai- Zheng (7) NO.0920154924, the amounts from selling of securities borrowing or securities financing are recognized as the “Liabilities on sale of borrowed securities-hedged” and value with HCM method. The market price evaluates at closing price on the date of the accounting period ended. The short covering should calculate by moving-averaged method, the gain from short covering should recognized as “Gain from short covering”, and recorded according to the account of stocks and bonds. The amounts of repurchasing the borrowed stocks or bonds are recognized as a deduction of gain from short covering. Financial liabilities measured at fair value through profit or loss should be measured at fair value, and changes in fair value should be recorded in the profit or loss for the current period.

b. Available-for-sale financial assets:

At each balance sheet date the fair value is remeasured and the resulting gain or loss from such remeasure is recognized directly in equity. If there is objective evidence that an available-for-sale financial asset is impaired, the carrying amount of the asset is reduced and impairment loss is recognized. If in a subsequent period, the amount of the impairment loss decreases as available-for-sale shall not be reversed through profit or loss. A gain or loss on available-for-sale financial assets is recognized directly in equity until the financial assets are derecognized, at which time the cumulative gain or loss previously recognized in equity is charged to profit and loss.

c. Held-to-maturity financial assets:

The amortized cost, if there is objective evidence that a held-to-maturity financial asset is impaired, the carrying amount of the asset is reduced and impairment loss is recognized. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed through the profit. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

d. Financial assets carried at cost:

Equity instruments with no quoted market price and whose fair value cannot be reliably measured are stated at cost. If there is objective evidence that financial assets carried at cost is impaired, the carrying amount of the assets is reduced and impairment loss is recognized. However, the impairment losses may not be reversed subsequently.

(H) Financial Derivative Instruments

Financial derivative instruments including foreign exchange forward contracts, foreign currency swap, interest rate swap, cross currency swap, option, structured notes, stock warrant liabilities and futures margin deposits, etc. If the financial derivative instruments are not held for hedging, they are held for trading purpose. Held for trading purpose includes expending market, fulfilling the needs of customers and other profit making events.

The financial derivative instrument that were held by trading purpose should be measured by fair value, the related net present value was recognized as profit and loss. The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the quoted price was unable to received, its fair value shall be estimated by evaluation techniques. The financial market's evaluation methods frequently used the recent transaction prices of similar products and the techniques of relevant evaluation to assist in estimating.

The eliminated right of financial derivative instrument measured at fair value has legal force to execute, and an intention to settle on a net basis, financial asset and financial liability should be offset and presented the net amount.

If embedded financial derivative instrument were in compliance with related financial accounting principal, it should be bifurcated from the host contract and accounted for as a derivative. The host contract shall be accounted for under related accounting principle in accordance to its nature of financial or nonfinancial instrument.

(I) Securities Purchased Under Resell Agreements and Securities Sold Under Repurchase Agreements

Notes and bonds purchased with a commitment to resell them at predetermined price are treated as financing transactions because the company has retained substantially all such risks and rewards during the transaction period. The difference between the purchase price and resell price is treated as interest income and recognized over the term of the agreement. On purchasing date, these agreements are recognized as the notes and bonds purchased under resell agreement.

Notes and bonds sold with a commitment to repurchase them at predetermined price are treated as financing transactions. The difference between the selling price and repurchase price is treated as interest expense and recognized over the term of the agreement. On selling date, these agreements are recognized as the notes and bonds sold under repurchase agreement.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(J) Accounts Receivable of Credit Cards

Consumer loans to credit card holders are recognized by the amounts submitted from the shops, excluding unearned interest. Interest income thereon is recognized on an accrual basis using the interest method.

(K) Margin Loans, Securities Financing and Refinancing

Margin loans extended to customers by the Company's subsidiary Jih Sun Securities Co., Ltd. for the purchase of securities are recorded as margin loans receivable. Such loans are secured by the securities purchased by the customers. Customers may redeem the collateral securities upon repayment of the loans.

Deposits collected from customers by the Company's subsidiary Jih Sun Securities Co., Ltd. for short selling of securities are recorded as securities financing refundable deposits. Proceeds from short selling of securities of stock loan (less stock exchange tax, handling fee for consigned trading, and securities financing fee) are collected as collateral by the Company and are recorded as deposits payable for securities financing. Customers may receive the deposits and proceeds from repayment of the securities.

When the Company's subsidiary Jih Sun Securities Co., Ltd. lacks sufficient funds for securities financing the margin customers, the refinancing amount acquired from securities finance enterprises is recorded as refinancing borrowings, and the stocks purchased by margin customers are collected as collateral by securities finance enterprises.

When the Company's subsidiary Jih Sun Securities Co., Ltd. refinances securities from securities finance enterprises, if it does not have sufficient securities, the deposit paid is recorded as refinancing margin. Proceeds from sale of loaned stocks collected by the Company as collateral should be transferred to securities finance enterprises, and the amounts is recorded as refinancing collateral receivable.

Pursuant to Securities and Futures Bureau (SFB) (88) Tai-Cai- Zheng (2) No. 82416, whenever the collateral maintenance ratio of any customer's margin account is lower than the limit set by the government, after disposal; if there is still a receivable remaining and payment has yet not been made within the time limit specified, then the receivable should be transferred to overdue receivable. If the securities in a customer's margin account cannot be disposed of, then the receivables for securities provided as collateral, in accordance with the actual situation, should be recognized as other receivables or overdue receivable.

(L) Allowance for Credit Losses- Provision and Written Off

The Company's subsidiary Jih Sun Securities Co., Ltd. and the futures enterprises' allowance for doubtful accounts are provided by assessing the collectability of the notes and accounts receivable at period-end.

Adequate allowance for credit losses is provided by assessing the balance, at the end of the accounting period of loans, accounts receivable and non-accrual loans according to the default risk of specific claims and the inherent risk of overall claims.



**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

The Company's subsidiary Jih Sun International Bank Ltd. follows its internal rule of credit rating towards the individual liability or analysis of the each account, to evaluate the default risk of claims which after the consideration of the value of collaterals. Moreover, the Company's subsidiary Jih Sun International Bank Ltd., in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrued Loans" issued by MOF, evaluates the non-credit extension of assets that depends on its characteristics. The Company's subsidiary Jih Sun International Bank Ltd., in compliance with generally accepted accounting principles in the Republic of China, evaluates the possible default risk of claims base on the moderate principal and the holds adequacy loss reserve. The Company's subsidiary Jih Sun International Bank Ltd. classifies its normal credit assets in relation to the assets on and off balance sheet as "Category One." The remaining unsound credit assets shall be classified as "Category Two"- assets require special mention which based on the status of the loan collaterals and the length of time overdue. Assets that are substandard shall be classified as "Category Three," assets that are doubtful shall be classified as "Category Four," and assets for which there is loss shall be classified as "Category Five."

The Company's subsidiary Jih Sun International Bank Ltd. evaluates credit assets on and off balance sheet in accordance with aforementioned regulation, and shall allocate sufficient loan loss provision and reserves against liability or guarantees, and also recorded under "credit losses on loans". The minimum standard for loan loss provision shall be the sum of 2% of the balance of Category Two credit assets, 10% of the balance of Category Three credit assets, 50% of the balance of Category Four credit assets, and the full balance of Category Five credit assets. Allowance for guarantee reserve is provided for estimated credit losses on period-ended balances of guarantee items and receivables for commercial acceptances and also recorded under "credit losses on loans".

Any non-performing loans or non-accrual loans, after subtracting the estimated recoverable portion that has one of the following characteristics shall be written off:

- a. The loan cannot be recovered in full or in part because the debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.
- b. The collateral and property of the primary/subordinate debtors have been appraised at a very low value or become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the Company's subsidiary Jih Sun International Bank Ltd. might collect from the debtor(s) where there is no financial benefit in execution.
- c. The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the Company's subsidiary Jih Sun International Bank Ltd.'s taking possession of such collateral.
- d. More than two years have elapsed since the maturity date of the non-performing loans or non-accrual loans, and the efforts of collection have failed.

Any non-performing loans or non-accrual loans which were over due more than six months but less than two years, subtracting the estimated recoverable portion, could be written off after the efforts of collection have failed.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(M) Equity Investments Under Equity Method

Investee in which the Company and its subsidiaries directly or indirectly, hold more than 20% of the outstanding stock with voting power, or hold less than 20% of outstanding stock with voting power but has significant influence over the investment are accounted for under the equity method.

Upon disposition, gain or loss on disposal of long-term equity investment is calculated based on the difference between selling price and book value. The remaining capital surplus arising from long-term equity investment is adjusted to profit or loss proportionate to sales proceeds.

(N) Premises, Equipment, and Depreciation

Premises and equipment are stated at cost less accumulated depreciation. Major additions, improvements, and replacements are capitalized, while maintenance and repairs are charged to current expenses. Interest incurred in the acquisition of property and until these property are ready for use is capitalized as part of the acquisition costs. Gain or loss on disposal of property and equipment is accounted for under the other non-interest gain or loss.

Depreciation is computed using the straight-line method over the government prescribed useful lives. Leasehold improvement shall be depreciated by the average method with the lower of the lease term or the estimated useful life. Property and equipment still in use after their original estimated useful lives may be depreciated continuously over their estimated remaining useful lives. Useful lives of major property and equipment are as follows:

Buildings	5 to 60 years
Leasehold improvement	3 to 15 years
Others	3 to 10 years

If property, plant, and equipment are still able to use after their original estimated useful life, the estimated salvage value may still be depreciated over their acceptable useful lives.

(O) Intangible Assets

a. Computer software and operating right

In compliance with Statement of Financial Accounting Standards No. 37 (SFAS No. 37) "Intangible Assets". The Company and its subsidiaries should measure an intangible asset at original cost. After initial recognition, book value of an intangible asset shall be measured at its cost plus revaluation increment revalued in accordance with the laws, less any accumulated amortization and any accumulated impairment losses.

After the assessments, all intangible assets of the Company and its subsidiaries have limited useful life. The amortization of the intangible assets was recognized as an expense on a straight-line basis over the estimated useful life of the assets; moreover, while the estimated useful life of the asset has impaired, the impairment test shall be undertaken.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

The estimated useful life for the intangible assets is as follows:

- (1) Computer Software    3-5 years
- (2) Operation Right        5 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least at each financial year-end. These changes shall be accounted as changes in accounting estimates.

b. Goodwill

The goodwill arises from merger or identifiable net assets, the goodwill can be recognized when the purchase price is greater than fair market value of the identifiable net assets. The goodwill arise from merger does not need to be amortized. However, impairment losses are recognized while the recoverable amount is less than the carrying amount. Impairment losses cannot be reversed once an impairment loss has been recognized.

(P) Convertible Corporate Bonds Payable

The convertible corporate bonds issued prior to December 31, 2005 were accounted as follows:

- a. Due to the inseparability of the conversion option and debt elements, convertible bonds are stated at the total issue price on issuance date.
- b. The direct and necessary costs of issuing convertible bonds are recognized as deferred expenses and amortized using the straight-line method over the term of the bonds or over the period from issuance date to expiry date of the put option, whichever is shorter. If repayment occurs prior to maturity, the remaining unamortized deferred expenses are recognized as current expenses in proportion of earlier redemption.
- c. The redemption premium of puttable convertible bonds, which represents the difference between the specified put price and par value, is amortized using the interest method and is recognized as the liability and interest expense over the period from the issuance date of the bonds to the expiry date of the put option.
- d. When bondholders exercise their conversion rights, the unamortized issue costs, redemption premium, and par value of the convertible bonds are converted into the common stock entitlement certificates or the capital stock at par value, while the excess amount is recorded as capital surplus.

Since January 1, 2006, when financial liabilities and the options of convertible equity instrument to the bond holders occurred simultaneously, the Company should adapted Republic of China Statement of Financial Accounting Standards (SFAS) No. 36 “The presentation and disclosure of Financial Instrument” to recognized it as compound financial instrument. However, the Company still uses the original method to deal with the corporate bond payable which issued last year.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(Q) Foreclosed Collaterals

Foreclosed collaterals are stated at estimated net fair market value, and the difference between it and the nominal value of the original claim is reflected as a credit loss. On the balance sheet date, if the foreclosed collaterals are still unsold, the net fair market value shall be reassessed, and the difference after reassessment is accounted for under impairment loss on assets if there is sufficient evidence indicating that the net fair market value is lower than the book value of foreclosed collaterals. Gain or loss on disposal of foreclosed collaterals is accounted under other non-interest income.

(R) Customer Margin Accounts

The difference between margins and premiums duly collected from a futures trader by an FCM in the course of futures brokerage business, and the corresponding fair-value price, which were accounted for under other financial asset from balance sheet.

(S) Futures Trader's Equity

Futures trader's equity refers to the difference between margins and premiums deposited by futures traders and the corresponding settlement fair value, which were accounted for under current liabilities from balance sheet. The amount can't be offset unless it belongs to the same category account of same customer. When a debit balance arises on Futures trader's equity, it shall be accounted for as futures margins receivable.

(T) Default Indemnity Reserve

In compliance with the Regulations Governing Securities Firms, the Company's subsidiary Jih Sun Securities Co., Ltd. allocates 0.0028% of the settlement value on a monthly basis and accounts under the other liabilities. The above reserve shall be used only to cover loss arising from customers' default on securities transactions or other purposes approved by the Financial Supervisory Commission. When the accumulated reserve reaches \$200,000 thousand, no additional reserve for trading losses is required to be allocated.

The futures commission merchant engaged in futures brokerage shall set aside 2% of its futures brokerage commission income as default loss reserve each month. If the accumulated default loss reserve reaches the legally required level of minimum paid-in capital, operation fund, or working capital, no additional default loss reserve is required to be set aside. The default loss reserve shall not be used except for the purpose of covering the losses arising from commissioned futures trading or for other purposes approved by the FSC.

(U) Trading Loss Reserve

In compliance with the Regulations Governing Securities Firms and the Regulations Governing Future Firms, the Company's subsidiary Jih Sun Securities Co., Ltd. shall allocate 10% of realized gain on trading securities and futures. The reserve for trading losses shall only be used for covering realized trading losses. When the accumulated reserve reaches \$200,000 thousand, no additional reserve for trading losses is required to be allocated.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(V) Employee Bonuses, Directors' and Supervisors' Remuneration

Commencing from January 1, 2008, the Company and its subsidiaries estimate the amount of employee bonuses and directors' and supervisors' remuneration according to Interpretation (96) No. 052 issued by the Accounting Research and Development Foundation and recognizes it as personnel expenses. If later the actual allocation amount pursuant to a resolution of the Company and its subsidiaries' board of directors on behalf of shareholders is different from the estimated amount recognized in the financial statements, the difference is accounted as changes in accounting estimates and recognized as profit or loss of the current period.

(W) Income Tax

The Company and its subsidiaries adopted Statement of Financial Accounting Standards No. 22, "Income Taxes", and recognize deferred income tax liabilities for future taxable temporary differences and deferred income tax assets for future deductible temporary differences, prior year loss carry forwards, and investment tax credits. The future realization of deferred income tax assets is assessed, and a valuation account, if needed, is provided accordingly.

After adopting the imputation tax method in 1998, the 10% surtax on undistributed earnings is recorded as current expense on the date of the stockholders' meeting for declaring the distribution of earnings.

Furthermore, for the year ended December 31, 2003, the Company and its Subsidiaries, "Jih Sun Securities Co., Ltd" and "Jih Sun International Bank Ltd." adopted the consolidated tax filing return principle to file the annual income tax return and make tax payment. In accordance with Interpretation (92) No.240 issued by the Accounting Research and Development Foundation on October 3, 2003, the accrued receivable and payable between the subsidiaries are allocated reasonably and consistently to individual companies.

Other subsidiaries, except for the Company's Subsidiaries Jih Sun International Bank, Ltd and Jih Sun Securities Co., Ltd are filing income tax report separately.

(X) Retirement Plan

The Company and its subsidiaries' benefit pension plan payment are calculated in accordance with the number of years the employee served and the employee's average monthly salary for the last six months prior to the retirement. Under the retirement plan, the pension benefits obligation is the responsibility of the Company. The Labor Pension Act of R.O.C. ("the Act"), effective from July 1, 2005; adopts a defined contribution pension plan. In accordance with the Act, employees of the Company (who were hired before July 1, 2005) may elect to be subject to either the Act and maintain their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. Employees who are hired by the Company after July 1, 2005, are required to be covered by the pension plan as defined by the Act. For employees subject to this Act, the Company is required to make monthly cash contributions to the employees' individual pension accounts at the rate of not less than 6% of the employees' monthly wages and deposit the contribution in a personal retirement benefit account at Council of Labor Affairs. The contribution is recognized as pension expense for the current period.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Under the benefit pension plans, the end of financial year is the measurement date of the actuarial report, and a minimum pension liability is recorded in the financial statements based on the difference between the accumulated benefit obligation and the fair value of plan assets. Net periodic pension cost recognized in accordance with SFAS No. 18 the actuarial report of the retirement plan includes the current service cost, transition asset, prior service cost, and unrecognized gain or loss on the pension plan, which is amortized using the straight-line method over the expected average remaining service period of the employees. Minimum supplementary accrued pension often results from unrecognized prior service cost and unrecognized transitional net assets or net benefit obligations.

If the minimum amount of pension liabilities were lower than the sum amount of unrecognized service cost of prior period and unrecognized transitional net assets or net benefit obligations, it should be recognized as deferred pension cost under other assets. If exceed, the exceed part should be recognizes as “unrecognized net loss of pension cost”, and recorded as deduction item of stockholders’ equity.

The pension cost contributions for the employees of foreign subsidiaries are based on the regulations of the countries where those subsidiaries are domiciled.

(Y) Revenue Recognition Principle

Brokerage handling fee revenue, gain on sale of securities and futures commission are recognized on the trading day. Gains on futures dealing service fee and commission are recognized on the trading day. Gains from futures contracts and option transactions were base on the gain by daily evaluation, reverse offset or settle on maturity date of trading purpose contract. Expect for the aforementioned incomes, other major interest income and remaining commission are estimated on an accrual basis.

(Z) Commitments and Contingencies

If the losses from commitments and contingencies are deemed probably and the amount can be estimated reasonably, such amount of losses are recorded currently; otherwise, only the nature of commitments and contingencies are disclosed in the notes to financial statements.

(AA) Earnings(Losses) Per Common Shares

EPS are calculated by dividing current consolidated net profit or loss, by the weight- average number of common shares outstanding during each period.

In the event of a capital decrease, the number of shares outstanding is decreasing. On the other hands, in the event of capitalization of retained earnings or capital surplus , or the new shares that the meeting of the shareholders, for the year ended December 31, 2008, resolved to distribute to the employees as bonuses, the number of shares outstanding is increasing. Both of the shares are retroactively adjusted. If the base date for capital reduction or capitalization of earnings or capital surplus is before the reporting date, the computation of common shares outstanding is also retroactively adjusted.

The convertible corporate bonds issued by the Company and its subsidiaries were potential shares. The basic EPS will only be revealed if the potential shares do not have influence on dilution. On the contrary, both the basic EPS and diluted EPS are revealed.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

The calculation of diluted EPS assumed that all potential shares with diluted influence are outstanding during the current period. Therefore, both the net income and the number of outstanding shares during the current period should all be adjusted to the influence on potentially dilutive shares.

The financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language financial statements, the Chinese version shall prevail.

**3. REASONS FOR AND EFFECT OF ACCOUNTING CHANGES**

Effective January 1, 2008, the Company and its subsidiaries adopted Republic of China Statement of Financial Accounting Standards (SFAS) No. 39 “Share-based Payment” and Interpretation (96) No. 052 issued by the Accounting Research and Development Foundation. In accordance with SFAS No. 39 and the Interpretation, the Company and its subsidiaries are required to classify, measure and disclose the share-based payment transactions, employee bonuses, and directors’ and supervisors’ remuneration. The adoption of the above regulations had no effects on profit or loss and earning per share for the year 2008.

According to the second revised article of the Republic of China Statements of Financial Accounting Standards (SFAS) No. 34 “Financial Instruments: Recognition and Measurement,” the Company’s subsidiary Jih Sun Securities Co., Ltd. reclassified its financial assets since July 1, 2008. As the result of the above-mentioned change, the net income of the Company’s subsidiary Jih Sun Securities Co., Ltd increased by \$83,594 and the earnings per share increased by NT\$0.07 dollars, and net loss of the Company and its subsidiaries had decreased by \$83,594 and the earnings per share had decreased by NT \$0.04 dollars in 2008.

**4. DETAILS OF SIGNIFICANT ACCOUNTS**

(A) Cash and cash equivalents

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Cash on hand and Petty cash	\$ 1,181,389	1,291,142
Bank deposits	3,295,440	5,332,707
Short-term notes and bills	1,162,197	149,700
Check for clearing	227,370	556,466
Total	<b>\$ 5,866,396</b>	<b>7,330,015</b>

Checks for clearing consisted of checks deposited in the Bank after the checks clearing cut-off time.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(B) Due from the Central Bank and call loans to banks

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
General account	\$ 2,466,828	28,164,603
Deposit reserve	4,141,643	4,752,668
Financial Information Service Co., Ltd	314,256	315,659
Central bank time deposits	28,970,000	24,400,000
Call loans to banks	4,951,910	3,304,026
<b>Total</b>	<b>\$ 40,844,637</b>	<b>60,936,956</b>

Deposit reserve relates to reserve funds deposited in a designated account with the Central Bank, in accordance with the Banking Law, Article No. 42, "Adjustment and Examination of Bank Deposit Reserve."

(C) Financial assets measured at fair value through profit or loss

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Government bonds	\$ 3,880,579	11,511,960
Corporate bonds	2,212,700	3,755,619
Domestic Convertible Corporate bonds	95,663	74,083
Financial debentures	11,256	423,990
Overseas bonds and Convertible Corporate bonds	161,342	179,817
Listed and O.T.C. stock	2,866,098	30,478
O.T.C. debentures	309,878	14,775
Beneficiary certificate	1,268,183	1,104,438
Futures margin	490,299	662,664
Derivatives financial instruments	360,060	562,611
<b>Total</b>	<b>\$ 11,656,058</b>	<b>18,320,435</b>

- a. As of December 31, 2009 and 2008, the amounts that with regard to the repurchase agreement for financial assets held for trading shown above, were \$3,410,071 and \$10,968,344, respectively.
- b. Please refer to Note 6 for information with regard to the restrict financial assets held for trading shown above.
- c. Net gains (losses) on the financial assets held for trading of the Company and its subsidiaries amounted to \$610,363 and (\$485,110) for the years 2009 and 2008, respectively.



**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(D) Securities purchased/sold under resell/ repurchase agreements

	December 31,	
	2009	2008
Central Government Construction Bonds	\$ -	999,103
Corporate bonds	1,313	148,472
Financial debentures	-	880,246
<b>Total</b>	<b>\$ 1,313</b>	<b>2,027,821</b>

The bonds purchased under resold agreement shown above, after December 31, 2009 and 2008, the agreed amount of resold securities amounted to \$1,316 and \$2,045,161, respectively.

(E) Receivables-net

	December 31,	
	2009	2008
Accounts receivable for credit cards	\$ 1,876,675	2,391,744
Interest receivable	260,302	556,484
Accounts receivable	1,632,933	999,378
Other receivables	106,416	176,545
Notes receivable	18,189	772
Tax refund receivable	325,770	292,651
Factoring receivables - without recourse	198,420	911,206
Receivables from securities financing	16,278,898	6,902,920
Receivable from sold trading government bonds	889,744	107,083
Acceptances receivable	249,244	73,709
Receivable from long term government bonds	200,000	-
Receivable from pre-issuing trading bonds	400,000	-
Refinancing Margin	5,004	352
Refinancing Collateral Price	5,454	350
Subtotal	22,447,049	12,413,194
Allowance for bad debts	(122,740)	(95,001)
<b>Total</b>	<b>\$ 22,324,309</b>	<b>12,318,193</b>

(F) Discount and loans-net

	December 31,	
	2009	2008
Loans	\$ 124,704,434	136,135,742
Export remittances and discount	95,177	11,567
Overdrafts	-	3,534
Non-accrual loans	2,280,957	4,521,637
Subtotal	127,080,568	140,672,480
Allowance for bad debts	(1,207,051)	(2,027,593)
<b>Net</b>	<b>\$ 125,873,517</b>	<b>138,644,887</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- (a) As of December 31, 2009 and 2008, the ratio of the Company's subsidiary Jih Sun International Bank Ltd.'s the capital adequacy ratio was 8.64% and 8.58%, respectively, and there were no loans written-off without prior recourse.
- (b) As of December 31, 2009 and 2008, the balance of bad debt allowance on loans and advances amounted to \$1,334,049 and \$2,126,862, respectively, and the changes in allowance for loan losses were as follows:

Item	Beginning Balance	Increase	Settlement	Amount written off	Reclassification	Adjustment for exchange rate fluctuation	Ending Balance
<b>December 31, 2009</b>							
Allowance for bad debts - account receivables	\$ 89,670	279,976	-	(251,212)	-	-	118,434
Allowance for bad debts - other receivables	5,331	64	-	(1,075)	-	(14)	4,306
Allowance for loan losses - bills and discounts	3,091	-	-	-	-	(2)	3,089
Allowance for loan losses - short-term loans and overdrafts	182,393	3,096	(1,356)	(3,096)	(178,389)	(46)	2,602
Allowance for loan losses - short-term secured loans and overdrafts	1,360	-	-	-	(1,011)	-	349
Allowance for loan losses - medium-term loans	263,163	-	(222)	-	(262,013)	(10)	918
Allowance for loan losses - medium-term secured loans	7,022	-	-	-	(5,721)	-	1,301
Allowance for loan losses - long-term loans	16,743	-	-	-	(16,072)	-	671
Allowance for loan losses - long-term secured loans	84,634	-	-	-	(77,712)	-	6,922
Allowance for loan losses - non-accrual loans	1,469,187	6,194,042	-	(7,013,453)	540,918	505	1,191,199
Allowance for guarantee reserve	4,268	-	-	-	-	(10)	4,258
<b>Total</b>	<b>\$ 2,126,862</b>	<b>6,477,178</b>	<b>(1,578)</b>	<b>(7,268,836)</b>	<b>-</b>	<b>423</b>	<b>1,334,049</b>

Item	Beginning Balance	Increase	Settlement	Provision for debt negotiation	Amount written off	Reclassification	Adjustment for exchange rate fluctuation	Ending Balance
<b>December 31, 2008</b>								
Allowance for bad debts - account receivables	\$ 51,363	368,793	-	19,565	(417,413)	67,362	-	89,670
Allowance for bad debts - other receivables	4,242	1,082	-	-	-	-	7	5,331
Allowance for loan losses - bills and discounts	18,090	-	-	-	-	(15,000)	1	3,091
Allowance for loan losses - short-term loans and short-term secured loans	184,112	11,602	(561)	(1,181)	(11,602)	-	23	182,393
Allowance for loan losses - short-term secured loans	1,360	-	-	-	-	-	-	1,360
Allowance for loan losses - medium-term loans	263,158	-	-	-	-	-	5	263,163
Allowance for loan losses - medium-term secured loans	7,022	-	-	-	-	-	-	7,022
Allowance for loan losses - long-term loans	16,743	-	-	-	-	-	-	16,743
Allowance for loan losses - long-term secured loans	84,634	-	-	-	-	-	-	84,634
Allowance for loan losses - non-accrual loans	1,446,224	4,731,685	-	-	(4,656,360)	(52,362)	-	1,469,187
Allowance for guarantee reserve	4,263	-	-	-	-	-	5	4,268
<b>Total</b>	<b>\$ 2,081,211</b>	<b>5,113,162</b>	<b>(561)</b>	<b>18,384</b>	<b>(5,085,375)</b>	<b>-</b>	<b>41</b>	<b>2,126,862</b>

- (c) The Company's subsidiary Jih Sun International Bank Ltd. had recognized the non-accrual loan as the other loans and credit extensions which had been classified into non-accrual loan account. Loans which are overdue for six months from the due date should be classified into non-accrual loan account. The accrual of interest thereon is discontinued for internal purposes, whereas continues for external purposes. In addition, the interest accrual should be noted in each sub-account or through a memo entry. The accrued interest on overdue loans prior to reclassification into the "non-accrual loan" account should be combined with the principal and transferred into the "non-accrual loan" account. As of December 31, 2009 and 2008, the Company's subsidiary Jih Sun International Bank Ltd.'s loans and advances without the accrued interest amounted to \$2,251,374 and \$4,269,650, respectively.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(d) For the years ended December 31, 2009 and 2008, the un-accrued interest revenue for loans and advances with overdue interest and principal, amounted to \$88,279, and \$219,154, respectively.

(G) Available-for-sale financial assets-net

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Government bonds	\$ 1,662,583	-
Corporation bonds	931,140	801,123
Listed and O.T.C. securities	208,112	299,056
<b>Total</b>	<b>\$ 2,801,835</b>	<b>1,100,179</b>

Since July 1, 2008, in compliance with the second amendment of SFAS No. 34 "Financial Instruments: Recognition and Measurement", Jih Sun Securities Co., Ltd. reclassified its financial assets measured at fair value through profit or loss amounted to \$1,045,859 into available-for-sale financial assets. As of December 31, 2009, the book value was amounted to \$392,151. Please refer to Notes 4 (AA) for information with regard to the fair value variance.

(H) Equity investments under equity method-net

<b>Name of investee company</b>	<b>December 31</b>			
	<b>2009</b>		<b>2008</b>	
	<b>Percentage of Ownership</b>	<b>Book value</b>	<b>Percentage of Ownership</b>	<b>Book value</b>
	<b>Ownership</b>	<b>Book value</b>	<b>Ownership</b>	<b>Book value</b>
Jih Sun Securities Investment Trust Co., Ltd.	20.00	<b>\$232,966</b>	20.00	<b>223,536</b>

Investment income recognized under equity method for the years ended December 31, 2009 and 2008 were as follows:

	<b>2009</b>	<b>2008</b>
Jih Sun Securities Investment Trust Co., Ltd.	<b>\$ 29,709</b>	<b>23,077</b>

In March 2008, the Company and its subsidiary had increased the investment of Jih Sun Securities Investment Trust Co., Ltd which amounted to \$136,500, and the ratio of shareholding was increased from 10% to 20%.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(I) Other financial assets-net

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Customer margin account	\$ 5,147,853	6,906,373
Short-term advances	604,357	595,257
Financial assets carried at cost-net	2,097,999	2,217,839
Overdue receivable	5,232	13,374
Allowance for doubtful debt- Overdue receivable	(5,232)	(13,374)
Operating guarantee	785,000	830,000
Clearing and settlement fund	499,651	537,880
Refundable deposits	262,050	381,068
Restricted assets	1,029,449	1,395,066
Security borrowing collateral price	39,730	9,661
Security borrowing margin	35,898	8,732
Other financial assets- other	697,086	555,113
<b>Total</b>	<b>\$ 11,199,073</b>	<b>13,436,989</b>

- a. Please refer to Note 6 for information with regard to pledged financial assets.
- b. Financial assets carried at cost include stock and equity investments of the Company and its subsidiaries with no quoted market price and whose fair value cannot be reliably measured; such financial assets are carried at cost. For the years ended December 31, 2009 and 2008, the Company and its subsidiaries recognized impairment losses of \$71,135 and \$47,201, respectively, on their stock and equity investments carried at cost.
- c. In April, 2008, financial assets carried at cost included the investment of Taiwan Futures Exchange Co., Ltd. from Jih Sun Securities Co., Ltd., the amount which Jih Sun Securities Co., Ltd. paid to Jih Sun International Bank Ltd. was \$178,550 and the related unrealized gains of \$140,633 had been eliminated.

(J) Premises and equipment-net

<b>December 31, 2009</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>
Land	\$ 3,684,921	-	3,684,921
Buildings	2,916,271	913,416	2,002,855
Miscellaneous equipment	2,060,096	1,774,193	285,903
Prepayment for equipment	37,695	-	37,695
Leasehold improvements	735,462	561,873	173,589
<b>Total</b>	<b>\$ 9,434,445</b>	<b>3,249,482</b>	<b>6,184,963</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<b>December 31, 2008</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>
Land	\$ 3,684,926	-	3,684,926
Buildings	2,922,008	843,077	2,078,931
Miscellaneous equipment	2,221,601	1,777,367	444,234
Unfinished construction	9,150	-	9,150
Prepayment for equipment	90,406	-	90,406
Leasehold improvements	871,011	621,073	249,938
<b>Total</b>	<b>\$ 9,799,102</b>	<b>3,241,517</b>	<b>6,557,585</b>

Please refer to Note 6 for the details of pledged premises and equipment.

(K) Intangible assets

For the years ended December 31, 2009 and 2008, the details of the Company and its subsidiaries' intangible asset of original cost, incremental value from revaluation, accumulated amortization amount and accumulated impairment were as follows:

<b>Original cost and revalued appreciation</b>	<b>Goodwill</b>	<b>Operation franchises</b>	<b>Computer software</b>	<b>Total</b>
Beginning balance- 2009/1/1	\$ 56,423	1,752,778	808,503	2,617,704
Purchase	-	-	126,721	126,721
Ending balance- 2009/12/31	<b>\$ 56,423</b>	<b>1,752,778</b>	<b>935,224</b>	<b>2,744,425</b>
Beginning balance- 2008/1/1	\$ 56,423	1,752,778	617,496	2,426,697
Purchase	-	-	191,007	191,007
Ending balance- 2008/12/31	<b>\$ 56,423</b>	<b>1,752,778</b>	<b>808,503</b>	<b>2,617,704</b>
<b>Amortization and Retirement loss</b>	<b>Goodwill</b>	<b>Operation franchises</b>	<b>Computer software</b>	<b>Total</b>
Beginning balance- 2009/1/1	\$ (23,509)	(1,201,017)	(397,698)	(1,622,224)
Amortization	-	(341,530)	(134,665)	(476,195)
Retirement loss	-	-	(96)	(96)
Ending balance- 2009/12/31	<b>\$ (23,509)</b>	<b>(1,542,547)</b>	<b>(532,459)</b>	<b>(2,098,515)</b>
Beginning balance-2008/1/1	\$ (23,509)	(863,422)	(262,590)	(1,149,521)
Amortization	-	(337,595)	(135,108)	(472,703)
Ending balance- 2008/12/31	<b>\$ (23,509)</b>	<b>(1,201,017)</b>	<b>(397,698)</b>	<b>(1,622,224)</b>
<b>Book Value</b>	<b>Goodwill</b>	<b>Operation franchises</b>	<b>Computer software</b>	<b>Total</b>
Beginning balance- 2009/1/1	<b>\$ 32,914</b>	<b>551,761</b>	<b>410,805</b>	<b>995,480</b>
Ending balance- 2009/12/31	<b>\$ 32,914</b>	<b>210,231</b>	<b>402,765</b>	<b>645,910</b>
Beginning balance- 2008/1/1	<b>\$ 32,914</b>	<b>889,356</b>	<b>354,906</b>	<b>1,277,176</b>
Ending balance- 2008/12/31	<b>\$ 32,914</b>	<b>551,761</b>	<b>410,805</b>	<b>995,480</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

For the years ended December 31, 2009 and 2008, the amortization expenses for intangible assets of the Company and its subsidiaries were accounted for the operating expenses and amounted to \$476,195 and \$472,703, respectively. For the year ended December 31, 2009, the retirement loss was \$96 and shown in the other non-interest net income.

(L) Other assets-net

	December 31,	
	2009	2008
Foreclosed collaterals	\$ 1,638,240	2,043,715
Accumulated impairment - foreclosed collaterals	(312,781)	(343,962)
Debit items for trade brokerage, net	368,532	214,154
Prepayments	340,030	564,601
Deferred income tax assets - net	57,090	73,147
Deferred debits	1,047	2,462
Deferred pension cost	-	303
Other assets - other	10,435	10,514
<b>Total</b>	<b>\$ 2,102,593</b>	<b>2,564,934</b>

(M) Deposits from Central Bank and other banks

	December 31,	
	2009	2008
Deposits from Central Bank	\$ 6,815	2,515
Deposits from banks	2,062,294	2,140,239
Overdrafts from banks	26,010	-
Call loans from banks	320,300	196,506
Post Office transfer deposits	8,438,811	8,460,345
<b>Total</b>	<b>\$ 10,854,230</b>	<b>10,799,605</b>

(N) Commercial papers issued-net

	December 31,	
	2009	2008
Commercial papers issued	\$ 4,050,000	2,540,000
Less: Unamortized discount	(1,748)	(4,368)
<b>Net</b>	<b>\$ 4,048,252</b>	<b>2,535,632</b>

The issuance period for commercial papers issued is within 365 days. The annual interest rates ranged from 0.16% to 1.86% and 1.00% to 2.95% as of December 31, 2009 and 2008, respectively.

For the preceding commercial papers, time deposits and securities were pledged as collaterals amounting to \$165,500 and \$16,000 as of December 31, 2009 and 2008, respectively.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(O) Financial liabilities measured at fair value through profit or loss

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Liabilities on sale of borrowed securities	\$ 42,348	9,810
Financial derivative instruments liabilities	502,954	565,647
Financial liabilities designated as at fair value	62,342	-
<b>Total</b>	<b>\$ 607,644</b>	<b>575,457</b>

Net gains on the financial liabilities held for trading of the Company and its subsidiaries amounted to \$308,142 and \$75,063 for the years 2009 and 2008, respectively.

(P) Securities sold under repurchase agreements

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
Central government construction bonds	\$ 2,146,947	9,231,047
Corporate bonds	1,916,782	2,524,996
Financial debentures	-	1,280,510
<b>Total</b>	<b>\$ 4,063,729</b>	<b>13,036,553</b>

Based on the repurchase agreements, after December 31, 2009 and 2008, the Company and its subsidiaries obligated to repurchase the above bonds at the sales price plus a mark-up \$4,064,869 and \$13,060,257, respectively.

(Q) Payables

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Accounts payable	\$ 1,800,300	797,412
Interests payable	345,294	1,013,826
Securities financing refundable deposits	1,904,049	1,012,215
Futures traders' equity	5,147,853	6,906,373
Deposits payable for securities financing	2,176,778	1,125,420
Factoring payable	25,048	369,874
Collection payable	35,186	24,448
Accrued expenses and Other payables	1,363,785	847,461
Spot Exchange payable-forward contract	5,498	-
Income tax payable	1,124,166	755,479
Acceptances payable	249,244	73,709
Notes payable	-	117
Notes payable for clearing	227,370	556,466
Trading bonds payable- before issuance	200,000	-
Payables for purchase of government bonds	452,638	264,175
Provision of structure note compensation	100,517	-
<b>Total</b>	<b>\$ 15,157,726</b>	<b>13,746,975</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

For the years ended December 31, 2009 and 2008, pursuant to the Banking Union's result of appraisal of the controversies and the situation of individual case for the structure note, the Company's subsidiary Jih Sun International Bank Ltd. estimated the provision of structure note compensation was caused from agency for structure note which issued by international corporations and had controversies, the Company's subsidiary, Jih Sun International Bank Ltd. recognized losses on settlement compensation for the case of selling structure note amounting to \$344,860 and \$156,547, respectively. As of December 31, 2009, the ending balance of provision for settlement compensation of structure note amounted to \$ 100,517.

(R) Deposits and remittances

	December 31,	
	2009	2008
Checking deposits	\$ 809,294	853,841
Bank checks	71,663	244,015
Demand deposits	18,281,524	13,638,974
Time deposits	31,786,027	69,301,032
Savings deposits	106,065,784	105,133,310
Remittances under custody and remittances outstanding	-	366
<b>Total</b>	<b>\$ 157,014,292</b>	<b>189,171,538</b>

As of December 31, 2009 and 2008, negotiable certificates of time deposits amounted to \$201,300 and \$1,445,400, respectively.

(S) Bonds and financial notes payable

	December 31,	
	2009	2008
Financial debentures	\$ 6,500,000	7,000,000
Corporate bonds	2,000,000	3,401,500
<b>Total</b>	<b>\$ 8,500,000</b>	<b>10,401,500</b>

a. Financial debentures

(1) On October 25, 2004, according to FSC, the Company's subsidiary, Jih Sun International Bank Ltd. was allowed to issue senior financial debentures for the first period of 2004 which amounted to \$4,000,000. Terms and conditions of the issuance were as follows:

- A. Issue price: At par value.
- B. Issue period: From October 25, 2004, to April 25, 2010.
- C. Interest rate: Fixed rate of 3.95%.
- D. Interest accrual: Annual interest payments.
- E. Repayment of principal: Full repayment of principal at maturity.



**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- (2) On July 5, 2005, according to FSC, the Company's subsidiary, Jih Sun International Bank Ltd., was allowed to issue unsecured subordinated financial debentures for the first period of 2005 which amounted to \$2,000,000. Terms and conditions of the issuance were as follows:
- A. Issue price: At par value.
  - B. Issue period: From July 5, 2005 to July 5, 2012.
  - C. Interest rate: Fixed rate of 2.93%.
  - D. Interest accrual: Annual interest payments.
  - E. Repayment of principal: Full repayment of principal at maturity.
- (3) On April 3, 2007, according to FSC, the Company's subsidiary, Jih Sun International Bank Ltd. was allowed to issue senior financial debentures for the first period of 2007 which amounted to \$1,000,000. Terms and conditions of the issuance were as follows:
- A. Issue price: At par value.
  - B. Issue period: From April 3, 2007 to April 3, 2014.
  - C. Interest rate: Fixed rate of 3.00%.
  - D. Interest accrual: Annual interest payments.
  - E. Repayment of principal: Full repayment of principal at maturity
  - F. During the third quarter of 2009, the amount of redemption in advance was \$ 500,000.

b. Corporate bonds payable

<b>Trustee and Certification Institution</b>	<b>Period</b>	<b>December 31,</b>		<b>Pledged Assets</b>
		<b>2009</b>	<b>2008</b>	
Cathay United Bank	2004.11.25~2009.11.25	\$ -	500,000	Land, building and time deposits
Cathay United Bank	2004.11.26~2009.11.26	-	500,000	"
The first Domestic Unsecured Convertible Bonds	2005.03.28~2010.03.27	-	401,500	None
Unsecured Subordinated Bonds	2005.12.14~2012.12.14	2,000,000	2,000,000	None
		<b>\$ 2,000,000</b>	<b>3,401,500</b>	

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- (1) On September 20, 2004, the Company's subsidiary Jih Sun Securities Co., Ltd.'s Board of Directors approved the issuance of the first local secured bonds of \$1,000,000, in accordance with Financial Supervisory Commission, Executive Yuan, Jin-Kuan-Jen(2) No. 0930152308, dated November 18, 2004. The main purpose of the issuance is to increase the working capital and enhance the financial structure. Due to the difference in issuing terms and maturity date, the corporate bonds were divided into A and B bonds, at par value of \$10,000 per share, with a total of 100 units issued, at an annual interest rate of 2.65% for a 5-year period, and issued at par value. From the issuing date, the interest is payable once a year, and the principal would be due and repayable at the end of the 5-year period. The principal was due and repaid during the fourth quarter of 2009.
- (2) On December 14, 2005, the Company issued the first domestic unsecured subordinated bond amounting to \$2,000,000. Terms and conditions of the issuance were as follows:

  - A: Issue period: Commencing from December 14, 2005 and ending on December 14, 2012. The issue period was seven years.
  - B: Issue price: At par value.
  - C: Interest rate: 3.3% at par value.
  - D: Repayment of principal: Full repayment of principal, which were issued by the Company, reached the expiration of seven years. If the consolidated capital adequacy ratio is lower than the minimum required capital adequacy due to the interest payment or the bonds repayment, the Company will not pay interest and repay the principal until the consolidated capital adequacy is over the minimum required capital adequacy. The suspended-paid interest will not be calculated the deferred interest and the interest of rescheduling principal is calculated by the coupon rate.
- (3) The first domestic unsecured convertible corporate bonds, which were issued by the Company, reached the expiration of three years. As of March 27, 2008, the amount of redemption was \$5,598,500, and the balance of \$ 401,500 was fully redeemed in March 2009. As of December 31, 2009, there was no any outstanding convertible corporate bond.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(T) Other borrowings

Short-term borrowings:

<u>Nature of the loan</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Credit line</u>	<u>Pledged assets</u>
<b>December 31, 2009</b>				
Credit loans	\$ 1,020,000	0.62%~1.2%	3,300,000	-
Secured loans	1,960,000	0.70%~1.38%	3,700,000	Marketable securities and time deposits
Total	<u><u>\$ 2,980,000</u></u>			
<b>December 31, 2008</b>				
Credit loans	\$ 200,000	2.71%~2.95%	2,400,000	-
Secured loans	1,450,000	2.475%~2.975%	1,500,000	Marketable securities
Total	<u><u>\$ 1,650,000</u></u>			

(U) Pension plan

a. Consolidated company's net pension costs were as follows:

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Service cost	\$ 20,502	19,652
Interest cost	14,898	16,924
Expected return on plan assets	(14,129)	(13,062)
Amortization of unrecognized transition loss	(1,338)	(1,374)
Amortization of pension gain and loss	3,424	772
Curtailment or Settlement	9,141	(4,490)
Net pension cost	<u><u>\$ 32,498</u></u>	<u><u>18,422</u></u>

b. Actuarial assumptions used to compute the projected benefit obligation and the reconciliation between year-end pension funding status and accrued pension liabilities per books were as follows:

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Discount rate	2.25%	2.50%
Incremental rate of future compensation levels	2.00%	1.00%~3.00%
Expected rate of return on plan assets	2.00%	2.50%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

	December 31,	
	2009	2008
Benefit obligation		
Vested benefit obligation	\$ 34,757	24,215
Non-vested benefit obligation	420,408	411,431
Accumulated benefit obligation	455,165	435,646
Addition benefit based on future salaries	167,268	161,505
Projected benefit obligation	622,433	597,151
Fair value of pension plan assets	(530,934)	(551,010)
Funding status	91,499	46,141
Unamortized balance of unrecognized net transition asset	2,533	4,408
Unrecognized loss on pension fund	(125,793)	(85,952)
Supplementary accrued pension liabilities	-	303
Net loss not recognized as pension costs	21,201	-
Prepaid pension	<b>\$ (10,560)</b>	<b>(35,100)</b>
Deferred pension costs	<b>\$ -</b>	<b>303</b>

As of December 31, 2009 and 2008, the vested benefit obligation for the Company and its subsidiaries amounted to \$41,062 and \$48,486, respectively. Furthermore, according to the new Labor Pension Act of R.O.C and local ruling, the deposits of labor pension expense for the Company and its subsidiaries amounted to \$112,286 and \$160,641, respectively.

(V) Stockholders' equity

Capital stock

In order to strengthen financial structure, reinvest the banking subsidiaries and expand Groups' oncoming operation, the Boards meetings on April 28, 2006 and May 10, 2006 had approved to issue common stock 1,142,857,142 shares at value of \$7 and series A preferred stock 666,666,668 shares at value of \$6 through a private offering. Total amounts were 12 billions dollars, the base date for offering was at July 21, 2006 and the Company's register had been completed on September 26, 2006.

The important terms of series A preferred stock were listed as follows:

- a. If the Company has the current year's earnings, the current year's earnings shall be allocated in the following order:
  - (1) Payment of all taxes and make certain adjustments in accordance with SFAS.
  - (2) Offset prior years' cumulative losses, if any.
  - (3) After deducting (1) and (2), legal earning surplus and special earning surplus shall be set aside with the Act and the Company's rules.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- (4) After deducting (1), (2), and (3), the Company should distribute series A preferred stock dividend first.
- b. The series A preferred stock dividend will be calculated at annual rate with 5.5%, and will be distributed in cash annually. The issued date was defined as base date for offering. (July 21, 2006)
  - c. If the Company has no earnings or not enough to distribute dividend of series A preferred stock, the undistributed or distributed insufficient part won't accumulate to the next year.
  - d. Except for the dividends described as 2. The series A preferred stock cannot join the assignment of remaining earnings to common stock and stock dividend from capital surplus.
  - e. The stockholders of series A preferred stock have no right to vote at stockholder meeting, they also can not vote for directors and supervisors; but they can be elected as directors and supervisors.
  - f. The offering was closed on July 21, 2006 and presented to Financial Supervisory Commission, Executive Yuan at the same day.

The board of directors at February 26, 2007 and shareholders' meeting at April 10, 2007 had approved to decrease capital \$13,711,490, common shares were reduced 1,146,156,342 shares and preferred shares were reduced 224,992,611 shares. And the Company had obtained the approval letter from Financial Supervisory Commission, Executive Yuan at June 14, 2007, with the issuing number of FSC Jin-Guan-Jheng- Zi (1) 0960024642. The base date for capital reduction was on June 26, 2007 and the Company's register had completed at July 4, 2007.

On February 3, 2009, the Company's board of directors had resolved to implement a capital increase through public placement at NT\$4 dollars per share by issuing 2,350,374,000 new common shares which amounted \$9,401,496. The Company had obtained the approval letter from Financial Supervisory Commission, Executive Yuan, with the issuing number of FSC Jin-Guan-Jheng- Zi (1) 0980005396. The base date for capital increase was on April 15, 2009 and the Company's register had completed on May 21, 2009.

As of December 31, 2009, the Company's authorized capital was \$80,000,000, total paid-in capital was \$49,628,234, total outstanding common shares were 4,521,149,425 shares and preferred shares were 441,674,057 shares.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(W) Earnings distribution

After-tax earnings, if any, shall pay for taxes and offset cumulative losses, and 10% of the remainder will be set aside as legal reserve. Then, special reserve will be provided for according to related regulations. Any remaining balance will be distributed as employee bonus. Employee bonus distributed cannot be less than 0.01%. The distribution plan for total amount of shareholders' bonus, remuneration to directors and supervisors, and accumulated retained undistributed earning from prior years should formulate by the Broad of Directors and distributed in accordance with the resolution of the shareholders' meeting. Special reserve may be reversed and transferred to undistributed earnings due to changes in regulations or laws.

According to SFC Tai-Cai- Zheng- Zi(1) No. 100116 dated January 3, 2000, and other related regulations, prior to any distribution of earnings, if there are any deductions made to stockholders' equity, then an equal amount of special reserve must be provided for based on net income and undistributed earnings. If there are any subsequent reversals to the deduction from stockholders' equity, then the reversed portion may be distributed.

The Company adopted the residual dividend policy. In consideration of the Company's capital budget, essential funds needed for operations and investing are retained, and the remainder is distributed as stock or cash dividends. The cash dividends shall not be less than 10% of total dividends. When the employee bonuses are issued by stock dividends, the allocated objects could include the employees of the Company's subsidiaries.

Due to accumulated losses as of December 31, 2009 and 2008, the Company did not distribute employees' bonuses, director's and supervisors' remuneration.

The shareholders meeting on June 19, 2009 had approved the loss appropriation for 2008, the related information could be found in the Market Observation Post System.

The Company's accumulated losses was in excess of the one third of the paid-in capital. In accordance with the Financial Holding Company Act No. 53, on May 6, 2009, the Company's board of directors had resolved to present related financial statement, reason of making losses and the improvement plan. Moreover, the Company had also submitted the reports to Competent Authority on May 14, 2009.

(X) Income tax

Pursuant to regulations stipulated by Tai-Cai-Shui No. 910458039 dated February 12, 2003, "Principles and regulations of profit-seeking businesses filing joint tax returns in accordance with Article 49 of the Financial Holding Company Law and Article 40 of Enterprise Merger Law", while a financial holding company holds more than 90% of issued shares of a domestic subsidiary and holds for 12 months during a tax year. The company has to behalf of financial holding company as the obligatory tax payer and jointly filed income tax returns. Effective from the year ended December 31, 2003, the Company and its subsidiaries, Jin Sun Securities Co. Ltd. and Jin Sun International Bank Ltd., had jointly filed income tax returns and undistributed earnings, for the year ended December 31, 2002. In compliance with the ruling above, the Company adapts jointly filed tax returns and becomes the responsible income tax payer.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

By adapting the principal of amortization of consolidated income tax, the joint filing of the tax returns of the Company and its subsidiaries Jih Sun Securities Co., Ltd. and Jih Sun International Bank resulted in a lowered tax burden and brought tax saving efficiency. Moreover, the management efficiency was enhanced because of the individual company's tax burden was fairly distributed.

- a. The components of income tax expense for the Company and its subsidiaries were as follows:

	<u>2009</u>	<u>2008</u>
Current income tax expense	\$ 57,587	75,892
Deferred income tax expense (benefit)	14,159	(5,840)
Difference of prior year's taxable assessed by tax authority and under (over)-estimation	506,447	(2,046)
Income tax expense	<u>\$ 578,193</u>	<u>68,006</u>

The components of deferred income tax benefit for the Company and its subsidiaries were as follows:

	<u>2009</u>	<u>2008</u>
Reserve for default losses and trading losses	\$ (3,539)	(3,583)
Pension expenses	(6,493)	(2,257)
Effects of loss carry forward	9,918	-
Effects of change in income tax rate	14,273	-
Total	<u>\$ 14,159</u>	<u>(5,840)</u>

- b. The Company and its subsidiaries' statutory income tax rate is 25%. Effective from January 1, 2006, the Company and its subsidiaries started to adapt "Income Tax Basic Regulation calculates basic tax" in order to calculate the basic tax amount. Pursuant to the new released amended Income Tax Law on May 27, 2009, the Company and its subsidiaries will change the income tax rate to 20% since 2010.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

For the years ended December 31, 2009 and 2008, the net income before tax in the Company and its subsidiaries' statements of income, in accordance with the rule of tax rate calculation, the difference of calculation income tax and income tax benefit were as follows:

	<u>2009</u>	<u>2008</u>
Loss before income tax calculated at legal tax rate	\$ (2,539,950)	(1,716,083)
Effect on income tax of adjusting items:		
Tax exempt form securities transaction (gains) losses	(56,113)	336,112
Long term investment loss- equity method	1,300,737	811,137
Net gain on domestic investment	(7,308)	(3,999)
Provision for market decline (increase) of operating securities	(41,005)	6,709
Difference between financial and tax treatment of bonds with repurchase agreement	(46,803)	(160,687)
Difference between financial and tax treatment of stock warrants	8,036	557
Provision for trading loss reserve	10,465	1,844
Loss from government and corporate bond transactions	14,301	40,555
Gain (Loss) on land transactions	13,341	(73,423)
Income tax exemption for OBU	(8,633)	(45,009)
(Reversal of market value) Loss on market value decline of foreclosed collateral assumed	(7,530)	53,857
Provision for (reversal of) credit loss over limit	(148,307)	86,633
Dividend income	(1,000)	(938)
Gain on futures and options transactions	(7,864)	(9,228)
Unrealized exchange loss (gain)	3,118	(296)
Unrealized derivative loss	(12,506)	(30,318)
Adjustments of deferred income tax assets	1,611,669	782,723
Effects of change in income tax rate	14,273	-
Adjustment of prior year's income tax	506,447	(2,046)
Income tax separately levied on interest income	783	5,085
Income tax separately levied on gain from trading short-term note and bill	(1,053)	(4,752)
Loss impairment of the other financial assets	12,353	11,800
Other	(39,258)	(22,227)
Income Tax Expense	<u>\$ 578,193</u>	<u>68,006</u>



**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- c. A summary of temporary differences and income tax effects of deferred tax assets and liabilities for the Company and its subsidiaries as of December 31, 2009 and 2008 were as follows:

	December 31,			
	2009		2008	
	Amount	Tax effect	Amount	Tax effect
<b>Deferred tax assets — current</b>				
Investment tax credits	\$ 33,059	9,918	21,499	6,449
Allowance for deferred tax assets	(33,059)	(9,918)	-	-
<b>Total</b>	<b>\$ -</b>	<b>-</b>	<b>21,499</b>	<b>6,449</b>

	December 31,			
	2009		2008	
	Amount	Tax effect	Amount	Tax effect
<b>Deferred tax assets — non-current</b>				
Bad-debt loss	\$ 9,522	1,904	9,522	2,380
Default loss	146,997	29,400	132,841	33,211
Amortization of NPL disposal	524,016	104,804	2,589,870	647,468
Loss carry forwards	28,428,813	5,685,763	20,016,605	5,004,151
Investment tax credits	329,557	68,866	326,994	68,098
Pension cost	(24,634)	(4,927)	(46,603)	(11,651)
Allowance for deferred tax assets	(29,128,821)	(5,828,720)	(22,762,437)	(5,676,959)
<b>Net</b>	<b>\$ 285,450</b>	<b>57,090</b>	<b>266,792</b>	<b>66,698</b>

- d. The company jointly filed income tax returns for 2009 and 2008 for the Company, Jih Sun Securities Co., Ltd., and Jih Sun International Bank Ltd. There's no expected income tax payable for the 2008 tax returns and no income tax payable for the 2008 tax returns.
- e. Income tax returns of the Company through 2005 had been examined and cleared by the tax authorities.

For the years ended December 31, 2003 and 2004, the different amounts of income tax (including undistributed earnings) of \$11,395 and \$13,367 which had been decided by Ministry of Finance to be taxed were already accounted. However, the Company was unsatisfied with the decision of National Tax Administration and had already applied for reexamination. For the year ended December 31, 2005, the difference of \$63,705 had been decided to be taxed by National Tax Administration in January 2009. The Company was unsatisfied with the decision of Ministry of Finance and had already applied for reexamination.

- f. For the year ended December 31, 2003, the different amount of income tax of \$36,627 which had been decided by National Tax Administration to be taxed was already accounted. However, the subsidiary, Jih Sun International Bank Ltd. was unsatisfied with the decision of excluding items \$25,857 arisen from the goodwill in relation to merger with Xinying Credit Co-operative, and amortization of premium on long term bonds, etc., and had already applied for reexamination.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- g. For the year ended December 31, 2004, the different amount of income tax of \$16,448 which had been decided by National Tax Administration to be taxed was already accounted. However, the subsidiary, Jih Sun International Bank Ltd. was unsatisfied with the decision of excluding items \$9,006 arisen from the goodwill and amortization of premium on long term bonds, and had already applied for reexamination.
- h. For the year ended December 31, 2005, the different amount of income tax of \$41,698 had been decided by National Tax Administration. The subsidiary, Jih Sun International Bank Ltd. was unsatisfied with the decision of excluding items arisen from the goodwill in relation to the merger with Xinying Credit Co-operative and the acquisition of the trust department of Taiwan Land Development Trust Ltd., and amortization of premium on long term bonds, etc., and had already applied for reexamination.
- i. For the year ended December 31, 2007, the sub-subsidiary Jih Sun Property Insurance Agent Co., Ltd, had accounted the additional income tax of \$8,382 decided by National Tax Administration. National Tax Administration adapted the same standard within the same finance business to appraise the operating cost, but it had decided to revise the decision and refund the tax in January 2010.
- j. For the year ended 2003, the National Tax Administration decided additional income tax of \$269,330. The adjusted items are mainly from the premium and estimate premium of warrant issuance. Except for the disputed issues amounted to \$14,090 of tax of bond transaction and the over payment of tax withheld from tax compromise, the remaining amount had already been accrued. The Company filed appeals with the Tax Authority. For the issue of over payment was rejected, the subsidiary, Jih Sun Securities Co., Ltd. filed re-appeals with the ministry of finance.
- k. For the year ended 2004, the National Tax Administration examined additional income tax of \$795,820. The mainly adjusted items are the premium and estimated premium of warrant issuance. Except for the income tax of \$25,148 which paid for the Financial Holding Co. shall be included into undistributed earning surtax 10% and adjusted within the Financial Holding Co under consolidate corporate income tax return. The remaining amount of income tax had been accrued. The subsidiary Jih Sun Securities Co., Ltd. filed appeals with the Tax Authority.
- l. For the year ended 2005, the National Tax Administration assessed additional income tax of \$145,045, mainly for the undistributed earning surtax 10% from estimated premium of warrant issuance. Apart form the income tax of \$99,429 paid for the Financial Holding Co., in 2004, shall be included into undistributed earning surtax 10%, and adjusted within the Financial Holding Co under consolidate corporate income tax return. The remaining amount of income tax was accrued on the date of receiving the letter of notice from National Tax Administration. The subsidiary Jih Sun Securities Co., Ltd. filed appeals with the Tax Authority except for the tax of bond transaction which had reached a compromise.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

m. The subsidiary Jih Sun Securities Co., Ltd. estimated its income tax on stock warrant transactions pursuant to ruling Tai Tsai Cheng No. 861922464 issued by the Ministry of Finance on December 11, 1997. Accordingly, the proceeds from the issuance of stock warrants are accounted for as royalty revenue which is included as part of taxable income. When the investors exercise their warrant rights, such transaction is subject to the securities transaction tax in accordance with the Income Tax Law, and accordingly, any capital gain or loss is not included in the determination of the annual corporate income tax. According to the tax law, the subsidiary Jih Sun Securities Co., Ltd. estimated its income tax payable on stock warrant transactions from 2003 to June 30, 2007 amounted to \$1,080,482. Otherwise, according to the article of 24-2 the Income Tax Law which is passed on July 11, 2007:

- During the period of issued date to maturity date of the stock warrant, which is issued by the issuer, the profit and the loss of the securities and financial derivative instruments, traded according to risk management, should be added to taxable income and don't apply to the Income Tax Law, the article of 4-1 and 4-2.
- The transaction loss is produced from the trading of the stock, target valuable securities, and futures according to the risk management. The part of the transaction loss which exceeds the rest of the stock warrant right fee revenue deducted each related issuing cost and expenses is not deductible.

n. According to R.O.C Income Tax Laws, losses can be carried forward to offset taxable income for ten years following the loss. As of December 31, 2009, unused carry forwards and expiration date of the Company and its subsidiaries were as follows:

<u>Period of loss</u>	<u>Year of expiration</u>	<u>Amount</u>
2005	2015	\$ 4,978,211
2006	2016	4,932,107
2007	2017	5,146,164
2008	2018	5,176,127
2009	2019	8,196,204
Total		<u>\$ 28,428,813</u>

o. Related information of the Company and its subsidiaries on imputation tax system:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Balance of stockholders' imputation credit account	<u>\$ 1,848,716</u>	<u>1,804,513</u>

Due to accumulated losses as of December 31, 2009 and 2008, estimated imputation credit ratio of earning distribution for estimated and actual tax amount were both 0%.

p. Related information on undistributed earnings:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Undistributed earnings of 1998 and after	<u>\$ (23,812,134)</u>	<u>(4,116,742)</u>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- q. Information regarding income tax receivable (payable) resulting from joint filing of tax for the Company and its subsidiaries was as follow:

	December 31,	
	2009	2008
Income tax payable resulting from joint filing - Jih Sun International Bank Ltd.	\$ (1,036,958)	(744,760)
Income tax receivable resulting from joint filing - Jih Sun Securities Co., Ltd.	1,332,118	159,222
	<b>\$ 295,160</b>	<b>(585,538)</b>

- (Y) Losses per share

	For the year ended December 31,			
	2009		2008	
	Before Tax	After Tax	Before Tax	After Tax
Net losses of current period in relation to the parent company	<b>\$ (5,016,036)</b>	<b>(5,593,148)</b>	<b>(3,729,560)</b>	<b>(3,796,384)</b>
The weighted-average number of shares outstanding	<b>3,851,453,820</b>	<b>3,851,453,820</b>	<b>2,170,775,425</b>	<b>2,170,775,425</b>
Basic losses per share (NT dollar)	<b>\$ (1.30)</b>	<b>(1.45)</b>	<b>(1.72)</b>	<b>(1.75)</b>

- (Z) Other non-interest net income

Item	For the year ended December 31,	
	2009	2008
Net gain on financial assets carried at cost	\$ 27,922	6,021
Net (loss) gain on disposal of foreclosed collaterals	(67,855)	143,054
Rental revenue-operating assets	16,347	10,682
(Loss) Gain on disposal of fixed assets	(33,491)	209,425
Retirement losses on intangible assets	(96)	-
Retirement losses on other assets	(69)	-
Losses on disposal of investments	(17,515)	-
Dividend revenue	109,324	117,907
Net loss realized from short covering and unrealized on security borrowing and bond with resale agreement	(10,370)	(68,574)
(Loss) Gain on warrants issued	(23,547)	111,423
Futures consulting fees	1,177	1,406
Stock management income	27,447	31,389
Others	101,438	535,296
Total	<b>\$ 130,712</b>	<b>1,098,029</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(AA) Financial instruments

a. Information on Reclassification of Financial Assets

- (1) Jih Sun Securities Co., Ltd, among the consolidated company, adopted new amended SFAS No. 34 “Financial Instruments: Recognition and Measurement,” which requires original financial assets to be reclassified, and measured at fair value on the date of reclassification is as followed:

Original classification :	<b>Available-for-sale</b>
Financial assets held for trading	<b>financial assets</b>
	<b>\$ 1,045,859</b>
	<b></b>

In the consolidated financial statement, Jih Sun Securities Co., Ltd. has the intention and ability to reclassify its financial assets. In addition, due to the dramatic changes in the domestic and global financial and economic trends in recent periods, where the facts and circumstances indicated that the situations were those rare ones stated in item 1, (3) of paragraph 104 of SFAS No. 34 “Financial Instruments: Recognition and Measurement,” the Company reclassified its financial instrument to available-for-sale financial assets from those classified as held for trading at initial recognition.

- (2) The book value and fair value of reclassified financial assets

	<b>Available-for-sale financial assets</b>	
	<b>- current</b>	
	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
book value	<b>\$ 392,151</b>	<b>941,960</b>
fair value	<b>\$ 392,151</b>	<b>941,960</b>
	<b></b>	<b></b>

- (3) Reclassification of financial assets

	<b>Available-for-sale financial assets</b>	
	<b>- current</b>	
	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Change in fair value recognized through profit and loss without reclassification	<b>\$ (66,752)</b>	<b>(83,594)</b>
The amount recognized as profit (loss) after reclassification	<b>\$ 33,933</b>	<b>(4,863)</b>
	<b></b>	<b></b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- b. The fair value of the Company and its subsidiaries' financial instruments were listed as follow:

<b>Financial Assets</b>	<b>December 31,</b>			
	<b>2009</b>		<b>2008</b>	
	<b>Book Value</b>	<b>Fair Value</b>	<b>Book Value</b>	<b>Fair Value</b>
<b>Non-derivative financial instruments</b>				
Cash and cash equivalents	\$ 5,866,396	5,866,396	7,330,015	7,330,015
Due from the Central Bank and call loans to banks	40,844,637	40,844,637	60,936,956	60,936,956
Financial assets measured at fair value through profit or loss- net	10,805,699	10,805,699	17,095,160	17,095,160
Securities purchased under resell agreements	1,313	1,313	2,027,821	2,027,821
Receivables- net	22,324,309	22,324,309	12,318,193	12,318,193
Discounts and loans- net	125,873,517	125,873,517	138,644,887	138,644,887
Available-for-sale financial assets- net	2,801,835	2,801,835	1,100,179	1,100,179
Other financial assets- net	11,199,073	11,199,073	13,436,989	13,436,989
<b>Derivative financial instruments</b>				
Option	21,318	21,318	55,840	55,840
Futures margin deposit	490,299	490,299	662,664	662,664
Forward contracts	8,902	8,902	24,081	24,081
SWAP	20,433	20,433	45,286	45,286
Interest rate products	309,036	309,036	437,404	437,404
Value of contracts	371	371	-	-

<b>Financial Liabilities</b>	<b>December 31,</b>			
	<b>2009</b>		<b>2008</b>	
	<b>Book Value /Nominal Principal</b>	<b>Fair Value</b>	<b>Book Value /Nominal Principal</b>	<b>Fair Value</b>
<b>Non-derivative financial instruments</b>				
Deposits from Central Bank and banks	\$ 10,854,230	10,854,230	10,799,605	10,799,605
Commercial papers issued	4,048,252	4,048,252	2,535,632	2,535,632
Financial liabilities measured at fair value through profit or loss- net	42,348	42,348	9,810	9,810
Securities sold under repurchase agreements	4,063,729	4,063,729	13,036,553	13,036,553
Payables	15,157,726	15,157,726	13,746,975	13,746,975
Deposits and remittances	157,014,292	157,014,292	189,171,538	189,171,538
Bonds and financial notes payable	8,500,000	8,500,000	10,401,500	10,401,500
Other borrowings	2,980,000	2,980,000	1,650,000	1,650,000
Other financial liabilities	86,450	86,450	106,068	106,068
<b>Derivative financial instruments</b>				
Warrants	135,728	135,728	4,245	4,245
Options	3,543	3,543	61,821	61,821
Forward contracts	4,356	4,356	14,946	14,946
SWAP	13,736	13,736	49,904	49,904
Interest rate products	308,385	308,385	434,731	434,731
Asset swap liabilities	37,206	37,206	-	-
Financial liabilities designated at Fair value through profit or loss	62,342	62,342	-	-

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

c. Information of fair value of financial instruments:

Methods and assumptions used by the Company and its subsidiaries for fair value evaluation of financial instruments were as follows:

- (1) The fair value of short-term instruments was estimated by their book value on the balance sheet date. Since these instruments have short-term maturities, the book value is adopted as a reasonable basis in estimating the fair value. Short-term financial instruments comprise financial assets such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables — net, loans — net, other financial assets — net. Short-term financial liabilities comprise such as deposits from Central Bank and banks, commercial paper payable, securities sold under repurchase agreements, payables, deposits and remittances, other financial liabilities and other liabilities- accrued pension liabilities.
- (2) The fair value of bonds payable and other borrowings are evaluated based on the present value of expected future cash flows. The discount rate is based on rates of equivalent long-term borrowings available elsewhere; that is, long-term borrowings with similar maturity date and terms.
- (3) Financial assets and liabilities are recognized based on the quoted market price. The fair value of financial asset value at open market price, such as government bonds, is determined by the closing price from equivalent O.T.C. trading system or the theoretical price, except for stocks and depository receipts. The fair value of foreign currency bond is determined by the recent market closing price; the fair value of future is decided by the settlement price; the fair value of foreign exchange is determined by the mid price. If there is no market quoted price available for the financial asset and liability, its fair value is estimated on the basis of a valuation technique. The estimations and assumptions of the valuation techniques are based on the Company's financial data or other market participants.
- (4) Fair value of financial derivatives is established by the amount of cash to be paid or to be received, assuming that the contract will be terminated on the balance sheet date. In general, it includes unrealized gains or losses on outstanding contracts of the current period and included into the current period of profit and loss statement. Most of the Bank's fair value of financial derivative instruments has reference reports from financial institutions.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- (5) The fair value of the financial instruments of the Company and its subsidiaries, which were based on quoted market price or determined by using certain valuation techniques were as follows:

	December 31,			
	2009		2008	
<b>Financial Assets</b>	<b>Based on quoted market prices</b>	<b>Determined value by using valuation techniques</b>	<b>Based on quoted market prices</b>	<b>Determined value by using valuation techniques</b>
<b>Non-derivative financial instruments</b>				
Cash and cash equivalents	\$ -	5,866,396	-	7,330,015
Due from the Central Bank and call loans to banks	-	40,844,637	-	60,936,956
Financial assets measured at fair value through profit or loss- net	10,497,285	308,414	16,722,785	372,375
Securities purchased under resell agreements	-	1,313	-	2,027,821
Receivables- net	-	22,324,309	-	12,318,193
Loans- net	-	125,873,517	-	138,644,887
Available-for-sale financial assets- net	2,801,835	-	1,100,179	-
Other financial assets- net	-	11,199,073	-	13,436,989
<b>Derivative financial instruments</b>				
Option	1,242	20,076	4,673	51,167
Futures margin deposit	490,299	-	662,664	-
Forward contracts	-	8,902	-	24,081
SWAP	20,433	-	45,286	-
Interest rate products	-	309,036	-	437,404
Value of contracts	-	371	-	-
<b>Financial Liabilities</b>				
<b>Non-derivative financial instruments</b>				
Deposit from Central Bank and banks	\$ -	10,854,230	-	10,799,605
Commercial papers issued	-	4,048,252	-	2,535,632
Financial liabilities measured at fair value through profit or loss- net	42,348	-	9,810	-
Securities sold under repurchase agreements	-	4,063,729	-	13,036,553
Payables	-	15,157,726	-	13,746,975
Deposits and remittances	-	157,014,292	-	189,171,538
Bonds and financial notes payable	-	8,500,000	-	10,401,500
Other borrowings	-	2,980,000	-	1,650,000
Other financial liabilities	-	86,450	-	106,068
<b>Derivative financial instruments</b>				
Warrants	135,728	-	4,245	-
Options	3,470	73	23,762	38,059
Forward contracts	-	4,356	-	14,946
SWAP	13,736	-	49,904	-
Interest rate products	-	308,385	-	434,731
Asset swap liabilities	-	37,206	-	-
Financial liabilities designated at fair value through profit or loss	-	62,342	-	-

- d. For the years ended December 31, 2009 and 2008, the Company's subsidiary Jih Sun International Bank Ltd.'s current evaluation gain arising from the fair value evaluation of financial instruments by using quoted market prices amounted to \$28,651 and \$116,855, respectively. The gain arising from using valuation techniques method to determine the changes of the fair value were \$21,373 and \$4,416, respectively.



**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- e. For the years ended December 31, 2009 and 2008, the Company's subsidiary Jin Sun International Bank Ltd. did not use financial assets and liabilities carried at fair value through profit or loss and the interest income amounted \$3,776,343 and \$7,437,608, respectively. Interest expense was amounted \$2,493,724 and \$4,712,905, respectively. For the years ended December 31, 2009 and 2008, the financial asset available for sale was directly recognized by the Company's subsidiary Jin Sun International Bank Ltd. as shareholders' equity adjusted item amounted loss of \$17,163 and \$131,325, respectively; realized losses and gains resulting from such adjustments were recognized in current profit or loss on available-for sale financial assets amounting to losses \$148,987 and gains \$3,746, respectively.
- f. Financial risk management policy and risk information:

The financial risk management structures of the Company and its subsidiaries include the board of directors of the Company and its subsidiaries, top management, the Risk Management Committee, the risk management division and risk management unit under individual business group. The major objective of operating strategies is to monitor and manage related risk structures for overall risk of the Company which the risk management division is response to receive relevant risks arising from risk management unit under individual business group. Furthermore, the Risk Management Committee, the risk management division and risk management unit under individual business group are allocated to monitor and manage related risk within each business group in order to meet appropriate balance between risk and return, and the expectation return of shareholders.

In consideration of the operating goal and increase return of shareholders', appropriate risk management was a direction of operating strategies in order to enhance the effective risk management system and sound business operation. Therefore, the board of directors of the Company and its subsidiaries sets out and approves risk management strategies to meet the efficiently and effectively risk management system; these strategies are used to control and manage relevant risk.

(1) Policies of risk control management:

A. The rule of risk management

- a. The risk management system of a scientific approach was to analysis risk objectively and deliberately in order to achieve reasonable return.
- b. The risk management structure of efficient approach is executed by individual business unit to carry out daily management operation and sets the risk management division to present periodic risk management report to the board of directors in order to manage risk instantaneously and effectively. If there are significant exposures to risk which endanger financial position or business condition or regulation compliance, an appropriate measure should be adopted immediately and reporting to the board of directors.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- c. The risk management function as integration was to monitor capital adequacy of financial holding company and its subsidiaries based on the business scale, credit risk, market risk, operation risk and future operation tendency, and to supervise risks of each allocation of investment based on financial holding company's entire exposed risk, equity capital, and characteristic of liability.
2. The operation of risk management function should have characteristics as following:
    - a. Immediately: The Jih Sun financial holding and its subsidiary's decision process could take place for risk raise; therefore, forecast report, prevent stratagem and avoid method should be addressed by risk management function at the time.
    - b. Effectively: The Jih Sun financial holding and its subsidiary should set appropriate risk management procedure, control method and emergency response plan to keep the effectiveness of the risk management function against any possible risk.

(2) Various risk in relation to the Company and its subsidiaries

A. Market risk

Market risk is defined as the change in the unstable of assets price which arising from operating financial instrument actively and expanding the business in market factors changes (such as interest, stock price, exchange rate and etc.) In order to effectively assess the exposure of market risk, policy regarding to scientific method, market risk management system, management indicator and limitation indicator are set to against market risk.

The Company and its subsidiaries internally recognizes, measures, controls and manages for market risk, in addition to the traditional position authorize quota, loss or income limitation quota, risk index quota (i.e.: Greeks, PVBP, DV01.....). Using the methods of VaR (Value at Risk) to estimate position's exposure. VaR is estimated for the most probable loss resulting form the market price changes at special period and confidence level.

The recognized of Market risk: Market risk estimate model include Interest, FX, Equity, Commodity etc, risk factors.

The estimation of Company and its subsidiaries' VaR of market risk is as follows:

- ◆ Model: Mainly according to Monte Carlo simulations model, with option to use the Variance-covariance matrices model or historical simulations model.
- ◆ Method: Using EWMA to estimate fluctuation rate.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- ◆ Frequency: Update market data every day, with consideration of difference market price factor, and calculate ten days(one-side) VaR with 99% confidence level.

In relation to the subsidiary Jin Sun International Bank Ltd., the VaR for the fourth quarter ended 2009 (2009.10.1~2009.12.31) was as follows: (a hundred million NT dollars)

<b>99% C.L ten days VaR</b>	<b>Average</b>	<b>Highest</b>	<b>Lowest</b>
Exchange instrument	0.194	0.487	0.075
Interest instrument	0.139	0.139	0.075
Equity instrument	0.182	0.259	0.130
Distribution effective	(0.239)	(0.351)	(0.131)
VaR	0.276	0.533	0.149
<b>99% C.L one day VaR</b>	<b>Average</b>	<b>Highest</b>	<b>Lowest</b>
Exchange instrument	0.061	0.156	0.024
Interest instrument	0.044	0.044	0.024
Equity instrument	0.060	0.086	0.043
Distribution effective	(0.076)	(0.115)	(0.043)
VaR	0.089	0.171	0.048

In relation to the subsidiary Jin Sun International Bank Ltd., the VaR for the fourth quarter ended 2008 (2008.10.1~2008.12.31) was as follows: (a hundred million NT dollars)

<b>99% C.L ten days VaR</b>	<b>Average</b>	<b>Highest</b>	<b>Lowest</b>
Exchange instrument	0.130	0.234	0.049
Interest instrument	0.044	0.093	0.015
Equity instrument	0.037	0.025	0.011
Distribution effective	(0.079)	(0.090)	(0.027)
VaR	0.131	0.262	0.048
<b>99% C.L one day VaR</b>	<b>Average</b>	<b>Highest</b>	<b>Lowest</b>
Exchange instrument	0.042	0.076	0.016
Interest instrument	0.014	0.030	0.005
Equity instrument	0.013	0.009	0.004
Distribution effective	(0.027)	(0.030)	(0.009)
VaR	0.042	0.085	0.016

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

B. Credit Risk

Credit risk is defined in the event when counterparties fail to perform its obligation which arising from operate financial instrument actively and expand the business with possible loss or financial worse by the counterparties or credit customers. Therefore, evaluation method is set for asset quality and classification to compute and control the exposure regarding to the industry characteristics. The method should be reviewed periodically to recognized allowance for credit loss and reserve. Moreover, according to the credit policy for credit rating and asset diversify, the credit information of counterparties and credit customers should be monitored and collected as management indicator to decrease the risk for default and concentrations.

Concentrations of credit risk exist when counter-parties to financial instrument transactions are individuals or groups engaged in similar activities with similar economic characteristics, which would impair their ability to meet contractual obligations under negative economic or other conditions. In relation to the subsidiary Jin Sun International Bank Ltd., there is no concentration of credit risk in terms of a single client, a party to a transaction, or clients located in nearby regions, except for clients being in one single industry with similar industrial characteristics. The Company's subsidiary Jin Sun International Bank Ltd.'s contracts with concentration of credit risk were as follows:

	<b>December 31,</b>			
	<b>2009</b>		<b>2008</b>	
<b>Type of industries</b>	<b>Book Value</b>	<b>Maximum exposure to credit risk</b>	<b>Book Value</b>	<b>Maximum exposure to credit risk</b>
Financial industries	\$ 1,949,357	1,949,357	1,960,741	1,960,741
Construction industries	187,674	187,674	898,694	898,694
Other	124,943,537	124,943,537	137,813,045	137,813,045
<b>Total</b>	<b>\$ 127,080,568</b>	<b>127,080,568</b>	<b>140,672,480</b>	<b>140,672,480</b>
<b>Geographic location</b>				
Domestic	\$ 119,442,700	119,442,700	132,596,169	132,596,169
Other	7,637,868	7,637,868	8,076,311	8,076,311
<b>Total</b>	<b>\$ 127,080,568</b>	<b>127,080,568</b>	<b>140,672,480</b>	<b>140,672,480</b>

Financial instruments with off-balance-sheet credit risk

Since the Company's subsidiary Jih Sun International Bank Ltd. provides loans and issues credit cards, it has substantial credit commitments, most of which are confined to one year. The interest rate interval of the credit extension is between 0.04% and 20%, and the maximum interest rate of credit card is up to 19.99%. Furthermore, the Company's subsidiary Jih Sun International Bank Ltd. provides guarantee endorsements, and commercial letters of credit as a guarantee for clients' obligations to third parties. These guarantee agreements are usually for one year period and the maturity date doesn't concentrate on the specific time.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

The contract amounts of financial instruments with off-balance-sheet credit risk were as follows:

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Loans commitments	\$ 13,082,267	13,899,043
Credit card commitments	54,072,026	57,993,826
Guarantee and commercial letter of credit	3,046,566	2,286,373
	<b>\$ 70,200,859</b>	<b>74,179,242</b>

As of December 31, 2009 and 2008, unused loans commitments of the Company's subsidiary Jih Sun International Bank Ltd. were \$13,082,267 and \$13,899,043, respectively, and unused credit card commitments were \$52,636,117 and \$56,035,525, respectively.

Since these financial instruments are not settled prior to maturity, the contract amount does not represent cash outflow in the future; that is, demand for cash in the future is lower than the contract amount. If lines of credit are reached and collateral or other guarantees are completely worthless, credit risk is equivalent to the contract amount, which is the maximum possible loss.

However, prior to providing loans, guarantee endorsements, and commercial letters of credit, the Company's subsidiary Jih Sun International Bank Ltd. performs a strict credit review. The strategy of the Company's subsidiary Jih Sun International Bank Ltd. is to require for sufficient collaterals from some of the specific customers before making payment of the approved loans. The loans with collaterals to total amount of loans are 71.58%, approximately. The holding guarantee rate of guarantee endorsements and commercial letters of credit is between 0% and 100%, and average rate is 24.01%, approximately. The collaterals for the loan, guarantee endorsements, and commercial letters of credit, are cash, inventory, current securities or other assets.

While the customers default, the bank will execute the right of collaterals and other guarantees

Collateral is not required for credit card loans. Nonetheless, the Company's subsidiary Jih Sun International Bank Ltd. periodically evaluates the credit of cardholders and adjusts cardholders' credit limits if necessary.

**C. Liquidity Risk**

In the light of liquidity risk, in accordance with reserve required and minimum liquidity ratio set by the competent authority, the Company and its subsidiaries established analysis for liquidity gap to define the management indicator and limitation indicator against liquidity to become worse.

The capital and operation fund of the Company and its subsidiaries are enough to pay for its obligations, therefore, there is no liquidity risk regarding to the fund for the obligation.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

The valuation of the Jin Sun International Bank's liquidity ability which the Bank adapts the appropriate way of classification, in accordance with the characteristics of asset and liability, to undertake the due analysis, and the analysis were as follows:

<b>Financial instrument</b>	<b>December 31, 2009</b>			
	<b>Under 1 month</b>		<b>Over 1 month to 3 month</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset:</b>				
Cash and cash equivalents	\$ 2,955,368	2,955,368	-	-
Due from the Central Bank and call loans to banks	32,724,697	32,724,697	4,174,126	4,174,126
Financial assets held for trading	507,844	507,844	-	-
Receivables(excluding allowance for bad debts)	2,727,843	2,727,843	352,333	352,333
Available-for-sale financial assets	39,383	39,383	-	-
Securities purchased under resell agreements	-	-	-	-
Loans (excluding overdue loans and allowance for bad debts)	8,426,356	8,426,356	9,315,486	9,315,486
Other financial assets (excluding overdue loans)	10,092	10,092	100,541	100,541
<b>Total</b>	<b>\$ 47,391,583</b>	<b>47,391,583</b>	<b>13,942,486</b>	<b>13,942,486</b>
<b>Liabilities:</b>				
Deposits from Central Bank and banks	\$ 1,158,554	1,158,554	1,147,467	1,147,467
Financial liabilities held for trading	309,363	309,363	-	-
Securities sold under repurchase agreements	157,500	157,500	-	-
Payables	1,640,618	1,640,618	208,768	208,768
Deposits and remittances	20,377,567	20,377,567	18,260,094	18,260,094
Bank notes payable	-	-	-	-
Other financial liabilities	-	-	-	-
<b>Total</b>	<b>\$ 23,643,602</b>	<b>23,643,602</b>	<b>19,616,329</b>	<b>19,616,329</b>
<b>Net currency gap</b>	<b>\$ 23,747,981</b>	<b>23,747,981</b>	<b>(5,673,843)</b>	<b>(5,673,843)</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<b>Financial instrument</b>	<b>December 31, 2009</b>			
	<b>Over 3 month to 1 year</b>		<b>Over 1 year to 2 year</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset:</b>				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	2,371,474	2,371,474	1,574,340	1,574,340
Financial assets held for trading	1,139,045	1,139,045	1,024,641	1,024,641
Receivables(excluding allowance for bad debts)	1,248,472	1,248,472	1,097,438	1,097,438
Available-for-sale financial assets	-	-	-	-
Securities purchased under resell agreements	-	-	-	-
Loans (excluding overdue loans and allowance for bad debts)	11,101,896	11,101,896	4,595,620	4,595,620
Other financial assets (excluding overdue	471,903	471,903	11,380	11,380
<b>Total</b>	<b>\$ 16,332,790</b>	<b>16,332,790</b>	<b>8,303,419</b>	<b>8,303,419</b>
<b>Liabilities:</b>				
Deposits from Central Bank and banks	\$ 8,225,604	8,225,604	322,605	322,605
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	445,118	445,118	92,173	92,173
Deposits and remittances	63,425,210	63,425,210	55,714,607	55,714,607
Bank notes payable	4,000,000	4,000,000	-	-
Other financial liabilities	3,150	3,150	9,600	9,600
<b>Total</b>	<b>\$ 76,099,082</b>	<b>76,099,082</b>	<b>56,138,985</b>	<b>56,138,985</b>
<b>Net currency gap</b>	<b>\$(59,766,292)</b>	<b>(59,766,292)</b>	<b>(47,835,566)</b>	<b>(47,835,566)</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<b>Financial instrument</b>	<b>December 31, 2009</b>			
	<b>Over 2 year to 3year</b>		<b>Over 3 year to 4year</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset:</b>				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Financial assets held for trading	344,277	344,277	397,773	397,773
Receivables(excluding allowance for bad debts)	30,340	30,340	30,340	30,340
Available-for-sale financial assets	149,872	149,872	375,131	375,131
Securities purchased under resell agreements	-	-	-	-
Loans (excluding overdue loans and allowance for bad debts)	5,542,935	5,542,935	9,765,199	9,765,199
Other financial assets (excluding overdue	13,320	13,320	41,021	41,021
<b>Total</b>	<b>\$ 6,080,744</b>	<b>6,080,744</b>	<b>10,609,464</b>	<b>10,609,464</b>
<b>Liabilities:</b>				
Deposits from Central Bank and banks	\$ -	-	-	-
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	21,453	21,453	-	-
Bank notes payable	2,000,000	2,000,000	-	-
Other financial liabilities	14,100	14,100	14,100	14,100
<b>Total</b>	<b>\$ 2,035,553</b>	<b>2,035,553</b>	<b>14,100</b>	<b>14,100</b>
<b>Net currency gap</b>	<b>\$ 4,045,191</b>	<b>4,045,191</b>	<b>10,595,364</b>	<b>10,595,364</b>



**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Financial instrument	December 31, 2009			
	Over 4 year to 5 year		Over 5 year	
	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset:				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Financial assets held for trading	249,646	249,646	-	-
Receivables(excluding allowance for bad debts)	30,340	30,340	-	-
Available-for-sale financial assets Securities purchased under resell agreements	970,283	970,283	875,015	875,015
Loans (excluding overdue loans and allowance for bad debts)	-	-	-	-
Other financial assets (excluding overdue loans)	1,513,353	1,513,353	74,538,766	74,538,766
Total	\$ 2,768,996	2,768,996	76,199,290	76,199,290
Liabilities:				
banks	\$ -	-	-	-
Financial liabilities held for trading Securities sold under repurchase agreements	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	-	-	-	-
Bank notes payable	500,000	500,000	-	-
Other financial liabilities	14,100	14,100	20,550	20,550
Total	\$ 514,100	514,100	20,550	20,550
Net currency gap	\$ 2,254,896	2,254,896	76,178,740	76,178,740

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<b>Financial instrument</b>	<b>December 31, 2009</b>	
	<b>Total</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset:</b>		
Cash and cash equivalents	\$ 2,955,368	2,955,368
Due from the Central Bank and call loans to banks	40,844,637	40,844,637
Financial assets held for trading	3,663,226	3,663,226
Receivables(excluding allowance for bad debts)	5,517,106	5,517,106
Available-for-sale financial assets	2,409,684	2,409,684
Securities purchased under resell agreements	-	-
Loans (excluding overdue loans and allowance for bad debts)	124,799,611	124,799,611
Other financial assets (excluding overdue loans)	1,439,140	1,439,140
<b>Total</b>	<b>\$ 181,628,772</b>	<b>181,628,772</b>
<b>Liabilities:</b>		
Deposits from Central Bank and banks	\$ 10,854,230	10,854,230
Financial liabilities held for trading	309,363	309,363
Securities sold under repurchase agreements	157,500	157,500
Payables	2,386,677	2,386,677
Deposits and remittances	157,798,931	157,798,931
Bank notes payable	6,500,000	6,500,000
Other financial liabilities	75,600	75,600
<b>Total</b>	<b>\$ 178,082,301</b>	<b>178,082,301</b>
Net currency gap	<b>\$ 3,546,471</b>	<b>3,546,471</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<b>Financial instrument</b>	<b>December 31, 2008</b>			
	<b>Under 1 month</b>		<b>Over 1 month to 3 month</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset:</b>				
Cash and cash equivalents	\$ 6,188,638	\$ 6,188,638	-	-
Due from the Central Bank and call loans to banks	51,186,956	51,186,956	7,750,000	7,750,000
Financial assets held for trading	882,586	882,586	-	-
Receivables(excluding allowance for bad debts)	1,294,255	1,294,255	536,338	536,338
Available-for-sale financial assets	158,219	158,219	-	-
Securities purchased under resell agreements	999,103	999,103	-	-
Loans (excluding overdue loans and allowance for bad debts)	4,657,087	4,657,087	4,307,540	4,307,540
Other financial assets (excluding overdue loans)	7,349	7,349	101,279	101,279
<b>Total</b>	<b>\$ 65,374,193</b>	<b>65,374,193</b>	<b>12,695,157</b>	<b>12,695,157</b>
<b>Liabilities:</b>				
Deposits from Central Bank and banks	\$ 2,276,290	2,276,290	1,097,820	1,097,820
Financial liabilities held for trading	521,760	521,760	-	-
Securities sold under repurchase agreements	100,000	100,000	-	-
Payables	1,498,918	1,498,918	327,116	327,116
Deposits and remittances	79,254,928	79,254,928	26,207,187	26,207,187
Bank notes payable	-	-	-	-
Other financial liabilities	-	-	-	-
<b>Total</b>	<b>\$ 83,651,896</b>	<b>83,651,896</b>	<b>27,632,123</b>	<b>27,632,123</b>
<b>Net currency gap</b>	<b>\$ (18,277,703)</b>	<b>(18,277,703)</b>	<b>(14,936,966)</b>	<b>(14,936,966)</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<b>Financial instrument</b>	<b>December 31, 2008</b>			
	<b>Over 3 month to 1 year</b>		<b>Over 1 year to 2 year</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset:</b>				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	2,000,000	2,000,000	-	-
Financial assets held for trading	697,960	697,960	1,843,156	1,843,156
Receivables(excluding allowance for bad debts)	2,325,870	2,325,870	824,143	824,143
Available-for-sale financial assets	-	-	-	-
Securities purchased under resell agreements	-	-	-	-
Loans (excluding overdue loans and allowance for bad debts)	12,770,060	12,770,060	11,317,593	11,317,593
Other financial assets (excluding overdue	453,686	453,686	27,400	27,400
<b>Total</b>	<b>\$ 18,247,576</b>	<b>18,247,576</b>	<b>14,012,292</b>	<b>14,012,292</b>
<b>Liabilities:</b>				
Deposits from Central Bank and banks	\$ 7,275,495	7,275,495	150,000	150,000
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	988,799	988,799	47,248	47,248
Deposits and remittances	85,615,685	85,615,685	3,576,862	3,576,862
Bank notes payable	-	-	4,000,000	4,000,000
Other financial liabilities	3,600	3,600	12,300	12,300
<b>Total</b>	<b>\$ 93,883,579</b>	<b>93,883,579</b>	<b>7,786,410</b>	<b>7,786,410</b>
<b>Net currency gap</b>	<b>\$ (75,636,003)</b>	<b>(75,636,003)</b>	<b>6,225,882</b>	<b>6,225,882</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<b>Financial instrument</b>	<b>December 31, 2008</b>			
	<b>Over 2 year to 3year</b>		<b>Over 3 year to 4year</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset:</b>				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Financial assets held for trading	1,008,817	1,008,817	406,919	406,919
Receivables(excluding allowance for bad debts)	-	-	-	-
Available-for-sale financial assets agreements	-	-	-	-
Loans (excluding overdue loans and allowance for bad debts)	7,830,843	7,830,843	7,302,032	7,302,032
Other financial assets (excluding overdue loans)	9,698	9,698	11,069	11,069
<b>Total</b>	<b>\$ 8,849,358</b>	<b>8,849,358</b>	<b>7,720,020</b>	<b>7,720,020</b>
<b>Liabilities:</b>				
Deposits from Central Bank and banks	\$ -	-	-	-
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	1,980,271	1,980,271	-	-
Bank notes payable	-	-	2,000,000	2,000,000
Other financial liabilities	14,100	14,100	14,100	14,100
<b>Total</b>	<b>\$ 1,994,371</b>	<b>1,994,371</b>	<b>2,014,100</b>	<b>2,014,100</b>
<b>Net currency gap</b>	<b>\$ 6,854,987</b>	<b>6,854,987</b>	<b>5,705,920</b>	<b>5,705,920</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<b>Financial instrument</b>	<b>December 31, 2008</b>			
	<b>Over 4 year to 5 year</b>		<b>Over 5 year</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset:</b>				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans	-	-	-	-
Financial assets held for trading	547,465	547,465	106,384	106,384
Receivables(excluding allowance for bad debts)	-	-	-	-
Available-for-sale financial assets	-	-	-	-
Securities purchased under resell agreements	-	-	-	-
Loans (excluding overdue loans and allowance for bad debts)	5,686,078	5,686,078	82,279,610	82,279,610
Other financial assets (excluding overdue	3,735	3,735	911,002	911,002
<b>Total</b>	<b>\$ 6,237,278</b>	<b>6,237,278</b>	<b>83,296,996</b>	<b>83,296,996</b>
<b>Liabilities:</b>				
Deposits from Central Bank and banks	\$ -	-	-	-
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	-	-	-	-
Bank notes payable	-	-	1,000,000	1,000,000
Other financial liabilities	14,100	14,100	23,700	23,700
<b>Total</b>	<b>\$ 14,100</b>	<b>14,100</b>	<b>1,023,700</b>	<b>1,023,700</b>
<b>Net currency gap</b>	<b>\$ 6,223,178</b>	<b>6,223,178</b>	<b>82,273,296</b>	<b>82,273,296</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Financial instrument	December 31, 2008	
	Total	
	Possible Refund Amount	Possible Refund Amount
Asset:		
Cash and cash equivalents	\$ 6,188,638	6,188,638
Due from the Central Bank and call loans to banks	60,936,956	60,936,956
Financial assets held for trading	5,493,287	5,493,287
Receivables(excluding allowance for bad debts)	4,980,606	4,980,606
Available-for-sale financial assets	158,219	158,219
Securities purchased under resell agreements	999,103	999,103
Loans (excluding overdue loans and allowance for bad debts)	136,150,843	136,150,843
Other financial assets (excluding overdue loans)	1,525,218	1,525,218
Total	<b>\$ 216,432,870</b>	<b>216,432,870</b>
Liabilities:		
Deposits from Central Bank and banks	\$ 10,799,605	10,799,605
Financial liabilities held for trading	521,760	521,760
Securities sold under repurchase agreements	100,000	100,000
Payables	2,862,081	2,862,081
Deposits and remittances	196,634,933	196,634,933
Bank notes payable	7,000,000	7,000,000
Other financial liabilities	81,900	81,900
Total	<b>\$ 218,000,279</b>	<b>218,000,279</b>
Net currency gap	<b>\$ (1,567,409)</b>	<b>(1,567,409)</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

D. Cash flow risk and fair value risk arising from interest rate fluctuation:

In considering the possibility of future cash flow risk arising from floating-interest-rate assets and liabilities due to market interest rate fluctuation, the Company's subsidiary Jih Sun International Bank Ltd. entered into interest rate swap transactions to hedge against the cash flow risk arising from market interest rate fluctuation.

a. Information on expected interest rate reset date and maturity date:

As of December 31, 2009 and 2008, the reset and maturity dates were not affected by the contract date. The interest rate risk exposures on assets and liabilities were shown below. The financial assets and liabilities which held on the Company's subsidiary Jih Sun International Bank Ltd. were presented at book value allocated to time bands by reference to the earlier of the next interest rate reset date or maturity date (whichever earlier). The financial instruments held or issued were as follows:

Financial instrument	December 31, 2009					Total
	0-30 days	31-90 days	91-180 days (inclusive)	180 days-1 year (inclusive)	Over 1 year	
Assets:						
Due from the Central Bank, bank deposit and call loans to banks	\$ 34,419,737	3,685,000	1,820,000	-	-	39,924,737
Trading purpose financial assets	-	-	626,760	490,494	1,861,981	2,979,235
Available-for-sale financial assets	-	-	-	-	2,358,829	2,358,829
Loans (excluding non accrual loans)	106,551,085	4,838,327	1,365,676	2,088,723	9,955,800	124,799,611
Short-term advances	604,357	-	-	-	-	604,357
<b>Total</b>	<b>\$141,575,179</b>	<b>8,523,327</b>	<b>3,812,436</b>	<b>2,579,217</b>	<b>14,176,610</b>	<b>170,666,769</b>
Liabilities:						
Deposits from Central Bank and other banks	\$ 10,843,909	-	-	-	-	10,843,909
Notes and bonds issued under repurchase agreement	157,500	-	-	-	-	157,500
Deposits and remittances	120,150,834	8,816,631	10,923,540	14,998,174	2,009,502	156,898,681
Financial debentures	-	-	4,000,000	-	2,500,000	6,500,000
<b>Total</b>	<b>\$131,152,243</b>	<b>8,816,631</b>	<b>14,923,540</b>	<b>14,998,174</b>	<b>4,509,502</b>	<b>174,400,090</b>
<b>Interest sensitive gap</b>	<b>\$ 10,422,936</b>	<b>(293,304)</b>	<b>(11,111,104)</b>	<b>(12,418,957)</b>	<b>9,667,108</b>	<b>(3,733,321)</b>



**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Financial instrument	December 31, 2008					Total
	0-30 days	31-90 days	91-180 days (inclusive)	180 days-1 year (inclusive)	Over 1 year	
Assets:						
Due from the Central Bank, bank deposit and call loans to banks	\$ 27,364,057	7,700,000	1,550,000	500,000	-	37,114,057
Trading purpose financial assets	400,237	-	-	748,826	3,674,751	4,823,814
Securities purchased under resell agreements	999,103	-	-	-	-	999,103
Available-for-sale financial assets	-	-	-	-	-	-
Loans (excluding non accrual loans)	110,994,988	4,312,332	1,616,875	2,911,486	16,315,162	136,150,843
Short-term advances	595,257	-	-	-	-	595,257
<b>Total</b>	<b>\$140,353,642</b>	<b>12,012,332</b>	<b>3,166,875</b>	<b>4,160,312</b>	<b>19,989,913</b>	<b>179,683,074</b>
Liabilities:						
Deposits from Central Bank and other banks	9,973,956	100,000	-	20,000	-	10,093,956
Notes and bonds issued under repurchase agreement	100,000	-	-	-	-	100,000
Deposits and remittances	99,948,580	21,114,549	20,953,764	48,722,284	4,785,357	195,524,534
Financial debentures	-	-	-	-	7,000,000	7,000,000
<b>Total</b>	<b>\$110,022,536</b>	<b>\$21,214,549</b>	<b>20,953,764</b>	<b>48,742,284</b>	<b>11,785,357</b>	<b>212,718,490</b>
Interest sensitive gap	<b>\$ 30,331,106</b>	<b>(9,202,217)</b>	<b>(17,786,889)</b>	<b>(44,581,972)</b>	<b>8,204,556</b>	<b>(33,035,416)</b>

The assumption and the other details of the above expected interest rate reset date or maturity date were as follows:

b. Effective interest rates (Excluding financial assets held for trading)

As of December 31, 2009 and 2008, the effective interest rate of financial instruments held and issued by the Company's subsidiary Jih Sun International Bank Ltd. were as follows:

Financial instrument item	December 31,	
	2009	2008
Due from the Central Bank, bank deposit and call loans to banks	0.49	1.80
Securities purchased under resell agreements	0.13	1.82
Available-for-sale financial assets	1.16	-
Discount and Loans	2.43	3.82
Deposits from the Central Bank and banks	1.34	2.29
Notes and bonds issued under repurchase agreements	0.10	1.67
Financial debentures	3.58	3.52
Deposits and remittances	1.10	1.92

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

E. Operation risk (including law risk):

The direct risk was caused by the internal business, transaction and use of information interactively which the financial holding parent Company and its subsidiaries undertook various kinds of business because of the internal issues, such as inappropriate system, personnel negligence, inappropriate supervision and system malfunction, etc; or the indirect risk was caused by the external issues, such as deception, dispute about customers and products. Hence, the Bank shall regularly or irregularly survey the internal operative handbook, operating procedures, information system of security protection, the plan of dealing with emergency. The each process point of all potential possible loss of revised appropriate system may cause the point of losses and determine the duty of each employee clearly. While an event occurs, the quality and the related losses of impact shall be recorded properly, and the operative units have to be fully responsible for the information of collection, analysis and conclusion, and establishment of management index in order to decrease the risk of repeat.

**5. RELATED-PARTY TRANSACTIONS**

(A) Names of related parties and relationship with the Company

<u>Name of related party</u>	<u>Relationship with the Company</u>
Jih Sun Securities Investment Trust Co., Ltd.	The investee company under the equity method of the Company's subsidiary Jih Sun Securities Co., Ltd. since March, 2008
Shinsei Bank (Japan)	The major shareholder that holds for 36.17% of the Company's shares.
Other related parties	The Company and its subsidiaries Jih Sun Securities Co., Ltd. and Jih Sun International Bank Ltd. 's directors, supervisors, relatives and spouses of the aforementioned persons and chief offices for each department (branches).

(B) Significant transactions between the Company and related parties:

a. Deposit

<u>Name of Related Party</u>	<u>Ending Balance</u>	<u>Maximum Balance</u>	<u>Interest Revenue</u>	<u>Interest Interval %</u>
<b>2009</b>				
Jih Sun Securities Investment Trust Co., Ltd.	\$ 79,072	245,876	1,783	0%~2.73%
Others	362,261	659,918	1,246	0%~7.95%
	<b>\$ 441,333</b>		<b>3,029</b>	

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<u>Name of Related Party</u>	<u>Ending Balance</u>	<u>Maximum Balance</u>	<u>Interest Revenue</u>	<u>Interest Interval %</u>
<b>2008</b>				
Jih Sun Securities Investment Trust Co., Ltd.	\$ 145,051	797,440	7,632	0%~2.73%
Others	249,841	935,381	7,162	0%~7.95%
	<u>\$ 394,892</u>		<u>14,794</u>	

b. Loan

The interested parties of the Jih Sun International Bank Ltd. were borrowers, guarantors, or suppliers of guarantee:

December 31, 2009							
Classification	Amount or Related Party Name	Maxium balance	Ending balance	Agreement		Collateral	Terms of trade different or not with non-related party
				Normal loans	Overdue loans		
Employee consumption loan	3	1,493	480	480	-	Deposit	none
Personal house mortgaed loan	23	102,762	89,980	89,980	-	Real estate	none

December 31, 2008							
Classification	Amount or Related Party Name	Maxium balance	Ending balance	Agreement		Collateral	Terms of trade different or not with non-related party
				Normal loans	Overdue loans		
Employee consumption loan	3	3,263	2,906	2,906	-	Deposit	none
Personal house mortgaed loan	25	97,051	84,549	84,549	-	Real estate	none

As of December 31, 2009 and 2008, there was no non-forming in the credit line provided to the related parties. Allowance for bad debts was similarly provided for general financing and was computed at the rate of 1% of the loan balance. In relation to the related-party credit policy, the Bank follows the requirements under Articles 32, 33, 33-1, 33-2, 33-4, 33-5 of the Banking Act, and does not provide credit loans without collaterals. For collateralized loans, the collaterals shall consists of full guarantees, and the terms (including interest rate, collateral and related appraisal, guarantor requirement, loan term, repayment method of principal and interest, etc.) must not be superior to the other parties for similar types of loan. Financing provided to the same related party, which individually or cumulatively amounts to \$100,000 or 1% of the Company's subsidiary Jih Sun International Bank Ltd.'s net worth, whichever is lower, must be presented to the Board of Directors and Supervisors for deliberation. Moreover, the meeting must be attended by two-thirds of the directors and approved by three-fourths of the directors in attendance. The terms and conditions of loans to related parties are not superior to those given to non-related parties.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- c. The bond transactions with repurchase/resale agreements with related parties in 2009 and 2008 were as follows:

Securities sold under repurchase agreements:

<u>Name of related party</u>	<u>For the years ended December 31,</u>			
	<u>2009</u>		<u>2008</u>	
	<u>Interest expense</u>	<u>Ending balance</u>	<u>Interest expense</u>	<u>Ending balance</u>
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ 19</u>	<u>-</u>	<u>942</u>	<u>23,000</u>

- d. The accounts receivable with related parties were as follows:

<u>Name of Related Party</u>	<u>December 31,</u>			
	<u>2009</u>		<u>2008</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Accounts Receivable</u>				
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ 20</u>	<u>-</u>	<u>40</u>	<u>-</u>
<u>Other Receivables</u>				
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ 152</u>	<u>-</u>	<u>159</u>	<u>-</u>

- e. Lease

- (1) The rental of offices and the amounts paid to related parties were as follows:

<u>Name of related party</u>	<u>For the years ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ 3,696</u>	<u>3,696</u>

- (2) The guarantee deposit of offices and the amounts paid to related parties were as follows: (guarantee deposit paid)

<u>Name of related party</u>	<u>For the years ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ 924</u>	<u>924</u>

- (3) The rentals of offices received from related parties were as follows:

<u>Name of related party</u>	<u>For the years ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ 385</u>	<u>606</u>

- (4) The guarantee deposits of the rental office received from related parties were as follows: (guarantee deposits received)

<u>Name of related party</u>	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ 88</u>	<u>88</u>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- f. The Company's subsidiary Jih Sun Securities Co., Ltd received from Jih Sun Securities Investment Trust Co., Ltd. were as follows:

	For the years ended December 31,	
	2009	2008
Securities registration and service fee	\$ 150	240
Revenue from utilities expense allocated (pay and collecting for another)	2,022	2,001
Income from selling fund rewards	4,714	-
<b>Total</b>	<b>\$ 6,886</b>	<b>2,241</b>

- g. The Company's subsidiary Jih Sun Securities Co., Ltd. sold the equipment to Jih Sun Securities Investment Trust Co., Ltd. in 2008 for \$6, the book value of equipment was \$6 and gain on sale was \$0.
- h. For the years ended December 31, 2009 and 2008, the bonuses for the Company's subsidiary Jih Sun International Bank Ltd. to sell funds of Jih Sun Securities Investment Trust Co., Ltd. were amounting to \$4,646 and \$7,347, respectively. .
- i. The Company's subsidiary Jih Sun International Bank Ltd. purchased international syndicated loans amounting of \$485,760(equivalent to USD \$16,000) from MMI International Limited from Shinsei Bank (Japan) during the year of 2008.

(C) Salary information for main management

For the years ended December 31, 2009 and 2008, the Company's salary information for directors, supervisors, general manager and vice general managers were as follows:

	2009	2008
Salaries	\$ 22,442	18,184
Bonus and special allowances	9,074	36,768
Business executive expenses	1,920	1,440
Employee bonuses	-	-
<b>Total</b>	<b>\$ 33,436</b>	<b>56,392</b>

For the years ended December 31, 2009 and 2008, the Company's and its subsidiaries' salary information for directors, supervisors, general manager and vice general managers were as follows:

	2009	2008
Salaries	\$ 85,255	64,627
Bonus and special allowances	39,298	50,248
Business executive expenses	5,106	6,398
Employee bonuses	(855)	10,250
<b>Total</b>	<b>\$ 128,804</b>	<b>131,523</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Note: The employees' bonus was negative for 2009 due to the reversal of the over estimated amount of \$1,053 for 2008 in the current year and the estimated amount of \$198 for 2009.

**6. PLEDGED ASSETS**

<u>Pledged assets</u>	<u>Objects</u>	<u>December 31,</u>	
		<u>2009</u>	<u>2008</u>
Financial assets measured at fair value through profit or loss	Court Drawing, Notes guarantees and Trust fund reserve	\$ 135,400	210,000
Premises and equipment – land	Corporate Bonds	1,259,205	1,259,205
– building	"	367,148	568,404
Other financial assets (restricted assets, financial assets carried at cost, and guarantee deposit paid)	Tax guarantee collection, Commercial papers issued, Bank loan guarantee, Corporate Bonds, Court Drawing	1,740,256	2,170,129
Total		<u>\$ 3,502,009</u>	<u>4,207,738</u>

As of December 31, 2009, the Company had provided 388,500 thousand shares (book value amounting to \$6,806,520) for the pledge of loans from the financial institutions.

**7. SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

(A) Significant contract

- a. As of December 31, 2009 and 2008, the subsidiary Jin Sun International Bank Ltd. had contracted for equipment purchase and office renovations which were approximately amounted \$8,240 and \$49,791, respectively, of which \$5,448 and \$47,233 were paid respectively and the remaining amount were paying in progress continuously.
- b. An advisory company had informed and requested the Company to pay for the consultancy fees in 2009. In accordance with the Company's internal evaluations and the opinions from the appointed lawyer, the Company could use three reasons to defense its position. One reason was that the consultancy agreement did not complete the legal procedure within the Company, another one was that the case of capital increase did not include in the range of the consultancy agreement, and the other one was that the case did not conform with the pattern of the agreement. Therefore, the Company thought that it was not necessary to estimate and pay for the requested amount.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(B) Significant lawsuit

- a. The Company's subsidiary Jih Sun Securities Co., Ltd. acted as the co-underwriter for Jeng-Yih Company's application for government approval to trade over the counter. Subsequently, Jeng-Yih Company stopped trading over the counter because of significant amount of notes unpaid. Therefore, the investors had sued the directors and supervisors, the independent auditors, and the underwriters of Jeng-Yih Company for total amount of \$71,017. The primary court decided the securities dealers only had to compensate the subscribed party who is in good faith. Moreover, the Company had already compromised with the majority of the investors and paid off, except for one investor. For the remaining un-reconciled investor, the court judged the company only had to pay for \$24. On December 22, 2006, the un-reconciled investor and the others whose the securities didn't underwrite by the Company could not accept the judgment from the primary court, they had appeal to Taiwan High Court. During the hearing period of Taiwan High Court, the Company had reconciled with the investor who had been judged by the primary court to receive \$24 and the investor had revoked the case. The Company's subsidiary Jih Sun Securities Co., Ltd. considered no responsibility for any additional compensation liability, therefore, no accrual need to be booked, except for the above-mentioned reconciliation amounts.
- b. As of December 31, 2009 and 2008, the Company's subsidiary Jih Sun Securities Co., Ltd. had applied to the court for provisional seizure in connection with protection of its rights related to collateral on defaulted securities transactions. Therefore, the Company made guarantee deposits of \$760 and \$22,394, respectively (recorded as guarantee deposit paid) and seized the debtor's assets.
- c. Three customers of the Tai-Chung Branch of Jih Sun Securities Co., Ltd. alleged that a former employee at the Tai-Chung Branch had sold their stock without their permission, and stolen their bank savings. Therefore, the client requested the Company to be responsible jointly and claimed for \$82,431 with interest. As of December 31, 2009, Taichung District Court had judged that the Company and the former employee were jointly liable for the three plaintiffs amounted to \$ 33,968 with statutory interest of 5% from October 21, 2003. The related expense was already accrued, and the Company is undertaking compromise and appeal which are both in progress.
- d. The customer of Xin-Yi branch of the Company's subsidiary Jih Sun Securities Co., Ltd. alleged that he had suffered losses because of an employee did not follow the instruction to buy or sell stocks. Therefore, the client requested the company to pay \$13,732 to compensate his losses. The primary court disallowed the plaintiff's assertion because of the claim was considered to be unreasonable, and the plaintiff didn't accept the judgment and appeal to Taiwan High Court. The lawsuit is still in process. There is no additional compensation liability and no accrual shall be booked, since the Company considered that the claim should be a private debt dispute between the client and the employee.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- e. Due to the fact that the Company's subsidiary Jih Sun International Bank Ltd. was acting as the guarantor of Tan-Tai Construction Company, Taipei City Hydraulic Engineering Office issued a claim against the Company's subsidiary Jih Sun International Bank Ltd.. As of January 21, 2008, the Company's subsidiary Jih Sun International Bank Ltd. is sentenced to pay for Tan-Tai Construction Company, \$30,637, in accordance with Taipei District Court. The Company's subsidiary Jih Sun International Bank Ltd. did not agree with the sentence and decided to appeal the case to a higher court through the attorney. Moreover, in accordance with the Taiwan High Court (97) Chong-Shang-Zi No. 121, the Bank had no responsibilities to pay for the guarantees. However, on July 31, 2009, Taipei City Hydraulic Engineering Office did not agree with the judgment and decided to appeal the case to the Supreme Court of the Republic of China.

(C) Significant Commitments and Contingencies of Jih Sun International Bank Ltd.

	December 31,	
	2009	2008
Acted as an agent for various collections	\$ 226,098	293,842
Entrusted with the sale of U.S dollar traveler's checks	\$ 64,843	61,627
Handled several guarantees (including joint handling of foreign exchange transactions)	\$ 2,553,832	1,797,613
Outstanding bank acceptance liabilities	\$ 249,244	73,709
Letters of credit	\$ 492,734	488,760
Acted as custodian of post-dated checks for its clients (excluding next day's checks for clearing)	\$ 9,271,821	11,394,787
Direct credit guarantees consisting of general guaranteed bonds (corporate bonds)	\$ 41,888	62,831
Guarantee letters for financial guarantees of loans and securities (commercial paper)	\$ 1,707,000	859,000
Performance bonds	\$ 799,820	820,145
Guarantee letters issued for specified transactions	\$ 804,944	875,782
Loan commitment	\$ 13,082,267	13,899,043
Credit extension commitment of credit cards	\$ 54,072,026	57,993,826

(D) Significant Commitments and Contingencies of Jih Sun Securities Co., Ltd.

- a. As of December 31, 2009 and 2008, in connection with securities financing activities, the Company's subsidiary Jih Sun Securities Co., Ltd. held client-owned stocks which amounted to approximately 912,721,033 shares and 717,874,575 shares, respectively; stocks loaned out to clients amounted to approximately 50,321,000 shares and 43,137,000 shares, respectively, for which the Company's subsidiary Jih Sun Securities Co., Ltd. had received guarantee deposits in full from the clients.



**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- b. In 2009, for Jih Sun Services (Cayman) Limited and Jih Sun Cresvale Securities International Limited applying line of credit, Jih Sun Securities Co. Ltd. provided a Letter of Comfort to the financial institution to state positively support the operation of these two companies.

(E) Operating lease

The yearly rent payables of the Company's operating place were as follows:

<b>Period</b>	<b>Amount</b>
1.1.2010 ~ 12.31.2010	\$ 256,020
1.1.2011 ~ 12.31.2011	200,563
1.1.2012 ~ 12.31.2012	93,539
1.1.2013 ~ 12.31.2013	41,008
1.1.2014 ~ 12.31.2014	12,094
Total	<b>\$ 603,224</b>

- (F) Except for mentioned as above, other consolidated subsidiaries have no significant commitments and contingencies.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(G) In accordance with Articles No. 17 of the Enforcement Rules of the Trust Enterprise Act, the balance sheet and the property list of trust account were as follows:

a. Trust Balance sheet:

**TRUST BALANCE SHEET**

<b>Trust Assets</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Cash in Bank	\$ 411,331	451,572
Bonds	3,994,037	8,612,376
Securities	1,883,385	3,833,632
Funds	19,918,138	14,984,112
Real Estate-net		
Land of the principal	2,007,419	3,379,756
Principal house and building	113,755	169,481
Construction in process of the principal	731,747	1,817,392
Monetary obligation trust	260,000	372,260
Securities in custody	1,065,821	844,676
Other assets	53,973	2,000
Total Trust Assets	<b>\$ 30,439,606</b>	<b>34,467,257</b>
<b>Trust Liabilities</b>		
Payables	-	135,800
Other Liabilities	3,105	2,215
Advance collections	348	-
Payable for securities in custody	1,065,821	844,676
Trust Capital		
Monetary trust	24,176,810	23,865,980
Securities trust	1,773,465	3,705,603
Real estate trust	3,163,480	5,634,052
Monetary obligation and real right of pledge	260,030	416,946
Reserves and accumulated losses		
The principal adds up to the profit and loss	1,040,135	5,577,701
Net (loss) income for the period	(1,043,588)	(5,715,716)
Total Trust Liabilities	<b>\$ 30,439,606</b>	<b>34,467,257</b>

b. Trust property list as presented as the details of assets above a.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**TRUST INCOME STATEMENT**

<u>Investment Item</u>	<u>2009</u>	<u>2008</u>
Trust revenues		
Principal interest income	\$ 1,826	3,974
Principal rent income	16,054	15,785
Principal cash dividend	553,047	1,163,796
Gain on sales of properties	578,511	430,801
Trust expenses		
Principal administration expenses	80,840	26,812
Principal tax expenses	4,889	4,269
Principal interest expenses	40	60
Loss on sales of properties	2,106,788	7,297,230
Principal other expenses	405	706
Principal income tax expenses	64	995
Total	<u>\$ (1,043,588)</u>	<u>(5,715,716)</u>

**8. SIGNIFICANT CATASTROPHIC LOSSES: NONE**

**9. SIGNIFICANT SUBSEQUENT EVENTS: NONE**

**10. OTHERS**

(A) Personnel, depreciation, depletion, and amortization expenses were as follows:

<u>Function</u>	<u>2009</u>	<u>2008</u>
<u>Nature</u>	<u>Operating Expenses</u>	<u>Operating Expenses</u>
Personnel Expenses		
Salaries and Wages	\$ 3,192,196	2,848,589
Insurance	186,876	213,015
Pension Expenses	144,784	179,063
Other Personnel Expenses	86,257	120,147
Subtotal of Personnel Expenses	3,610,113	3,360,814
Depreciation Expenses	338,847	421,334
Amortization Expenses	476,953	473,207

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(B) Capital Adequacy Ratio:

Company \ Item	Holding ratio of Financial holding company	2009.12.31		2008.12.31	
		Qualified capital	Legal reserve needed	Qualified capital	Legal reserve needed
Jih Sun Financial holding company	100%	26,784,797	32,493,839	23,192,700	27,278,232
Jih Sun International bank	100%	10,044,171	9,303,703	10,787,514	10,055,416
Jih Sun Securities company	100%	15,130,813	4,719,966	13,476,105	3,755,537
Other subsidiaries	100%	5,466	3,273	6,898	4,398
Items to be deducted	-	31,499,540	31,127,113	27,431,743	27,063,194
Subtotal		20,465,707	15,393,668	20,031,474	14,030,389
Capital Adequacy Ratio			132.95		142.77

(C) Jih Sun Financial holding company's eligible capital

Items	2009.12.31	2008.12.31
Common stocks	45,211,494	21,707,754
Perpetual non-cumulative preferred shares and non-cumulative subordinated noted without a maturity date	-	-
Other preferred stock and subordinated debentures	5,616,740	6,016,741
Capital collected in advance	-	-
Legal reserve	-	-
Special reserve	-	-
Accumulated losses	(23,812,134)	(4,116,742)
Equity adjustments	(230,346)	(413,002)
Less : Goodwill	-	-
Less: Deferred assets	957	2,051
Total	26,784,797	23,192,700

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- (D) As required by Financial Holding Companies Law, Article No.46, the credits(Note2), guarantees(Note3) and other transactions(Note4) amount and ratio as percentage of net assets to the same person, the same related party and the same related company as of December 31, 2009 were as follows:

Unit: New Taiwan Dollars, thousand

Name	Amount of loans authorization, guarantees and other transactions	% the financial holding company's net worth
A. the same nature person or legal person		
Nan Ya Technology Co.	2,176,771	8.51%
Formosa Petrochemical Corporation	1,688,085	6.60%
RSEA Engineering Corporation	4,400,000	17.20%
Taiwan High Speed Rail Co.	2,603,548	10.18%
Chi Mei Electronics Group	1,473,033	5.76%
The Export- Import Bank of ROC	1,400,000	5.47%
Taitea Enterprise Co., Ltd	1,659,073	6.49%
B. the same enterprise of legal person		
Kinpo Group	2,227,060	8.71%
Chi Mei Group	1,802,540	7.05%
Formosa Plastic Group	5,162,219	20.18%
Tatung Group	1,721,244	6.73%

Note:

1. If the aggregate amount of credit extended, guarantees given, or any other transactions conducted by all subsidiaries of the financial holding company to, for, or with the same person, same related person or same affiliate is greater than the lower of 5% of net worth of the financial holding company or NT\$3 billion, the related transaction information needs to be filed according to the table refer above.
2. Credit includes loans, discounts, overdrafts, acceptances, guarantees and other lines of business operations designated by the Central Competent Authority.
3. Guarantees here are indicative of endorsements and guarantees of for bills finance corporations.
4. Other transactions with the same person, same related person, or same affiliate (thereinafter referred to as "the affiliates") here are indicative of the transactions listed below:
  - (1) Securities and bonds with resold agreement
  - (2) Investment or purchase of the aforementioned securities from the issuers.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(3) Financial derivatives trading

(4) The other transactions have been approved by the competent authority.

(E) Functional financial information:

<b>2009.1.1~2009.12.31</b>						
<b>Item</b>	<b>Consumer Financial Service</b>	<b>Corporate Financial Service</b>	<b>Investment Management service</b>	<b>Wealth Management service</b>	<b>Cost Center</b>	<b>Total</b>
Net interest income(loss)	859,989	574,442	(28,150)	1,187,699	(407,845)	2,186,135
Non-interest income	539,615	561,845	944,026	4,017,239	(277,015)	5,785,710
Net Revenues	1,399,604	1,136,287	915,876	5,204,938	(684,860)	7,971,845
Bad debt expense	2,792,773	3,673,297	11,108	-	-	6,477,178
Insurance duty reserve	-	-	-	-	-	-
Operating Expenses	937,663	611,325	519,832	3,592,928	844,630	6,506,378
Net income (loss) before tax from continuing operations	(2,330,832)	(3,148,335)	384,936	1,612,010	(1,529,490)	(5,011,711)
Income tax expense(benefit)	-	-	-	66,013	512,180	578,193
Net income (loss) after tax from continuing operations	(2,330,832)	(3,148,335)	384,936	1,545,997	(2,041,670)	(5,589,904)

<b>2008.1.1~2008.12.31</b>						
<b>Item</b>	<b>Consumer Financial Service</b>	<b>Corporate Financial Service</b>	<b>Investment Management service</b>	<b>Wealth Management service</b>	<b>Cost Center</b>	<b>Total</b>
Net interest income(loss)	1,412,028	866,602	42,818	1,731,613	(373,213)	3,679,848
Non-interest income	399,974	437,023	(52,364)	3,359,150	272,584	4,416,367
Net Revenues	1,812,002	1,303,625	(9,546)	5,090,763	(100,629)	8,096,215
Bad debt expense	3,108,989	2,004,173	-	-	-	5,113,162
Insurance duty reserve	-	-	-	-	-	-
Operating Expenses	1,058,338	629,363	529,387	4,102,362	387,562	6,707,012
Net income (loss) before tax from continuing operations	(2,355,325)	(1,329,911)	(538,933)	988,401	(488,191)	(3,723,959)
Income tax expense(benefit)	-	-	3,537	66,865	(2,396)	68,006
Net income (loss) after tax from continuing operations	(2,355,325)	(1,329,911)	(542,470)	921,536	(485,795)	(3,791,965)

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(F) Jih Sun Financial Holding Co., Ltd.:

a. Condensed balance sheets:

<b>Assets</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Cash and cash equivalents	\$ 45,908	32,897
Receivables – net	1,690,056	451,879
Equity investments under the equity method – net	31,127,113	27,063,194
Premises and equipment – net	1,541	3,218
Other assets – net	1,730	54,643
<b>Total Assets</b>	<b>\$ 32,866,348</b>	<b>27,605,831</b>
<b>Liabilities and stockholders' equity</b>		
Short-term Loans	\$ 1,600,000	1,650,000
Commercial papers issued	1,498,700	1,197,518
Payables	2,167,746	750,032
Bonds payable	2,000,000	2,401,500
Accrued pension liabilities	14,148	12,031
<b>Total Liabilities</b>	<b>7,280,594</b>	<b>6,011,081</b>
Capital		
Common stock	45,211,494	21,707,754
Preferred stock	4,416,740	4,416,740
Accumulated losses	(23,812,134)	(4,116,742)
Other equity		
Cumulative translation adjustments	(123,876)	(83,662)
Net loss not recognized as pension cost	(21,201)	-
Unrealized loss on available-for-sale financial asset	(85,269)	(329,340)
<b>Total stockholders' equity</b>	<b>25,585,754</b>	<b>21,594,750</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 32,866,348</b>	<b>27,605,831</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

b. Condensed statements of income:

	<u>2009</u>	<u>2008</u>
Revenues		
Other revenues	\$ 11,205	30,004
Total	<u>11,205</u>	<u>30,004</u>
Expenses and losses		
Loss from equity investments under the equity method	5,323,573	3,547,874
Operating Expenses	125,039	140,615
Interest Expenses	117,004	131,253
Other expenses and losses	13,975	6,646
Total	<u>5,579,591</u>	<u>3,826,388</u>
Net loss before income tax	(5,568,386)	(3,796,384)
Income tax expense	24,762	-
Net loss after income tax	<u>\$ (5,593,148)</u>	<u>(3,796,384)</u>
EPS before tax (NT dollar)	<u>\$ (1.45)</u>	<u>(1.75)</u>
EPS after tax (NT dollar)	<u>\$ (1.45)</u>	<u>(1.75)</u>



**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(c) Statements of changes in stockholders' equity:

Item	Capital stock		Accumulated losses	Equity adjustment			Total
	Common stock	Preferred stock		Unrealized gains (losses) on available-for-sale financial assets	Cumulative translation adjustments	Net loss not recognized as pension cost	
<b>Beginning balance - January 1, 2008</b>	\$ 21,707,754	4,416,740	(320,358)	(97,683)	(110,996)	(9,172)	25,586,285
Net loss for 2008	-	-	(3,796,384)	-	-	-	(3,796,384)
Recognition of cumulative translation adjustment of subsidiaries	-	-	-	-	27,334	-	27,334
Adjustment of net loss not recognized as pension cost	-	-	-	-	-	9,172	9,172
Recognition of unrealized gains (losses) on available-for-sale financial assets of subsidiaries	-	-	-	(231,657)	-	-	(231,657)
<b>Ending balance - December 31, 2008</b>	<b>\$ 21,707,754</b>	<b>4,416,740</b>	<b>(4,116,742)</b>	<b>(329,340)</b>	<b>(83,662)</b>	<b>-</b>	<b>21,594,750</b>
<b>Beginning balance - January 1, 2009</b>	\$ 21,707,754	4,416,740	(4,116,742)	(329,340)	(83,662)	-	21,594,750
Net loss for 2009	-	-	(5,593,148)	-	-	-	(5,593,148)
Capital increase with cash	23,503,740	-	(14,102,244)	-	-	-	9,401,496
Recognition of cumulative translation adjustment of subsidiaries	-	-	-	-	(40,214)	-	(40,214)
Recognition of unrealized gains (losses) on available-for-sale financial assets of subsidiaries	-	-	-	244,071	-	-	244,071
Adjustment of net loss not recognized as pension cost	-	-	-	-	-	(21,201)	(21,201)
<b>Ending balance - December 31, 2009</b>	<b>\$ 45,211,494</b>	<b>4,416,740</b>	<b>(23,812,134)</b>	<b>(85,269)</b>	<b>(123,876)</b>	<b>(21,201)</b>	<b>25,585,754</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(d) Statements of cash flows:

	<u>2009</u>		<u>2008</u>	
	<u>Subtotal</u>	<u>Total</u>	<u>Subtotal</u>	<u>Total</u>
<b>Cash flow from operating activities:</b>				
<b>Net loss</b>	\$ (5,593,148)		(3,796,384)	
<b>Adjustment Items :</b>				
Depreciation expense	1,592		1,873	
Amortization expense	722		722	
Loss from equity investments under the equity method (including employee bonus, compensation of directors and supervisors)	5,323,573		3,547,874	
Cash dividend under the equity method	196,660		1,835,298	
Loss on disposal of fixed assets	185		-	
Other assets retirement loss	69		-	
<b>Changes in operating assets and liabilities</b>				
(Increase) Decrease in receivables	(1,238,177)		379,649	
Decrease (Increase) in other assets	51,819		(50,002)	
Increase (Decrease) in payables	1,417,714		(212,971)	
Increase in accrued pension liabilities	2,420		3,466	
<b>Net cash provided by operating activities:</b>		<u>163,429</u>		<u>1,709,525</u>
<b>Cash flow from investing activities:</b>				
Long-term equity investments	(9,401,496)		(1,800,000)	
Sales of premises and equipment	40		531	
Acquisition of premises and equipment	(140)		(138)	
<b>Net cash used in investing activities</b>		<u>(9,401,596)</u>		<u>(1,799,607)</u>
<b>Cash flow from financing activities</b>				
Increase in commercial papers issued	301,182		1,197,518	
Decrease in corporate bond payable	(401,500)		(5,598,500)	
(Decrease) Increase in short-term borrowings	(50,000)		1,650,000	
Capital increase with cash	9,401,496		-	
<b>Net cash provided by (used in) financing activities</b>		<u>9,251,178</u>		<u>(2,750,982)</u>
<b>Net changes in cash and cash equivalents</b>		<u>13,011</u>		<u>(2,841,064)</u>
<b>Cash and cash equivalents, beginning of year</b>		<u>32,897</u>		<u>2,873,961</u>
<b>Cash and cash equivalents, end of year</b>		<u><b>45,908</b></u>		<u><b>32,897</b></u>
<b>Supplemental cash flow information:</b>				
Interest paid (excluding capitalized interest)		<u>117,487</u>		<u>130,090</u>
Income taxes paid		<u>752</u>		<u>2,805</u>
<b>Non-cash investing and financing activities</b>				
Unrealized gain (loss) on available-for-sale financial assets		<u>244,071</u>		<u>(231,657)</u>
Changes in net loss not recognized as pension cost		<u>(21,201)</u>		<u>9,172</u>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(G) The Subsidiaries' Balance Sheets and Statements of Income

Jih Sun International Bank Ltd.:

a. Condensed balance sheets

<b>Assets</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Cash and cash equivalents	\$ 2,955,368	6,188,638
Due from the Central Bank and call loans to banks	40,844,637	60,936,956
Financial assets measured at fair value through profit or loss—net	3,663,226	5,493,287
Securities purchased under resell agreements	-	999,103
Receivables—net	5,394,366	4,959,314
Discounted and loans—net	125,873,517	138,644,887
Available-for-sale financial assets—net	2,409,684	158,219
Equity investments under equity method—net	29,885	16,766
Other financial assets—net	1,439,140	1,525,218
Premises and equipment—net	4,402,647	4,667,376
Intangible assets	588,145	915,240
Other assets—net	1,647,947	2,191,679
<b>Total Assets</b>	<b>\$ 189,248,562</b>	<b>226,696,683</b>
<b>Liabilities and stockholders' equity</b>		
Deposits from the Central Bank and other banks	\$ 10,854,230	10,799,605
Financial liabilities measured at fair value through profit or loss	309,363	521,760
Securities sold under repurchase agreements	157,500	100,000
Payables	2,386,677	2,935,790
Deposits and remittances	157,798,931	196,634,933
Financial notes payable	6,500,000	7,000,000
Other financial liabilities	75,600	81,900
Other liabilities	181,325	293,143
<b>Total Liabilities</b>	<b>178,263,626</b>	<b>218,367,131</b>
Capital stock	12,045,572	15,180,587
Accumulated losses	(968,888)	(6,627,463)
Other items of stockholders' equity	(91,748)	(223,572)
<b>Total stockholders' equity</b>	<b>10,984,936</b>	<b>8,329,552</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 189,248,562</b>	<b>226,696,683</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

b. Condensed statements of income

	<b>2009</b>	<b>2008</b>
Net interest income	\$ 1,436,240	2,924,636
Non-interest income	1,084,353	1,542,283
Net Revenues	<u>2,520,593</u>	<u>4,466,919</u>
Bad debt expenses from loans	6,477,178	5,113,162
Operating expenses	3,082,685	3,506,003
Net loss before tax	<u>\$ (7,039,270)</u>	<u>(4,152,246)</u>
Net loss after tax	<u>\$ (6,877,936)</u>	<u>(3,797,781)</u>
EPS before tax (NT dollar)	<u>\$ (9.31)</u>	<u>(2.79)</u>
EPS after tax (NT dollar)	<u>\$ (9.09)</u>	<u>(2.55)</u>
Losses per share- retroactive adjustment before tax (NT dollar)		<u>(16.01)</u>
Losses per share- retroactive adjustment after tax (NT dollar)		<u>(14.64)</u>

Jih Sun Securities Co., Ltd.:

a. Condensed balance sheets

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
<b>Assets</b>		
Current assets	\$ 27,126,840	29,190,700
Funds and investments	4,515,778	4,792,623
Premises and equipment – net	1,816,499	1,923,610
Intangible Assets	50,321	75,835
Other assets	1,368,398	1,471,082
Securities brokerage debit accounts – net	368,532	214,154
<b>Total Assets</b>	<u>\$ 35,246,368</u>	<u>37,668,004</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities	\$ 14,543,386	17,105,245
Long-term liability	-	1,338,114
Other liability	425,638	357,269
<b>Total Liabilities</b>	<u>14,969,024</u>	<u>18,800,628</u>
Capital	11,572,127	11,572,127
Capital Surplus	1,298,456	1,298,456
Retained earnings	7,449,565	6,090,429
Other items of stockholders' equity	(42,804)	(93,636)
<b>Total stockholders' equity</b>	<u>20,277,344</u>	<u>18,867,376</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 35,246,368</u>	<u>37,668,004</u>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

b. Condensed statements of income

	<b>2009</b>	<b>2008</b>
Revenues	\$ 6,278,670	5,693,497
Expenses	4,076,536	4,919,659
Net income before tax	<b>\$ 2,202,134</b>	<b>773,838</b>
Net income after tax	<b>\$ 1,553,382</b>	<b>415,475</b>
EPS before tax (NT dollar)	<b>\$ 1.90</b>	<b>0.67</b>
EPS after tax (NT dollar)	<b>\$ 1.34</b>	<b>0.36</b>

Jih Sun Property Insurance Agent Co., Ltd.:

a. Condensed balance sheets

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
<b>Assets</b>		
Current assets	\$ 6,423	9,086
Premises and equipment – net	114	110
Other assets	136	194
<b>Total Assets</b>	<b>\$ 6,673</b>	<b>9,390</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities	\$ 1,207	2,492
<b>Total Liabilities</b>	<b>1,207</b>	<b>2,492</b>
Capital	3,000	3,000
Retained earnings	2,466	3,898
<b>Total stockholders' equity</b>	<b>5,466</b>	<b>6,898</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 6,673</b>	<b>9,390</b>

b. Condensed statements of income

	<b>2009</b>	<b>2008</b>
Revenues	\$ 10,264	15,249
Cost of goods sold	6,149	9,368
Gross Profit	4,115	5,881
Operating expenses	2,604	2,494
Non-operating revenue and gains	9	177
Non-operating expense and loss	225	3
Net income before tax	<b>\$ 1,295</b>	<b>3,561</b>
Net income after tax	<b>\$ 981</b>	<b>2,681</b>
EPS before tax (NT dollar)	<b>\$ 4.31</b>	<b>11.87</b>
EPS after tax (NT dollar)	<b>\$ 3.27</b>	<b>8.94</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(H) Profitability:

a. Profitability of the Company and its subsidiaries

Unit: %

Item	December 31, 2009	December 31, 2008
Consolidated return on assets ratio (Before tax)	(2.03)	(1.32)
Consolidated return on assets ratio (After tax)	(2.26)	(1.34)
Consolidated return on equity ratio (Before tax)	(21.22)	(15.77)
Consolidated return on equity ratio (After tax)	(23.67)	(16.06)
Consolidated net income ratio	(70.12)	(46.84)

b. Profitability of Financial Holding Company

Unit: %

Item	December 31, 2009	December 31, 2008
Return on assets ratio (Before tax)	(18.42)	(12.21)
Return on assets ratio (After tax)	(18.50)	(12.21)
Return on equity ratio (Before tax)	(23.60)	(16.09)
Return on equity ratio (After tax)	(23.71)	(16.09)
Net income ratio	(49,916.54)	(12,652.93)

c. Profitability of Jih Sun Securities Co.

Unit: %

Item	December 31, 2009	December 31, 2008
Return on assets ratio (Before tax)	6.04	1.65
Return on assets ratio (After tax)	4.26	0.89
Return on equity ratio (Before tax)	11.25	3.94
Return on equity ratio (After tax)	7.94	2.12
Net income ratio	28.73	11.60

d. Profitability of Jih Sun Bank Co. refer to note 10(I)f.

Note 1:  $\text{Return on assets ratio} = \text{Net income (loss) before/after income tax} \div \text{average total assets}$ .

Note 2:  $\text{Return on equity ratio} = \text{Net income (loss) before/after income tax} \div \text{average total equity}$ .

Note 3:  $\text{Net income ratio} = \text{Net income (loss) after income tax} \div \text{Net revenue}$ .

Note 4: Net income (loss) before/after tax represented accumulated income (loss) of the current year.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(I) Supplementary disclosures of significant business information of the Company's subsidiary Jih Sun International Bank Ltd., included profitability, asset quality, management information, liquidity and sensitivity to market risk:

a. Asset quality

Business/Project		December 31, 2009				
		Overdue loans	Total loan amount	No-performing loans ratio	Allowance for bad debts	Coverage rate of allowance for bad debts
Corporate finance	Guarantee	1,048,072	26,256,687	3.99%	310,144	29.59%
	Non-Guarantee	641,848	31,518,547	2.04%	339,387	52.88%
Consumer finance	Residential mortgages	570,002	58,512,929	0.97%	167,691	29.42%
	Cash cards	-	-	-%	-	-%
	Small credit loan	107,107	1,762,521	6.08%	160,437	149.79%
	Other	Guarantee	16,878	6,189,552	0.27%	5,115
Non-Guarantee		142,169	2,840,332	5.01%	224,277	157.75%
Total Loan business		2,526,076	127,080,568	1.99%	1,207,051	47.78%
		Overdue accounts	Receivables	Overdue accounts rate	Allowance for bad debts	Coverage rate of allowance for bad debts
Credit card business		28,182	2,481,031	1.14%	30,792	109.26%
Factoring receivables - without recourse		-	198,420	-%	-	-%

Business/Project		December 31, 2008				
		Overdue loans	Total loan amount	No-performing loans ratio	Allowance for bad debts	Coverage rate of allowance for bad debts
Corporate finance	Guarantee	1,426,551	26,734,279	5.34%	338,022	23.70%
	Non-Guarantee	1,146,137	31,247,804	3.67%	903,811	78.86%
Consumer finance	Residential mortgages	898,903	68,037,484	1.32%	161,449	17.96%
	Cash cards	-	-	-%	-	-%
	Small credit loan	1,313,956	4,329,672	30.35%	203,348	15.48%
	Other	Guarantee	151,057	6,345,642	2.38%	11,730
Non-Guarantee		716,375	3,977,599	18.01%	409,233	57.13%
Total Loan business		5,652,979	140,672,480	4.02%	2,027,593	35.87%
		Overdue accounts	Receivables	Overdue accounts rate	Allowance for bad debts	Coverage rate of allowance for bad debts
Credit card business		71,629	2,969,188	2.41%	41,833	58.40%
Factoring receivables - without recourse		-	911,206	-%	-	-%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- Note 1: Non-performing loans represent the amount of overdue loans as reported in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans.” The credit card overdue loans represent the amount of overdue loans as reported in accordance with Jin-Kuan-Yin-(4)-Zi No. 0944000378, dated July 6, 2005.
- Note 2: Non-performing loans ratio = Non-performing loans ÷ total loans; Credit card delinquency ratio = Overdue receivables ÷ balance of receivables.
- Note 3: Coverage ratio of allowance for bad debts = allowance for credit losses ÷ non-performing loans; Coverage ratio for credit card = allowance for credit losses ÷ overdue receivables.
- Note 4: For residential mortgage loans, a borrower provides his/her (or spouse’s or minor child’s) house as collateral in full and pledges it to the financial institution for the purpose of obtaining funds to purchase property and to construct or repair a house.
- Note 5: Microcredit loan is defined by Jin-Kuan-Yin-(4)-Zi No. 09440010950, dated December 19, 2005, and do not include credit cards or cash cards.
- Note 6: Others in consumer finance are secured and unsecured consumer loans other than residential mortgage loans, cash cards, and microcredit loans, and do not include credit cards.
- Note 7: In accordance with Jin-Kuan-Yin-(5)-Zi No. 094000494, dated July 19, 2005, the amounts of without-recourse factoring will be classified as overdue receivables within three months from the date that suppliers or insurance companies resolve not to compensate the loss.

Note 8: Supplemental disclosures:

Unit: In Thousands of New Taiwan Dollars, %

	December 31,			
	2009		2008	
	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables
Pursuant to a contract under a debt Negotiation plan (Note (a))	199,049	252,008	254,676	363,753
Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note (b))	77,725	26,290	-	7,511
Total	276,774	278,298	254,676	371,264



**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Note (a): In accordance with Jin-Kuan-Yin-(1)-Zi No. 09510001270, dated April 25, 2006, a bank is required to make supplemental disclosure reporting credit information which was approved under the debt coordination mechanism of unsecured consumer debts by the Bankers Association of the R.O.C.

Note (b): In accordance with Jin-Kuan-Yin-(1)-Zi No. 09700318940, dated September 15, 2008, a bank is required to make supplemental disclosure reporting credit information once debtors apply for pre-negotiation, relief and liquidation under the "Consumer Debt Clearance Act."

b. Concentrations of credit extensions:

<b>December 31, 2009</b>			
<b>Rank</b>	<b>Enterprise group</b>	<b>Credit amount</b>	<b>Credit amount to shareholders' equity ratio(%)</b>
1	A GROUP- Petroleum and Coal Products Manufacturing	3,916,801	35.66%
2	B GROUP-Telecommunications	2,086,199	18.99%
3	C GROUP-Liquid Crystal Panel and Components Manufacturing	1,800,571	16.39%
4	D GROUP-Liquid Crystal Panel and Components Manufacturing	1,636,240	14.90%
5	E GROUP-Short Term Accommodation Services	1,114,360	10.14%
6	F GROUP-Short Term Accommodation Services	933,111	8.49%
7	G GROUP-Other Retail Sale in General Merchandise Stores	929,761	8.46%
8	H GROUP-Liquid Crystal Panel and Components Manufacturing	912,923	8.31%
9	I GROUP-Printed Circuit Assembly Manufacturing	911,889	8.30%
10	J GROUP-Man-made Fibers Manufacturing	843,910	7.68%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<b>December 31,2008</b>			
<b>Rank</b>	<b>Enterprise group</b>	<b>Credit amount</b>	<b>Credit amount to shareholders' equity ratio(%)</b>
1	A GROUP- Petroleum and Coal Products Manufacturing	3,825,750	45.93%
2	B GROUP-Telecommunications	1,837,407	22.06%
3	C GROUP-Liquid Crystal Panel and Components Manufacturing	1,484,099	17.82%
4	D GROUP-Steel Rolling and Extruding	1,409,434	16.92%
5	E GROUP-Short Term Accommodation Services	1,222,923	14.69%
6	F GROUP-Short Term Accommodation Services	1,172,440	14.08%
7	G GROUP-Liquid Crystal Panel and Components Manufacturing	1,003,315	12.05%
8	H GROUP-Integrated Circuits Manufacturing	989,295	11.88%
9	I GROUP-Other Retail Sale in General Merchandise Stores	895,261	10.75%
10	J GROUP-Other Activities Auxiliary to Financial Service Activities	831,464	9.98%

Note 1: Ranking the top ten enterprise groups other than government or stated-owned enterprises according to the total outstanding loan balance of the enterprise group.

Note 2: Enterprise group is as defined in Article 6 of the “Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.”

Note 3: The total outstanding credit amount is the sum of the balances of all loan types (including import and export bill negotiations, loans, overdrafts short/medium/long-term secured and unsecured loans, receivables from securities lending, and non-accrual loans), bills purchased, without-recourse factoring, acceptances receivable, and guarantees receivable.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- c. Average amount and current period average interest rate of interest-earning assets and interest-bearing liabilities were as follows:

	<b>December 31, 2009</b>		<b>December 31, 2008</b>	
	<b>Average amount</b>	<b>Average rate (%)</b>	<b>Average amount</b>	<b>Average rate (%)</b>
<b>Interest-earning assets</b>	\$ 186,704,891	1.98	210,457,203	3.43
<b>Interest-bearing liabilities</b>	189,264,132	1.20	215,386,550	1.99

- d. Interest rate sensitivity information

**Interest rate sensitive assets and liabilities analysis sheet(NTD)**

<b>Unit: in Thousands of New Taiwan Dollars; %</b>					
<b>ITEM</b>	<b>1-90 days (inclusive)</b>	<b>91-180 days (inclusive)</b>	<b>181 days-1 year (inclusive)</b>	<b>Over 1 year</b>	<b>Total</b>
Interest rate sensitive assets	\$ 144,812,109	2,666,819	2,409,458	9,815,689	159,704,075
Interest rate sensitive liabilities	68,916,364	75,210,227	14,036,543	4,505,360	162,668,494
Interest sensitivity gap	75,895,745	(72,543,408)	(11,627,085)	5,310,329	(2,964,419)
Net value					10,912,936
Interest-rate-sensitive asset to interest rate sensitive liability ratio					98.18
Interest rate sensitivity gap to net value ratio					(27.16)

Note 1: Listed amounts of the head office, domestic branches, offshore banking unit and overseas branches (excluding foreign currency amounts) are denominated in NTD.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

Note 3: Interest rate sensitivity gap = Interest-rate-sensitive assets – Interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest rate-sensitive liabilities (denominated in NTD).

**Interest rate sensitive assets and liabilities analysis sheet(USD)**

<b>Unit: in Thousands of U. S. dollar</b>					
<b>ITEM</b>	<b>1-90 days (inclusive)</b>	<b>91-180 days (inclusive)</b>	<b>181days-1 year (inclusive)</b>	<b>Over 1 year</b>	<b>Total</b>
Interest rate sensitive assets	\$ 177,717	35,433	5,300	102,057	320,507
Interest rate sensitive liabilities	61,146	196,125	23,357	130	280,758
Interest sensitivity gap	116,571	(160,692)	(18,057)	101,927	39,749
Net value	-	-	-	-	2,189
Interest-rate-sensitive asset to interest rate sensitive liability ratio					114.16
Interest rate sensitivity gap to net value ratio					1,815.85

Note 1: Listed amounts of the head office, domestic branches, offshore banking unit and overseas branches are denominated in USD.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Note 3: Interest rate sensitivity gap = Interest-rate-sensitive assets – Interest-rate-sensitive liabilities.

Note 4: Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest rate-sensitive liabilities (denominated in U.S. dollars).

e. Main Foreign Currency Net Position

<u>Amount</u>	<u>December 31, 2009</u>		<u>December 31, 2008</u>	
	<u>Currency</u>	<u>NTD</u>	<u>Currency</u>	<u>NTD</u>
	1. USD	543,951	1. USD	127,217
	2. EUR	(78,078)	2. EUR	3,503
	3. GBP	(58,914)	3. HKD	(1,871)
	4. JPY	31,110	4. NZD	(1,868)
	5. CNY	3,230	5. AUD	804

f. Profitability and maturity analysis of assets and liabilities:

1. Profitability:

Unit: %

<b>Item</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Return on assets ratio (Before tax)	(3.38)	(1.78)
Return on assets ratio (After tax)	(3.31)	(1.62)
Return on equity ratio (Before tax)	(72.89)	(44.19)
Return on equity ratio (After tax)	(71.22)	(40.42)
Net income ratio	(272.87)	(85.02)

Note 1: Return on assets ratio = Net income (loss) before/after income tax ÷ average total assets.

Note 2: Return on equity ratio = Net income (loss) before/after income tax ÷ average total equity.

Note 3: Net income ratio = Net income (loss) after income tax ÷ Net revenue.

Note 4: Net income (loss) before/after tax represents accumulated income (loss) of the current year.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

2. Maturity analysis of assets and liabilities:

Structure analysis of New Taiwan Dollars time to maturity

<u>Financial instrument</u>	<b>Unit: in Thousands of New Taiwan Dollars</b>					
	<u>Total</u>	<u>1-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days-1 year</u>	<u>Over 1 year</u>
Major capital inflow at maturity	\$ 177,412,848	47,216,089	12,489,597	6,793,873	9,895,745	101,017,544
Major capital outflow at maturity	212,031,467	16,441,900	22,395,038	38,564,604	52,551,365	82,078,560
Gap	(34,618,619)	30,774,189	(9,905,441)	(31,770,731)	(42,655,620)	18,938,984

Note: Listed amounts of the head office and domestic branches (excluding foreign currency amounts) are denominated in NTD.

Structure analysis of US Dollars time to maturity

<u>Financial instrument</u>	<b>Unit: in Thousands of U.S. Dollars</b>					
	<u>Total</u>	<u>1-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days-1 year</u>	<u>Over 1 year</u>
Major capital inflow at maturity	\$ 414,942	196,217	64,821	41,757	5,612	106,535
Major capital outflow at maturity	508,405	199,846	74,866	82,770	66,331	84,592
Gap	(93,463)	(3,629)	(10,045)	(41,013)	(60,719)	21,943

Note1: Listed amounts of the head office and domestic branches, offshore banking unit and overseas branches are denominated in U.S. dollars. The amounts were listed by book value expect there's other special statement. Non-recorded amount shall not be listed. (For example: planning to issue negotiable certificates of deposit, bonds or stocks).

Note2: The supplementary disclosure of information shall be provided, if the overseas assets are accounted for more than 10% in proportion to the total assets.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(J) Special matters of the subsidiary company Jin Sun International Bank Ltd.

	<b>Description and amount</b>
Within one year, a person in charge of the business or an employee who violated the law in the course of business, and resulting in an indictment by the prosecutor.	<ol style="list-style-type: none"> <li>1. The former employee, Mr. Huang, was suspected to use the right of the position to fake documents, appropriate the customer's accounts and breach of trust. After the Bank had filed a lawsuit against him, the criminal division of Banciao District Court judged for fixed-term imprisonment for two years, probation for five years. The criminal case include with civil case of lawsuit had been reconciled in the first court of Taipei Banciao District Court. The defendant had paid NT\$ 1,500 thousand dollars for the Bank.</li> <li>2. The former north second district of corporate banking vice-manager, Mr. Chang, had intended to use fake documents in order to acquire personnel illegal benefits. After the Bank had filed a lawsuit against him, the criminal division of Banciao District Court is undertaking the case currently.</li> <li>3. The former north first district of corporate banking manager, Mr. Tseng, was suspected to fake documents and deceive. After the Bank had filed a lawsuit against him, the criminal division of Taipei District Court is undertaking the case currently.</li> </ol>
Within one year, any fine was levied by governmental authority for violations of the related regulation.	On May 25, 2009, in accordance with the Banking Act No.129-7, Financial Supervisory Commission, Executive Yuan had decided to penalize NT\$ 4,000 thousand dollars in relation to the case of the Bank's former employee of corporate banking Mr. Tseng deceived by using fake promissory and charged account management fees form the customers privately, which had already violated Article 45-1 No. 1 of the Banking Act. In accordance with Article 61-1 No.1-3 of the Banking Act, the Bank had to dissolve the duty of Mr. Tseng.
Within one year, any deficiency for which an official reprimand was issued by governmental authority.	None

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

	<b>Description and amount</b>
Within one year, in accordance with Article 61-1 of the Banking Act, the items were executed by governmental authority.	<p>1. On February 23, 2009, in relation to the case of “former employee of Nei –Hu branch, Mr. Huang, appropriated the customers’ fund privately” The related defects which would affect the integrity of operation. Financial Supervisory Commission, Executive Yuan had approved the case of correction which was according to Article 61-1 No.1 of the Banking Act. Moreover, in accordance with Article 61-1 No.3 of the Banking Act, the Bank had been ordered to dissolve the duty of Mr. Huang.</p> <p>2. On March 23, 2009, in relation to the case of “former manager of Taichung branch, Mr. Huang, sold the products which are not belonged to the Bank to the customers privately, and had negative impact regarding to integrity of operation”. According to Article 61-1 No.1 of the Banking Act, Financial Supervisory Commission, Executive Yuan had approved the case of correction.</p> <p>3. On May 25, 2009, in accordance with the Banking Act No.129-7, Financial Supervisory Commission, Executive Yuan had decided to penalize NT\$ 4,000 thousand dollars. Since the Bank’s former employee of corporate banking Mr. Tseng deceived by using fake promissory and charged account management fees form the customers privately, which had already violated Article 45-1 No. 1 of the Banking Act. Moreover, in accordance with Article 61-1 No.1-3 of the Banking Act, the Bank had to dissolve the duty of Mr. Tseng.</p>
Within one year, the individual or aggregated loss exceeded NT\$50 million dollars, resulted from employee corruption, significant contingent events, or failure to follow the “Guidelines for the Security Maintenance of Financial Institutions”.	On May 25, 2009, Financial Supervisory Commission, Executive Yuan indicated the Bank’s former employee of corporate banking Mr. Tseng deceived by using fake promissory note deception and charged account management fees form the customers privately.
Others	None

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(K) The information about the Company and its subsidiaries' transactions, operations development, interactive use of information and use of operating equipment or place were as follows:

a. The information about the Company and its subsidiaries' operations and transactions were as follows:

(1) For the years ended December 31, 2009 and 2008, the Company paid securities registration and service fee (including computer printing fee) to the Company's subsidiary Jih Sun Securities Co., Ltd. amounted to \$11,637 and \$12,624, respectively, and the Company paid rental fee to the Company's subsidiary Jih Sun Securities Co., Ltd. amounted to \$ 144 and \$0, respectively. For the years ended December 31, 2009 and 2008, the Company's ending balance of bank deposit with Jin Sun International Bank Ltd. amounted to \$44,852 and \$30,836, respectively. The highest balance was amounting to \$10,237,239 and \$5,311,019, respectively, and total amount of interest income was amounting to \$1,974 and \$19,145, respectively.

(2) Jih Sun Securities Co., Ltd. charged to Jih Sun International Bank Ltd.:

	<b>2009</b>	<b>2008</b>
Service fee – brokering	\$ 3,513	1,269
Rental income	17,782	18,482
Stock management income (including computer printing fee)	720	720
Revenue from management fee allocated(Note)	164,823	131,192
Revenue from water and electricity expenses allocated	7,833	6,587
Financial expenses	-	78
Joint marketing expense	464	364

Note : Refer to the management fee that Jih Sun Securities Co., Ltd. authorized Jih Sun International Bank, Ltd. to deliver settlement money from customers, stock transfer and other related events.

(3) The deposits (Refundable deposits) for Jih Sun International Bank Ltd. and the Company to rent operation place from Jih Sun Securities Co., Ltd. were as follows:

	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
Jih Sun International Bank Ltd.	\$ 4,158	4,125
The Company	36	-
	<b>\$ 4,194</b>	<b>4,125</b>



**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- (4) For the years ended December 31, 2009 and 2008, Jih Sun Securities Co., Ltd.'s ending balance of repurchase agreement/ resale agreement of bonds and related interest expense and income with related parties were as follows:

Liabilities for bonds with attached repurchase agreements:

	2009		2008	
	Interest expense	Ending balance	Interest expense	Ending balance
Jih Sun International Bank Ltd.	\$ 97	-	3,962	-

Investment for bonds with attached resale agreements:

	2009		2008	
	Interest income	Ending balance	Interest income	Ending balance
Jih Sun International Bank Ltd.	\$ 67	-	234	-

- (5) For the years ended December 31, 2009 and 2008, Jih Sun Securities Co., Ltd.'s ending balance of bank deposit in Jih Sun International Bank Ltd. amounted to \$173,908 and \$6,148,607, respectively. The highest balance amounted to \$6,197,596 and \$14,031,222, respectively, and interest income amounted to \$4,904 and \$36,151, respectively.
- (6) For the years ended December 31, 2009 and 2008, the commission revenue of Jih Sun Securities Co., Ltd. that acted as an agent to promote Jih Sun Product Insurance Agent Co., Ltd. was amounting to \$1,752 and 1,465, respectively.
- (7) As of December 31, 2009 and 2008, Jih Sun International Bank Ltd.'s board of directors resolved the guaranteed line of credit amounting to NT \$800 million dollars and NT \$900 million dollars, respectively. As of December 31, 2009 and 2008, Jih Sun Securities Co., Ltd.'s balance of borrowing from Jih Sun International Bank Ltd. both amounted to \$0, and Jih Sun Securities Co., Ltd. provided securities as collaterals.
- (8) Jih Sun International Bank, Ltd. charged to Jih Sun Securities Co., Ltd.:

	2009	2008
Rental income	\$ 10,551	10,193

- (9) The deposits for Jih Sun Securities Co., Ltd. to rent operational place from Jih Sun International Bank Ltd. were as follows:

	December 31,	
	2009	2008
Guarantee deposits received	\$ 2,005	1,668

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- (10) For the year ended December 31, 2008, Jih Sun International Bank Ltd. sold a batch of assets to Jih Sun Financial Holding Co. Ltd. amounting to \$13, the costs of property was amounting to \$29, and the loss of disposal was amounting to \$16.
- (11) For the years ended December 31, 2009 and 2008, Jih Sun International Bank Ltd. sold a batch of assets to Jih Sun Securities Co., Ltd. amounting to \$13 and \$19, respectively, the costs of assets were amounting to \$13 and \$16, respectively, and the gain of disposal were amounting to \$0 and \$3, respectively.
- (12) For the year ended December 31, 2008, Jih Sun International Bank Ltd. sold the securities of Taiwan Futures Exchange which carried at cost to Jih Sun Securities Co., Ltd. amounting to \$178,550, the costs of property was amounting to \$37,917, and the gain of disposal was amounting to \$140,633.
- (13) For the years ended December 31, 2009 and 2008, the commission revenue of Jih Sun International Bank Ltd. that acted as an agent to promote Jih Sun Product Insurance Agent Co., Ltd. was amounting to \$4,316 and \$8,031, respectively.
- (14) For the year ended December 31, 2008, the Company sold a batch of assets to the Jih Sun Securities Co., Ltd. amounting to \$531, the cost of assets was amounting to \$531, and the gain of disposal was amounting to \$0.
- (15) For the year ended December 31, 2009, the Company sold a batch of fixed assets and several equipments to Jih Sun International Bank Ltd. amounting to \$40 and \$33, respectively, the costs of the assets were amounting to \$159 and \$0, respectively, and the (loss) gain of disposal were amounting to (\$119) and \$33, respectively.
- b. The income and expenses arising from the joint marketing operation and information interoperability among the Financial Holding Company's subsidiaries were allocated as follows:

The joint marketing expenses between Jih Sun International Bank Ltd. and Jih Sun Securities Co., Ltd., except for the rental were paid fixed amount based on negotiation, the other operating expenses were in accordance with the proportion of the actual usages. For the years ended December 31, 2009 and 2008, the Jih Sun International Bank Ltd. had to pay the joint marketing expenses amounted to \$464 and \$364 to Jih Sun Securities Co. Ltd..

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(L) Reclassification

In order to match up with the representation of financial statement for the year ended December 31, 2009, the financial statement for the year ended December 31, 2008 had been reclassified appropriately. There was no any significant influence on the financial statement of 2008, and please refer to the table regard to the details of reclassification shown below.

**Consolidated Balance Sheet**

<u>Account</u>	<u>Original amount</u>	<u>Reclassified amount</u>	<u>Amount after reclassification</u>
Cash and cash equivalents	\$ 31,800,371	(24,470,356)	7,330,015
Due from the Central Bank and call loans to banks	36,536,956	24,400,000	60,936,956
Financial assets measured at fair value through profit or loss	18,566,385	(245,950)	18,320,435
Receivables-net	12,244,484	73,709	12,318,193
Available-for-sale financial assets-net	2,431,138	(1,330,959)	1,100,179
Other financial asset- net	3,969,840	9,467,149	13,436,989
Other asset- net	5,638,608	(3,073,674)	2,564,934
Commercial papers issued	1,197,518	1,338,114	2,535,632
Payables	13,673,266	73,709	13,746,975
Deposit and remittances	184,425,328	4,746,210	189,171,538
Other borrowings	2,988,114	(1,338,114)	1,650,000
Other financial liabilities	81,900	24,168	106,068
Other liabilities	492,448	(24,168)	468,280

**Consolidated Income Statement**

<u>Account</u>	<u>Original amount</u>	<u>Reclassified amount</u>	<u>Amount after reclassification</u>
Interest expense	\$ 4,929,780	285,999	5,215,779
Net interest income	3,965,847	(285,999)	3,679,848
Recovered bad debts and overdue accounts	-	364,622	364,622
Other losses	-	(156,547)	(156,547)
Other non- interest income	1,020,105	77,924	1,098,029

**Consolidated Cash Flow Statement**

<u>Account</u>	<u>Original amount</u>	<u>Reclassified amount</u>	<u>Amount after reclassification</u>
Net cash provided by (used in) operating activities	\$ 29,108,389	(547,038)	28,561,351
Net cash provided by (used in) investing activities	49,729,911	(45,147,712)	4,582,199
Net cash provided by (used in) financing activities	(26,982,965)	(2,827,516)	(29,810,481)
Net increase(decrease) in cash and cash equivalents	51,882,669	(48,522,266)	3,360,403
Cash and cash equivalents, beginning of period	8,397,964	(4,428,352)	3,969,612
Cash and cash equivalents, end of period	60,280,633	(52,950,618)	7,330,015

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**11. DISCLOSURE REQUIRED**

(A) Related information of significant transactions :

- Cumulative purchase or sales of the same investee's capital stock up to \$300,000 or 10% of paid-in capital:

In Thousands of New Taiwan Dollar/  
Thousands of shares

Trading Company	Name of Securities	Account	Counterparty	Relationship	Beginning balance (Note)		Purchase		Sales			Ending balance(Note3)		
					Number	Amount	Number	Amount	Number	sale price	Book value	Gains (losses) on disposal	Number	Amount
The Company	Jih Sun International Bank Ltd.	Equity investment under equity method	-	Investee carried under equity method	1,518,059	8,188,919	940,150	9,401,496 (Note 1)	1,253,652 (Note 2)	-	-	-	1,204,557	10,844,303

Note 1: On June 24, 2009, the total shares of the Company increased 940,150 thousand shares which amounted to \$ 9,401,496 in total.

Note 2: The Company decreased its amount of capital in order to compensate the losses.

Note 3: The Company included the recognized investment losses of \$ 6,877,936 under the equity method, and the unrealized gains of \$131,824 for the recognized available-for-sale financial asset.

- Acquisition of real estate up to \$300,000 or 10% of paid-in capital: none.
- Disposal of real estate up to \$300,000 or 10% of paid-in capital: none.
- Discount of commission fees for transaction with related parties up to \$5,000: none.
- Receivables from related parties up to \$300,000 or 10% of paid-in capital: for more information please refer to Note 4 (X) q and these transactions are write-off.
- Transaction information on NPL disposal: none.
- Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: none.
- Other significant transactions that many have substantial influence upon the decision made by financial statements users: none.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(B) Related information of investee companies:

1. Names, locations, and relevant information of investees upon which the Company exercises significant influence:

Unit: shares/ thousands of NTD/ thousands of USD/ thousands of HKD

Investor company	Investee company	Address	Major business	Shareholding ratio %	Book value	Investment gain (loss) recognized	Held by the company and subsidiaries				(Note 1)
							Total		Performa shares	Shareholding ratio %	
							Shares	Shares			
The Company	Jih Sun Securities Co., Ltd.	F3, No.111, Sec.2, Nan King E. Rd., Taipei	Brokerage, underwriting, proprietary trading	100.00	20,277,344	1,553,382	1,157,212,760	-	1,157,212,760	100.00	Subsidiaries
"	Jih Sun International Bank Co., Ltd.	F1, No.10, Sec.1, Chung Ching S. Rd., Taipei	Deposits and loans, temporary receipt, investment of government bonds, short-term bills/ notes, and financial debentures	100.00	10,844,303	(6,877,936)	1,204,557,162	-	1,204,557,162	100.00	"
"	Jih Sun International Insurance Agency Co., Ltd.	F6, No.139, Sec.2, Nan King E. Rd., Taipei	Property insurance agency	100.00	5,466	981	300,000	-	300,000	100.00	"
Jih Sun Securities Co., Ltd.	Jih Sun Futures Co., Ltd.	F4, No.111, Sec.2, Nan King E. Rd., Taipei	Futures brokerage and proprietary trading	98.14	1,230,801	162,366	68,696,435	-	68,696,435	98.14	Sub-subsiidiary
"	Jih Sun International Investment Holding Co., Ltd	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Cayman Islands	1.Securities brokerage and proprietary trading 2.Underwriting 3.Securities research & analysis 4.Corporate & individual financial planning 5.financial business 6.Investment trust 7.Futures 8.Holding company to recognize the profit & loss on investment	100.00	1,641,667	(67,261)	54,600,000	-	54,600,000	100.00	"
"	Jih Sun Securities Investment Consulting Co., Ltd.	F7, No.111, Sec.2, Nan King E. Rd., Taipei	Provide advisory and consulting related with securities investment on a consigned basis	100.00	60,532	(2,840)	10,000,000	-	10,000,000	100.00	"
"	Jin Sun Managed Futures Co., Ltd.	F3, No.111, Sec.2, Nan King E. Rd., Taipei	Futures brokerage and dealing	-	-	(17,515)	-	-	-	-	(Note2)
"	Jih Sun Securities Investment Trust Corp.	F5, No.139, Sec.2, Nan King E. Rd., Taipei	Securities investment trust business and discretionary investment business	20.00	232,966	29,709	7,800,000	-	7,800,000	20.00	Investee Company
Jih Sun International Bank Ltd.	Jih Sun Life Insurance Agency Co., Ltd.	F6, No.139, Sec.2, Nan King E. Rd., Taipei	Life insurance agency	99.00	29,885	16,164	297,000	-	297,000	99.00	Sub-subsiidiary.
Js International Investment Holding Co. Ltd.	JS Cresvale Securities International Ltd.	Rm23,E1B Centre,40-44 Bonham Strand East,Sheung Wan,HK	Brokerage, underwriting, proprietary trading	100.00	USD 33,184	USD (311)	293,000,000	-	293,000,000	100.00	Sub-subsiidiary.
Js International Investment Holding Co. Ltd.	Jih Sun Financial Services (Cayman) Ltd.	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Securities, financial investment consulting	100.00	USD 15,761	USD (2,013)	18,050,000	-	18,050,000	100.00	"
"	Jih Sun Capital Management Ltd.	P.O. Box 146, Road Town, Tortola, British Virgin Islands	Fund and asset management and consulting	100.00	USD 1,807	USD 287	100,000	-	100,000	100.00	"
JS Cresvale Securities International Ltd.	JS Cresvale Financing Limited.	Rm23,E1B Centre,40-44 Bonham Strand East,Sheung Wan,HK	Stock brokerage, futures brokerage and sales of mutual funds	100.00	HKD 21,092	HKD (10)	2,000,000	-	2,000,000	100.00	"

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Note 1: Long-term investment under equity method and stockholders' equities of the investee company were write-off.

Note 2: The procedure of liquidation had begun since May 2009. As of November 2009, the amount of \$144,998 had already collected, and the amount of difference was recognized as investment losses which amounted to \$ 17,515. (Accounted for under the other non-interest net income)

2. Loans to others or individuals: not applicable to financing and securities subsidiaries; others: none.
3. Endorsement and guarantees for others: not applicable to financing and securities subsidiaries; other: none.
4. Marketable securities held as of December 31, 2009: not applicable to financing and securities subsidiaries: none.
5. Cumulative purchases or sales of the same investee's capital stock up to \$300,000 or 10% of paid-in capital: none.
6. Acquisition of real estate up to \$300,000 or 10% of paid-in capital: none.
7. Disposal of real estate up to \$300,000 or 10% of paid-in capital: none.
8. Discount of commission fees for transaction with related parties up to \$5,000: none.
9. Receivables from related parties up to \$300,000 or 10% of paid-in capital: The Company's subsidiary Jih Sun International Bank Ltd. receivable from the Company resulting from tax incentives was \$1,036,958.
10. Financial derivative transactions: for further information, please refer to Note D (AA).
11. Information on NPL disposal transaction: none.
12. Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: none.
13. Other significant transactions that may have substantial influence upon the decisions made by financial statements users: none.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

14. Related information regarding countries and regions of securities business investee without securities authority.

Pursuant to Securities and Futures Bureau (SFB) (92) Tai-Cai-Zheng-Zi(2) No. 0920004507 dated October 31, 2003, the disclosures related to the Company's subsidiary Jih Sun Securities Co., Ltd.'s investment in foreign enterprises of British Virgin Islands for the year ended December 31, 2009, were as follows:

- (1) Concise Balance Sheet and Income Statement :

A. Balance Sheet

Unit : U.S. dollars

Items	Company	Jih Sun International Investment Holding Company Limited	Jih Sun Services (Cayman) Limited	Jih Sun Capital Management Limited
Current assets	\$	502,357	35,414,341	1,813,704
Fund and Investments		50,752,388	8,600	-
Premises and equipment — net		-	-	-
Other Assets		-	-	-
Current Liabilities		690	19,662,231	6,506
Capital Stock		54,600,000	18,050,000	100,000
Retained Earnings		(3,941,621)	(2,039,291)	1,703,933
Cumulative Translation adjustments		(87,544)	-	3,265
Unrealized Gains(Losses) On Financial Instrument		683,220	(249,999)	-
Total Assets		51,254,745	35,422,941	1,813,704
Total Liabilities		690	19,662,231	6,506
Shareholders' equity		51,254,055	15,760,710	1,807,198

B. Income Statement

Unit : U.S. dollars

Items	Company	Jih Sun International Investment Holding Company Limited	Jih Sun Services (Cayman) Limited	Jih Sun Capital Management Limited
Operating Income	\$	-	2,069,854	325,161
Operating Expenses		(4,158)	(2,134,342)	(45,272)
Non-operating Income		5,368	-	8,397
Non-operating expense		(2,035,942)	(1,948,079)	(998)
Net Income(Loss) Before Taxes		(2,034,732)	(2,012,567)	287,288
Net Income(Loss) After Taxes		(2,034,732)	(2,012,567)	287,288

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(2) Marketable securities held as of December 31, 2009:

Unit: Shares; U.S. dollars

Name of company holding securities	Securities type and name	Account	2009.12.31	
			Shares	Amount
Jih Sun International Investment Holding Company Limited	JS Cresvale Securities International Limited	Long-term Equity investment under equity method	293,000,000	\$ 33,184,480
	Jih Sun Financial Services (Cayman) Limited	"	18,050,000	15,760,710
	Jih Sun Capital Management Limited	"	100,000	1,807,198
	Total			<b>\$ 50,752,388</b>
Jih Sun Services (Cayman) Limited	Securities and beneficiary certificate			
	CHINA PETROLEUM & CHEMICAL	Financial assets measured at fair value through profit or loss-current	25,000,000	\$ 3,490,359
	NAM SHORT TERM FIXED INCOME FUND	"	291,330	4,500,000
	Others (less than USD3,000,000)	"		20,314,929
	Subtotal			28,305,288
	Derivative Instruments:			
	Collateralized Debt Obligations (CDO)	Financial assets measured at fair value through profit or loss-current		-
	Credit Linked Note (CLN)	"		-
	ASSET SWAP	"		1,120,821
	Subtotal			1,120,821
	Total			29,426,109
	CAPRION CORP.	Available-for-sale financial assets	1,773	8,599
GLOBAL COMMUNICATION CORP.	"	125,000	1	
Subtotal			8,600	
Total			<b>\$ 29,434,709</b>	

(3) Financial instrument transaction and the origin of capital source:

Financial instrument transaction and the origin of capital source are disclosed in note 11 (B) 14 (2) Jih Sun International Investment Holding Company Limited invests the subsidiary base on its own reserve. Jih Sun Financial Services (Cayman) Limited engaged in financial derivative instrument transactions base on its own reserve and the capital gained from conditional transactions in which the accumulated unrealized evaluated losses was amounting to US\$ 5,952 thousand dollars.



**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(4) Related-party transactions:

Jih Sun International Investment Holding Company Limited, Jih Sun Services (Cayman) Limited, and Jih Sun Capital Management Limited had no significant transactions with related-party during year 2009.

(5) Lawsuit events:

Jih Sun International Investment Holding Company Limited, Jih Sun Services (Cayman) Limited, and Jih Sun Capital Management Limited had no lawsuits during year 2009.

(C) Related information on subsidiary' investment in Mainland China: none.

(D) Business relationship and material transactions between the parent company and subsidiaries:

December 31, 2009							
No <small>(Note1)</small>	Party	Counterparty	Relationship with party <small>(Note2)</small>	Transactions			percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Cash and Cash Equivalents	\$ 44,852	The same terms as for comparable transactions with third-party counterparties	0.02%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Deposit and remittance	44,852	"	0.02%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Interest income	1,974	"	0.02%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Interest expense	1,974	"	0.02%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Other payable	1,036,958	"	0.45%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other receivable	1,036,958	"	0.45%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Stock management income	11,637	"	0.15%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other administration expense	11,637	"	0.15%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other receivable	1,364,413	"	0.59%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other payable	1,364,413	"	0.59%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other payable	32,295	"	0.01%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other receivable	32,295	"	0.01%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Refundable Deposits	36	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Guarantee deposits received	36	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other revenues	144	"	-%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

December 31, 2009							
No (Note1)	Party	Counterparty	Relationship with party (Note2)	Transactions			percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other administration expense	\$ 144	The same terms as for comparable transactions with third-party counterparties	-%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Other revenues	33	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other administration expense	33	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other revenues	17,782	"	0.22%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other administration expense	17,782	"	0.22%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Interest income	24	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other administration expense	24	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Insurance Agency Co. Ltd.	3	Other revenues	1,752	"	0.02%
3	Jih Sun International Insurance Agency Co. Ltd.	Jih Sun Securities Co., Ltd.	3	Commission expense	1,752	"	0.02%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Insurance Agency Co. Ltd.	3	Other receivable	28	"	-%
3	Jih Sun International Insurance Agency Co. Ltd.	Jih Sun Securities Co., Ltd.	3	Other payable	28	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other receivable	16,924	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other payable	16,924	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest income	56	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other administration expense	56	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Refundable Deposits	4,158	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Guarantee deposits received	4,158	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Interest income	67	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest expense	67	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Interest expense	97	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest income	97	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Banking fees revenue	601	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other revenues	190	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other administration expense	791	"	0.01%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

December 31, 2009							
No <small>(Note1)</small>	Party	Counterparty	Relationship with party <small>(Note2)</small>	Transactions			percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Cash and Cash Equivalents	\$ 40,288	The same terms as for comparable transactions with third-party counterparties	0.02%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Operating deposit	10,000	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Refundable Deposits	22,005	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Deposit and remittance	70,288	"	0.03%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Guarantee deposits received	2,005	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other revenues	8,661	"	0.11%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest expense	8,661	"	0.11%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other receivable	3	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interests payable	3	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Stock management income	720	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other administration expense	720	"	0.01%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Securities brokerage commissions	3,513	"	0.04%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Handling charge	3,513	"	0.04%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Income from Renting Operating Assets	10,530	"	0.13%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other administration expense	10,530	"	0.13%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other revenues	164,823	"	2.07%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other administration expense	164,823	"	2.07%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co. Ltd.	3	Deposit and remittance	5,869	"	-%
3	Jih Sun International Insurance Agency Co. Ltd.	Jih Sun International Bank Ltd.	3	Cash and cash equivalents	5,869	"	-%
3	Jih Sun International Insurance Agency Co. Ltd.	Jih Sun International Bank Ltd.	3	Interest income	7	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co. Ltd.	3	Interest expense	7	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co. Ltd.	3	Banking fees revenue	4,316	"	0.05%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

December 31, 2009							
No <small>(Note1)</small>	Party	Counterparty	Relationship with party <small>(Note2)</small>	Transactions			percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
3	Jih Sun International Insurance Agency Co. Ltd.	Jih Sun International Bank Ltd.	3	Commission expense	\$ 4,316	The same terms as for comparable transactions with third-party counterparties	0.05%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co. Ltd.	3	Other receivable	446	"	-%
3	Jih Sun International Insurance Agency Co. Ltd.	Jih Sun International Bank Ltd.	3	Other payable	446	"	-%

December 31, 2008							
No	Party	Counterparty	Relationship with party	Transactions			Percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Income from Renting Operating Assets	\$ 10,078	The same terms as for comparable transactions with third-party counterparties	0.12%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other administration expense	10,078	"	0.12%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Guarantee Deposits received	4,125	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Refundable Deposits	4,125	"	-%
1	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Non-operating revenue	131,192	"	1.62%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other administration expense	131,192	"	1.62%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Non-operating revenue	107	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other administration expense	107	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Securities brokerage commissions	1,269	"	0.02%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Handling charge	1,269	"	0.02%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Interest expense	3,962	"	0.05%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest income	3,962	"	0.05%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Interest income	234	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest expense	234	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Stock management income	720	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other administration expense	720	"	0.01%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

December 31, 2008							
No	Party	Counterparty	Relationship with party	Transactions			Percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Interest income	\$ 32,799	The same terms as for comparable transactions with third-party counterparties	0.41%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest expense	32,799	"	0.41%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Deposit and remittance	6,194,275	"	2.34%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Cash in Banks	6,148,607	"	2.32%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Operating deposit	10,000	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Refundable Deposits	35,688	"	0.01%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Stock management income	12,624	"	0.16%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other administration expense	12,624	"	0.16%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Deposit and remittance	30,836	"	0.01%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Cash in Banks	30,836	"	0.01%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Insurance Agency Co. Ltd.	3	Other receivable	64	"	-%
3	Jih Sun International Insurance Agency Co. Ltd.	Jih Sun Securities Co., Ltd.	3	Other payable	64	"	-%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Interest income	19,145	"	0.24%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Interest expense	19,145	"	0.24%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Other payable	744,760	"	0.28%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other receivable	744,760	"	0.28%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other receivable	159,222	"	0.06%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other payable	159,222	"	0.06%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interests payable	5,137	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other receivable	5,137	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other payable	9,733	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other receivable	9,733	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co. Ltd.	3	Non-operating revenue	8,031	"	0.10%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

December 31, 2008							
No	Party	Counterparty	Relationship with party	Transactions			Percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
3	Jih Sun International Insurance Agency Co. Ltd.	Jih Sun International Bank Ltd.	3	Commission expense	\$ 8,031	The same terms as for comparable transactions with third-party counterparties	0.10%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Insurance Agency Co. Ltd.	3	Non-operating revenue	1,465	"	0.02%
3	Jih Sun International Insurance Agency Co. Ltd.	Jih Sun Securities Co., Ltd.	3	Commission expense	1,465	"	0.02%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co. Ltd.	3	Other receivable	969	"	-%
3	Jih Sun International Insurance Agency Co. Ltd.	Jih Sun International Bank Ltd.	3	Other payable	969	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co. Ltd.	3	Deposit and remittance	8,057	"	-%
3	Jih Sun International Insurance Agency Co. Ltd.	Jih Sun International Bank Ltd.	3	Cash in Banks	8,057	"	-%
3	Jih Sun International Insurance Agency Co. Ltd.	Jih Sun International Bank Ltd.	3	Interest income	12	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co. Ltd.	3	Interest expense	12	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other revenues	18,482	"	0.23%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other administration expense	18,482	"	0.23%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Available-for-sale financial assets	140,633	"	0.05%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Gain on disposal of financial assets carried at cost	140,633	"	1.74%

Note 1: Serial number is determined as follows:

1. 0 represents parent company.
2. Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on company category.

Note2: With the transaction the relationship between person types is as follows

1. Parent company to Subsidiary
2. Subsidiary to parent company
3. Subsidiary to Subsidiary

**12. Business Segment Financial information: Refer to Note 10(E).**