(English Translation of Financial Report Originally Issued in Chinese)

JIHSUN SECURITIES CO., LTD.
FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012
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)

JIHSUN SECURITIES CO., LTD.

FINANCIAL STATEMENTS

Table of Contents

Contents	Page
.Cover Page	1
.Table of Contents	2
.Independent Auditors' Report	3
.Balance Sheets	4
.Statements of Comprehensive Income	5
.Statements of Changes in Equity	6
.Statements of Cash Flows	7
.Notes to Financial Statements	
1. Overview	8
2. Approval date and financial procedures of the financial reports	8
3. New standards and interpretations not yet adopted	8～10
4. Summary of significant accounting policies	10～24
5. Primary sources of significant accouting judgements, and uncertainty of estimates and assumptions	24～26
6. Summary of major accounts	26～81
7. Related-party transactions	81～87
8. Pledged assets	87
9. Significant commitments and contingencies	87～88
10. Significant catastrophic loss	88
11. Significant subsequent events	88
12. Others	89～90
13. Disclosures required	
(A) Related information on significant transactions	90
(B) Information on investees	91～92
(C) Information on investment in Mainland China	93
(D) Related information regarding countries and regions of securities business investee without securities authority	94～95
14. Segment information	96
15. First-time adoption of IFRSs	96～105

Independent Auditors' Report

The Board of Directors
JihSun Securities Co., Ltd.

We have audited the accompanying balance sheets of JihSun Securities Co., Ltd. as of December 31, 2013 and 2012, January 1, 2012, and the related statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2013 and 2012. These financial statements are the responsibility of the Company′s management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those regulations and 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, evidences 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 JihSun Securities Co., Ltd. as of December 31, 2013 and 2012, January 1, 2012, and the results of its financial performance and its cash flows for the years then ended in conformity with Regulations Governing the Preparation of Financial Reports by Securities Firms and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants in the Republic of China.

Taipei, Taiwan, R.O.C.
March 19, 2014

- **Notice to Readers**

The accompanying financial report is intended only to present the financial position, results of operations, and cash flows in accordance with IFRSs accepted by the FSC 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 independent 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 independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Report Originally Issued in Chinese)

JIHSUN SECURITIES CO., LTD.

BALANCE SHEETS

AS OF DECEMBER 31, 2013, DECEMBER 31 AND JANUARY 1 2012

(Expressed in Thousands of New Taiwan Dollars)

	2013.12.31		2012.12.31		2012.1.1	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS：						
Cash and cash equivalents (Notes 4 and 6(A))	$ 2,301,173	6	7,068,014	17	6,094,913	15
Financial assets at fair value through profit or loss－current (Notes 4 and 6(B))	7,776,505	21	11,221,078	27	7,495,629	19
Available-for-sale financial assets－current (Notes 4 and 6(C))	-	-	-	-	199,159	1
Bond investments under resale agreements (Notes 4 and 6(D))	-	-	-	-	305,178	1
Margin loans receivable (Notes 4 and 6(E))	11,636,519	31	10,553,941	25	11,626,287	29
Refinancing margin (Note 4)	44,699	-	7,078	-	38,532	-
Refinancing collateral receivable (Note 4)	43,714	-	8,293	-	33,700	-
Security borrowing collateral price	109,671	-	184,535	-	233,600	1
Security borrowing margin	579,963	2	254,169	1	207,851	1
Notes receivable	149	-	483	-	884	-
Accounts receivable (Note 6(F))	6,653,613	18	4,305,079	10	5,086,546	13
Prepayments	9,381	-	16,801	-	13,721	-
Current tax assets (Note 4)	-	-	3,653	-	-	-
Restricted assets－current (Note 8)	473,000	1	1,010,318	2	512,795	1
Other current assets－others (Note 6(G))	489,190	1	123,588	-	182,220	-
	30,117,577	80	34,757,030	82	32,031,015	81
NON-CURRENT ASSETS：						
Financial assets carried at cost－non-current (Notes 4 and 6(I))	1,174,078	3	1,229,230	3	1,255,440	3
Investments accounted for using equity method (Notes 4 and 6(H))	3,098,784	8	3,036,682	7	3,218,704	8
Property and equipment (Notes 4 and 6(J))	1,604,669	4	1,647,559	4	1,609,285	4
Investment property (Notes 4 and 6(K))	234,337	1	235,775	1	237,213	1
Intangible assets (Notes 4 and 6(L))	32,792	-	39,557	-	25,238	-
Deferred tax assets (Notes 4 and 6(T))	41,110	-	48,962	-	54,646	-
Other non-current assets (Note 6(M))	1,255,847	4	1,196,218	3	1,378,745	3
	7,441,617	20	7,433,983	18	7,779,271	19
TOTAL ASSETS	**$ 37,559,194**	**100**	**42,191,013**	**100**	**39,810,286**	**100**

	2013.12.31		2012.12.31		2012.1.1	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES：						
Short-term borrowings (Note 6(Q))	$ 50,000	-	-	-	-	-
Commercial paper payable (Note 6(Q))	199,921	1	-	-	-	-
Financial liabilities at fair value through profit or loss－current (Notes 4 and 6(O))	768,739	2	576,971	-	738,195	2
Liabilities for bonds with attached repurchase agreements (Notes 4 and 6(N))	4,348,308	12	9,618,514	23	7,227,458	18
Securities financing refundable deposits (Note 4)	1,272,333	3	1,664,626	4	1,827,240	5
Deposits payable for securities financing (Note 4)	1,523,079	4	1,982,838	5	2,097,644	5
Securities lending refundable deposits (Note 4)	62,528	-	807,813	2	553,040	2
Accounts payable (Note 6(P))	6,673,170	18	4,042,418	10	4,020,438	10
Advance receipts	72,452	-	28,897	-	10,422	-
Receipts under custody	353,592	1	28,967	-	32,621	-
Other payable	488,134	1	473,603	1	507,052	1
Current tax liabilities (Note 4)	691,173	2	654,919	2	815,417	2
Provisions－current (Notes 4 and 6(R)(S))	27,178	-	26,109	-	26,450	-
Long-term liabilities－current portion (Note 6(Q))	-	-	1,497,570	4	-	-
	16,530,607	44	21,403,245	51	17,855,977	45
NON-CURRENT LIABILITIES：						
Long-term borrowings (Note 6(Q))	-	-	-	-	1,497,029	4
Provisions－non-current (Notes 4 and 6(R)(S))	206,917	1	303,443	1	338,198	1
Deferred tax liabilities(Notes 4 and 6(T))	28,870	-	28,870	-	28,870	-
Other non-current liabilities	7,602	-	6,965	-	8,070	-
	243,389	1	339,278	1	1,872,167	5
Total Liabilities	16,773,996	45	21,742,523	52	19,728,144	50
Capital stock	11,572,127	31	11,572,127	27	11,572,127	29
Capital surplus (Note 6(U))	1,298,456	3	1,298,456	3	1,298,456	3
Retained earnings：						
Legal reserve	2,162,535	6	2,092,140	5	2,058,228	5
Special reserve	5,350,864	14	5,219,235	12	5,182,132	13
Undistributed earnings (Note 6(V))	547,697	1	447,672	1	104,104	-
Other equity	(146,481)	-	(181,140)	-	(132,905)	-
Total Equity	20,785,198	55	20,448,490	48	20,082,142	50
Significant commitments and contingencies (Note 9)						
TOTAL LIABILITIES AND EQUITY	**$ 37,559,194**	**100**	**42,191,013**	**100**	**39,810,286**	**100**

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

(English Translation of Financial Report Originally Issued in Chinese)

JIHSUN SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

	For the years ended December 31			
	2013		2012	
	Amount	%	Amount	%
REVENUES：				
Brokerage handling fee revenue (Note 6(X))	$ 1,744,337	56	1,811,487	57
Income from securities lending	16,055	1	22,366	1
Revenues from underwriting business (Note 6(X))	75,507	2	62,930	2
Gains (Losses) on sale of operating securities (Note 6(X))	145,071	5	(26,669)	(1)
Revenue from providing agency service for stock affairs	42,776	1	44,989	1
Interest income (Note 6(X))	772,199	25	822,398	26
Dividends revenue	103,588	3	105,807	3
Valuation gains on operating securities at fair value through profit or loss (Note 6(X))	7,186	-	32,593	1
Loss on covering of borrowed securities and bonds with resale agreements－short sales	(13,734)	-	(52,981)	(2)
Valuation gains (losses) on borrowed securities and bonds with resale agreements －short sales at fair value through profit or loss	19,676	1	(8,346)	-
Gains from issuance of call (put) warrants (Note 6(X))	89,705	3	247,166	8
Futures commission revenue	82,821	3	95,494	3
Gain from derivatives－futures (Note 6(X))	5,358	-	30,889	1
Gain from derivatives－OTC (Note 6(X))	10,484	-	3,888	-
Other operating income	2,727	-	1,353	-
Total Revenue	3,103,756	100	3,193,364	100
EXPENDITURE AND EXPENSE：				
Brokerage handling fee expense (Note 6(X))	101,829	3	102,825	3
Proprietary handling fee expense (Note 6(X))	10,187	1	8,255	-
Refinancing processing fee expenses	326	-	511	-
Finance costs	66,722	2	101,138	3
Futures commission expense	989	-	1,062	-
Expense of clearing and settlement	2,911	-	2,791	-
Other operating expenditure	18	-	803	-
Employee benefits expenses (Note 6(X))	1,490,199	48	1,514,354	48
Depreciation and amortization expenses (Note 6(X))	104,386	3	99,114	3
Other operating expense (Note 6(X))	864,235	28	846,822	27
Total Expenditure and Expense	2,641,802	85	2,677,675	84
NON-OPERATING INCOME AND EXPENSES：				
Proportionate share of gains from subsidiaries, associates or joint ventures under equity method (Note 6(H))	108,495	3	27,741	1
Other gains and losses (Note 6(X))	328,511	11	326,810	10
Total Non-Operating Income and Expenses	437,006	14	354,551	11
Net Income Before Tax from Continuing Operations	898,960	29	870,240	27
Income Tax Expense (Notes 4 and 6(T))	(114,809)	(4)	(166,011)	(5)
NET INCOME	784,151	25	704,229	22
OTHER COMPREHENSIVE INCOME:				
Exchange differences of overseas subsidiaries' financial reports translation	34,659	1	(57,397)	(1)
Unrealized valuation gains on available-for-sale financial assets	-	-	9,162	-
Actuarial gains (losses) of defined benefit plan	21,976	1	(28,337)	(1)
Proportionate share of gains of other comprehensive income from subsidiaries, associates or joint ventures under equity method	1,590	-	1,981	-
Income tax benefit (expenses) related to components of other comprehensive income	(3,736)	-	4,817	-
Other comprehensive income (net amount after tax)	54,489	2	(69,774)	(2)
TOTAL COMPREHENSIVE INCOME	**$ 838,640**	**27**	**634,455**	**20**
Earnings per share (EPS)(Dollar)(Note 6(W))	**$ 0.68**		**0.61**	

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

(English Translation of Financial Report Originally Issued in Chinese)
JIHSUN SECURITIES CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in thousands of New Taiwan Dollars)

	Capital stock		Retained earnings				Other equity			
	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Subtotal	Exchange difference of overseas subsidiaries' financial reports translation	Unrealized gains(losses) on available-for-sale financial assets	Subtotal	Total Equity
Balance－January 1, 2012	$ 11,572,127	1,298,456	2,058,228	5,182,132	104,104	7,344,464	(123,743)	(9,162)	(132,905)	20,082,142
Net income	-	-	-	-	704,229	704,229	-	-	-	704,229
Other comprehensive income	-	-	-	-	(21,539)	(21,539)	(57,397)	9,162	(48,235)	(69,774)
Total comprehensive income	-	-	-	-	682,690	682,690	(57,397)	9,162	(48,235)	634,455
Earnings appropriation and distribution:										
Legal reserve	-	-	33,912	-	(33,912)	-	-	-	-	-
Special reserve	-	-	-	73,401	(73,401)	-	-	-	-	-
Cash dividends－common stock	-	-	-	-	(231,809)	(231,809)	-	-	-	(231,809)
Changes in equity from associates and joint ventures accounted for using equity method	-	-	-	(36,298)	-	(36,298)	-	-	-	(36,298)
Balance－December 31, 2012	**11,572,127**	**1,298,456**	**2,092,140**	**5,219,235**	**447,672**	**7,759,047**	**(181,140)**	**-**	**(181,140)**	**20,448,490**
Net income	-	-	-	-	784,151	784,151	-	-	-	784,151
Other comprehensive income	-	-	-	-	19,830	19,830	34,659	-	34,659	54,489
Total comprehensive income	-	-	-	-	803,981	803,981	34,659	-	34,659	838,640
Earnings appropriation and distribution:										
Legal reserve	-	-	70,395	-	(70,395)	-	-	-	-	-
Special reserve	-	-	-	131,629	(131,629)	-	-	-	-	-
Cash dividends－common stock	-	-	-	-	(501,932)	(501,932)	-	-	-	(501,932)
Balance－December 31, 2013	**$ 11,572,127**	**1,298,456**	**2,162,535**	**5,350,864**	**547,697**	**8,061,096**	**(146,481)**	**-**	**(146,481)**	**20,785,198**

Note: For the years ended December 31, 2013 and 2012, directors' remuneration and employee bonuses were deducted from the statements of comprehensive income, please refer to Note 6 (V).

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

(English Translation of Financial Report Originally Issued in Chinese)

JIHSUN SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in thousands of New Taiwan Dollars)

	For the years ended December 31	
	2013	**2012**
Cash Flows from Operating Activities:		
Net Income Before Tax	$ 898,960	870,240
Adjustments:		
Income and expense items with no effect on cash flows		
Depreciation expenses	92,715	87,565
Amortization expenses	11,671	11,549
Net gains on financial assets or liabilities at fair value through profit or loss	(26,904)	(24,220)
Interest income (finance income included)	(812,135)	(878,500)
Finance costs	66,722	101,138
Dividend earned	(103,588)	(105,807)
Proportionate share of gain from associates and joint ventures under equity method	(108,495)	(27,741)
Loss on disposal and retirement of property and equipment	936	531
Impairment loss on financial assets	2,533	20,210
Subtotal of income and expense items with no effect on cash flows	(876,545)	(815,275)
Changes in Operating Assets and Liabilities:		
Net Changes in Operating Assets：		
Financial assets at fair value through profit or loss－current	3,451,801	(3,692,883)
Available-for-sale financial assets－current	-	208,321
Bond investments under resale agreements	-	305,178
Margin loans receivable	(1,082,578)	1,072,346
Refinancing margin	(37,621)	31,454
Refinancing collateral receivable	(35,421)	25,407
Security borrowing collateral price	74,864	49,065
Security borrowing margin	(325,794)	(46,318)
Notes receivable	334	401
Accounts receivable	(2,409,125)	761,364
Prepayments	9,771	(2,539)
Other current assets－others	(367,430)	60,255
Other non-current assets	(60,499)	163,481
Net Changes in Operating Assets	(781,698)	(1,064,468)
Net Changes in Operating Liabilities:		
Financial liabilities at fair value through profit or loss－current	211,444	(169,570)
Liabilities for bonds with attached repurchase agreements	(5,270,206)	2,391,056
Securities financing refundable deposits	(392,293)	(162,614)
Deposits payable for securities financing	(459,759)	(114,806)
Securities lending refundable deposits	(745,285)	254,773
Accounts payable	2,632,218	20,860
Advance receipts	43,555	18,475
Receipts under custody	324,625	(3,654)
Other payables	14,525	(33,448)
Provisions－current	1,069	(341)
Provisions－non-current	(78,010)	(62,267)
Other non-current liabilities	637	(1,105)
Net Changes in Operating Liabilities	(3,717,480)	2,137,359
Net Changes in Operating Assets and Liabilities	(4,499,178)	1,072,891
Sum of Adjustments	(5,375,723)	257,616
Cash (Used in) Provided by Operating Activities	(4,476,763)	1,127,856
Interest received	874,554	896,980
Dividend received	103,588	105,807
Interest paid	(68,182)	(100,018)
Income tax paid	(70,786)	(319,662)
Net Cash (Used in) Provided by Operating Activities	(3,637,589)	1,710,963
Cash Flows from Investing Activities:		
Acquisition of financial assets at cost	(21,386)	-
Return of capital from financial assets carried at cost	74,005	6,000
Purchase of property and equipment	(45,878)	(114,535)
Disposal of property and equipment	15	-
Restricted assets－current	537,318	(497,523)
Purchase of intangible assets	(4,036)	(18,044)
Dividends received	82,642	118,049
Net Cash Provided by (Used in) Investing Activities	622,680	(506,053)
Cash Flows from Financing Activities:		
Short-term loans	50,000	-
Long-term liability－current portion	(1,500,000)	-
Commercial paper payable	200,000	-
Cash dividends paid	(501,932)	(231,809)
Net Cash Used in Financing Activities	(1,751,932)	(231,809)
Net (Decrease) Increasein Cash and Cash Equivalents	(4,766,841)	973,101
Cash and Cash Equivalents, at the Beginning of the Period	7,068,014	6,094,913
Cash and Cash Equivalents, at the End of the Period	**$ 2,301,173**	**7,068,014**

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

(English Translation of Financial Report Originally Issued in Chinese)
JIHSUN SECURITIES CO., LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Expressed in thousands of New Taiwan dollars, unless otherwise stated)

1. OVERVIEW

JihSun Securities Co., Ltd. (the "Company") was established in December, 1961 and the registered address is *3 and 4F, No. 111, Section. 2, Nanjing E. Road, Taipei, Taiwan, R.O.C.*. The Company engaged 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, stock warrant issuance and trust businesses.

In order to increase market share of brokerage services and competitiveness, the Board of Directors resolved that the Company as the surviving company would merge with Yuan Xin Securities Co., Ltd. on April 22, 2002. Meanwhile, in accordance with the resolution, the Company acquired the operating assets and operating rights of Hemei Securities Co., Ltd. and Toufen Securities Co., Ltd. As of December 31, 2013, after merging and capital increase, the Company had established 44 branches.

Moreover, in order to extend the economic scale of operation and increase the synergy of financial institutions, extraordinary shareholders' meeting, on December 14, 2001, announced an exchange of shares with "JihSun International Commercial Bank Co., Ltd." and transformed into a new "JihSun Financial Holding Co., Ltd." The conversion date of record was settled on February 5, 2002.

The Company's parent company is JihSun Financial Holding Co., Ltd.

2. APPROVAL DATE AND FINANCIAL PROCEDURES OF THE FINANCIAL REPORTS

The financial reports were approved by the board of directors on March 19, 2014.

3. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

(A) Newly issued and revised accounting standards and interpretations accepted by the Financial Supervisory Commission (FSC) and not yet adopted

In November 2009 International Accounting Standards Board (IASB) issued IFRS 9 –"Financial Instruments", which came into effect on January 1, 2013. (In December 2011, IASB postponed the effective date until January 1, 2015. In November 2013, IASB has announced the abolishment of the effective date of January 1, 2015 to let preparers of financial reports have sufficient period of time to embrace the conversion of the new rules. The new effective date has not announced yet.) The FSC has accepted IFRS 9, but as of the report date has not yet announced when it will come into effect. Thus IFRS 9 cannot be adopted yet. IAS 39 - "Financial Instruments", the 2009 version, should be adopted instead. The classification and measurement of financial assets are expected to be changed when IFRS 9 is adopted by the Company.

(B) Newly issued and revised accounting standards and interpretations not yet accepted by the FSC

Listed as below are the accounting standards and interpretations likely relevant to the Company which have been newly issued and revised by IASB but have not yet been accepted and the effective date has not been announced by the FSC.

Issue date	New standards and amendments	Description	Effective dates announced by IASB
2011.5.12 2012.6.28	• IFRS 10 – "Consolidated Financial Statements" • IFRS 12 – "Disclosure of Interests in Other Entities" • Revisions to IAS 27 - "Separate Financial Statements" • Revisions to IAS 28 - "Investments in Associates and Joint Ventures"	• On May 12, 2011, a series of new standards and revisions related to consolidation, associates, and joint ventures were issued. They provide a control model by which to judge and analyze whether an investor has control of the investee, including a special purpose entity, while the consolidation process remains unchanged. • On June 28, 2012, revisions were issued to elaborate on the transitional rules of those standards. • If the aforementioned standards are adopted, the judgment on whether an investor has control of the investee may be changed and the disclosure information regarding subsidiaries and associates is expected to increase.	2013.1.1
2011.5.12	IFRS 13 – "Fair Value Measurement"	• Other standards regarding fair value will be replaced by IFRS 13 to integrate fair value measurement of financial and non-financial items into one standard. • The Company may need to further analyze which assets or liabilities may be affected if the aforementioned standard is adopted. In addition, this modification may increase fair value disclosure information.	2013.1.1
2011.6.16	Revisions to IAS 1 – "Presentation of Financial Statements"	• Other comprehensive income items that can and cannot be reclassified to profit and loss should be presented separately.	2012.7.1

Issue date	New standards and amendments	Description	Effective dates announced by IASB
		• If the aforementioned statement is adopted, the presentation items of the Comprehensive Income will be changed.	

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Assertion of compliance

The Company's financial statements were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants (the "Regulation.")

The Company's financial statements are the first annual report prepared in accordance with the Regulations Governing the Preparation of Financial Reports, IFRSs accepted by the FSC, and IFRS 1 – "First-time Adoption of IFRSs" accepted by the FSC. Please refer to Note 15 for information on the impact of the conversion to IFRSs accepted by the FSC on the financial position, financial performance, and cash flow of the Company.

(B) Basis of compilation

Except for the significant balance sheet items listed as below, the financial statements are prepared on the basis of historical costs.

(a) Financial instruments at fair value through profit or loss (including derivative instruments);

(b) Available-for-sale financial assets measured at fair value;

(c) Defined benefit assets, which are recognized as the net amount of pension plan assets plus unrecognized past service cost and unrecognized actuarial losses, minus unrecognized actuarial gains and present value of defined benefit obligation.

(C) Foreign currency transaction and translation of foreign currency financial statements

(a) Functional currency and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. The Company's functional currency is New Taiwan Dollar, and the financial reports are presented in New Taiwan Dollar.

(b) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate at that date. When several foreign exchange rates are available, monetary items shall be translated by the exchange rate which is applicable to settle the future cash flow representing the transaction or balance at the measurement date is adopted. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising from the settlement of a foreign currency transaction are recognized in current profit or loss. Exchange differences arising from the translation of monetary item, except for differences arising from the translation of available-for-sale financial assets, a qualified cash flow hedge or financial liabilities in a hedge of the net investment in a foreign operation are recognized directly in other comprehensive income, are recognized in profit or loss when it incurred.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange difference of that gain or loss shall be recognized in other comprehensive income. Otherwise, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange difference of that gain or loss shall be recognized in profit or loss.

(D) Classification of assets and liabilities as current or non-current

An asset is classified as current when:

(a) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(b) It holds the asset primarily for the purpose of trading;

(c) It expects to realize the asset within twelve months after the reporting period; or

(d) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) It expects to settle the liability in its normal operating cycle;

(b) It holds the liability primarily for the purpose of trading;

(c) The liability is due to be settled within twelve months after the reporting period; even when a long-term refinancing has been completed or a repayment agreement has been rearranged in the period between the balance sheet date and the date the financial report is approved.

(d) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(E) Accounting estimates

The preparation of the accompanying financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported periods. Actual results could differ from these estimates.

(F) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, together with short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Demand deposits which have the original maturity within one year are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. It is readily convertible to a known amount of cash and is subject to an insignificant risk of changes in value; therefore, it normally qualifies as cash and cash equivalents.

The statement of cash flow of the financial report is prepared on the basis of cash and cash equivalents.

(G) Financial Instrument

All the financial assets and liabilities of the Company, including derivative instruments, are prepared in accordance with the International Financial Reporting Standards accepted by the FSC, recognized in the balance sheet and evaluated by the category of which it belongs to.

(a) Financial Assets

(1) Regular way purchases or sales

The categories and the accounting categorizations of all the financial assets holding by the Company are using trade-date accounting.

(2) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition.

Financial assets are classified as held-for-trading if they are acquired principally for the purpose of selling in the short term. Financial assets, other than ones classified as held-for-trading, are designated as at fair value through profit or loss at initial recognition under one of the following situations:

A) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis;

B) Performance of the financial asset is evaluated on a fair value basis;

C) A hybrid instrument contains one or more embedded derivatives.

Financial assets at fair value through profit or loss and financial assets designated as at fair value through profit or loss on initial recognition are recognized under "financial assets at fair value through profit or loss" in the balance sheet. Any change in fair value of financial assets at fair value through profit are recognized under "gain and loss of financial assets and liabilities at fair value through profit and loss" in the statement of comprehensive income.
Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are included in valuation gains(losses) on operating securities at fair value through profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets carried at cost.

(3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, except for impairment losses, interest income calculated using the effective interest method, dividend income, and exchange differences on monetary financial assets denominated in foreign currencies recognized, are recognized through other comprehensive income and presented in the unrealized valuation gain or loss on available-for-sale financial assets. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in statement of comprehensive income account as gains (losses) on sale of operating securities.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets carried at cost.

(4) Financial assets carried at cost

Equity instruments whose fair value cannot be reliably measured are stated at cost. If there is objective evidence that financial assets carried at cost are impaired, impairment loss is recognized. However, the impairment losses may not be reversed subsequently. The transactions of financial assets carried at cost are recorded using trade-date account. The financial instruments are initially recognized at fair value plus transaction costs. Costs to sell of equity security are determined by using moving average method.

(5) Impairment of financial assets

The impairment loss of financial assets, which are not measured at fair value through profit or loss, is evaluated on every reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its book value and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its book value and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of the impairment loss of a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt instruments increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

(6) Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the book value and the sum of the consideration received or receivable is recognized in profit or loss.

The Company separates the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the book value allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss, and is included in gains (losses) on sale of operating securities. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

(b) Financial Liabilities

(1) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. A financial liability is classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. The Company designates financial liabilities, other than the ones classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

A) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis;

B) Performance of the financial liabilities is evaluated on a fair value basis;

C) A hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognised in profit or loss, and are included in valuation gains (losses) on operating securities at fair value through profit or loss.

(2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or expired.

The difference between the book value of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(c) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when

(1) The Company has the legal right to offset, and

(2) intends to settle such financial assets and liabilities on a net basis to realize the assets and settle the liabilities simultaneously.

(d) Derivative instruments

Derivatives instruments is initially recognized at fair value on contract date and subsequently measured at fair value. Fair value includes quoted price in an active market, occurring market transaction prices, discounted cash flow model or option pricing model techniques. When a derivative is designated as an effective hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

The Company should account for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss, the terms of the embedded derivative would meet the definition that the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, or the entire hybrid contract is not designated as at fair value through profit or loss. In addition, the embedded derivative is recognized as financial asset or liability at fair value through profit or loss.

(H) Bond investments under resale agreements and liabilities for bonds with attached repurchase agreements

The financing method which the Company adopted is to account for bond transactions with terms to repurchase and resale. Sales of securities with repurchase terms for financing purposes are recorded as "liabilities for bonds with attached repurchase agreements". Upon execution of repurchase terms, the difference between the repurchase price and financing amount is recorded as interest expense. Purchases of securities with resale terms for financing purposes are recorded as "bond investments under resale agreements". Upon execution of resale terms, the difference between the resale price and financing amount is recorded as interest income.

(I) Margin loans, securities financing, refinancing and securities lending

Margin loans extended to customers 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 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 and are recorded as deposits payable for securities financing. Customers may receive the deposits and proceeds from repayment of the securities.

When the Company 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 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 as collateral should be transferred to securities finance enterprises, and the amounts is recorded as refinancing collateral receivable.

Moreover, 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 and 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.

Securities lending is only noted in memo, not recognized as the assets of the Company, vice versa. The acquired collaterals are not stated in the reports if they are securities; whereas, they should be recognized as securities lending refundable deposit if the collaterals are cash collaterals. The securities lending revenue and service fee are recognized as securities lending revenue.

(J) Investments in associates

Investees in which the Company and its subsidiaries directly or indirectly hold more than 20% of the outstanding stock with voting right, or hold less than 20% but are able to exercise significant influence over the investees are accounted for under the equity method and initially recognized at cost. Goodwill, relating to an associate is included in the book value of the investment.

After the date of acquisition the Company's share of the profit or loss of the associates is recognized in profit or loss. Distributions received from an associate reduce the book value of the investment. Adjustments to the book value of the investment may also be necessary for changes in the Company's proportionate interest in the associates arising from changes in the associates' other comprehensive income.

Changes in ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When investments in foreign operating institutions are under equity-method, the exchange differences, which are accounted under shareholders' equity as cumulative translation adjustment, are determined by the translation of the financial statement of foreign currency into domestic currency. The adjustments will be incorporated into the profit or loss when the foreign operating institution is sold out or under liquidation.

(K) Investments in subsidiaries

When preparing standalone financial statement, the Company uses equity method in evaluating the investee which the company has control of. Under equity method, the net income or loss for the period of standalone financial statement and other comprehensive income of standalone financial statement are the same as the proportionate share of net income or loss for the period attributed to parents of consolidated statement and other comprehensive income attributed to parents of consolidated statement, respectively. The equity of the standalone financial statement is the same as the equity attributable to the parents of the consolidated statements.

Any change in ownership interest of the subsidiaries, not resulting in loss of control, is treated as equity transaction between the owners.

(L) Property and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

(b) Reclassification to investment property

The property is reclassified to investment property at its book value when the use of the property changes from owner-occupied to investment property.

(c) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the reasonably measurable future economic benefits associated with the expenditure will flow to the Company. The book value of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred. Major additions, improvements and replacements in subsequent periods are capitalized, while maintenance and repairs are recognized as current expenses.

(d) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be calculated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The estimated useful lives for the current and comparative periods of significant items are as follows:

(1) Buildings 10～55 years

(2) Machinery and equipment 3～10 years

(3) Leasehold improvements 3～15 years

If properties and equipments are still usable after their original estimated useful life, the estimated residual amount may still be depreciated over their acceptable useful lives.

(M) Investment property

The investment property possessed by the Company is the property held either to earn rental income or for capital appreciation or for both. Investment property includes office buildings and lands rented as operating lease.

Part of the property may be held by the Company for operation and the remaining is used to generate rental income or capital appreciation. If the property held by the Company can be sold individually, it should be recognized respectively. Property for self-use is following IFRS 16 accepted by FSC, and the property held either to earn rental income or for capital appreciation or for both is recognized as investment property which is in accordance with IFRS 40 accepted by FSC. If each part of the property cannot be sold individually and the self-use proportion is not material, then the property is deemed as investment property in its entirety.

When the future economic benefit related to the investment property is highly probable to flow into the Company and the cost can be reliably measured, the investment property shall be recognized as assets. Under the same condition, the subsequent expenses of the assets shall be capitalized. Furthermore, all maintenance cost is recognized when incurred in the statement of comprehensive income.

The replacement cost should be recognized in the book value of the investment property given that the criteria of recognition can be met.

Investment property is subsequently measured using the cost method. The depreciable amount is used to calculate depreciation expense after initial recognition. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment.

The estimated useful lives for the current and comparative periods of significant items are as follows:

Buildings	10～55 years

(N) Intangible assets

Computer software is recorded on the basis of the actual cost of acquisition and the subsequent evaluation is prepared under cost method. The amortization expense is calculated by the amortizable amount after initial recognition and uses the straight-line method over 3 to 5 years from the month acquires.

(O) Non-financial asset impairment

In compliance with IAS 36 "Impairment of Assets", accepted by FSC, at each balance sheet date, the recoverable amount of non-financial asset (the higher of net fair value or value-in-use) is estimated and compared with the book value whenever there is an indication that the non-financial asset may be impaired. An impairment loss is recognized in account "impairment loss on assets" when the recoverable amount, higher of fair market value or value in use, is less than the book value. 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 shall not exceed the original cost less depreciation or amortization of the assets assuming no impairment loss was recognized in prior periods.

(P) Employee benefit

(a) Short-term employee benefit

The Company charges the short-term and non-discounted benefit expectedly paid in near future to current expenses over the periods which services are rendered by employees.

(b) Post-employment benefits：Retirement plan includes defined contribution plan and defined benefit plan.

Defined contribution plan refers to the plan that the Company annually provides certain amount of money to funds to fulfill the obligation. The Company provides pension based on compulsory obligation, contracts or voluntary will to public or private managed pension funds. If certain pension fund fails to pay the employees for rewards of services rendered by employees during prior and current period, the Company does not hold legal or constructive obligation to pay additional provision. The Company recognizes the pension fund provided as current pension cost on accrual basis.

The Company made a pension plan with contributions amounting to 3% of gross salaries. Funds were deposited in a designated pension fund bank account which administered by the Pension Fund Administrative Committee independently. The pension plan still remained applicable until adoption of the Labor Standards Law on March 1, 1998.

A defined benefit plan is a post-employment benefit plan under which the pension amount is determined by employee's vested amount at the time of retirement on the basis of their ages, seniority and compensated salaries.

The Company recognizes pension asset or liability in balance sheet as the net amount of actuarial present value of defined benefit obligation, less fair value of plan assets. The calculation of defined benefit obligation is performed annually by an actuary using the projected unit credit method. The actuarial present value of defined benefit obligation is calculated by discounting future cash flow at the discount rate applied by the Company after taking into account the interest rate of high-quality corporate bond or government bond, which should be issued in the same currency as that of post-employment benefit payments. The maturity of the bonds should also match the period of pension liability. The Company recognizes actuarial gains and losses which are incurred by the change of actual experience and actuarial assumption in other comprehensive income.

The prior period service costs which are due to the modification of retirement plan are currently recognized as personnel expenses in profit or loss.。

(Q) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the book value of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the situations as follows:

(a) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(b) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not be reversed.

(c) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(a) The entity has the legal right to settle current tax assets and current tax liabilities on a net basis; and

(b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    (1) Levied by the same taxing authority; or

    (2) Levied by different taxing authorities, but where each such authority intends to settle current tax assets and current tax liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted to reduce the related tax benefit when the unused tax losses, unused tax credits, and deductible temporary differences are not probable to be utilized.

After adopting the imputation tax method in 1998, 10 % surtax on undistributed earnings is levied as current tax expense in the year that the stockholder's meeting declaring the distribution of earnings.

Furthermore, for the year ended December 31, 2003, the Company and the parent company, "JihSun Financial Holding Co., Ltd.", and its affiliates "JihSun International Commercial Bank Co., Ltd. " and JihSun International Property Insurance Agency Co., Ltd. adopted the jointly tax filing return principle to file the annual income tax return and make tax payment. The accrued receivable and payable between the parent company and subsidiaries are allocated reasonably and consistently to individual companies.

(R) Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. The bases are as follows:

(a) Brokerage handling fee revenue, gains (losses) on sale of operating securities are recognized at the date of securities transaction.

(b) Interest income and expense on margin loans, securities financing, bond investment under resale agreements, and bonds sold with attacted repurchase agreements are recognized respectively over the period on an accrual basis.

(c) Consulting and financial advisory service income, revenue and expenses from underwriting businesses, revenue from providing agency service for stock affairs, future commission revenue are recognized in accordance with related agreements on accrual basis.

(d) Futures and options transaction income: The premium of transactions is recognized at cost. Daily evaluation under market value, contract gain or loss through reversing trade and transaction income or loss arising from settlement are recognized in profit or loss of current period. Proprietary handling fee expenses are recognized at the date of the transaction.

(e) Dividend revenue: Dividend revenue is recognized when the Company has right to receive the divedend.

(S) Material commitments and contingency

The Company recognizes loss when it is highly probable that a loss will incur and can be reasonably estimated, while the Company discloses the information in the notes when it is reasonably probable that a loss will incur or cannot be reasonably estimated.

(T) Comparative information

Except for IFRSs accepted by FSC, the Company discloses information of the prior period to compare with the information of current period.

When the accounting policies are changed or reclassifications are made, the Company adjusts comparative amounts to conform to current information.

(U) Operating segments

Segment information has been presented in the consolidated financial statements, and not presented in this standalone financial statement.

5. PRIMARY SOURCES OF SIGNIFICANT ACCOUNTING JUDGEMENTS, AND UNCERTAINTY OF ESTIMATES AND ASSUMPTIONS

The financial statements are influenced by accounting policies, assumptions and estimates. When preparing the financial statements, the Management needs to make appropriate professional judgments, estimates and assumptions, and will affect the adoption of accounting policies, reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

The Management continued to monitor the accounting assumptions, estimates and judgments. The Management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimate in the next period.

(A) Critical judgments in applying accounting policies

Other than determination of estimation (please refer to Note 5(B) as shown below), significant judgment made by the Company's management when determining a recognized amount in the financial report under the application of the Company's accounting policies is as follows.

Financial assets classification

The Company's management should define the classification of financial assets. Different classification of financial assets would impact the accounting methods, the Company's financial position and financial performance.

(B) Major sources of uncertainty for assumptions and estimation

The Company has made proper assumptions and estimations toward book value of assets and liabilities which may have significant risk due to significant adjustments in the next fiscal year. The Company's assumption and estimation are made by following IFRS as accepted by FSC, and are considered as the best estimation. Estimation and assumption are made based on the past experience and other factors, encompassing the expectation for the future period, and are evaluated continuously.

The following informaton is the primary sources of major assumptions and estimated uncertainties. The assumptions and uncertainties may result in adjusting book value of assets or liabilities in the next fiscal year.

(a) Fair value of financial instruments

A valuation method is used for determination of financial instrument's fair value which is without active market or without quotation in an active market. Under this situation, the valuation of fair value is based on the observation of similar financial instruments with observable information. If no quotation can be referred to, fair value of a financial instrument would be determined under proper assumptions. When valuation model is applied for the determination of fair value, all models should be aligned in order to ensure that the outcome reflects actual information and market price. Observable information is applied mostly in models; however, certain items, such as credit risk (the risk bears by the Company itself and the counterparty) should rely on the management's estimation toward fluctuation and correlation. Please refer to Note 6(Z) for information on financial instruments sensitivity analyses.

(b) Income tax

The Company estimates income tax relying on material assessments. Certain transactions and calculations may cause uncertainty in income tax due to the different opinion between the Tax Authority and that of the Company. The Company recognizes relevant income tax expenses and current income tax liabilities based on the estimates of whether such transactions and calculations may result in additional taxes. Income tax expense and current income tax liabilities will be affected if there is a difference between the final taxation of such transaction and calculations and the amounts initially recognized. Please refer to Note 6(T) for information about the evaluation of deferred tax items.

(c) Post-employment benefits

The present value of post-employment benefits obligation is based on actuarial results of multiple assumptions. Any assumption changes will affect the book value of post-employment benefits obligation.

The assumptions that determine net pension cost (revenue) include discount rate. The Company determines an appropriate discount rate at the end of each year, and uses the discount rate to calculate the present value of future cash outflow needed to cover the post-employment benefits obligation. To determine an appropriate discount rate, the Company should take into account the interest rate of high-quality corporate bond or government bond, which should be issued in the same currency as that of post-employment benefits payments. The maturity of the bonds should also match the period of pension liability.

Other significant assumptions of post-employment benefits obligation are based on current market conditions.

6. SUMMARY OF MAJOR ACCOUNTS

(A) Cash and cash equivalents

	2013.12.31	2012.12.31	2012.1.1
Cash in banks:			
Savings accounts	$ 377,886	955,024	779,526
Checking accounts	46,536	55,718	36,938
Time deposits	892,305	4,450,540	750,000
	1,316,727	5,461,282	1,566,464
Cash equivalent－future excess margin	136,117	128,767	52,961
Cash equivalent－Short-term notes due in three months	848,329	1,477,965	4,475,488
Total	**$ 2,301,173**	**7,068,014**	**6,094,913**

(B) Financial assets at fair value through profit or loss－current

	2013.12.31	2012.12.31	2012.1.1
Financial assets held for trading－non-derivative instruments			
Open-end funds and money market instruments	$ 50,042	-	50,026
Securities held for operations – proprietary	5,803,417	10,185,572	6,772,675
Securities held for operations – underwriting	281,816	84,032	163,342
Securities held for operations – hedging	1,466,880	770,038	499,944
Subtotal	7,602,155	11,039,642	7,485,987
Financial assets held for trading－derivative instruments			
Buy options –futures	2,731	2,868	5,750
Futures margin – own funds	33,667	41,570	3,892
Derivative financial assets – OTC	-	1,584	-
Subtotal	36,398	46,022	9,642
Financial assets designated as at fair value through profit or loss－current：structured instruments	137,952	135,414	-
Total	**$ 7,776,505**	**11,221,078**	**7,495,629**

(a) Open-end funds and money market instrument

	2013.12.31	2012.12.31	2012.1.1
Open-end funds and money market instruments	$ 50,000	-	50,000
Valuation adjustment on open-end funds and money market instruments	42	-	26
Total	**$ 50,042**	**-**	**50,026**

(b) Securities held for operations – proprietary

	2013.12.31	2012.12.31	2012.1.1
Listed stocks	$ 429,393	122,223	-
Over-the-counter stocks and bonds	249,024	137,817	66,740
Warrants	-	1,926	1,259
Foreign stocks	29,116	29,116	29,116
International bonds	534,683	-	-
Emerging stocks	355,982	364,971	78,421
Government bonds	1,467,322	5,026,484	4,457,314
Corporate bonds	2,654,963	4,410,745	2,039,375
Financial debentures	100,533	100,533	100,000
Subtotal	5,821,016	10,193,815	6,772,225
Valuation adjustment on securities held for operations – proprietary	(17,599)	(8,243)	450
Total	**$ 5,803,417**	**10,185,572**	**6,772,675**

As of December 31, 2013 and 2012, and January 1, 2012 the securities held for operations – proprietary amounted to $4,323,279, $9,591,746 and $6,596,689 are provided for repurchase agreements.

(c) Securities held for operations – underwriting

	2013.12.31	2012.12.31	2012.1.1
Listed stocks	$ 14,897	5,812	56,634
Over-the-counter stocks and bonds	244,237	72,386	102,750
Unlisted stocks and bonds	29,561	24,272	24,275
Subtotal	288,695	102,470	183,659
Valuation adjustment on securities held for operations – underwriting	(6,879)	(18,438)	(20,317)
Total	**$ 281,816**	**84,032**	**163,342**

(d) Securities held for operating – hedging

	2013.12.31	2012.12.31	2012.1.1
Listed stocks	$ 1,088,068	641,750	445,036
Over-the-counter stocks	349,591	104,050	70,077
Subtotal	1,437,659	745,800	515,113
Valuation adjustment on securities held for operations – hedging	29,221	24,238	(15,169)
Total	**$ 1,466,880**	**770,038**	**499,944**

(C) Available-for-sale financial assets – current

	2013.12.31	2012.12.31	2012.1.1
Available-for-Sale financial assets – current –underwriting	$ -	-	208,321
Valuation adjustment	-	-	(9,162)
Total	**$ -**	**-**	**199,159**

(D) Bonds investments under resale agreements

	2013.12.31	2012.12.31	2012.1.1
Government bonds	$ -	-	**305,178**
Par value	-	-	**300,000**
Due to resell term	-	-	**2012.1.5~2012.1.10**
Due to interest rate interval	-	-	**0.76%~0.79%**
Agreed amount of resell securities	**$ -**	-	**305,262**

(E) Margin loans receivable

The securities purchased by the client through financing are served as collateral of margin loans receivable.

(F) Accounts receivables

	2013.12.31	2012.12.31	2012.1.1
Accounts receivable – related parties	$ 5,456	7,080	8,532
Accounts receivable – non-related parties			
Receivable price of securities purchased for customers	29,045	22,375	7,427
Receivable accounts for settlement	4,600,169	3,487,825	2,859,230
Settlement price	1,135,816	59,677	413,838
Accounts receivable－when-issued trading of government bonds	-	-	1,050,803
Accounts receivable－finance interest	215,906	247,742	275,848
Accounts receivable－bond interest	28,179	56,933	48,930
Accounts receivable－trading of securities	600,940	385,067	411,788
Accounts receivable－from providing agency service for stock affairs	5,967	5,531	7,876
Accounts receivable－others	34,107	34,821	4,328
Allowance for bad debts－accounts receivable	(1,972)	(1,972)	(2,054)
Subtotal	6,648,157	4,297,999	5,078,014
Total	**$ 6,653,613**	**4,305,079**	**5,086,546**

(G) Other current assets－others

	2013.12.31	2012.12.31	2012.1.1
Other receivables	$ 4,654	7,534	8,502
Allowance for bad debts－other receivables	(1,197)	(1,805)	(2,651)
Other receivables－related parties	53,472	53,203	51,196
Amounts held for settlement	106,609	64,642	125,159
Cash and cash equivalents－receipts under custody from exercise of warrant	7	7	7
Cash and cash equivalents－receipts under custody from customers' security subscription	325,645	7	7
Total	**$ 489,190**	**123,588**	**182,220**

(H) Investments accounted for using equity method

The investments accounted for using euity method at the reporting date are as follows:

	2013.12.31	2012.12.31	2012.1.1
Subsidiaries	$ 2,853,137	2,806,426	2,983,803
Associate－JihSun Securities Investment Trust Co., Ltd.	245,647	230,256	234,901
	$ 3,098,784	**3,036,682**	**3,218,704**

In 2013 and 2012, the proportioante shares of gains from associates are as follows:

	2013	2012
proportionate share of gains from associates	**$ 15,266**	**13,295**

Supplemental disclosure pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Firms": please refer to Note 13. Disclosures required.

As of December 31, 2013, December 31 and January 1, 2012, investments accounted for using equity method are not pledged as collaterals.

A summary of financial information for the associate company are as follows:

	2013.12.31	2012.12.31	2012.1.1
Total assets	$ 946,776	872,591	892,165
Total liabilities	(94,592)	(97,201)	(91,382)
	$ 852,184	**775,390**	**800,783**

	2013	2012
Revenue	**$ 368,477**	**376,064**
Net income for the period	**$ 76,169**	**66,507**

(I) Financial assets carried at Cost－non-current

	2013.12.31	
	Ownership %	Amount
Taiwan Stock Exchange Corporation	3.00%	$ 586,067
Taiwan Securities Central Depository Co.,Ltd.	1.74%	43,789
Taiwan Futures Exchange Co., Ltd.	2.83%	210,858
FuJi Management Consultant Co., Ltd.	1.97%	-
Global Securities Finance Corporation	0.88%	57,832
Top Taiwan III Venture Capital Co., Ltd. (Note 3)	10.00%	87,294
Parawin Venture Capital Corp (Note 2)	6.00%	27,740
Cotillion III Venture Capital Corp. (Note 6)	9.23%	31,276
PK II Venture Capital Corp. (Notes 4 and 6)	9.29%	42,833
Taiwan Integrated Shareholder Service Company	5.80%	12,923
Hui Yang Venture Capital Group. (Note 5)	7.69%	73,466
Total		**$ 1,174,078**

	2013.12.31	
	Ownership %	Amount
Taiwan Stock Exchange Corporation	3.00%	$ 586,067
Taiwan Securities Central Depository Co.,Ltd.	1.74%	43,789
Taiwan Futures Exchange Co., Ltd.	2.69%	189,472
FuJi Management Consultant Co., Ltd.	1.97%	-
Global Securities Finance Corporation	0.88%	57,832
Top Taiwan III Venture Capital Co., Ltd. (Note 6)	10.00%	97,294
Parawin Venture Capital Corp (Notes 2 and 6)	6.00%	33,745
Cotillion III Venture Capital Corp. (Note 6)	9.23%	32,381
PK II Venture Capital Corp. (Note 6)	9.29%	57,261
Taiwan Integrated Shareholder Service Company (Note 6)	5.80%	12,923
Hui Yang Venture Capital Group.	7.69%	118,466
Total		**$ 1,229,230**

	2012.1.1		
	Ownership %		Amount
Taiwan Stock Exchange Corporation	3.00%	$	586,067
Taiwan Securities Central Depository Co.,Ltd.	1.74%		43,789
Taiwan Futures Exchange Co., Ltd.	2.69%		189,472
FuJi Management Consultant Co., Ltd.	1.97%		-
Global Securities Finance Corporation	0.88%		57,832
Top Taiwan III Venture Capital Co., Ltd.	10.00%		100,000
Parawin Venture Capital Corp	6.00%		41,619
Cotillion III Venture Capital Corp.	9.23%		39,248
PK II Venture Capital Corp.	9.29%		65,000
Taiwan Integrated Shareholder Service Company	5.80%		13,947
Hui Yang Venture Capital Group.	7.69%		118,466
Total		**$**	**1,255,440**

Note (1): Pledged details of financial assets carried at cost－non-current are disclosed in Note 8. Pledged assets.

Note (2): Parawin Venture Capital Corp. decided a reduction of capital to shareholders on Oct 16th, 2013, leading to a 11.12% decrease in its capital. Legal procedure was completed and $6,005 was refunded to the Company.

Parawin Venture Capital Corp. decided a reduction of capital to shareholders on May 10th, 2012, leading to a 10% decrease in its capital. Legal procedure was completed and $6,000 was refunded to the Company.

Note (3): Top Taiwan III Venture Capital Co., Ltd. decided a reduction of capital to shareholders on May 28th, 2013, leading to a 10% decrease in its capital. Legal procedure was completed and $10,000 was refunded to the Company.

Note (4): PK II Venture Capital Corp. decided a reduction of capital to shareholders on Jun 3th, 2013, leading to a 20% decrease in its capital. Legal procedure was completed and $13,000 was refunded to the Company.

Note (5): Hui Yang Venture Capital Group. decided a reduction of capital to shareholders on Jun 20th, 2013, leading to a 30% decrease in its capital. Legal procedure was completed and $45,000 was refunded to the Company.

Note (6): The evidence presented that the investment value of Cotillion III Venture Capital Corp., and PK II Venture Capital Corp. had already impaired; therefore, the Company recognized the loss impairment of $ 1,105 and $1,428, respectively in 2013.

The evidence presented that the investment value of Top Taiwan III Venture Capital Co., Ltd., Parawin Venture Capital Corp., Cotillion III Venture Capital Corp., PK II Venture Capital Corp., and Taiwan Integrated Shareholder Service Company had already impaired; therefore, the Company recognized the loss impairment of $ 2,706, $ 1,874, $6,867, $7,739 and $1,024, respectively in 2012.

(J) Property and equipment

2013.12.31	Cost	Accumulated Depreciation	Net
Land	$ 1,076,081	-	1,076,081
Buildings	513,757	212,947	300,810
Machinery and equipment	922,541	763,866	158,675
Leasehold improvements	316,163	247,060	69,103
Total	**$ 2,828,542**	**1,223,873**	**1,604,669**

2012.12.31	Cost	Accumulated Depreciation	Net
Land	$ 1,076,081	-	1,076,081
Buildings	513,757	203,057	310,700
Machinery and equipment	953,791	764,772	189,019
Leasehold improvements	366,609	294,850	71,759
Total	**$ 2,910,238**	**1,262,679**	**1,647,559**

2012.1.1	Cost	Accumulated Depreciation	Net
Land	$ 1,076,081	-	1,076,081
Buildings	513,757	193,167	320,590
Machinery and equipment	881,436	761,854	119,582
Leasehold improvements	383,131	290,099	93,032
Total	**$ 2,854,405**	**1,245,120**	**1,609,285**

Changes in the cost are as below:

	2013.1.1	Current increase	Current decrease (Note1)	Exchange differences	2013.12.31
Land	$ 1,076,081	-	-	-	1,076,081
Buildings	513,757	-	-	-	513,757
Machinery and equipment	953,791	33,836	(65,086)	-	922,541
Leasehold improvements	366,609	12,042	(62,488)	-	316,163
Total	**$ 2,910,238**	**45,878**	**(127,574)**	-	**2,828,542**

Note 1: For the year ended December 31, 2013, the decrease in machinery and equipment is the retirement of property for $64,946 and the disposal of transportation equipment for $140.

For the year ended December 31, 2013, the decrease in leasehold improvements is the retirement of leasehold improvements for $61,296, the increase of decommissioning assets for $3,460 and the reverse of decommissioning assets for $4,652.

	2012.1.1	Current Increase (Note1)	Current decrease (Note2)	Exchange differences	2012.12.31
Land	$ 1,076,081	-	-	-	1,076,081
Buildings	513,757	-	-	-	513,757
Machinery and equipment	881,436	116,497	(44,142)	-	953,791
Leasehold improvements	383,131	9,260	(25,782)	-	366,609
Total	**$ 2,854,405**	**125,757**	**(69,924)**	**-**	**2,910,238**

Note 1: For the year ended December 31, 2012, the increase in machinery and equipment is the increase of machinery and equipment for $108,533 and the prepayment transferred into the machinery and equipment for $7,964.

For the year ended December 31, 2012, the increase in leasehold improvements is the increase of leasehold improvements for $6,002 and the prepayment transferred into the leasehold improvements for $3,258.

Note 2: For the year ended December 31, 2012, the decrease in machinery and equipment is the retirement of property for $44,142.

For the year ended December 31, 2012, the decrease in leasehold improvements is the retirement of leasehold improvements for $24,676 and the reverse of decommissioning assets for $1,106.

Changes in accumulated depreciation are as below:

	2013.1.1	Depreciation	Current decrease (Note 1)	Exchange differences	2013.12.31
Buildings	$ 203,057	9,890	-	-	212,947
Machinery and equipment	764,772	63,293	(64,199)	-	763,866
Leasehold improvements	294,850	18,094	(65,884)	-	247,060
Total	**$ 1,262,679**	**91,277**	**(130,083)**	**-**	**1,223,873**

Note 1: For the year ended December 31, 2013, the decrease in accumulated depreciation is the retirement of property for $64,063 and the disposal of transportation equipment for $136.

For the year ended December 31, 2013, the decrease in accumulated depreciation is the retirement of leasehold improvements for $61,232 and the reverse of decommissioning assets for $4,652.

	2012.1.1	Depreciation	Current decrease (Note 1)	Exchange differences	2012.12.31
Buildings	$ 193,167	9,890	-	-	203,057
Machinery and equipment	761,854	46,545	(43,627)	-	764,772
Leasehold improvements	290,099	29,692	(24,941)	-	294,850
Total	**$ 1,245,120**	**86,127**	**(68,568)**	**-**	**1,262,679**

Note 1: For the year ended December 31, 2012, the decrease in accumulated depreciation is the retirement of property for $43,627.

For the year ended December 31, 2012, the decrease in accumulated depreciation is the retirement of leasehold improvements for $24,660 and the reverse of decommissioning assets for $281.

(K) Investment property

2013.12.31	Cost	Accumulated depreciation	Net
Land	$ 195,131	-	195,131
Buildings	72,280	33,074	39,206
Total	**$ 267,411**	**33,074**	**234,337**

2012.12.31	Cost	Accumulated depreciation	Net
Land	$ 195,131	-	195,131
Buildings	72,280	31,636	40,644
Total	**$ 267,411**	**31,636**	**235,775**

2012.1.1	Cost	Accumulated depreciation	Net
Land	$ 195,131	-	195,131
Buildings	72,280	30,198	42,082
Total	**$ 267,411**	**30,198**	**237,213**

Changes in the cost are as below:

	2013.1.1	Current increase	Current decrease	2013.12.31
Land	$ 195,131	-	-	195,131
Buildings	72,280	-	-	72,280
Total	**$ 267,411**	**-**	**-**	**267,411**

	2012.1.1	Current increase	Current decrease	2012.12.31
Land	$ 195,131	-	-	195,131
Buildings	72,280	-	-	72,280
Total	**$ 267,411**	**-**	**-**	**267,411**

Changes in accumulated depreciation are as below:

	2013.1.1	Depreciation	Current decrease	2013.12.31
Buildings	$ 31,636	1,438	-	33,074

	2012.1.1	Depreciation	Current decrease	2012.12.31
Buildings	$ 30,198	1,438	-	31,636

As of December 31, 2013 and December 31 and January 1, 2012, the fair value of the investment property is $520,408, $479,232 and $421,204, respectively. The fair value mentioned above was evaluated by the Appraisal Department of Credit Office of JihSun International Commercial Bank Co., Ltd., (with related recognized professional qualifications and having related experience in field of locations and types of the investment property evaluated in the near term) semi-annually. The appraisal of property relies mainly on the approach of comparison of market value, supplemented by income approach, cost approach and land development approach. The evaluation is based on objective comparison analysis of market researches in order to acquire the gross value and net value of the evaluated objects. The rental income with sustained stability or operating properties are evaluated mainly by income approach, supplemented by the approach of comparison of market value, expounded the estimation of gross value and net value of the evaluated objects.

Pledged details of investment property are disclosed in Note 8 Pledged assets.

(L) Intangible assets

	2013.12.31	2012.12.31	2012.1.1
Computer software	$ 32,792	39,557	25,238

The movements of intangible assets are as follows:

	2013.1.1	Current increase	Current decrease	Exchange difference	2013.12.31
Computer software	$ 39,557	4,889	11,654	-	32,792

	2012.1.1	Current increase	Current decrease	Exchange difference	2012.12.31
Computer software	$ 25,238	25,850	11,531	-	39,557

Note 1: For the year ended December 31, 2013, the increase in intangible assets is the purchase of intangible assets for $4,036 and prepayments for business facilities transferred into intangible assets for $853.

Note 2: For the year ended December 31, 2012, the increase in intangible assets is the purchase of intangible assets for $18,044 and prepayments for business facilities transferred into intangible assets for $7,806.

(M) Other non-current assets

	2013.12.31	2012.12.31	2012.1.1
Operation guaranteed deposits	$ 830,000	815,000	815,000
Clearing and settlement fund-TWSE	78,425	77,536	185,421
Clearing and settlement fund-OTC	131,818	130,990	186,339
Clearing and settlement fund-TAIFEX	21,866	40,000	40,000
Refundable deposits	132,575	129,985	132,448
Deferred charges	-	17	35
Trust fund reserve for compensation	50,000	-	-
Overdue receivables	1,480	1,265	4,926
Allowance for bad debts-overdue receivables	(1,480)	(1,265)	(4,926)
Prepayments for business facilities	11,163	2,690	19,502
Total	**$ 1,255,847**	**1,196,218**	**1,378,745**

As of December 31, 2013 and 2012, the amortization of deferred charges is $17 and $18, respectively.

(N) Liabilities for bonds with attached repurchase agreements

	2013.12.31	2012.12.31	2012.1.1
Government bonds	$ 1,488,698	5,070,874	5,093,785
Corporate bonds	2,601,509	4,447,640	2,033,611
Financial debentures	100,000	100,000	100,062
International bonds	158,101	-	-
Selling price	**$ 4,348,308**	**9,618,514**	**7,227,458**
Par value	**4,347,808**	**9,542,100**	**7,131,400**
Designated repurchase amount	**4,350,122**	**9,622,519**	**7,230,374**
Designated repurchase date	**2014.1.2~2014.4.1**	**2013.1.2~2013.2.21**	**2012.1.2~2012.3.21**

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

	2013.12.31	2012.12.31	2012.1.1
Financial liabilities held for trading:			
Warrants liabilities	$ 7,134,302	7,412,485	5,163,359
Warrants redeemed	(6,845,988)	(7,243,135)	(5,008,666)
Sell options-futures	3,327	10,966	4,454
Liabilities on sale of borrowed securities-hedged-stock	105,719	198,905	239,555
Liabilities on sale of borrowed securities-non-hedged-stock	-	5	-
Derivative liabilities-OTC	-	-	4,051
When-issued trading of government bonds -settlement coverage bonds payable of short sale	-	-	300,113
Subtotal	397,360	379,226	702,866
Financial liabilities designated as at fair value through profit or loss－current: Structured instruments	371,379	197,745	35,329
Total	**$ 768,739**	**576,971**	**738,195**

(P) Accounts payable

	2013.12.31	2012.12.31	2012.1.1
Prices payable of securities sold for customers	$ 28,404	15,129	12,217
Accounts payable for settlement	5,652,410	3,585,960	3,086,875
Accounts payable-when-issued trading of government bonds	-	-	750,496
Accounts payable-handling fee discount	72,160	62,989	56,010
Accounts payable-trading of securities	890,322	362,575	99,561
Accounts payable- handling fee expense	9,546	8,782	7,411
Accounts payable-others	20,328	6,983	7,868
Total	**$ 6,673,170**	**4,042,418**	**4,020,438**

(Q) Short-term borrowings and Long-term borrowings

(a) Short-term borrowings

Bank	Rate range	Period	2013.12.31	2012.12.31	2012.1.1
Cathay United Bank	0.94%	2013.09.06~2014.09.06	**$ 50,000**	-	-

(b) Commercial paper payable

Bank/Bills Finance Corp.	Rate range	Period	2013.12.31	2012.12.31	2012.1.1
Commercial paper payable					
Taching Bills Finance Ltd.	0.900%~0.930%	2010.01.06~2013.01.06	$ -	300,000	300,000
China Bills Finance Corp.	1.100%	2010.03.05~2013.03.04	-	500,000	500,000
International Bills Finance Corp.	0.861%~0.888%	2010.03.29~2013.03.29	-	200,000	200,000
Mega Bills Finance Corp.	0.953%~0.971%	2010.03.05~2013.03.04	-	500,000	500,000
Taishin International Bank	0.68%	2013.04.30~2014.04.30	150,000	-	-
Union Bank	0.75%	2013.10.14~2014.10.13	50,000	-	-
Subtotal			200,000	1,500,000	1,500,000
Less: Discount on commercial paper payable			(79)	(2,430)	(2,971)
Total			**$ 199,921**	**1,497,570**	**1,497,029**
Long-term borrowings			**$ -**	-	**1,497,029**
Long-term borrowings－current portion			**$ -**	**1,497,570**	-

Collateral details of bank loans from the Company are disclosed in Note 8 Pledged assets.

(R) Provisions

Provisions details of the Company are as follow：

	2013.12.31	2012.12.31	2012.1.1
Leave liabilities－current	$ 27,178	26,109	26,450
Employee benefits provision－non-current	171,260	266,594	300,243
Decommissioning costs of leasehold improvements	35,657	36,849	37,955
Total	**$ 234,095**	**329,552**	**364,648**

The movements of provision are as follows:

	2013.1.1	Provision	write-off (Note)	2013.12.31
Leave liabilities－current	$ 26,109	1,069	-	27,178
Employee benefits provision－non-current	266,594	11,036	(106,370)	171,260
Decommissioning costs of leasehold improvements	36,849	3,460	(4,652)	35,657
Total	**$ 329,552**	**15,565**	**(111,022)**	**234,095**

Note: The reverse of employee benefits provision－non-current is the payment of employee benefits for $84,394 and the actuarial gains of defined benefit plan for $21,976.

	2012.1.1	Provision	write-off (Note)	2012.12.31
Leave liabilities－current	$ 26,450	-	(341)	26,109
Employee benefits provision－non-current	300,243	19,307	(52,956)	266,594
Decommissioning costs of leasehold improvements	37,955	-	(1,106)	36,849
Total	**$ 364,648**	**19,307**	**(54,403)**	**329,552**

Note: The reverse of employee benefits provision－non-current is the payment of employee benefits for $81,293 and the actuarial losses of defined benefit plan for $28,337.

(S) Employee benefits

(a) Pension

Except for complying with IAS 19 Employee Benefits, the Pension Fund Administrative Committee of the Company will pay the pension or termination payment to the employee based upon a certain percentage (maximum is 100%) of his pension fund deposit from the "Pension fund", and it is not a defined benefit pension plan. The movements of the "Pension fund" are summarized as follows:

	2013	2012
Beginning balance	$ 56,528	57,094
Add: interest	451	466
Less: payment	(2,216)	(1,032)
Ending balance	**$ 54,763**	**56,528**

(b) Employee benefits provision

Employee benefits provision of the balance sheets are as follow：

	2013.12.31	2012.12.31	2012.1.1
Present value of unfunded benefit obligations	$ -	-	-
Present value of funded benefits obligations	(604,932)	(625,189)	(590,553)
Total present value of benefit obligations	(604,932)	(625,189)	(590,553)
Fair value of plan assets	433,672	358,595	290,310
Surplus (Deficit) in the plan	(171,260)	(266,594)	(300,243)
Recognized liabilities for defined benefit obligations	**$ (171,260)**	**(266,594)**	**(300,243)**

The Company's employee benefits liabilities are as follows:

	2013.12.31	2012.12.31	2012.1.1
Leave liabilities－current	$ 27,178	26,109	26,450
Employee benefits provision－non-current	171,260	266,594	300,243
Total	**$ 198,438**	**292,703**	**326,693**

The Company defined benefits plan contributes to designated depository account with Bank of Taiwan. Payments of pension benefits to employees who are covered by the Labor Standards Act are calculated based on the employee's average monthly salary for the last 6 months prior to approved retirement and base point (b.p.) entitlement based on years of service.

Effective from March 1998, the Company makes monthly pension contributions at 2.8% of employee monthly gross salaries and managers' contribution ratio is 4%.

(1) Plan Assets Component

As of December 31, 2013 and December 31 and January 1, 2012, the balance of Bank of Taiwan labor pension reserve account is $433,672, $358,595 and $290,310, respectively.

According to Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statement shall be no less than the earnings attainable from the amounts accrued by two year time deposits' interest rates offered by local banks.

Please refer to the website of Council of Labor Affairs for information on labor pension fund assets utilization including contribution rate and earnings rate provided by Bank of Taiwan and fund asset allocation provided by Council of Labor Affairs.

(2) Movements in present value of the defined benefits obligation

	2013	2012
Defined benefits obligation at January 1	$ (625,189)	(590,553)
Current service costs	(8,034)	(15,610)
Current interest cost	(9,946)	(10,294)
Payment	14,155	16,152
Estimated amount of defined benefit obligation	(629,014)	(600,305)
Actuarial (losses) gains	24,082	(24,884)
Defined benefits obligation at December 31	**$ (604,932)**	**(625,189)**

(3) Movements of defined benefit plan assets

	2013	2012
Fair value of plan assets at January 1	$ 358,595	290,310
Expected return on plan assets	6,944	6,597
Contributions made	84,394	81,075
Benefits paid by the plan	(14,155)	(15,934)
Estimated amount of defined benefit plan assets at the ending period	435,778	362,048
Experience loss on plan assets	(2,106)	(3,453)
Fair value of plan assets at December 31	**$ 433,672**	**358,595**

(4) Expenses recognized in profit or loss

	2013	2012
Current service costs	$ 8,034	15,610
Current interest cost	9,946	10,294
Expected return on plan assets	(6,944)	(6,597)
Pension expenses	**$ 11,036**	**19,307**
Actual return on assets	**$ 4,838**	**3,144**

(5) Actuarial losses recognized in other comprehensive income

	2013	2012
Cumulative amount at January 1	$ 28,337	-
Recognized during the period	(21,976)	28,337
Cumulative amount at December 31	**$ 6,361**	**28,337**

(6) Primary actuarial assumptions

	2013	2012
Discount rate at December 31	2.00%	1.60%
Expected rate of return on plan assets	1.75%	1.75%
Incremental rate of future compensation levels	2.00%	2.00%

As for December 31, 2013 and 2012, the expected returns on long-term assets are both 1.75%. The expected long-term return rate is based on the portfolio as a whole and not the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without any adjustment. The Company planned to pay $11,215 for defined contribution plan within a year from the reported day of 2013.

(7) Experience adjustments on historical information

		2013.12.31	2012.12.31	2012.1.1
Defined benefit obligations	$	(604,932)	(625,189)	(590,553)
Fair value of plan assets		433,672	358,595	290,310
Experience assets (loss) on defined benefit obligation		4,902	(2,252)	(27,277)
Loss on actuarial assumption change of defined benefit obligation				
Loss on the change of the actuarial assumption of demographic statistics		(13,184)	(9,882)	(13,615)
Gain(Loss) on the change of financial actuarial assumption		32,364	(12,750)	(39,976)
Experience loss on plan assets		(2,106)	(3,453)	(1,651)

(8) When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of balance sheets date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

(c) Defined contribution plan

The defined contribution plan of the Company is in accordance with the Labor Pension Act. The Company contributes 6% of the wages and salaries as labor pension to individual accounts of labor pension at the Bureau of Labor Insurance on a monthly basis.The Company has no extra legal obligation or constructive obligation after the Company attributes fixed amount regularly to the Bureau of Labor Insurance.

The Company recognized the amount attributed to the pension fund as the cost of pension for the period. Please refer to (j) of Note 6.(X), pension expenses-defined contribution plans.

(T) Income tax and Deferred tax

(a) The components of income tax expenses are as follows:

	2013	2012
Current tax expenses		
Current period	$ 110,506	111,701
Adjustment for prior periods	187	43,809
	110,693	155,510
Deferred tax expense		
Origination and reversal of temporary differences	4,116	10,501
Income tax expense from continuing operations	**$ 114,809**	**166,011**

(b) The income tax benefit recognized under other comprehensive income are as follows:

	2013	2012
Defined benefit plan actuarial (losses) gains	**$ (3,736)**	**4,817**

(c) The reconciliations of income tax benefit and net income before tax are as below:

	2013	2012
Net income before tax from continuing operations	$ 898,960	870,240
Income tax using the Company's domestic tax rate	152,823	147,941
Tax-exempt income	(15,887)	17,424
Under (over) estimate of prior year's income tax	187	43,809
Others	(22,314)	(43,163)
Income tax expenses recognized in profit or loss	**$ 114,809**	**166,011**

(d) Deferred tax assets and liabilities

Movements of deferred tax assets as below:

	Defined Benefit Plans	Fair Value Gains	Others	Total
Balance at 1 Jan 2013	$ 48,962	-	-	48,962
Recognized in profit or loss	(12,471)	-	8,355	(4,116)
Recognized in other comprehensive income	(3,736)	-	-	(3,736)
Balance at 31 December 2013	**$ 32,755**	**-**	**8,355**	**41,110**
Balance at 1 Jan 2012	$ 54,646	-	-	54,646
Recognized in profit or loss	(10,501)	-	-	(10,501)
Recognized in other comprehensive income	4,817	-	-	4,817
Balance at 31 December 2012	**$ 48,962**	**-**	**-**	**48,962**

Movements of deferred tax liabilities as below:

	Defined Benefit Plans	Fair Value Gains	Others	Total
Balance at 1 Jan 2013	$ -	-	2,870	2,870
Balance at 31 December 2013	**$ -**	**-**	**28,870**	**28,870**
Balance at 1 Jan 2012	$ -	-	28,870	28,870
Balance at 31 December 2012	**$ -**	**-**	**28,870**	**28,870**

(e) On August 28, 1991, the Company merged with Yeong Lin Securities Co., Pan Chiao Securities Co., Jih Chung Securities Co., and Chia Yi Securities Co., The Company assumed the above four merged companies' assets, liabilities, and related rights and obligations. Pursuant to the Article 13 of the Statute for Upgrading Industries, reserve for land value incremental tax was $18,174. Moreover, the Company applied for the review of land value incremental tax which had paid while it merged with Yeong Lin Securities Co.. In accordance with the decision of Kaohsiung Ji- Fa No. 49239, land value incremental tax payable of $7,857 was transferred from capital surplus. Furthermore, the Chia Yi Branch sold land on February 14, 1994, resulting in land value incremental tax payable of $266. In 2002, the Company merged with Toufen Securities Co., Ltd. and took over all its assets and liabilities and relevant rights and obligations. Meanwhile, the Company reserved $3,105 for land value incremental tax. As of December 31, 2012 and 2011, the total land value incremental tax payable amounted to $28,870.The Company reclassifies land value incremental tax payable to deferred tax liabilities complying with IAS 12 and Standing Interpretations Committee Interpretations 21.

(f) The Company's income tax returns of 2008 were assessed by National Tax Administration.

(g) The administrative litigation filed by the Company in 2003 and 2005 were denied by the Supreme Administrative Court in May, 2012 and in March, 2012, respectively. The supplementary taxation payment of income tax has all been paid.

(h) For the year ended 2004, the National Tax Administration examined additional income tax of $795,820. The adjusted items are mainly the premium and estimated premium of warrant issuance. Except for the income tax of $25,148 which paid for the Financial Holding Co., Ltd. under consolidated corporate income tax return, the remaining amount of income tax had been accrued. The Company was unsatisfied with the judgment and has filed an administrative litigation, and was declared defeated by the supreme administrative Court in May 2013.Furthermore, the judgment relating to the 10% surtax on undistributed earnings and other revenue has been revoked by National Tax Administration.

(i) For the year ended 2006, the National Tax Administration examined additional income tax of $269,787. The mainly adjusted items are the premium and estimated premium of warrant issuance. Except for the part which was double counted by the National Tax Administration, the remaining amount of income tax $177,524 had been accrued. The Company received the report of determination of re-examination in March 2014. The tax amount reduced $22,250. The Company was unsatisfied with the judgment and has filed an administrative petition.

(j) For the year ended 2007, the National Tax Administration examined additional income tax of $100,479. The mainly adjusted items are the estimated premium of warrant issuance. Except for the part which was mistransplant by the National Tax Administration, the remaining amount of income tax $96,879 had been accrued. The Company was unsatisfied with the judgment and has appealed for re-examination.

(k) The income tax return for the year 2008 of the Company has been assessed by the National Taxation Bureau in March 2014 to pay supplementary payment for $38,114. The Company planned to file an appeal for re-examination.

(l) The Company estimated its income tax on stock warrant transactions pursuant to ruling Tai-Cai-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 premium 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 Act, and accordingly, any capital gain or loss is not included in the determination of the annual corporate income tax. According to article No. 24-2 of the Income Tax Act passed on July 11, 2007, the Company estimated income tax on Stock warrant transactions starting from July 2007:

  (1) 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 products, traded according to risk management, should be added to taxable income and don't apply to the Income Tax Act, the article No. 4-1 and 4-2.

  (2) If the trading loss of warrants, underlying securities, and futures derived from risk management exceed the remaining of warrants premiums less related cost of issuance and expenses, the exceeding trading loss is not deductible.

(m) According to the tax ruling in Tai-Cai-Shui Ruling Letter No. 910458039 "The consolidated tax filing return principle which is promulgated in accordance with the Financial Holding Company Act, Article 49, and the Business Mergers and Acquisitions Act, Article 40" issued on February 12, 2003, by the Ministry of Finance, "Where a Financial Holding Company holds more than 90% of the outstanding issued shares of a domestic subsidiary, such Financial Holding Company may, for the tax year in which its such shareholding in the subsidiary has existed for the entire 12 months of the tax year, elect to be the taxpayer itself, and jointly declare and report profit-seeking enterprise income tax. The parent company and its subsidiaries have adopted the consolidated tax filing return principle starting from 2003 and had filed an annual income tax return of 2003, and undistributed earnings of 2002.

The consolidated tax filing return consists of the Company and the parent company, JihSun Financial Holding Co., Ltd., and its affiliates JihSun International Commercial Bank Co., Ltd. and JihSun International Property Insurance Agency Co., Ltd. The consolidated tax filing return principle is used .to achieve tax saving purpose, provide equal tax burden to each individual member of the Company and to improve the Company's operating efficiency.

(n) Related information of imputation tax system

	2013.12.31	2012.12.31	2012.1.1
Undistributed earnings of 1998 and after	**$ 547,697**	**447,672**	**104,104**
Imputation credit account balance	**$ 35,118**	**58,371**	**63,213**

The undistributed earnings includes the comparative information of different period in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms and IFRS accepted by FSC.

	2013(Estimated)	2012(Actual)
Tax deduction ratio for earnings distribution to ROC residents	**6.41%**	**8.38%**

The aforementioned information regarding imputation credit account is in accordance with the Order of Tai-Cai-Shui No.10204562810 issued by the Ministry of Finance on October 17, 2013.

(U) Capital stock and capital surplus

(a) Capital stock

As of December 31, 2013 and December 31 and January 1, 2012, the Company's authorized stocks are both $12,200,000 at $ 10 dollars par value per share. The issued shares are 1,157,212,760 ordinary shares.

(b) Capital surplus

The balance of capital surplus are as follow：

	2013.12.31	2012.12.31	2012.1.1
Additional paid in capital	$ 1,018,800	1,018,800	1,018,800
Consolidated additional paid in capital	279,656	279,656	279,656
Total	**$ 1,298,456**	**1,298,456**	**1,298,456**

According to the R.O.C. Company Act ("the Act") amended in January, 2012, realized capital surplus can be capitalized and transferred to share capital or payment of cash dividends after offsetting accumulated deficit. Realized capital surplus mentioned above includes the proceeds received in excess of the par value of common stock issued and donated assets. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be used to increase capital, cannot exceed 10% of paid-in capital each year.

(c) Other equity

	Unrealized (losses) gains on available-for-sale financial assets	Exchange differences of overseas subsidiaries' financial reports translation	Total
January 1, 2013	$ -	(181,140)	(181,140)
Foreign currency translation difference			
－Exchange difference	-	34,659	34,659
December 31, 2013	**$ -**	**(146,481)**	**(146,481)**
January 1, 2012	$ (9,162)	(123,743)	(132,905)
Available-for-sale financial assets			
－Valuation adjustment	9,162	-	9,162
Foreign currency translation difference			
－Exchange difference	-	(57,397)	(57,397)
December 31, 2012	**$ -**	**(181,140)**	**(181,140)**

(V) Retained earnings

In compliance with the amended Company Act on January, 2012, 10% of the annual net income (less any accumulated deficit) is appropriated as legal reserve. The aforementioned appropriation for legal reserve is made until the reserve equals the Company's capital. When there is no deficit, the legal reserve could be transferred, after the resolution of shareholders' meeting, to capital or distributed as cash dividends. Only the amount of the legal reserves exceed over 25% of paid-in capital could be transferred or distributed.

(a) Legal Reverse

In accordance with the amended Company Act on January, 2012, 10% of the annual net income (less any accumulated deficit) is appropriated as legal reserve. The aforementioned appropriation for legal reserve is made until the reserve equals the Company's capital. When there is no deficit, the legal reserve could be transferred, after the resolution of shareholders' meeting, to capital or distributed as cash dividends. Only the amount of the legal reserves exceed over 25% of paid-in capital could be transferred or distributed.

(b) Special reserve

According to the regulations ruled by Financial Supervisory Commission, Executive Yuan, when the Company resolves how to distribute the earnings from prior years, in addition to legal reserve, the Company, in compliance with the Securities and Exchange Law No.41 first article, should set aside special reserve as much as "unrealized loss on financial products" under stockholders' equity.

At the initial adoption, special reserve is set aside from the earnings of the year, and the insufficient amounts are from the undistributed earnings of the prior year. Since the following years, as to the difference between the unrealized loss on financial products of the year and the prior one, the Company should set aside special reserve or reverse them as distributable earnings.

In accordance with the aforementioned standards, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the current-period total net reduction of other equity and the balance of special reserve mentioned in the prior paragraph. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other equity shall qualify for additional distributions.

(c) Earnings distribution

The Company's employee bonuses and directors' remuneration for the years 2013 and 2012 were $19,548 thousand and $17,586 thousand, respectively. The amounts were estimated based on the Company's net income after tax for each year, multiplied by the rate of employee bonus and directors' remuneration stated by the Company's articles of incorporation, and were recognized as operating expenses for the years 2013 and 2012.

The Company's employee bonuses and directors' remuneration for the years 2012 and 2011 were $17,586 thousand and $8,353 thousand, respectively. The amounts were estimated based on the Company's net income after tax for the years 2012 and 2011 after applying the methods and order of distribution of retained earnings, multiplied by the rate of employee bonus and directors' remuneration stated by the Company's articles of incorporation. These amounts will be recognized as operating expenses for the years 2012 and 2011. Actual distributions of employee bonuses and directors' remuneration differed from the estimates as stated in the financial statements for the years 2012 and 2011. The estimates were underestimated by $13 thousand and $125 thousand for the years 2012 and 2011, respectively, and will be recognized as profit or loss for each of the fiscal years.

The difference between actual distribution and accounting estimates of employee bonuses and director's remuneration are $13 and $125 underestimated and were recognized in profit or loss for the year ended December 31, 2013 and 2012. The Company's resolutions of earnings distribution on 2012 and 2011 were approved by the board of directors on behalf of stockholders on April 25, 2013 and March 29, 2012. (The related information is available at the Market Observation Post System.) The aforementioned appropriations of employee bonuses and director's remuneration are as follows:

	2012	2011
Employee bonuses-cash	$ 7,040	3,391
Remuneration of directors	10,559	5,087
Total	**$ 17,599**	**8,478**

	2012	2011
Undistributed earnings	$ 703,956	339,122
Legal reserve	(70,395)	(33,912)
Special reserve	(140,791)	(67,825)
Cash dividends	(501,932)	(231,809)
Reverse of special reserve for the realization of unrealized loss of financial instruments	9,162	(5,576)
Balance, December 31	**$ -**	**-**

(W) Earnings per share

The Company is the subsidiary held 100% by JihSun Financial Holding Co., Ltd. Employees bonuses are not distributed through issuing stocks of the Company. Hence, weighted-average number of common shares outstanding will not be diluted. There is no need to calculate dilutive earnings per share.

Current earnings per share are computed based on the weighted-average number of common shares outstanding during the years ended December 31, 2013 and 2012, were both amounted to 1,157,212,760 shares.

(X) Comprehensive Income

(a) Brokerage handling fee revenue

	2013	2012
Handling fee revenues from brokered trading-TWSE	$ 1,669,399	1,730,240
Handling fees from securities financing	50,625	67,717
Emerging stock handling fee revenues	24,049	13,053
Income from dealing with securities borrowings	264	477
Total	**$ 1,744,337**	**1,811,487**

(b) Revenues from underwriting business

	2013	2012
Revenues from underwriting securities on a firm commitment basis	$ 16,387	7,803
Processing fee revenues from underwriting operations	8,425	2,055
Revenues from underwriting consultation	10,520	14,030
Other revenues from underwriting business	40,175	39,042
Total	**$ 75,507**	**62,930**

(c) Gains (losses) on sale of operating securities

	2013	2012
Revenue from sale of securities-proprietary	$ 201,438,134	293,512,067
Cost of sold securities-proprietary	(201,352,965)	(293,487,789)
Revenue from sale of securities-underwriting	105,048	373,183
Cost of sold securities-underwriting	(112,777)	(357,127)
Revenue from sale of securities-hedging	37,700,946	23,051,559
Cost of sold securities-hedging	(37,633,315)	(23,118,562)
Total	**$ 145,071**	**(26,669)**

(d) Valuation gains on operating securities at fair value through profit or loss

	2013	2012
Valuation gains (losses) on operating securities at fair value through profit or loss-proprietary	$ (9,356)	(8,693)
Valuation gains (losses) on operating securities at fair value through profit or loss-underwriting	11,559	1,879
Valuation gains (losses) on operating securities at fair value through profit or loss-hedging	4,983	39,407
Total	**$ 7,186**	**32,593**

(e) Gains from issuance of call (put) warrants

	2013	2012
Gains (losses) on changes in fair value of call (put) warrant liabilities, net	$ 3,914,796	10,359,260
Gains (losses) on exercise of call (put) warrants before maturity	1,911	(213)
Gains (losses) on changes in fair value for redeem of call (put) warrants	(3,781,938)	(10,071,304)
Gains on expired call (put) warrants	6,538	5,692
Expenses arising from issuance of call (put) warrants	(51,602)	(46,269)
Total	**$ 89,705**	**247,166**

(f) Interest income

	2013	2012
Revenue from interest－margin	$ 675,853	715,203
Revenue from interest－bond	96,343	106,748
Revenue from interest－others	3	447
Total	**$ 772,199**	**822,398**

(g) Gain from derivative－futures

		2013	2012
Futures contract gain (loss)－realized	$	(31,555)	24,005
Futures contract gain (loss)－unrealized		(4,033)	1,295
Option trading gain－realized		41,020	5,548
Option trading gain (loss)－unrealized		(74)	41
Total	**$**	**5,358**	**30,889**

(h) Gain from derivative－OTC

		2013	2012
Value of interest rate swap contracts	$	566	(1,643)
Structured notes		11,952	5,725
others		(2,034)	(194)
Total	**$**	**10,484**	**3,888**

(i) Handling fee expense

		2013	2012
Brokerage handling fee expense	$	101,829	102,825
Proprietary handling fee expense		10,187	8,255
Total	**$**	**112,016**	**111,080**

(j) Employee benefits expense

		2013	2012
Wages and salaries	$	1,281,495	1,301,345
Meal expense		33,290	33,626
Insurance expense		107,558	102,550
Employee welfare		3,128	3,372
Overtime premium		2,463	2,097
Pension expense			
Defined contribution plan		51,229	52,057
Defined benefits plan		11,036	19,307
Total	**$**	**1,490,199**	**1,514,354**

(k) Depreciation and amortization expenses

		2013	2012
Depreciations	$	92,715	87,565
Amortizations		11,671	11,549
Total	**$**	**104,386**	**99,114**

(l) Other operating expense

	2013	2012
Stationery/printing	$ 15,422	16,673
Postage and phone expenses	87,310	88,843
Entertainment expense	13,291	13,791
Utilities expense	46,153	46,819
Insurance expense	1,136	1,060
Taxes	195,889	149,940
Rent expense	155,295	153,416
Repairs and maintenance expense	65,314	68,927
Advertisement expense	5,704	6,089
Information and technical service expense	72,796	76,587
Donation expense	16	-
Membership fee	7,208	6,557
Losses on doubtful debts	145	477
Traveling expense	10,929	13,063
Transportation expense	7,707	7,513
Miscellaneous purchases	3,803	4,652
Employee training expense	6,071	5,771
Professional service fees	69,392	74,268
Subscription, magazine and periodicals	1,419	1,456
Depository service expense	38,170	36,607
Stock borrowing fees	1,641	1,799
Securities investor protection fees	-	3,388
Financial supervisory expenditure	1,090	1,502
Miscellaneous disbursements	58,334	67,624
Total	**$ 864,235**	**846,822**

(m) Other gains and losses

	2013	2012
Financial income	$ 39,936	56,102
Gains on disposals of investments	2,179	51
Losses on disposals of property and equipment	(936)	(531)
Valuation gains (losses) on open-end funds and money market instruments at fair value through profit or loss, net	42	(27)
Foreign exchange gains (losses), net	(80)	(939)
Impairment loss recognised in profit or loss, financial assets at cost	(2,533)	(20,210)
Other non-operating revenues and gains	289,903	292,364
Total	**$ 328,511**	**326,810**

(Y) Related information of financial products

(a) Information on Reclassification of Financial Assets

(1) The Company is in accordance with IAS 39 - 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：

	Available-for-sale financial assets
Original classification :	
Financial assets held for trading	$ 1,045,859

Due to the dramatic changes in the domestic and global financial and economic trends in recent periods, which conform to the extremely rare situation defined under IAS 39 - 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：

	Available-for-sale financial assets－current		
	2013.12.31	2012.12.31	2012.1.1
Book value	$ -	-	199,159
Fair value	$ -	-	199,159

The above reclassified financial assets were disposed in 2012.

(3) Reclassification of financial assets

	Originally classified as financial assets held for trading	
	2013	2012
Change in fair value recognized through profit or loss without reclassification	$ -	(3,125)
The amount recognized as profit after reclassification	$ -	(12,287)

(b) Financial derivatives products

(1) Warrants

A) Purpose of issuing warrants, and strategy of achieving the related purpose

The Company issued warrants for trading purposes, and the premiums received from issuance are recorded as liabilities, which are revalued at market price at the balance sheet date. Gain or loss resulting from revaluation or execution of the warrant is credited or charged to current income.

The Company also holds hedge positions of operating securities for trading purposes to hedge against risk resulting from investors' execution of stock warrants in exchange for the underlying securities. The Company's hedging strategy is to achieve hedging of the majority of market risk associated with such warrants.

B) Type, purpose and strategy for holding derivative financial products

The purpose of the Company's hedging strategy is to hedge most of the market risk.

C) Financial statement presentation of derivative financial products

The accounts that record the Company's warrant trading are recognized as current assets or current liabilities.

For information about the issued stock warrants, please refer to Note 6 (X)(e).

(2) Futures and options transactions

A) The Company started the dealing of futures and options trading in November, 2001. As of December 31, 2013 and 2012, the futures and option trading which the Company still held were as follows：

Items	Transaction Type	Open Interest: Holdr/ Seller	Open Interest: Volume	Contract Amount or Paid (Received) Premiums	Fair Value	Notes
Dec. 31, 2013						
Futures	Taiwan Stock Index Futures	Holder	3	$ 4,971	5,161	Trading
〃	Stock Futures	〃	533	113,048	113,322	〃
〃	Finance Sector Index Futures	〃	70	73,742	73,892	〃
〃	Mini-TAIEX Futures	〃	6	2,547	2,587	〃
Total			**612**	**$ 194,308**	**194,962**	
Options	TAIEX Options - Call	Holder	480	$ 1,455	1,844	Trading
〃	TAIEX Options - Put	〃	367	1,674	887	〃
Total			**847**	**$ 3,129**	**2,731**	
Futures	Taiwan Stock Index Futures	Seller	81	$ (139,363)	(139,853)	Trading
〃	Stock Futures	〃	694	(87,677)	(89,168)	〃
〃	Non-Finance Non-Electronics Sub-Index Futures	〃	5	(5,988)	(6,048)	〃
〃	MSCI Taiwan Stock Index Futures	〃	10	(9,091)	(9,037)	〃
Total			**790**	**$ (242,119)**	**(244,106)**	
Futures	Taiwan Stock Index Futures	Seller	**42**	**$ (71,134)**	**(72,517)**	Hedging
Options	TAIEX Options - Call	Seller	774	$ (1,692)	(2,677)	Trading
〃	TAIEX Options - Put	〃	833	(2,049)	(650)	〃
Total			**1,607**	**$ (3,741)**	**(3,327)**	

Items	Transaction Type	Open Interest: Holdr/ Seller	Open Interest: Volume	Contract Amount or Paid (Received) Premiums	Fair Value	Notes
Dec. 31, 2012						
Futures	Stock Futures	Holder	254	$ 64,857	66,563	Trading
〃	Taiwan Stock Index Futures	〃	2	3,012	3,066	〃
〃	Electrical Sector Index Futures	〃	1	1,156	1,153	〃
〃	Finance Sector Index Futures	〃	15	12,628	12,597	〃
〃	MSCI Taiwan Stock Index Futures	〃	6	4,799	4,791	〃
Total			**278**	**$ 86,452**	**88,170**	
Options	TAIEX Options - Call	Holder	46	$ 175	388	Trading
〃	TAIEX Options - Put	〃	1,810	2,614	2,480	〃
Total			**1,856**	**$ 2,789**	**2,868**	
Futures	Taiwan Stock Index Futures	Seller	**3**	**$ (4,587)**	**(4,606)**	Hedging
Futures	Stock Futures	Seller	203	$ (21,882)	(22,264)	Trading
〃	Taiwan Stock Index Futures	〃	88	(135,115)	(135,115)	〃
Total			**291**	**$ (156,997)**	**(157,379)**	
Options	TAIEX Options - Call	Seller	1,663	$ (4,560)	(5,021)	Trading
〃	TAIEX Options - Put	〃	1,444	(6,417)	(5,945)	〃
Total			**3,107**	**$ (10,977)**	**(10,966)**	

Items	Transaction Type	Open Interest: Holdr/ Seller	Open Interest: Volume	Contract Amount or Paid (Received) Premiums	Fair Value	Notes
Jan. 1, 2012						
Futures	Finance Sector Index Futures	Holder	**3**	**$ 2,375**	**2,347**	Hedging
Options	TAIEX Options - Call	Holder	459	$ 2,305	2,172	Trading
〃	TAIEX Options - Put	〃	579	3,452	3,578	〃
Total			**1,038**	**$ 5,757**	**5,750**	
Futures	Taiwan Stock Index Futures	Seller	15	$ (21,151)	(21,117)	Trading
〃	Taiwan Stock Index Futures	〃	2	(2,832)	(2,816)	Hedging
Total			**17**	**$ (23,983)**	**(23,933)**	
Options	TAIEX Options - Call	Seller	521	$ (2,189)	(1,911)	Trading
〃	TAIEX Options - Put	〃	310	(2,321)	(2,543)	〃
Total			**831**	**$ (4,510)**	**(4,454)**	

B) Presentation of derivative financial instruments-futures in the financial statements

Margin paid by the Company to engage in futures and options transactions was recognized under assets as financial assets at fair value through profit or loss – current of futures margin – own funds.

Option transaction is recognized as buy options-futures or sell options - futures according to the characteristic. Please refer to Note 6(B) and (O) for details.

The Company engaged in futures and index options transactions to produce gain or loss on futures contracts and option transactions (recognized as gains or losses from derivative financial instruments – futures), please refer to Note 6 (X)(g).

(3) Interest rate swap

The Company engaged in derivatives instruments in the form of interest rate swaps to coordinate the bond investment position. The Company signed interest rate swap contracts for trading with banks and securities companies. The interest rate swap contracts held by the Company were as follows：

2012. 12. 31

Condition of trading	Nominal principal	Fixed rate %	Floating rate index	Settlement date
Received Fixed rate, Paid Floating rate	$ 5,400,000	2.255~2.970	CP90	Quarterly
Received Floating rate, Paid Fixed rate	5,400,000	2.310~2.890	CP90	Quarterly

2012.1.1

Condition of trading	Nominal principal	Fixed rate %	Floating rate index	Settlement date
Received Fixed rate, Paid Floating rate	$ 11,700,000	2.150~2.970	CP90	Quarterly
Received Floating rate, Paid Fixed rate	13,200,000	2.135~2.890	CP90	Quarterly

(4) Structured Notes

Nominal principal or contract amount：The Company undertakes structured note business by combining fixed return commodity with call/put option, and divides into equity-linked note and principal guarantee note. On settlement date, the Company receives rewards from the trading counterparty. However, the rewards may be fluctuated in relation to the degree of increase or decrease of the connected subjects. The pattern of the reward is the trading principal adds/deducts the exercise value of the options at the end of the contract. All of the connected subjects are monetary and financial market instruments which are monitored under SFB. As of December 31, 2013 and December 31 and January 1, 2012, the nominal principals of equity-linked notes were $524,759, $337,513 and $35,648, respectively; principal guarantee notes were both $0.

(5) Presentation of derivative assets - OTC in the financial statements

A) Positions held by the Company in interest rate swaps, foreign currency swaps, convertible corporate bond asset swaps and structured notes are recognized in balance sheet as derivative – OTC. under financial assets or liabilities at fair value through profit or loss – current and as financial assets designated as at fair value through profit or loss – current. Please refer to Note 6(B) and (O) for details.

B) For the years ended December 31, 2013 and 2012, the Company engaged in interest rate swaps, foreign currency swaps and convertible corporate bond asset swaps and structured instruments, and the related presentation of the gains or losses from derivative financial instruments in the statement of income, please refer to Note 6 (X).

(c) Fair value of financial instruments

(1) Fair value of financial assets and liabilities

	December 31, 2013	
Financial Assets	**Book Value**	**Fair Value**
Financial assets with book value equal to fair value	$ 23,576,375	23,576,375
Financial assets at fair value through profit or loss – current		
Open-end funds and money market instruments	50,042	50,042
Securities held for operations	7,552,113	7,552,113
Buy options - futures	2,731	2,731
Futures margin - own funds	33,667	33,667
Financial assets designated as at fair value through profit or loss－current	137,952	137,952
Financial assets carried at cost－non-current	1,174,078	1,174,078
Total	**$ 32,526,958**	**32,526,958**
Financial Liabilities		
Financial liabilities with book value equal to fair value	$ 15,550,343	15,550,343
Financial liabilities at fair value through profit or loss－current		
Warrants liabilities	7,134,302	7,134,302
Warrants redeemed	(6,845,988)	(6,845,988)
Sell options -futures	3,327	3,327
Liabilities on sale of borrowed securities - hedged –stock	105,719	105,719
Financial liabilities designated as at fair value through profit or loss – current	371,379	371,379
Total	**$ 16,319,082**	**16,319,082**

	December 31,2012	
Financial Assets	**Book Value**	**Fair Value**
Financial assets with book value equal to fair value	$ 24,712,662	24,712,662
Financial assets at fair value through profit or loss – current		
Securities held for operations	11,039,642	11,039,642
Buy options - futures	2,868	2,868
Futures margin - own funds	41,570	41,570
Derivative financial assets - OTC	1,584	1,584
Financial assets designated as at fair value through profit or loss－current	135,414	135,414
Financial assets carried at cost－non-current	1,229,230	1,229,230
Total	**$ 37,162,970**	**37,162,970**

Financial Liabilities	December 31, 2012 Book Value	December 31, 2012 Fair Value
Financial liabilities with book value equal to fair value	$ 21,078,818	21,078,818
Financial liabilities at fair value through profit or loss－current		
Warrants liabilities	7,412,485	7,412,485
Warrants redeemed	(7,243,135)	(7,243,135)
Sell options -futures	10,966	10,966
Liabilities on sale of borrowed securities – hedged – stock	198,905	198,905
Liabilities on sale of borrowed securities – non-hedged – stock	5	5
Financial liabilities designated as at fair value through profit or loss – current	197,745	197,745
Total	**$ 21,655,789**	**21,655,789**

Financial Assets	January 1, 2012 Book Value	January 1, 2012 Fair Value
Financial assets with book value equal to fair value	$ 25,681,714	25,681,714
Financial assets at fair value through profit or loss – current		
Open-end funds and money market instruments	50,026	50,026
Securities held for operations	7,435,961	7,435,961
Buy options - futures	5,750	5,750
Futures margin - own funds	3,892	3,892
Available-for-sale financial assets－current	199,159	199,159
Financial assets carried at cost－non-current	1,255,440	1,255,440
Total	**$ 34,631,942**	**34,631,942**
Financial Liabilities		
Financial liabilities with book value equal to fair value	$ 18,918,036	18,918,036
Financial liabilities at fair value through profit or loss－current		
Warrants liabilities	5,163,359	5,163,359
Warrants redeemed	(5,008,666)	(5,008,666)
Sell options -futures	4,454	4,454
Liabilities on sale of borrowed securities - hedged –stock	239,555	239,555
When-issued trading of government bonds－settlement coverage bonds payable of short sale	300,113	300,113
Derivative liabilities - OTC	4,051	4,051
Financial liabilities designated as at fair value through profit or loss – current	35,329	35,329
Total	**$ 19,656,231**	**19,656,231**

Methods and assumptions used to estimate the fair value of financial products are as follows:：

A) Since there is no significant influence from discount, the book value is used to estimate its fair value. This method is applied to cash and cash equivalent, bond investment under resale agreements, margin loans receivable, refinancing margin, refinancing collateral receivable, security borrowing collateral price, security borrowing margin, notes receivable, accounts receivable, other current assets-others, current income tax assets, restricted assets-current, operation guarantee deposits, clearing and settlement fund, refundable deposits, trust fund reserve for compensation, short-term borrowings, commercial paper payable, liabilities for bonds with attached repurchase agreements, securities financing refundable deposits, deposits payable for securities financing, securities lending refundable deposits, accounts payable, other payable, current income tax liabilities, provisions-current, guarantee deposits received, long-term liabilities-current portion, long-term borrowings and provision-non-current.

B) If there is a quoted price in an active market for the financial asset and liabilities at fair value through profit or loss which are not derivative financial instruments, the quoted price is regarded as its fair value. If there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique. The discount rate that the Company uses is identical to the return rate of the financial instruments with same conditions and characteristics in substance. The conditions and characteristics include the credit rating of debtors, the remaining term of the fixed interest rate regulated by the contract, the remaining term to repay the principal, and the currency to be paid. If a quoted price in an active market for derivative instruments is available, the quoted price is regarded as its fair value. Otherwise, the estimated amount to acquire or to be paid under the assumption that the Company terminates the contract on the reporting date is used.

Fair value measurement for financial instruments (Note 1)	2013.12.31 Total	Level 1 (Note 2)	Level 2 (Note 3)	Level 3 (Note 4)
Non-Derivative Financial Instruments				
Assets：				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Stocks	$ 2,353,046	2,165,945	187,101	-
Bonds	5,199,067	1,482,607	3,716,460	-
Others	50,042	50,042	-	-
Financial assets designated as at fair value through profit or loss	137,952	-	-	137,952
Liabilities：				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	105,719	105,719		
Financial liabilities designated as at fair value through profit or loss	371,379	-	-	371,379
Derivative Financial Instruments				
Assets：				
Financial assets at fair value through profit or loss	$ 36,398	36,398	-	-
Liabilities：				
Financial liabilities at fair value through profit or loss	291,641	291,641	-	-

Fair value measurement for financial instruments (Note 1)	2012.12.31 Total	Level 1 (Note 2)	Level 2 (Note 3)	Level 3 (Note 4)
Non-Derivative Financial Instruments				
Assets：				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Stocks	$ 1,303,759	1,087,988	215,771	-
Bonds	9,735,883	5,036,841	4,699,042	-
Financial assets designated as at fair value through profit or loss	135,414	-	-	135,414
Liabilities：				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	198,910	198,910		
Financial liabilities designated as at fair value through profit or loss	197,745	-	-	197,745
Derivative Financial Instruments				
Assets：				
Financial assets at fair value through profit or loss	$ 46,022	44,438	1,584	-
Liabilities：				
Financial liabilities at fair value through profit or loss	180,316	180,316	-	-

Fair value measurement for financial instruments (Note 1)	2012.1.1 Total	Level 1 (Note 2)	Level 2 (Note 3)	Level 3 (Note 4)
Non-Derivative Financial Instruments				
Assets：				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Stocks	$ 681,690	614,316	67,374	-
Bonds	6,754,271	4,460,706	2,293,565	-
Others	50,026	50,026	-	-
Available-for-sale financial assets				
Stocks	159,779	159,779	-	-
Bonds	39,380	-	39,380	-
Liabilities：				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	539,668	539,668	-	-
Financial liabilities designated as at fair value through profit or loss	35,329	-	-	35,329
Derivative Financial Instruments				
Assets：				
Financial assets at fair value through profit or loss	$ 9,642	9,642	-	-
Liabilities：				
Financial liabilities at fair value through profit or loss	163,198	159,147	4,051	-

Note 1: The table is to understand the evaluation method to the fair value of financial assets and financial liabilities, which is applicable to financial assets or liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Note 2: Fair value measurement for a financial instrument classified in Level 1 is determined as the quoted price for an identical financial instrument in an active market. The definition of active market has all of the following conditions: (1) the products traded in the market are homogeneous, (2) willing parties are available anytime in the market, and (3) price information is available for the public.

Note 3: Fair value measurement for a financial instrument classified in Level 2 is determined as the observable price other than quoted price in an active market including an observable input obtained in an active market, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The examples of observable price are as follows:

1. The quoted price for an identical financial instrument in an active market means the fair value from the market transaction prices for an identical financial instrument. An identical financial instrument

should be determined by its characteristics and terms of transaction. The fair value of a financial instrument has to be adjusted according to the observable market price of the identical financial instrument. The reasons for adjustments include time lag of the occurring market transaction prices for an identical financial instrument (the quoted prices do not represent fair value at the measurement date), the difference in transaction terms for financial instruments, transaction prices involving related parties, and the correlation between the observable transaction prices of identical financial instruments and the market prices of held financial instruments.

2. The quoted market price of the same or identical financial instruments in an inactive market.

3. The fair value is estimated on the basis of the results of a valuation technique, and the market inputs used (i.e., interest rate, yield curve, and fluctuation rate) are based on obtainable data from the market (an observable input means an input can be derived from market data and can reflect the expectation of market participants when the inputs were used in evaluating the prices of financial instruments).

4. A majority of inputs are derived from observable market data, or the input correlation can be tested based on observable market data.

Note 4: Input for a fair value measurement for a financial instrument classified in Level 3 is not based on obtainable data from the market (an unobservable input, such as volatility for a share option derived from the share's historical prices, as it does not generally represent current market expectations about future volatility).

Note 5: The classification of this table should be identical to the one at book value of the balance sheet.

Note 6: On adopting evaluation model to measure the fair value of financial instruments, if the parameters includes both observable market information and non-observable parameters, the Company judges by whether the parameters will have significant impact on the evaluation results of fair value. If non-observable parameters have significant impact on the evaluation results of fair value, financial instruments of the kind should be categorized into the lowest level.

a) Statements of changes in financial assets which were classified to Level 3 based on fair value measurement

	Beginning balance	Valuation adjustment recognized in current period net gains	Current increase: Purchase or issuance	Current increase: Transfer in level 3	Current decrease: Sale, disposal, or settlement	Current decrease: Transfer out of level 3	Ending balance
For year 2013	$ 135,414	168	583,560		(581,190)		137,952
For year 2012	$ -	1,420	155,582	-	(21,588)	-	135,414

b) Statements of changes in financial liabilities which were classified to Level 3 based on fair value measurement

	Beginning balance	Valuation adjustment recognized in current period net gains	Current increase: Purchase or issuance	Current increase: Transfer in level 3	Current decrease: Sale, disposal, or settlement	Current decrease: Transfer out of level 3	Ending balance
For year 2013	$ 197,745	(12,541)	1,787,514		(1,601,339)		371,379
For year 2012	$ 35,329	67	847,098	-	(684,749)	-	197,745

(Z) Financial risk management

(a) Risk management system:

(1) Risk management policy:

A) For the purpose of improving the operation and development of the Company's business, achieving the operating strategy and target of the organization, the principles and objectives of the Company's risk management policies are set up as follows:

a) The objectives of risk management

1) The Company establishes the independent and effective risk management structure and system to assess and supervise the risk-tolerance ability, the status of the risks bore, risk-responding strategies and the compliance of risk management procedures of the Company.

2) The Company establishes scientific risk management system to identify, analyze and assess and handle the significant risk, which has probable negative impact toward Company and to determine responding measures to mitigate the significant risk in a reasonable range.

b) Principle of risk management

1) With the scientific risk management system, the Company enables to well and objectively analyze the risk and to achieve reasonable returns.

2) Under the effective risk management structure, each segment executes the daily management respectively. The risk management division is established to submit the risk management report to the board of directors regularly, in order to control the risk in time and effectively. When significant risk exposure is emerging, which threatens the financial and operating state as well as the compliance of regulations, proper measures should be adopted and report should be made to the board of directors immediately.

3) The risk control mechanism supervises the capital adequacy of the Company in consideration of the scale of business, credit risks, market risk, operation risk and the trend of future operation. It also supervises each investment risk through overseeing assets allocation in compliance with the Company's overall risk exposure, regulatory capital and the characteristics of liabilities.

(2) Risk management organization structure：

The risk management division is an independent department and is responsible for risk management of the Company under board of directors. The risk management division is independent to other segments to ensure that the risk management system operates effectively and sustainably and assists the board of directors to implement its responsibilities. The related responsibilities of The risk management division include establishing effective and scientific risk management structure and system; identifying, analyzing, assessing and managing the related risks that the whole Company may encounter and providing suggestions; confirming that the execution of the risk management conform with the decision of the risk management committee of JihSun Financial Holding Co., Ltd.

The risk management division focuses mainly on the overall risk, and integrates relevant risks of each business departments. Three subordinate departments under the risk management division are the department of market risk, the department of credit risk, and the department of operation risk, and are responsible for planning and controlling of market risk, credit risk, and operation risk. Each business department is responsible for daily risk management and control, especially the intraday transaction control. Through the cooperation of the risk management division and the risk control units of each business department enables the risk control mechanism to connect the premarket, after-hours and intraday transactions. Furthermore, it completes risk control by covering the functions throughout front, middle and back offices.

(3) Risk management mechanism：

The Company's risk management process includes the identification, assessment, management, supervision and reporting of risks. Risk assessments and responding strategies are explained as follows:

A) Market risk management

In addition to the risk management division, each business departments also establish risk control units to manage the market risks. Except for following the internal regulations to execute the risk management by hierarchical authorization and presenting related statements, it also conducts the supervision of the amount limitation in accordance with the internal risk control indicators. To effectively evaluate exposure to market risk, the Company has set up managerial indicators and its limit by establishing scientific methods and market risk management system. The evaluation can serve as a basis to manage and monitor the Company's probable market risk. The internal market risk evaluation models of the Company include interest rates, foreign exchange, equity and products, and other risk factors. In addition to the traditional control methods such as authorize position limit, stop-loss limit, limit of risk indicators (i.e.: Greeks, DVO1……), Value at Risk (VaR), stress test and limit on permission suspension are applied to measure market risk. Nevertheless, when data is applied for stress test, in the extreme scenario the monitor and management of limit is valued as the whole financial holding company.

B) Credit risk management

In addition to the risk management division, each business departments under the control of the Company also establish risk control units to manage the credit risks. Except for following the internal regulations to execute the risk management by hierarchical authorization and presenting related statements, the Company also effectively evaluates exposure to market risk by establishing scientific methods, setting credit risk indicators, disclosing and analysing general risk situation of each risk. The evaluation can serve as a basis to manage and monitor the Company's probable credit risk. To avoid loss resulting from credit default, the Company combines the internal and external credit rating to establish the credit rating system and to determine the credit risk of the issuers and counterparties. The Company controls the credit risk under a bearable scope to maintain adequate capital and reach the balance of risks and returns.

C) Fund liquidity risk management

Fund liquidity risk management of the Company includes the controlling of the source of funds, credit management, funding gap, fund employment and liquidity risk management indicators. Those are explained as follows:

a) Source of funds: The time schedule and cost, the stability and the diversification of the source should be assured.

b) Credit management: The Company maintains the stability of credit limit, controls the collateral rate to lower the fund cost, and maintains sufficient credit line to respond to funding demand.

c) Funding gap: The Company control the funding gaps on different due days to better plan the funds.

d) Fund employment: The Company evaluates the investment target, durations and the rate of return. The short-term employment of funds should mainly consider its safety and liquidity.

e) The Company uses liquidity ratio as the liquidity risk managerial indicator. The risk management division reviews the exposure status of liquidity risk from assets and liabilities on a monthly basis.

f) Each unit follows its internal regulation, executes the risk management by hierarchical authorization and submits relative reports. When a significant risk event occurs, such as excess of the limit, quality degradation assessed, exceeding warning indicator or large loss given, etc, the business departments should report to the risk management division. If necessary, the risk management division has to report to the risk management committee to determine responding measures and the event should be reported in the nearest audit committee and board meeting.

g) If significant default on settlement or financial difficulty takes place and lead to the Company's disability in repaying debts, which results in difficulties in operation or disorder in securities market, corresponding measures are as follows:

   1) actively dispose of current assets and short-term investments, such as stocks, benefit certificate, fixed-income fund

   2) pledge or dispose of properties and equipments

   3) borrow from non-banking and insurance institutions (should report to the authority in two days from the date of occurrence of the borrowing event)

   4) ask the competent authority for a bailout

   5) plan in advanced directing against how to raise fund in emergency and the related documents should also be prepared beforehand

(b) Credit risk analysis

The credit risks to which the Company exposes are the risks that an issuer or counterparty fail to perform a contractual obligation and lead to loss of the Company.

The following discloses the probable default of financial assets from aspects of different credit risks.

(1) Credit risk concentration analysis

The two tables below present the credit risk exposure of financial assets by area and by industry:

A) By area

(Expressed in thousands of New Taiwan Dollars)

	2013.12.31					
	Taiwan	**Hong Kong**	**Asia**	**Europe**	**America**	**Total**
Financial Assets						
Cash and cash equivalents	$ 2,251,189	-	49,984	-	-	2,301,173
Financial assets at fair value through profit or loss－current	7,662,318	2,490	105,219	-	6,478	7,776,505
Bonds	5,194,326	-	4,741	-	-	5,199,067
Stocks	2,243,600	2,490	100,478	-	6,478	2,353,046
Structured instruments	137,952	-	-	-	-	137,952
Futures margin	33,667	-	-	-	-	33,667
Buy options－futures	2,731	-	-	-	-	2,731
Open-end funds and money market instruments	50,042	-	-	-	-	50,042
Security borrowing margin	579,963	-	-	-	-	579,963
Financial assets carried at cost－non-current	1,174,078	-	-	-	-	1,174,078
Refinancing margin	44,699	-	-	-	-	44,699
Refinancing collateral receivable	43,714	-	-	-	-	43,714
Security borrowing collateral price	109,671	-	-	-	-	109,671
Margin loans receivable	11,636,519	-	-	-	-	11,636,519
Total	**$ 23,502,151**	**2,490**	**155,203**	**-**	**6,478**	**23,666,322**
Percentage by area	**99.31%**	**0.01%**	**0.65%**	**- %**	**0.03%**	**100.00%**

	2012.12.31					
	Taiwan	Hong Kong	Asia	Europe	America	Total
Financial Assets						
Cash and cash equivalents	$ 7,018,936	-	49,078	-	-	7,068,014
Financial assets at fair value through profit or loss－current	11,176,822	-	36,134	-	8,122	11,221,078
Bonds	9,735,883	-	-	-	-	9,735,883
Stocks	1,259,503	-	36,134	-	8,122	1,303,759
Interest rate swap	1,584	-	-	-	-	1,584
Structured instruments	135,414	-	-	-	-	135,414
Futures margin	41,570	-	-	-	-	41,570
Buy options－futures	2,868	-	-	-	-	2,868
Security borrowing margin	254,169	-	-	-	-	254,169
Financial assets carried at cost－non-current	1,229,230	-	-	-	-	1,229,230
Refinancing margin	7,078	-	-	-	-	7,078
Refinancing collateral receivable	8,293	-	-	-	-	8,293
Security borrowing collateral price	184,535	-	-	-	-	184,535
Margin loans receivable	10,553,941	-	-	-	-	10,553,941
Total	**$ 30,433,004**	**-**	**85,212**	**-**	**8,122**	**30,526,338**
Percentage by area	**99.69%**	**- %**	**0.28%**	**- %**	**0.03%**	**100.00%**

	2012.1.1					
	Taiwan	Hong Kong	Asia	Europe	America	Total
Financial Assets						
Cash and cash equivalents	$ 6,092,870	-	-	2,043	-	6,094,913
Financial assets at fair value through profit or loss－current	7,432,572	20	63,037	-	-	7,495,629
Bonds	6,754,271	-	-	-	-	6,754,271
Stocks	618,633	20	63,037	-	-	681,690
Futures margin	3,892	-	-	-	-	3,892
Buy options－futures	5,750	-	-	-	-	5,750
Open-end funds and money market instruments	50,026	-	-	-	-	50,026
Available-for-sale financial assets－current	199,159	-	-	-	-	199,159
Bonds	39,380	-	-	-	-	39,380
Stocks	159,779	-	-	-	-	159,779
Bond investments under resale agreements	305,178	-	-	-	-	305,178
Security borrowing margin	207,851	-	-	-	-	207,851
Financial assets carried at cost－non-current	1,255,440	-	-	-	-	1,255,440
Refinancing margin	38,532	-	-	-	-	38,532
Refinancing collateral receivable	33,700	-	-	-	-	33,700
Security borrowing collateral price	233,600	-	-	-	-	233,600
Margin loans receivable	11,626,287	-	-	-	-	11,626,287
Total	**$ 27,425,189**	**20**	**63,037**	**2,043**	**-**	**27,490,289**
Percentage by area	**99.76%**	**- %**	**0.23%**	**0.01%**	**- %**	**100.00%**

Note 1: The column Asia in the table of the credit risk concentration analysis by area, in which Taiwan and Hong Kong are excepted.

B) By industry

(Expressed in thousands of New Taiwan Dollars)

2013.12.31

	Central or local government	Individual	Financial institution	Manufacturing	Electronics	Service	Construction	Funds	Total
Financial Assets									
Cash and cash equivalents	$ -	-	2,301,173	-	-	-	-	-	2,301,173
Financial assets at fair value through profit or loss－current	1,482,607	-	924,921	2,696,957	2,423,959	143,997	22,052	82,012	7,776,505
Bonds	1,482,607	-	514,146	2,033,093	1,071,649	93,472	4,100	-	5,199,067
Stocks	-	-	236,425	663,864	1,352,310	50,525	17,952	31,970	2,353,046
Structured instruments	-	-	137,952	-	-	-	-	-	137,952
Futures margin	-	-	33,667	-	-	-	-	-	33,667
Buy options－futures	-	-	2,731	-	-	-	-	-	2,731
Open-end funds and money market instruments	-	-	-	-	-	-	-	50,042	50,042
Security borrowing margin	-	-	579,963	-	-	-	-	-	579,963
Financial assets carried at cost－non-current	-	-	1,174,078	-	-	-	-	-	1,174,078
Refinancing margin	-	-	44,699	-	-	-	-	-	44,699
Refinancing collateral receivable	-	-	43,714	-	-	-	-	-	43,714
Security borrowing collateral price	-	-	109,671	-	-	-	-	-	109,671
Margin loans receivable	-	11,439,276	162,332	10,348	-	14,568	9,995	-	11,636,519
Total	**$ 1,482,607**	**11,439,276**	**5,340,551**	**2,707,305**	**2,423,959**	**158,565**	**32,047**	**82,012**	**23,666,322**
Percentage by industry	**6.26%**	**48.34%**	**22.57%**	**11.43%**	**10.24%**	**0.67%**	**0.14%**	**0.35%**	**100.00%**

2012.12.31

	Central or local government	Individual	Financial institution	Manufacturing	Electronics	Service	Construction	Funds	Total
Financial Assets									
Cash and cash equivalents	$ -	-	7,068,014	-	-	-	-	-	7,068,014
Financial assets at fair value through profit or loss－current	5,036,841	-	533,184	3,614,631	1,764,408	235,270	18,423	18,321	11,221,078
Bonds	5,036,841	-	242,903	3,321,321	913,372	217,640	3,806	-	9,735,883
Stocks	-	-	108,845	293,310	851,036	17,630	14,617	18,321	1,303,759
Interest rate swap	-	-	1,584	-	-	-	-	-	1,584
Structured instruments	-	-	135,414	-	-	-	-	-	135,414
Futures margin	-	-	41,570	-	-	-	-	-	41,570
Buy options-futures	-	-	2,868	-	-	-	-	-	2,868
Security borrowing margin	-	-	254,169	-	-	-	-	-	254,169
Financial assets carried at cost－non-current	-	-	1,229,230	-	-	-	-	-	1,229,230
Refinancing margin	-	-	7,078	-	-	-	-	-	7,078
Refinancing collateral receivable	-	-	8,293	-	-	-	-	-	8,293
Security borrowing collateral price	-	-	184,535	-	-	-	-	-	184,535
Margin loans receivable	-	10,431,845	77,285	5,165	-	2,282	37,364	-	10,553,941
Total	**$ 5,036,841**	**10,431,845**	**9,361,788**	**3,619,796**	**1,764,408**	**237,552**	**55,787**	**18,321**	**30,526,338**
Percentage by industry	**16.50%**	**34.17%**	**30.67%**	**11.86%**	**5.78%**	**0.78%**	**0.18%**	**0.06%**	**100.00%**

	2012.1.1								
	Central or local government	Individual	Financial institution	Manufacturing	Electronics	Service	Construction	Funds	Total
Financial Assets									
Cash and cash equivalents	$ -	-	6,094,913	-	-	-	-	-	6,094,913
Financial assets at fair value through profit or loss－current	4,460,706	-	826,889	1,189,580	855,043	78,206	27,823	57,382	7,495,629
Bonds	4,460,706	-	627,231	1,044,321	574,781	41,024	6,208	-	6,754,271
Stocks	-	-	190,016	145,259	280,262	37,182	21,615	7,356	681,690
Futures margin	-	-	3,892	-	-	-	-	-	3,892
Buy options-futures	-	-	5,750	-	-	-	-	-	5,750
Open-end funds and money market instruments	-	-	-	-	-	-	-	50,026	50,026
Available-for-sale financial assets－current	-	-	159,779	-	39,380	-	-	-	199,159
Bonds	-	-	-	-	39,380	-	-	-	39,380
Stocks	-	-	159,779	-	-	-	-	-	159,779
Bond investments under resale agreements	-	-	305,178	-	-	-	-	-	305,178
Security borrowing margin	-	-	207,851	-	-	-	-	-	207,851
Financial assets carried at cost －non-current	-	-	1,255,440	-	-	-	-	-	1,255,440
Refinancing margin	-	-	38,532	-	-	-	-	-	38,532
Refinancing collateral receivable	-	-	33,700	-	-	-	-	-	33,700
Security borrowing collateral price	-	-	233,600	-	-	-	-	-	233,600
Margin loans receivable	-	11,481,945	61,628	4,028	-	38,418	40,268	-	11,626,287
Total	**$ 4,460,706**	**11,481,945**	**9,217,510**	**1,193,608**	**894,423**	**116,624**	**68,091**	**57,382**	**27,490,289**
Percentage by industry	**16.23%**	**41.77%**	**33.53%**	**4.34%**	**3.25%**	**0.42%**	**0.25%**	**0.21%**	**100.00%**

(2) Maximum exposure to credit risk

Without taking collateral or other credit enhancement into account, the maximum exposure to credit risk of on-balance-sheet financial assets is equal to their carrying values.

(3) Credit risks of financial assets are described as follows:

A) Cash and cash equivalents

Cash and cash equivalents are mainly composed of savings accounts, time deposits, checking accounts and short-term notes. Main institutions of the Company have transaction with are as follows:

	2013.12.31	2012.12.31	2012.1.1
Domestic financial institution	97.83%	99.31%	99.97%
Others	2.17%	0.69%	0.03%
Total	**100.00%**	**100.00%**	**100.00%**

B) Financial assets at fair value through profit or loss－current

a) Bonds

Bonds and convertible bonds are both included.

By industry	2013.12.31	2012.12.31	2012.1.1
Central and local government	28.52%	51.73%	66.04%
Manufacturing	39.10%	34.11%	15.46%
Others	32.38%	14.16%	18.50%
Total	**100.00%**	**100.00%**	**100.00%**

By area	2013.12.31	2012.12.31	2012.1.1
Domestic enterprises	99.91%	100.00%	100.00%
Others	0.09%	- %	- %
Total	**100.00%**	**100.00%**	**100.00%**

b) Stocks

The main stock positions of the Company include proprietary positions, underwriting position, hedging position and warrant position.

By area	2013.12.31	2012.12.31	2012.1.1
Domestic	95.35%	96.61%	90.75%
Others	4.65%	3.39%	9.25%
Total	**100.00%**	**100.00%**	**100.00%**

By industry	2013.12.31	2012.12.31	2012.1.1
Electronics industry	57.47%	65.28%	41.11%
Manufacturing	28.21%	22.50%	21.31%
Others	14.32%	12.22%	37.58%
Total	**100.00%**	**100.00%**	**100.00%**

c) Derivative financial instruments－OTC

When the Company trades derivative financial instruments with the counterparty over OTC (Over- the-Counter) market, ISDA master agreement is necessary as the agreement between two parties. The derivative financial instruments over OTC include structured products and interest rate swap (IRS). The counterparties are all financial institutions in Taiwan.

d) Futures margins

The futures margin is the margin required to participate in futures trades in the exchange market. It includes the position held for trading or hedged purpose. Upstream futures commission merchant by area is as follows:

Upstream futures commission merchants by area	**2013.12.31**	**2012.12.31**	**2012.1.1**
Domestic futures commission merchant	**100.00%**	**100.00%**	**100.00%**

e) Buy options－futures

The buy option position bought by the Company is the market value of the premiums paid to buy option contracts of Taiwan Future Exchange for holding-for-sale or hedging purpose, of which the risk is quite low.

f) Open-end funds and money market instruments

Open-end funds and money market instruments are the money market fund position of the Company and are all transacted over domestic financial institutions.

C) Available-for-sale financial assets－current

The available-for-sale financial assets－current position includes the securities of the listed company, which is taken as the Company's underwriting position. The position is composed of bonds (electronics industry) and listed stock (financial institution), both issued by domestic enterprise.

D) Bond investments under resale agreements

The bond investments under resale agreements of the Company are bond transactions with terms to resale. The Company signs up master agreement with the counterparties, whereby the two parties agree to transact at an aimed price, given interest rate and interval, and agree to resale with price as promised prior to the due date. The counterparties are all domestic financial institutions. Considering that the Company holds the bonds as collateral, the exposed amount is reduced effectively.

E) Security borrowing margin

Security borrowing margin is the caution money paid to the counterparty for securities lending or short sale.

By area	2013.12.31	2012.12.31	2012.1.1
Domestic securities firms	100.00%	100.00%	100.00%

F) Financial assets carried at cost－non-current

The financial assets carried at cost－non-current held by the Company are mainly composed of the stocks of domestic financial institutions and related for long-term investments.

G) Refinancing margin, refinancing collateral receivable and security borrowing collateral receivables

The refinancing margin, refinancing collateral receivable and security borrowing collateral receivables are all from domestic financial institutions.

H) Margin loans receivable

The Company's margin loans receivable is mainly from domestic individuals.

(4) Classification of credit risk quality

The internal credit risk classification of the Company is determined by low, medium and high risk. The definition of each class is as follows:

Low risk: High transparency of information and strong capacity to meet debt obligations. Low probability of default.

Medium risk: Average transparency of information and capacity to meet debt obligations. Average probability of default.

High risk: Low capacity to meet debt obligations and is vulnerable to external economic conditions. High probability of default.

No rating: Without either internal or external credit rating

Impaired: In the situation of the issuer or counterparty failing to meet contractual obligation, the Company estimate the expected loss which shows the sign of impairment.

The Company categorizes the financial assets into normal assets, past due not impaired, and impaired according to the credit quality. The Company does not possess overdue but not impaired financial assets. The Company classifies the margin loans receivable according to account collateral maintenance rate.

Credit Quality Analysis on Financial Assets

(Expressed in thousands of New Taiwan Dollars)

	Normal Assets				2013.12.31			
Financial Assets	Low Risk	Medium Risk	High Risk	No Rating	Past due not impaired	Impaired	Allowance for credit losses	Total
Cash and cash equivalents	$ 1,902,623	398,268	-	282	-	-	-	2,301,173
Financial assets at fair value through profit or loss－current	6,547,768	1,177,418	18,209	33,110	-	-	-	7,776,505
Bonds	4,884,586	314,481	-	-	-	-	-	5,199,067
Stocks	1,464,073	837,654	18,209	33,110	-	-	-	2,353,046
Structured instruments	137,952	-	-	-	-	-	-	137,952
Futures margin	33,405	262	-	-	-	-	-	33,667
Buy options-futures	2,731	-	-	-	-	-	-	2,731
Open-end funds and money market instruments	25,021	25,021	-	-	-	-	-	50,042
Security borrowing margin	579,963	-	-	-	-	-	-	579,963
Financial assets carried at cost－non-current	853,637	57,832	-	262,609	-	-	-	1,174,078
Refinancing margin	-	44,699	-	-	-	-	-	44,699
Refinancing collateral receivable	-	43,714	-	-	-	-	-	43,714
Security borrowing collateral price	109,671	-	-	-	-	-	-	109,671
Margin loans receivable	11,289,030	347,489	-	-	-	-	-	11,636,519
Accounts receivable	6,653,613	-	-	-	-	1,972	(1,972)	6,653,613
Other receivable	56,929	-	-	-	-	1,197	(1,197)	56,929
Total	**$ 27,993,234**	**2,069,420**	**18,209**	**296,001**	**-**	**3,169**	**(3,169)**	**30,376,864**
Percentage	**92.15%**	**6.81%**	**0.06%**	**0.98%**	**- %**	**0.01%**	**(0.01)%**	**100.00%**

Financial Assets	Normal Assets: Low Risk	Normal Assets: Medium Risk	Normal Assets: High Risk	Normal Assets: No Rating	2012.12.31: Past due not impaired	2012.12.31: Impaired	2012.12.31: Allowance for credit losses	2012.12.31: Total
Cash and cash equivalents	$ 5,018,722	2,048,986	-	306	-	-	-	7,068,014
Financial assets at fair value through profit or loss－current	10,675,191	512,887	2,855	30,145	-	-	-	11,221,078
Bonds	9,637,860	98,023	-	-	-	-	-	9,735,883
Stocks	856,067	414,692	2,855	30,145	-	-	-	1,303,759
Interest rate swap	1,584	-	-	-	-	-	-	1,584
Structured instruments	135,414	-	-	-	-	-	-	135,414
Futures margin	41,398	172	-	-	-	-	-	41,570
Buy options-futures	2,868	-	-	-	-	-	-	2,868
Security borrowing margin	254,169	-	-	-	-	-	-	254,169
Financial assets carrired at cost-－non-current	832,251	57,832	-	339,147	-	-	-	1,229,230
Refinancing margin	-	7,078	-	-	-	-	-	7,078
Refinancing collateral receivable	-	8,293	-	-	-	-	-	8,293
Security borrowing collateral price	184,535	-	-	-	-	-	-	184,535
Margin loans receivable	10,315,978	237,501	462	-	-	-	-	10,553,941
Accounts receivable	4,305,079	-	-	-	-	1,972	(1,972)	4,305,079
Other receivable	58,932	-	-	-	-	1,805	(1,805)	58,932
Total	**$ 31,644,857**	**2,872,577**	**3,317**	**369,598**	**-**	**3,777**	**(3,777)**	**34,890,349**
Percentage	**90.70%**	**8.23%**	**0.01%**	**1.06%**	**- %**	**0.01%**	**(0.01)%**	**100.00%**

Financial Assets	Normal Assets: Low Risk	Normal Assets: Medium Risk	Normal Assets: High Risk	Normal Assets: No Rating	2012.01.01: Past due not impaired	2012.01.01: Impaired	2012.01.01: Allowance for credit losses	2012.01.01: Total
Cash and cash equivalents	$ 4,568,256	1,526,369	-	288	-	-	-	6,094,913
Financial assets at fair value through profit or loss－current	7,081,727	307,414	25,292	81,196	-	-	-	7,495,629
Bonds	6,672,225	82,046	-	-	-	-	-	6,754,271
Stocks	399,860	225,368	25,292	31,170	-	-	-	681,690
Futures margin	3,892	-	-	-	-	-	-	3,892
Buy options-futures	5,750	-	-	-	-	-	-	5,750
Open-end funds and money market instruments	-	-	-	50,026	-	-	-	50,026
Available-for-sale financial assets－current	199,159	-	-	-	-	-	-	199,159
Bonds	39,380	-	-	-	-	-	-	39,380
Stocks	159,779	-	-	-	-	-	-	159,779
Bond investments under resale agreements	255,169	50,009	-	-	-	-	-	305,178
Security borrowing margin	207,851	-	-	-	-	-	-	207,851
Financial assets carried at cost－non-current	833,275	57,832	-	364,333	-	-	-	1,255,440
Refinancing margin	-	38,532	-	-	-	-	-	38,532
Refinancing collateral receivable	-	33,700	-	-	-	-	-	33,700
Security borrowing collateral price	233,600	-	-	-	-	-	-	233,600
Margin loans receivable	9,909,798	1,716,430	59	-	-	-	-	11,626,287
Accounts receivable	5,086,546	-	-	-	-	2,054	(2,054)	5,086,546
Other receivable	57,047	-	-	-	-	2,651	(2,651)	57,047
Total	**$ 28,432,428**	**3,730,286**	**25,351**	**445,817**	**-**	**4,705**	**(4,705)**	**32,633,882**
Percentage	**87.13%**	**11.43%**	**0.08%**	**1.36%**	**- %**	**0.01%**	**(0.01)%**	**100.00%**

(c) Fund liquidity

(1) Cash flow analysis

Liquidity risk of the Company refers to the inability to liquidate assets or obtain financing to meet its due obligations, and thus impact the Company's earnings or shareholders' equity.

Cash Flow Gap Analysis

(Expressed in thousands of New Taiwan Dollars)

	Collection period				2013.12.31
Financial Assets	**Within 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Cash and cash equivalents	$ 2,301,173	-	-	-	2,301,173
Financial assets at fair value through profit or loss－current	7,776,505	-	-	-	7,776,505
Bonds	5,199,067	-	-	-	5,199,067
Stocks	2,353,046	-	-	-	2,353,046
Open-end funds and money market instruments	50,042	-	-	-	50,042
Structured instruments	137,952	-	-	-	137,952
Buy options－futures	2,731	-	-	-	2,731
Futures margin	33,667	-	-	-	33,667
Margin loans receivable	11,636,519	-	-	-	11,636,519
Refinancing margin	44,699	-	-	-	44,699
Refinancing collateral receivable	43,714	-	-	-	43,714
Security borrowing collateral price	109,671	-	-	-	109,671
Security borrowing margin	579,963	-	-	-	579,963
Notes receivable	149	-	-	-	149
Accounts receivable	6,653,613	-	-	-	6,653,613
Restricted assets－current	334,000	139,000	-	-	473,000
Cash inflow	29,480,006	139,000	-	-	29,619,006
Cash outflow	(15,698,323)	(151,987)	(580,667)	-	(16,430,977)
Total	**$ 13,781,683**	**(12,987)**	**(580,667)**	**-**	**13,188,029**

	Collection period				2012.12.31
Financial Assets	**Within 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Cash and cash equivalents	$ 7,068,014	-	-	-	7,068,014
Financial assets at fair value through profit or loss－current	11,219,494	1,584	-	-	11,221,078
Bonds	9,735,883	-	-	-	9,735,883
Stocks	1,303,759	-	-	-	1,303,759
Interest rate swap	-	1,584	-	-	1,584
Structured instruments	135,414	-	-	-	135,414
Futures margin	41,570	-	-	-	41,570
Buy options－futures	2,868	-	-	-	2,868
Margin loans receivable	10,553,941	-	-	-	10,553,941
Refinancing margin	7,078	-	-	-	7,078
Refinancing collateral receivable	8,293	-	-	-	8,293
Security borrowing collateral price	184,535	-	-	-	184,535
Security borrowing margin	254,169	-	-	-	254,169
Notes receivable	483	-	-	-	483
Accounts receivable	4,305,079	-	-	-	4,305,079
Restricted assets－current	680,318	330,000	-	-	1,010,318
Current tax assets	-	-	3,653	-	3,653
Cash inflow	34,281,404	331,584	3,653	-	34,616,641
Cash outflow	(20,693,320)	-	(654,919)	-	(21,348,239)
Total	**$ 13,588,084**	**331,584**	**(651,266)**	**-**	**13,268,402**

Financial Assets	Collection period Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	2012.01.01 Total
Cash and cash equivalents	$ 6,094,913	-	-	-	6,094,913
Financial assets at fair value through profit or loss－current	7,495,629	-	-	-	7,495,629
Bonds	6,754,271	-	-	-	6,754,271
Stocks	681,690	-	-	-	681,690
Open-end funds and money market instruments	50,026	-	-	-	50,026
Futures margin	3,892	-	-	-	3,892
Buy options－futures	5,750	-	-	-	5,750
Available-for-sale financial assets －current	-	199,159	-	-	199,159
Bond investments under resale agreements	305,178	-	-	-	305,178
Margin loans receivable	11,626,287	-	-	-	11,626,287
Refinancing margin	38,532	-	-	-	38,532
Refinancing collateral receivable	33,700	-	-	-	33,700
Security borrowing collateral price	233,600	-	-	-	233,600
Security borrowing margin	207,851	-	-	-	207,851
Notes receivable	884	-	-	-	884
Accounts receivable	5,086,546	-	-	-	5,086,546
Restricted assets－current	180,295	302,500	30,000	-	512,795
Cash inflow	31,303,415	501,659	30,000	-	31,835,074
Cash outflow	(16,999,733)	(206,887)	(2,109,514)	-	(19,316,134)
Total	**$ 14,303,682**	**294,772**	**(2,079,514)**	-	**12,518,940**

Cash Flow Analysis of Financial Liabilities

(Expressed in thousands of New Taiwan Dollars)

Financial Liabilities	Payment period Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	2013.12.31 Total
Short-term borrowings	$ 50,000	-	-	-	50,000
Commercial paper payable	199,921	-	-	-	199,921
Financial liabilities at fair value through profit or loss －current	727,258	41,481	-	-	768,739
Stocks	105,719	-	-	-	105,719
Warrants	288,314	-	-	-	288,314
Structured instruments	329,898	41,481	-	-	371,379
Sell options－futures	3,327	-	-	-	3,327
Liabilities for bonds with attached repurchase agreements	4,348,308	-	-	-	4,348,308
Securities financing refundable deposits	1,272,333	-	-	-	1,272,333
Deposits payable for securities financing	1,523,079	-	-	-	1,523,079
Securities lending refundable deposits	62,528	-	-	-	62,528
Accounts payable	6,673,170	-	-	-	6,673,170
Receipts under custody	353,592	-	-	-	353,592
Other payable	488,134	-	-	-	488,134
Current tax liabilities	-	110,506	580,667	-	691,173
Cash outflow	**$ 15,698,323**	**151,987**	**580,667**	-	**16,430,977**

	Payment period				2012.12.31
Financial Liabilities	**Within 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Financial liabilities at fair value through profit or loss－current	$ 576,971	-	-	-	576,971
Stocks	198,910	-	-	-	198,910
Warrants	169,350	-	-	-	169,350
Structured instruments	197,745	-	-	-	197,745
Sell options－futures	10,966	-	-	-	10,966
Liabilities for bonds with attached repurchase agreements	9,618,514	-	-	-	9,618,514
Securities financing refundable deposits	1,664,626	-	-	-	1,664,626
Deposits payable for securities financing	1,982,838	-	-	-	1,982,838
Securities lending refundable deposits	807,813	-	-	-	807,813
Accounts payable	4,042,418	-	-	-	4,042,418
Receipts under custody	28,967	-	-	-	28,967
Other payable	473,603	-	-	-	473,603
Current tax liabilities	-	-	654,919	-	654,919
Long-term liabilities－current portion	1,497,570	-	-	-	1,497,570
Cash outflow	**$ 20,693,320**	**-**	**654,919**	**-**	**21,348,239**

	Payment period				2012.01.01
Financial Liabilities	**Within 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Financial liabilities at fair value through profit or loss－current	$ 734,240	-	3,955	-	738,195
Bonds	300,113	-	-	-	300,113
Stocks	239,555	-	-	-	239,555
Warrants	154,693	-	-	-	154,693
Interest rate swap	-	-	3,955	-	3,955
Foreign swap	96	-	-	-	96
Structured instruments	35,329	-	-	-	35,329
Sell options－futures	4,454	-	-	-	4,454
Liabilities for bonds with attached repurchase agreements	7,227,458	-	-	-	7,227,458
Securities financing refundable deposits	1,827,240	-	-	-	1,827,240
Deposits payable for securities financing	2,097,644	-	-	-	2,097,644
Securities lending refundable deposits	553,040	-	-	-	553,040
Accounts payable	4,020,438	-	-	-	4,020,438
Receipts under custody	32,621	-	-	-	32,621
Other payable	507,052	-	-	-	507,052
Current tax liabilities	-	206,887	608,530	-	815,417
Long-term borrowings	-	-	1,497,029	-	1,497,029
Cash outflow	**$ 16,999,733**	**206,887**	**2,109,514**	**-**	**19,316,134**

Note: Bonds include bonds payable of short sale.

(2) The table of fund liquidity risk

	Current ratio	Debt to total assets ratio	Borrowing to credit line
2013.12.31	182.19%	44.66%	1.57%
2012.12.31	162.39%	51.53%	7.36%
2012.01.01	179.39%	49.56%	6.19%

(3) Maturity analysis of lease contract and capital expenditure commitment

The lease contracts of the company are operating lease. Operating lease commitment is the future minimum rent under operating lease conditions when the company is a lessee or lessor.

The capital expenditure commitment of the company is the contractual commitments signed for obtaining buildings and equipment.

Maturity analysis of lease contract and capital expenditure commitment of the company is as follows:

(Expressed in thousands of New Taiwan Dollars)

2013.12.31	Under 1 year	1 to 5 years	Over 5 years	Total
Lease contract commitments				
Operating lease expense (lessee)	$ 108,576	135,271	14,291	258,138
Operating lease revenue(lessor)	21,917	15,793	-	37,710
Capital expenditure commitments	8,039	1,106	-	9,145

2012.12.31	Under 1 year	1 to 5 years	Over 5 years	Total
Lease contract commitments				
Operating lease expense (lessee)	$ 129,290	192,811	-	322,101
Operating lease revenue(lessor)	24,971	35,034	-	60,005
Capital expenditure commitments	10,130	1,106	-	11,236

2012.1. 1	Under 1 year	1 to 5 years	Over 5 years	Total
Lease contract commitments				
Operating lease expense (lessee)	$ 90,912	135,417	-	226,329
Operating lease revenue(lessor)	18,544	21,019	-	39,563
Capital expenditure commitments	5,105	1,106	-	6,211

(d) Market Risk Analysis

Market risk results from the changes in market prices, such as price risk, interest rates risk and foreign exchange rates risk, and will cause the risk of loss.

(1) Value at Risk (VaR)

Value at risk is the risk measure of the maximal expected loss on a specific portfolio for given time horizon and confidence level under normal market. The Company currently adopts 99% C.L.1 day to measure the risk of loss on portfolio (It was 10-days 1% VaR on December 31, 2011). The Company exercises back testing to evaluate the appropriateness of Value at Risk model on a daily basis to ensure that the greatest probable risk can be evaluated effectively.

A) Value at Risk

(Expressed in thousands of New Taiwan Dollars)

99% C.L.1 day(VaR)	2013.12.31	Season low	Season High	Season average
Total of departments	22,728	20,852	36,485	26,304
Covariance adjustments	(11,388)	(12,787)	(6,757)	(12,632)
Securities in All	11,340	8,065	29,728	13,672

99% C.L.1 day(VaR)	2012.12.31	Season low	Season High	Season average
Total of departments	21,218	15,688	34,117	17,764
Covariance adjustments	(10,813)	(11,019)	(15,355)	(7,939)
Securities in All	10,405	4,669	18,762	9,825

99% C.L.10 days(VaR)	2011.12.31	Season low	Season High	Season average
Total of departments	63,391	51,426	714,256	278,033
Covariance adjustments	(31,009)	(26,096)	(194,458)	(71,764)
Securities in All	32,382	25,330	519,798	206,269

B) The table of Value at Risk by risk factors

(Expressed in thousands of New Taiwan Dollars)

99%C.L.1 day(VaR)	Securities in All	Currency rate	Interest rate	Equity Price
2013.12.31	11,340	610	5,556	11,248
average	13,672	518	7,878	11,997
lowest	8,065	1,071	6,787	6,228
highest	29,728	339	4,532	29,020

99%C.L.1 day(VaR)	Securities in All	Currency rate	Interest rate	Equity Price
2012.12.31	10,405	-	5,516	8,250
average	9,825	544	4,900	8,486
lowest	4,669	696	2,942	3,664
highest	18,762	257	7,004	17,242

99%C.L.10 day(VaR)	Securities in All	Currency rate	Interest rate	Equity Price
2011.12.31	32,382	-	17,845	27,031
average	206,269	1,571	21,234	183,966
lowest	25,330	2,118	21,641	20,521
highest	519,798	-	20,521	529,123

(2) Stress Testing

Stress tests carried out by the Company include single-factor sensitivity test, historical scenario test and self-defined scenario test. These tests are conducted to understand the impact on the Company's portfolio assuming a recurrence of significant international and domestic events or an occurrence of self-defined extreme condition.

The data applied for stress test in the extreme scenario used by the Company considered the following factors to simulate the probable loss.

A) Single-factor sensitivity test: to observe the change on portfolios value whenever a specific risk factor changes. For example, when the risk factor is stock price of listed company, the single-factor sensitivity test evaluates change on portfolio value because of changes to stock price.

B) Historical scenario test: to simulate the portfolio under an historical period, where the shocks are applied to following the historical returns.

C) Self- defined scenario test: similar to the single-factor sensitivity test, in additional, take consideration of the correlation of risk factors .

The table of stress testing

(Expressed in thousands of New Taiwan Dollars)

		Changes in gain and loss of positions		
Risk Factor	**Movements**	**2013.12.31**	**2012.12.31**	**2011.12.31**
Equity Price Risk	Equity products depreciate 20%	$ (328,758)	(127,832)	(97,132)
Interest Rate Risk	Interest rate curve shift up 100bps	(192,221)	(424,129)	(264,483)
Currency Rate Risk	Foreign currency depreciate 7% against NTD	(27,368)	(2)	(1,772)

(3) Except for the indicators aforementioned, the Company sets up different internal control mechanism and risk control indicators for each department according to the natures and products of each department.

(AA) Capital management

(a) Calculation of capital adequacy ratio

In order to absorb various risks and to ensure the steady business development, the Company consistently, actively and positively maintains sufficient capital. Therefore, the Company manages the capital in compliance with the plan of business development, regulations of competent authorities and financial market environment to realize efficient capital allocation. The Company calculates and declares the capital adequacy ratio in compliance with Regulations Governing Securities Firms.

(b) Capital adequacy management

The management of capital adequacy ratio of the Company is executed in accordance with Regulations Governing the Capital Adequacy of JihSun Securities Co., Ltd. The risk management division examines whether the capital adequacy ratio meets the requirements if legal and internal regulations on a monthly basis. When the capital adequacy ratio reaches the lower limit, it will be reported to the risk management committee to deliberate and to make resolutions. If the risk management committee decides to decrease the risk-weighted assets, related business department will be responsible of the execution. If it is decided to increase the eligible capital, a meeting will be held by the chairperson for taking measures

7. RELATED-PARTY TRANSACTIONS

(A) Names of related parties and their relationship with the company

Name of related party	Relationship with the Company
JihSun Financial Holding Co., Ltd.	Parent company of the Company
JihSun Futures Co., Ltd.	Investee company carried under the equity method
JihSun Securities Investment Consulting Co., Ltd.	〃
JihSun Securities Investment Trust Co., Ltd.	〃
JihSun International Commercial Bank Co., Ltd.	The investee company carried under the equity method of the parent company
JihSun International Property Insurance Agency Co., Ltd.	〃
JihSun Life Insurance Agency Co., Ltd.	The investee company carried under the equity method of JihSun International Commercial Bank Co., Ltd.
JS CRESVALE SECURITIES INTERNATIONAL LIMITED	A third-level subsidiary of the Company
Other related parties	All directors, general managers and their relatives and spouses, etc.

(B) Significant transactions with related parties

(a) Brokerage handling fee revenue from securities trading were as follows:

Name of related party	2013 Amount	2013 %	2012 Amount	2012 %
JihSun International Commercial Bank Co., Ltd.	$ 2,719	-	1,368	-

The trading terms of securities brokerage with related parties above are the same as those with non-related parties.

(b) Lease

The rentals of offices received from related parties were as follows:

Name of related party	2013	2012
JihSun International Commercial Bank Co., Ltd.	$ 13,259	13,259
JihSun Futures Co., Ltd.	5,856	6,056
JihSun Securities Investment Consulting Co., Ltd.	1,981	3,290
	$ 21,096	22,605

The rent with related parties is based on market price and collected by month.

The Company's lease offices and the amounts paid to related parties were as follows:

Name of related party	2013	2012
JihSun International Commercial Bank Co., Ltd.	$ 10,877	11,281

The rent with related parties is based on market price and paid by month.

The guarantee deposits received from related parties were as follows: (recognized as other non-current liabilities - refundable deposits)

Name of related party	2013.12.31	2012.12.31	2012.1.1
JihSun International Commercial Bank Co., Ltd.	$ 2,873	2,873	2,873
JihSun Securities Investment Consulting Co., Ltd.	329	547	547
JihSun Futures Co., Ltd.	1,840	1,840	1,840
Total	$ 5,042	5,260	5,260

The guarantee deposits paid to related parties were as follows: (recognized as other non-current assets - refundable deposits)

Name of related party	2013.12.31	2012.12.31	2012.1.1
JihSun International Commercial Bank Co., Ltd.	$ 1,970	2,014	2,014

(c) The accounts receivable and accounts payable with related parties were as follows:

Accounts receivable – related parties	2013.12.31		2012.12.31		2012.1.1	
Name of related party	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
JihSun Futures Co., Ltd.	$ 5,447	-	7,077	-	8,529	-
JihSun Financial Holding Co., Ltd.	-	-	-	-	-	-
JihSun International Commercial Bank Co., Ltd.	-	-	-	-	-	-
JihSun Securities Investment Trust Co., Ltd.	9	-	3	-	3	-
Total	**$ 5,456**	**-**	**7,080**	**-**	**8,532**	**-**

Other Receivables	2013.12.31		2012.12.31		2012.1.1	
Name of related party	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
JihSun International Commercial Bank Co., Ltd.	$ 17,181	30	16,637	28	15,933	28
JihSun Financial Holding Co., Ltd.	34,890	61	34,890	59	34,890	61
JihSun Futures Co., Ltd.	514	1	470	1	297	1
JihSun Life Insurance Agency Co., Ltd.	844	2	1,171	2	34	-
JihSun International property Insurance Agency Co., Ltd.	43	-	35	-	42	-
Total	**$ 53,472**	**94**	**53,203**	**90**	**51,196**	**90**

Other Payables	2013.12.31		2012.12.31		2012.1.1	
Name of related party	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
JihSun Financial Holding Co., Ltd.	$ 34,957	7	29,268	6	19,017	4
JihSun International Commercial Bank Co., Ltd.	-	-	7	-	5	-
JihSun Securities Investment Consulting Co., Ltd.	9,303	2	5,361	1	6,100	1
JihSun Futures Co., Ltd.	-	-	72	-	-	-
Total	**$ 44,260**	**9**	**34,708**	**7**	**25,122**	**5**

(d) Others

(1) Other transactions between JihSun International Commercial Bank Co., Ltd. and the Company were as follows:

	2013	2012
Revenue from providing agency service for stock affairs (revenue from computer printing included)	$ 960	880
Revenue from management fee allocated (Note 1)	203,142	206,137
Revenues from underwriting business	-	1,250
Revenue from utilities expense allocated (custody of receipt and payment)	5,202	7,684
Transaction fees	433	508
Bank custodian fees	3	3

Note 1: Refers to the management fee for JihSun International Commercial Bank Co., Ltd. to deliver settlement money from customers and other related fees.

The Company's deposit balances in JihSun International Commercial Bank Co., Ltd. were as follows:

For the years ended December 31	Ending balance	Max balance	Interest	Interest rate range
2013	$ 552,982	1,868,582	786	0%~1.36%
2012	967,772	5,916,963	804	0%~1.45%
2011	761,653	2,366,899	1,905	0%~1.7%

As the deposits mentioned above, the Company recorded them in cash and cash equivalents, operation guaranteed deposits, other non-current assets - refundable deposits, debit items for trade brokerage, cash and cash equivalents - receipts under custody from exercise of warrant and receipts under custody from customers' security subscription, etc.

As of December 31, 2013 and December 31 and January 1,2012, JihSun International Commercial Bank Co., Ltd. had approved a guaranteed line of credit amounted to $1,200,000 to the Company, and the loan balances were both $0. As of December 31, 2013 and 2012, the Company had provided securities and time deposits, and securities, respectively, as pledged assets.

The Company acted as JihSun International Commercial Bank Co., Ltd.'s financial advisor to issue unsecured subordinated financial debentures for the first period of 2012. In order to fund target amounts and to meet their clients' delivery needs, The Company performed initial subscription at primary market on 2012/4/26 which amounted to $1,150,000 and sold all share to subscribers at secondary market on the issuing on 2012/4/30 day.

(2) Other transactions between JihSun Futures Co., Ltd. and the Company were as follows:

	2013	2012
Revenue from providing agency service for stock affairs (revenue from computer printing included)	$ 481	481
Futures commission revenue	82,821	95,494
Revenue from utilities expense allocated (custody of receipt and payment)	1,758	1,596
Clearing fees	9	9
Futures margin	10,302	2,439
Futures settlement fund (recorded as other non-current assets-refundable deposits)	45,000	44,000
Remuneration of board directors	-	1,000
Revenue from information service	1,500	1,500
Futures commission expenses	108	34
Interest income	482	510
Information technology expenses	5	1
Handling fee revenue	-	57
Stock handling fees(custody of receipt and payment)	1	-
Professional fee	24	2
Prepaid expenses	46	70

(3) Other transactions with JihSun Financial Holding Co., Ltd. were as follows:

	2013	2012
Revenue from providing agency service for stock affairs (revenue from computer printing included)	$ 11,596	11,873
Remuneration of board directors	11,736	10,627
Stock handling fees (custody of receipt and payment)	768	862

(4) Other transactions between JihSun Securities Investment Consulting Co., Ltd. and the Company were as follows:

	2013	2012
Advance receipts	$ 95	95
Professional fee	55,800	64,200
Revenue from utilities expense and administration cost allocated (custody of receipt and payment)	641	909
Revenue from information service	143	48

(5) Other transactions between JihSun Securities Investment Trust Co., Ltd. and the Company were as follows:

	2013	2012
Revenue from providing agency service for stock affairs	$ 36	36
Income from fund rewards	2,344	3,889
Remuneration of board directors	-	200

(6) Other transactions between JihSun Life Insurance Agency Co., Ltd. and the Company were as follows:

	2013	2012
Commission revenue	$ 17,989	17,277
Revenue from utilities expense allocated (custody of receipt and payment)	69	56

(7) Other transactions between JihSun International Property Insurance Agency Co., Ltd. and the Company were as follows:

	2013	2012
Commission revenue	$ 1,404	1,943
Revenue from utilities expense allocated (custody of receipt and payment)	10	9

(8) Other transactions between JS CRESVALE SECURITIES INTERNATIONAL LIMITED and the Company were as follows:

	2013	2012
Brokerage handling fee expenses	$ 2,703	2,194
Brokerage handling fee revenues from trade brokerage	-	78

(C) Consolidated tax return

The Company files a consolidated corporate income tax return with its parent company, JihSun Financial Holding Co., Ltd. On December 31, 2013 and December 31 and January 1, 2012, the Company should pay the parent company, JihSun Financial Holding Co., Ltd., $688,946, $652,692 and $813,190 respectively, which are recognized under current income tax liabilities. On December 31, 2012, the Company should receive $3,653 consolidated income tax return from the parent company, JihSun Financial Holding Co., Ltd., under the account current income tax assets.

(D) Compensation information for main management

The compensation for main management includes:

	2013	2012
Salary and other short-term employee benefits	$ 60,675	65,678
Post-employment benefits	2,728	972
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
	$ 63,403	**66,650**

8. PLEDGED ASSETS

Pledged assets of the Company were as follows:

Pledged assets	Objects	2013.12.31	2012.12.31	2012.1.1
Restricted assets – current (time deposits, deposits)	Bank Loan	$ 473,000	1,010,318	512,795
Financial assets carried at cost – non - current	Bank Loan	524,127	535,786	549,181
Property－land	Bank Loan	1,064,074	1,064,074	1,064,074
Property－buildings(book value)	Bank Loan	284,012	293,557	303,101
Investment property－land	Bank Loan	195,131	195,131	195,131
Investment property－buildings(book value)	Bank Loan	39,206	40,644	42,082
Cash (recognized as other non-current assets - refundable deposits)	Court Drawing	-	-	700
Total		**$ 2,579,550**	**3,139,510**	**2,667,064**

9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

(A) The Company's significant commitments and contingencies on December 31, 2013, were summarized as follows:

(a) As of December 31, 2013 and December 31 and January 1, 2012, the Company had issued post-dated checks for future rental payments, which amounted to $62,734, $71,281 and $30,837, respectively.

(b) As of December 31, 2013 and December 31 and January 1, 2012, in connection with securities financing activities, the Company held client-owned stocks which amounted to approximately 670,851,378 shares, 631,900,172 shares and 724,370,511 shares, respectively; stocks lent out to clients amounted to approximately 35,679,000 shares, 49,878,000 shares and 43,879,000 shares, respectively. The Company had received guarantee deposits in full from the clients for the lent securities.

(c) As of January 1, 2012, the Company had applied to the court for provisional seizure in connection with protection of its rights related to collateral on defaulted transactions. Therefore, the Company made guarantee deposit of $700 (recorded as refundable deposits) and seized the debtor's assets.

(d) Three customers of the Tai-Chung Branch of the Company 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 $82,431 with interest (the amount decreased to $72,899 in the lawsuit). As of December 31, 2009, Taichung District Court had judged that the Company and the former employee were jointly liable for the three plaintiffs amounting $33,968 with statutory interest of 5% from October 21, 2003. During the lawsuit, the Company already reconciled with one of the customers and the remaining part had been denied by Taiwan High Court Tai-Chung Branch on August 9, 2011, and the Company had appealed to Supreme Court on September 1, 2011. The Supreme Court on October 24, 2012 abandoned the original judgment and returned the case to the Taiwan Tai-Chung High Court. The case is still awaiting judgment. The Company had accrued the principal and accumulated interest until December 2013 for the other two customers amounted $32,482.

(e) In July, 2011, the customer of Yong-Kang Branch alleged that he had suffered losses because an employee manipulated illegally his stocks and futures and requested the Company to be responsible jointly and claimed for $13,000.

The Taiwan Tainan District Court has ruled in favor of the Company. The plaintiff disagreed with the adjudication made and filed an appeal with Taiwan High Court Tainan Branch Court, which is currently still in process. The Company had determined the lawsuit to be the private dispute between the client and the operating manager. Thus, no additional compensation liability resides to the Company and no accrual shall be accounted.

(f) A customer of Xin-Yi branch of the Company alleged that a former employee at the Songshan Branch had encroached customer stocks and remittances. The customer requested the Company and the former employee to be responsible jointly and claimed $29,363. The plaintiff retrieved the prosecution on July 29, 2013.The lawsuit has winded up.

(g) The Company made a Letter of Comfort stated positively support to the operation of third level subsidiaries ─ JIH SUN FINANCIAL SERVICES (CAYMAN) LIMITED and JS CRESVALE SECURITIES INTERNATIONAL LIMITED, to the financial institution from February 18, 2012 to August 6, 2013. By December 31, 2013, the credit limit of third level subsidiaries has expired and not been extended.

10. SIGNIFICANT CATASTROPHIC LOSS : NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS : NONE.

12. OTHERS

(A) Foreign currency financial assets and liabilities:

	2013.12.31		
	Foreign currency amount	Currency rate	NTD Amount
Financial assets:			
Monetary items			
USD	$ 5,395	29.805	160,797
HKD	9,134	3.843	35,101
CNY	127,366	4.919	626,512
Others(Note)	-	-	6,534
Stock investments measured by equity method			
USD	45,417	29.805	1,353,662
Financial liabilities:			
Monetary items			
USD	$ 1,947	29.805	58,020
CNY	32,146	4.919	158,101

	2012.12.31		
	Foreign currency amount	Currency rate	NTD Amount
Financial assets:			
Monetary items			
USD	$ 29,459	29.040	855,476
HKD	7,732	3.747	28,972
Others(Note)	-	-	1,926
Stock investments measured by equity method			
USD	46,453	29.040	1,348,987
Financial liabilities:			
Monetary items			
USD	$ 26,948	29.040	782,564

	2012.01.01		
	Foreign currency amount	Currency rate	NTD Amount
Financial assets:			
Monetary items			
USD	$ 20,801	30.275	629,747
HKD	6,447	3.897	25,124
Others(Note)	-	-	14,821
Non-monetary items			
HKD	6,490	3.897	25,292
Stock investments measured by equity method			
USD	49,761	30.275	1,506,507
Financial liabilities:			
Monetary items			
USD	$ 17,401	30.275	526,828

Note: Other currency amounted less than NTD $10,000 will be disclosed in consolidation.

13. Disclosures Required

(A) Related information on significant transactions:

For the year ended December 31, 2013, the Company discloses further information related to significant transactions in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms. The information is as follows:

(a) Loans to other businesses or individuals: none.

(b) Endorsements and guarantees for others: none.

(c) Acquisition of real estate exceeding $100,000 or 20% of paid-in capital: none.

(d) Disposal of real estate exceeding $100,000 or 20% of paid-in capital: none.

(e) Discount on commission fees for transactions with related parties up to $5,000: none.

(f) Receivables from related parties up to $100,000 or 20% of paid-in capital: none.

(g) For the business and significant transactions between the parent company and subsidiaries, please refer to the consolidated financial report.

(B) Information on investees:

As for December 31, 2013, information related to the investment of the Company is as follows:

Unit: share/ thousand dollars

Names of Investor	Names of Investee company	Address	Main Business scope	Initial investment		Period-end holding balance			Investee company's Net income of investee company	Investment income (loss) recognized by the Company	Remark
				The end of this year	The end of last year	Shares	Percentage	Book Value			
JihSun Securities Co., Ltd.	JihSun Futures Co., Ltd.	4F, No.111, Sec.2, Nanjing E. Rd., Taipei	Futures brokerage and proprietary trading	618,268	618,268	68,696,435	98.14%	1,423,056	113,812	111,692	subsidiary
〃	JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED	Floor 4, Willow House, Cricket Square, P O Box 2804, Grand Cayman KY1-1112 , Cayman Islands	Investee companies operate following business: 1.Securities brokerage and proprietary trading 2.Underwriting 3.Securities research and analysis 4.Corporate and individual financial planning 5.Financing business 6.Investment trust 7. Futures	1,795,250	1,795,250	54,600,000	100.00%	1,353,662	(29,984)	(29,984)	〃
〃	JihSun Securities Investment Consulting Co., Ltd.	7F, No.111, Sec.2, Nanjing E. Rd., Taipei	Provide advisory and consulting related with securities investment on a consigned basis	173,600	173,600	10,000,000	100.00%	76,419	11,486	11,521	〃
〃	JihSun Securities Investment Trust Co., Ltd.	5F, No.139, Sec.2, Nanjing E. Rd., Taipei	Securities investment trust business and discretionary investment business	211,380	211,380	7,800,000	20.00%	245,647	76,169	15,266	associates
JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED	JS CRESVALE SECURITIES INTERNATIONAL LIMITED	18F, Euro Trade Centre, 21-23 Des Voeux Road, Central, Hong Kong,HK	Brokerage, proprietary trading underwriting, other related securities business authorized by Hong Kong Act.	1,501,675	1,501,675	370,000,000	100.00%	1,027,252	(36,057)	(36,057)	third-level subsidiary
JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED	JIH SUN FINANCIAL SERVICES (CAYMAN) LIMITED	Floor 4, WillowHouse, Cricket Square, P O Box2804, Grand Cayman KY1-1112 , Cayman	1.Securities brokerage proprietary trading, underwriting and financing service 2. Corporate and individual financial	268,616	268,616	8,050,000	100.00%	251,520	7,086	7,086	third-level subsidiary

Names of Investor	Names of Investee company	Address	Main Business scope	Initial investment		Period-end holding balance			Investee company's Net income of investee company	Investment income (loss) recognized by the Company	Remark
				The end of this year	The end of last year	Shares	Percentage	Book Value			
		Islands	planning 3.Design of Financial products 4.Other related securities business authorized by local government.								
JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED	JIH SUN CAPITAL MANAGEMENT LIMITED.	P.O.Box146, Road Town, Tortola, British VirginIslands	1.Overseas Fund management 2.Overseas Asset management 3. Other related Asset management business authorized by local government 4. proprietary trading	3,180	3,180	100,000	100.00%	57,990	(940)	(940)	〃
JS CRESVALE SECURITIES INTERNATIONAL LIMITED	JS CRESVALE CAPITAL LIMITED	18F, Euro Trade Centre, 21-23 Des Voeux Road, Central, Hong Kong,HK	1. Stock brokerage, margin trading 2. Futures brokerage、 sales of mutual funds& other financial product. 3. Other related securities business authorized by local government.	88,500	88,500	2,000,000	100.00%	78,820	71	71	〃

(C) Information on investment in Mainland China

(a) Name, major operations and other related information of investee in Mainland China

Unit: share/ thousand dollar

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2013	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of December 31, 2013	Accumulated Inward Remittance of Earnings as of December 31, 2013
					Outflow	Inflow					
JihSun Investment Consulting (Shanghai) Co., Ltd.	Investment consulting, business information consulting, market operating and marketing planning(except for commercial advertisement), enterprise management consulting, economic information consulting, software and internet technique consulting	-		-	-	-	-	-%	-	-	-

(b) Limitation on investments in Mainland China：

Accumulated Investment in Mainland China as of December 31, 2013	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable
-	-	-

Note: JihSun Investment Consulting (Shanghai) Co., Ltd. is 100% owned by JS CRESVALE SECURITIES INTERNATIONAL LIMITED, which is the overseas investee of the Company. On December 17, 2013 the incorporation of JihSun Investment Consulting (Shanghai) Co., Ltd. has been approved and the business license for Enterprises as Legal Person has been acquired. By December 31, 2013, no capital had been invested in yet, but March 18, 2014 for 1 million us dollars.

(D) Related information regarding countries and regions of securities business investee without securities authority：

Pursuant to Financial Supervisory Commission R.O.C. regulation No. 10100371661 dated October 11, 2012, the disclosures related to the Company's investment in foreign enterprises of British Virgin Islands and so on for the year ended December 31, 2013, were as follows：

(a) Concise balance sheet statement and income statement：

(1) Balance sheet statement

Unit: USD

Items \ Company	JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED	JIH SUN FINANCIAL SERVICES (CAYMAN) LIMITED	JIH SUN CAPITAL MANAGEMENT LIMITED
Current Assets	567,777	8,445,868	1,946,461
Fund and Investments	44,850,284	2	-
Current Liabilities	800	7,020	800
Capital Stock	54,600,000	8,050,000	100,000
Retained Earnings	(9,081,033)	388,850	1,845,661
Other Equity	(101,706)	-	-
Total Assets	45,418,061	8,445,870	1,946,461
Total Liabilities	800	7,020	800
Total Equity	45,417,261	8,438,850	1,945,661

(2) Income statement

Unit: USD

Items \ Company	JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED	JIH SUN FINANCIAL SERVICES (CAYMAN) LIMITED	JIH SUN CAPITAL MANAGEMENT LIMITED
Operating Income	-	455,985	-
Operating Expenses	(1,012,324)	(222,185)	(2,444)
Non-Operating Income (Expense)	2,384	4,881	(29,202)
Net Gain(Loss) Before Taxes	(1,009,940)	238,681	(31,646)
Net Gain(Loss) After Taxes	(1,009,940)	238,681	(31,646)

(b) Marketable securities held：

Unit: share/ USD

Name of company holding securities	Marketable securities type and name	Account	2013.12.31 Shares	2013.12.31 Amount
JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED	JS CRESVALE SECURITIES INTERNATIONAL LIMITED	Investments measured by equity method	370,000,000	$ 34,465,773
	JIH SUN FINANCIAL SERVICES (CAYMAN) LIMITED	〃	8,050,000	8,438,850
	JIH SUN CAPITAL MANAGEMENT LIMITED	〃	100,000	1,945,661
	Total			**$ 44,850,284**
JIH SUN FINANCIAL SERVICES (CAYMAN) LIMITED	Securities and Bonds：			
	Balance of less than USD3,000,000	Financial assets at fair value through profit or loss－current		$ -
	Collateralized Debt Obligations (CDO)	〃		-
	GCS Holdings Inc.	Financial assets at cost－non-current	25,000	1
	CAPRION CORP.	〃	1,773	1
	Total			**$ 2**

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

Financial derivative instrument transaction and the origin of capital source are disclosed in note 13(D).2 JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED invests the subsidiary based on its own reserve. JIH SUN FINANCIAL SERVICES (CAYMAN) LIMITED. engaged in financial derivative instrument transactions based on its own reserve and the capital gained from conditional transactions.

(d) Income from consulting, counseling and other assets management business and services: None.

(e) Related-party transactions：

JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED, JIH SUN FINANCIAL SERVICES (CAYMAN) LIMITED, and JIH SUN CAPITAL MANAGEMENT LIMITED had no significant transactions with related party in year 2013.

(f) Lawsuit events：

JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED, JIH

SUN FINANCIAL SERVICES (CAYMAN) LIMITED, and JIH SUN CAPITAL MANAGEMENT LIMITED had no lawsuits in year 2013.

14. SEGMENT INFORMATION

For operating segments information, please refer to the consolidated financial statements.

15. FIRST-TIME ADOPTION OF IFRSs

The financial statements of the Company as of December 31, 2012 were prepared following former generally accepted accounting principles in the Republic of China. The financial statement is the first annual financial statement conforming to Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, International Financial Reporting Standards accepted by FSC, and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

Accounting policies included in Note 4 applied to the comparative financial statements as of December 31, 2012, the balance sheet as of December 31, 2012 and the first-time IFRS balance sheet as of January 1, 2012, the conversion date for the Company.

When preparing reports for the year ended December 31, 2012, the company began with the reporting amount under former generally accepted accounting principles in the Republic of China. The conversion from former generally accepted accounting principles in the Republic of China to IFRSs accepted by the FSC has impacts on the financial position, financial performance, and cash flows of the Company as of each time-point or for each period, and they are as below:

(A) According to IFRS 1 "First time Adoption of IFRSs", except when optional exemptions or mandatory exceptions apply, when an entity adopts IFRSs for the first time, the entity should prepare its financial statements following those accounting standards effective at the time of the adoption and make retrospective adjustments. The optional exemptions applied by the company are as follows:

(a) The Company decided not to retrospectively apply IFRS 3 which revised in 1998 to those mergers and acquisitions taking place before the date of transition to IFRSs. Therefore, there is no need to adjust the book value of mergers and acquisitions taking place before the date of transition to IFRSs.

(b) The Company decided to retrospectively apply IAS 21 "The Effects of Changes in Foreign Exchange Rates" to accumulate translation difference of overseas subsidiaries in accounting treatment on conversion date.

(c) There was no revaluation of the property and equipments including land, buildings, equipment and leasehold improvements of the Company and the accounting treatment before conversion date was almost consistent with IAS 16 "Property, Plant and Equipment", the Company decided retrospectively apply IAS 16 "Property, Plant and Equipment" in accounting treatment of property and equipment, and no adjustment on book value are necessary.

(d) There was no revaluation of the investment property including land and buildings of the Company. As the accounting treatment before conversion date was almost consistent with IAS 40 "Investment Property", the Company decided retrospectively apply IAS 40 "Investment Property", in accounting treatment of investment property, and no adjustment on book value are necessary.

(e) As the accounting treatment for intangible assets including computer software before conversion date was almost consistent with IAS 38 "Intangible Assets", the Company decided retrospectively apply IAS 38 "Intangible Assets" in accounting treatment of intangible assets, and no adjustment on book value are necessary.

(f) According to IFRIC 1 "Changes in Existing Decommissioning, Restoration and Similar Liabilities", decommissioning liability, and the amount of changes in decommissioning liability, related to plants, equipment, and properties, should be part of the cost of assets and amortized over the remaining useful life. The Company decided retrospectively apply this standard.

(g) The Company decided to recognize all cumulative actuarial gains and losses at the date of conversion to IFRSs and transfer these gains or losses to retained earnings immediately.

(B) Assets, liabilities and equity reconciliation

(a) The reconciliation report for financial position on December 31, 2012

Unit：in thousand NTD

Generally accepted accounting principles in the Republic of China (R.O.C. GAAP)		IFRS conversion's impact		IFRSs accepted by the FSC		
Item	Amount	Difference in recognition and measurement	Difference in presentation	Amount	Item	Note
CURRENT ASSETS					**CURRENT ASSETS**	
Cash and cash equivalents	$ 6,939,247	-	128,767	7,068,014	Cash and cash equivalents	7
Financial assets measured at fair value through profit or loss－current	11,346,697	3,148	(128,767)	11,221,078	Financial assets at fair value through profit or loss－current	7、9
Margin loans receivable	10,553,941	-	-	10,553,941	Margin loans receivable	
Refinancing margin	7,078	-	-	7,078	Refinancing margin	
Refinancing collateral receivable	8,293	-	-	8,293	Refinancing collateral receivable	
Security borrowing collateral price	184,535	-	-	184,535	Security borrowing collateral price	
Security borrowing margin	254,169	-	-	254,169	Security borrowing margin	
Notes receivable	483	-	-	483	Notes receivable	
Accounts receivable	735,202	-	3,569,877	4,305,079	Accounts receivable	8
Prepayments	16,801	-	-	16,801	Prepayments	
Restricted assets－current	1,010,318	-	-	1,010,318	Restricted assets－current	
Other receivable	62,385	200	61,003	123,588	Other current assets－others	2、6、8、11
	-	-	3,653	3,653	Current tax assets	2
TOTAL CURRENT ASSETS	31,119,149	3,348	3,634,533	34,757,030	**TOTAL CURRENT ASSETS**	
NON-CURRENT ASSETS					**NON-CURRENT ASSETS**	
Available-for-Sale financial assets－non-current	1,229,230	-	-	1,229,230	Financial assets carried at cost－non-current	
Stock investments measured by equity method	3,036,635	47	-	3,036,682	Investments accounted for using equity method	13
Fixed assets	1,857,653	28,371	(238,465)	1,647,559	Property and equipment	4、5、10
	-	-	235,775	235,775	Investment property	4
Intangible assets	39,557	-	-	39,557	Intangible assets	
Deferred income tax assets－non-current	4,510	44,452	-	48,962	Deferred tax assets	2
Other assets－non-current	1,193,542	-	2,676	1,196,218	Other non-current assets	10、11
TOTAL NON-CURRENT ASSETS	7,361,127	72,870	(14)	7,433,983	**TOTAL NON-CURRENT ASSETS**	
Debit items for trade brokerage	33,430	-	(33,430)	-		8
TOTAL ASSETS	**$ 38,513,706**	**76,218**	**3,601,089**	**42,191,013**	**TOTAL ASSETS**	
CURRENT LIABILITIES					**CURRENT LIABILITIES**	
Financial liabilities measured at fair value through profit or loss－current	$ 576,971	-	-	576,971	Financial liabilities at fair value through profit or loss－current	
Liabilities for bonds with attached repurchase agreements	9,618,514	-	-	9,618,514	Liabilities for bonds with attached repurchase agreements	
Securities financing refundable deposits	1,664,626	-	-	1,664,626	Securities financing refundable deposits	
Deposits payable for securities financing	1,982,838	-	-	1,982,838	Deposits payable for securities financing	
Securities lending refundable deposits	807,813	-	-	807,813	Securities lending refundable deposits	
Accounts payable	441,329	-	3,601,089	4,042,418	Accounts payable	8
Amounts received in advance	28,897	-	-	28,897	Advance receipts	
Receipts under custody	28,967	-	-	28,967	Receipts under custody	
Other payable	1,126,077	2,445	(654,919)	473,603	Other payable	2、6
	-	-	654,919	654,919	Current tax liabilities	2
	-	26,109	-	26,109	Provisions－current	3
Long-term liability－current portion	1,497,570	-	-	1,497,570	Long-term liabilities－current portion	
TOTAL CURRENT LIABILITIES	17,773,602	28,554	3,601,089	21,403,245	**TOTAL CURRENT LIABILITIES**	
NON-CURRENT LIABILITIES					**NON-CURRENT LIABILITIES**	
Accrued pension liabilities - non-current	109,110	194,333	-	303,443	Provisions－non-current	1、5
	-	-	28,870	28,870	Deferred tax liabilities	2
Other liabilities-others	35,835	-	(28,870)	6,965	Other non-current liabilities	2
TOTAL LIABILITIES	17,918,547	222,887	3,601,089	21,742,523	**TOTAL LIABILITIES**	
Common stock	11,572,127	-	-	11,572,127	Capital stock	
Capital surplus - additional paid in capital	1,298,456	-	-	1,298,456	Capital surplus	
Retained earnings					Retained earnings	
Legal reserve	2,092,140	-	-	2,092,140	Legal reserve	
Special reserve	5,213,619	5,616	-	5,219,235	Special reserve	13
Unappropriated retained earnings	703,956	(256,284)	-	447,672	Undistributed earnings	1、2、3、5、6、9、13
Other equity	(285,139)	103,999	-	(181,140)	Other equity	1
TOTAL STOCKHOLDERS' EQUITY	20,595,159	(146,669)	-	20,448,490	**TOTAL EQUITY**	
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$ 38,513,706**	**76,218**	**3,601,089**	**42,191,013**	**TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY**	

(b) The reconciliation report for financial position on January 1, 2012

Unit：in thousand NTD

Generally accepted accounting principles in the Republic of China (R.O.C. GAAP)		IFRS conversion's impact		IFRSs accepted by the FSC		
Item	Amount	Difference in recognition and measurement	Difference in presentation	Amount	Item	Note
CURRENT ASSETS					**CURRENT ASSETS**	
Cash and cash equivalents	$ 6,041,952	-	52,961	6,094,913	Cash and cash equivalents	7
Financial assets measured at fair value through profit or loss－current	7,545,408	3,182	(52,961)	7,495,629	Financial assets at fair value through profit or loss－current	7、9、12
Available-for-sale financial assets－current	199,159	-	-	199,159	Available-for-sale financial assets－current	
Bond investments under resale agreements	305,178	-	-	305,178	Bond investments under resale agreements	
Margin loans receivable	11,626,287	-	-	11,626,287	Margin loans receivable	
Refinancing margin	38,532	-	-	38,532	Refinancing margin	
Refinancing collateral receivable	33,700	-	-	33,700	Refinancing collateral receivable	
Security borrowing collateral price	233,600	-	-	233,600	Security borrowing collateral price	
Security borrowing margin	207,851	-	-	207,851	Security borrowing margin	
Notes receivable	884	-	-	884	Notes receivable	
Accounts receivable	755,248	1,050,803	3,280,495	5,086,546	Accounts receivable	8、12
Prepayments	13,721	-	-	13,721	Prepayments	
Restricted assets－current	512,795	-	-	512,795	Restricted assets－current	
Other receivable	56,818	229	125,173	182,220	Other current assets－others	6、8、11
TOTAL CURRENT ASSETS	27,571,133	1,054,214	3,405,668	32,031,015	**TOTAL CURRENT ASSETS**	
NON-CURRENT ASSETS					**NON-CURRENT ASSETS**	
Available-for-Sale financial assets－non-current	1,255,440	-	-	1,255,440	Financial assets carried at cost－non-current	
Stock investments measured by equity method	3,184,567	34,137	-	3,218,704	Investments accounted for using equity method	13
Fixed assets	1,828,045	(199,258)	(19,502)	1,609,285	Property and equipment	4、5、10
	-	237,213	-	237,213	Investment property	4
Intangible assets	25,238	-	-	25,238	Intangible assets	
Deferred income tax assets－non-current	13,240	41,406	-	54,646	Deferred tax assets	2
Other non-current assets	1,359,257	-	19,488	1,378,745	Other non-current assets	10、11
TOTAL NON-CURRENT ASSETS	7,665,787	113,498	(14)	7,779,271	**TOTAL NON-CURRENT ASSETS**	
Debit items for trade brokerage	306,562	-	(306,562)	-		8
TOTAL ASSETS	**$ 35,543,482**	**1,167,712**	**3,099,092**	**39,810,286**	**TOTAL ASSETS**	
CURRENT LIABILITIES					**CURRENT LIABILITIES**	
Financial liabilities measured at fair value through profit or loss－current	$ 438,082	300,113	-	738,195	Financial liabilities at fair value through profit or loss－current	12
Liabilities for bonds with attached repurchase agreements	7,227,458	-	-	7,227,458	Liabilities for bonds with attached repurchase agreements	
Securities financing refundable deposits	1,827,240	-	-	1,827,240	Securities financing refundable deposits	
Deposits payable for securities financing	2,097,644	-	-	2,097,644	Deposits payable for securities financing	
Securities lending refundable deposits	553,040	-	-	553,040	Securities lending refundable deposits	
Accounts payable	170,850	750,496	3,099,092	4,020,438	Accounts payable	8、12
Amounts received in advance	10,422	-	-	10,422	Advance receipts	
Receipts under custody	32,621	-	-	32,621	Receipts under custody	
Other payable	1,320,230	2,239	(815,417)	507,052	Other payable	2、6
	-	-	815,417	815,417	Current tax liabilities	2
	-	26,450	-	26,450	Provisions-current	3
TOTAL CURRENT LIABILITIES	13,677,587	1,079,298	3,099,092	17,855,977	**TOTAL CURRENT LIABILITIES**	
NON-CURRENT LIABILITIES					**NON-CURRENT LIABILITIES**	
Long-term borrowings	1,497,029	-	-	1,497,029	Long-term borrowings	
Accrued pension liabilities－non-current	141,749	196,449	-	338,198	Provisions－non-current	1、5
	-	-	28,870	28,870	Deferred tax liabilities	2
Other liabilities-others	36,940	-	(28,870)	8,070	Other non-current liabilities	2
TOTAL LIABILITIES	15,353,305	1,275,747	3,099,092	19,728,144	**TOTAL LIABILITIES**	
Common stock	11,572,127	-	-	11,572,127	Capital stock	
Capital surplus - additional paid in capital	1,298,456	-	-	1,298,456	Capital surplus	
Retained earnings					Retained earnings	
Legal reserve	2,058,228	-	-	2,058,228	Legal reserve	
Special reserve	5,140,217	41,915	-	5,182,132	Special reserve	13
Unappropriated retained earnings	339,123	(235,019)	-	104,104	Undistributed earnings	1、2、3、5、6、9、13
Other equity	(217,974)	85,069	-	(132,905)	Other equity	1
TOTAL STOCKHOLDERS' EQUITY	20,190,177	(108,035)	-	20,082,142	**TOTAL EQUITY**	
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$ 35,543,482**	**1,167,712**	**3,099,092**	**39,810,286**	**TOTAL LIABILITIES AND EQUITY**	

(C) Comprehensive income reconciliation

(a) The reconciliation report for comprehensive income for the year ended December 31, 2012

Unit：in thousand NTD

Generally accepted accounting principles in the Republic of China (R.O.C. GAAP)		IFRS conversion's impact		IFRSs accepted by the FSC		
Item	**Amount**	**Difference in recognition and measurement**	**Difference in presentation**	**Amount**	**Item**	**Note**
REVENUES					**REVENUES**	
Brokerage handling fee revenue	$ 1,811,010	-	477	1,811,487	Brokerage handling fee revenue	14
Income from securities lendings	22,366	-	-	22,366	Income from securities lendings	
Revenues from underwriting business	62,930	-	-	62,930	Revenues from underwriting business	
Losses on sale of securities - proprietary	(26,669)	-	-	(26,669)	Losses on sale of operating securities	
Revenue from providing agency service for stock affairs	44,989	-	-	44,989	Revenue from providing agency service for stock affairs	
Interest income	822,398	-	-	822,398	Interest income	
Dividend revenue	105,807	-	-	105,807	Dividend revenue	
Valuation gains(losses) on operating securities	32,821	(228)	-	32,593	Valuation gains on operating securities at fair value through profit or loss	9
Losses on covering of borrowed securities and bonds with resale agreements - short sales	(52,981)	-	-	(52,981)	Loss on covering of borrowed securities and bonds with resale agreements - short sales	
Valuation losses on borrowed securities and bonds with resale agreements - short sales	(8,346)	-	-	(8,346)	Valuation gains (losses) on borrowed securities and bonds with resale areements-short sales at fair value through profit or loss	
Profit from issuance of call (Put) warrants and expenses arising out of issuance of call (put) warrants	247,166	-	-	247,166	Gains from issuance of call (put) warrants	
Future commission revenue	95,494	-	-	95,494	Future commission revenue	
Gains from derivative financial products - futures	30,889	-	-	30,889	Gain from derivatives - futures	
Gains from derivative financial products - OTC	3,888	-	-	3,888	Gain from derivatives - OTC	
Other operating income	6,025	-	(4,672)	1,353	Other operating income	14
Brokerage handling fee expense	(102,825)	-	-	(102,825)	Brokerage handling fee expense	
Proprietary handling fee expense	(8,255)	-	-	(8,255)	Proprietary handling fee expense	
Refinancing processing fee expenses	(511)	-	-	(511)	Refinancing processing fee expenses	
Interest expense	(68,197)	-	(32,941)	(101,138)	Finance costs	14
Futures commission expense	(1,062)	-	-	(1,062)	Futures commission expense	
Expense of clearing and settlement	(2,791)	-	-	(2,791)	Expense of clearing and settlement	
Other operating expense	(803)	-	-	(803)	Other operating expenditure	
Operating expenses	(2,466,496)	-	-	-		
	-	10,757	(1,525,111)	(1,514,354)	Employee benefits expenses	1、3、14
	-	(8,759)	(90,355)	(99,114)	Depreciation and amortization expenses	5、14
	-	13	1,615,466	(846,822)	Other operating expense	5、6、14
	-	-	4,195	-		
Operating Income	546,847	1,783	(32,941)	515,689	**Operating Income**	
Investments income under the equity method	27,514	227	-	27,741	Proportionate share of gains from subsidiaries, associates or joint ventures under equity method	13
Non-operating revenues and gains, expense and losses	293,836	33	32,941	326,810	Other gains and losses	5、6、14
Net Income Before Income Tax	868,197	2,043	-	870,240	**Net Income Before Tax from Continuing Operations**	
Income tax expense	(164,241)	(1,770)	-	(166,011)	Income tax expense	2
NET INCOME	**$ 703,956**	**273**	**-**	**704,229**	**NET INCOME**	
					Other Comprehensive Income：	
		-	(57,397)	(57,397)	Exchange differences of overseas subsidiaries' financial reports translation	
		-	9,162	9,162	Unrealized valuation gains on available-for-sale financial assets	
		(28,337)	-	(28,337)	Actuarial losses of defined benefit plan	
		1,981	-	1,981	Proportionate share of gains of other comprehensive income from subsidiaries, associates or joint ventures under equity method	
		4,817	-	4,817	Income tax benefit related to components of other comprehensive income	
		(21,539)	**(48,235)**	**(69,774)**	**Other Comprehensive Income (Net Amount after Tax)**	
				634,455	**Total Comprehensive Income**	

(D) Material adjustment to statement of cash flows

Under R.O.C. GAAP, the Company prepared the statement of cash flows using indirect method and classified the interests/dividends received and tax/interests paid as part of operating cash flows and were not asked to show them as separate items. Following IAS 7 "Statement of Cash Flows" as accepted by the FSC, however, for the year ended December 31, 2012, the Company showed them as separate items under operating cash flows, interests received amounted to $896,980; dividends received except from the investments accounted for using equity method amounted to $105,807; interests paid amounted to $100,018; tax paid amounted to $319,622; and dividends from investment under equity method amounted to $118,049 is presented under investing activities. According to the Regulations Governing the Preparation of Financial Reports by Securities Firms, several items originally classified under cash flows from investing activities, such as operation guarantee deposits, refundable deposits, and clearing and settlement fund, should be classified under cash flows from operating activities instead.

Except for those stated above, the statement of cash flows prepared in accordance with IFRSs as accepted by the FSC and with R.O.C. GAAP had no significant differences.

(E) Reconciliation note

(a) Adjustments to pension actuarial gains and losses and pension obligations

According to the International Financial Reporting Standards 1, accepted by FSC, the Company adopted the exemption provided therein and recognized all the unrecognized actuarial gains and losses at once. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows：for provisions－non-current, an increase of $158,494 and $157,484, respectively; for retained earnings, a decrease of $158,494 and $157,484, respectively.

The Company also retrospectively applied IAS 19, and adjusted items related to supplementary pension liability recognized under R.O.C. GAAP. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows：for retained earnings, a decrease of $85,069 and $103,999, respectively; for other equity, a increase of $85,069 and $103,999, respectively. Also, for the comprehensive income statement for the year ended December 31, 2012, this adjustment decreases pension expenses by $10,416.

(b) Income tax

Following IAS 12 and SIC 21 accepted by FSC, the Company reclassifies land value increment tax payable, which is a taxable temporary difference under deferred tax liabilities. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for other liabilities, a decrease of $28,870 both; for deferred tax liabilities, an increase of $28,870 both.

Following IFRS 1 accepted by FSC, the Company reclassifies current tax assets out of receivables and current tax liabilities out of payables. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for current tax liabilities, an increase of $815,417 and $654,919, respectively; for other payable, a decrease of $815,417 and $654,919, respectively. On December 31, 2012, the effect of this adjustment on related accounts is as follows: for current tax assets, an increase of $3,653; for other current assets－others, a decrease of $3,653.

The Company incurred income tax effects derived from the employee benefit obligation adjustments in aforementioned note (a). On January 1 and December 31, 2012, the influence of the income tax effects on related accounts is as follows: for deferred tax assets, an increase of $41,406 and $44,452, respectively; for retained earnings, an increase of $41,406 and $44,452, respectively. Also, for the comprehensive income statement for the year ended December 31, 2012, the income tax effects increase income tax expenses by $1,770.

(c) Leave liabilities

According to IAS 19 accepted by FSC, leave liabilities should be estimated when employees provide services. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for provisions－non-current, an increase of $26,450 and $26,109, respectively; for retained earnings, a decrease of $26,450 and $26,109, respectively. Also, for the comprehensive income statement for the year ended December 31, 2012, this adjustment decreases the salary expenses by $ 341.

(d) Investment Property

In accordance to IAS 40 accepted by FSC, the items which were originally placed under premises and equipment should be reclassified under investment property according to its properties. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for property and equipment, a decrease of $237,213 and $235,775, respectively; for investment property, an increase of $237,213 and $235,775, respectively.

(e) Decommissioning liabilities

The company recognized the costs and liabilities to restore the status quo ante in accordance with IAS16 accepted by FSC. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for provisions－non-current, an increase of $37,955 and $36,849, respectively; for property and equipment, an increase of $37,955 and $28,371, respectively; for retained earnings, a decrease of $0 and $8,478, respectively. Also, for the comprehensive income statement for the year ended December 31, 2012, this adjustment increased the depreciation expenses by $8,759, decreases the repairs and maintenance expense by $219 and increases the other operating income by $62.

(f) Rental income and expense under straight-line method

According to IAS17 accepted by FSC, rental income and expense during the rental period is recognized using the straight-line method. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for other current assets－others, an increase of $229 and $200, respectively; for other payable, an increase of $2,239 and $2,445, respectively; for retained earnings, a decrease of $2,010 and $2,245, respectively. Also, for the comprehensive income statement for the year ended December 31, 2012, this adjustment increases the rental expense by $206 and decreases the rental income by $29.

(g) Reclassification of excess margin

The excess margin of futures margin is transferred to cash and cash equivalents according to IAS accepted by FSC. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for cash and cash equivalents, an increase of $52,961 and $128,767, respectively; for financial assets at fair value through profit or loss - current, a decrease of $52,961 and $128,767, respectively.

(h) Debit/credit items for trade brokerage under gross amount method

Debit/credit items for trade brokerage were originally presented as net amount in accordance with laws and regulations. However, such presentation does not conform to the condition of offset between assets and liabilities in IFRSs accepted by FSC. Therefore, it is reclassified to other accounts according to its nature and characteristics. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for other current assets-others, an increase of $125,159 and $64,642, respectively; for accounts receivable, an increase of $3,280,495 and $3,569,877, respectively; for accounts payable, an increase of $3,099,092 and $3,601,089, respectively; debit items for trade brokerage decrease $306,562 and $33,430, respectively.

(i) Evaluation of Emerging stocks

Emerging stocks were originally assessed by means of the cost method in accordance with laws and regulations. According to IAS39 accepted by FSC, emerging stocks are now assessed through fair value. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for financial assets at fair value through profit or loss - current, an increase of $3,376 and $3,148, respectively; for retained earnings, an increase of $3,376 and $3,148, respectively. For the comprehensive income statement for the year ended December 31 2012, this adjustment decreases valuation gains on operating securities-emerging stocks by $228.

(j) Classification of prepayment for equipment

The Company reclassifies the prepayment for equipment in accordance with IFRS accepted by FSC. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for other non-current assets, an increase of $19,502 and $2,690, respectively; for prepayment for equipment, a decrease of $19,502 and $2,690.

(k) Classification of cash and cash equivalents - receipts under custody from exercise of warrant and cash and cash equivalents - receipts under custody from customers' securities subscription

The Company reclassifies the cash and cash equivalents - receipts under custody from exercise of warrant and cash and cash equivalents - receipts under custody from customers' securities subscription in accordance with IFRSs accepted by FSC. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for other current assets - others, an increase of $14, both; for cash and cash equivalents - receipts under custody from exercise of warrant, a decrease of $7, both; for cash and cash equivalents - receipts under custody from customers' security subscription, a decrease of $7, both.

(l) When-issued trading of goverbment bonds

According to IAS39 recognized by FSC, the when-issued trading of government bonds is applied regular-way purchases and sales. Receivables and payables are separately presented. Bonds position is accounted under financial assets or liabilities at fair value through profit or loss-current. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for financial assets at fair value through profit or loss－current, a decrease of $194 and $0, respectively; for financial liabilities at fair value through profit or loss－current, an increase of $300,113 and $0, respectively; for accounts receivable, an increase of $1,050,803 and $0, respectively; for accounts payable, an increase of $750,496 and $0, respectively.

(m) Recognition related accounts from first-time adoption of IFRSs of subsidiaries

The Company recognizes adjustments to pension actuarial gains and losses and pension obligations and leave liabilities from subsidiaries. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for investments accounted for using equity method, a decrease of $7,778 and $5,569, respectively; for retained earnings, a decrease of $7,778 and $5,569, respectively. JihSun Futures Co., Ltd., one of the subsidiaries, originally made a provision in accordance with laws and regulations. However, because the provision does not conform to the definition of liability in IFRSs accepted by FSC is now reclassified to special reserve. On January 1 and December 31, 2012, the effect of this adjustment on related accounts is as follows: for special reserve, an increase of $41,915 and $5,616, respectively; for investments accounted for using equity method, an increase of $41,915 and $5,616, respectively. Also, for the comprehensive income statement for the year ended December 31, 2012, this adjustment increase the proportionate share of gains from subsidiaries, associates or joint ventures under equity method by $227.

(n) Reclassification complying with Regulations Governing the Preparation of Financial Reports by Securities Firms effective from year 2013

(1) Interest expense and financial expense are reclassified to financial cost. The effect of this adjustment to the statement of comprehensive income for the year ended December 31, 2012 is as follows: for interest expense, a decrease of $68,197; for financial expense, a decrease of $32,941.

(2) Operating expenses are reclassified according to its nature and characteristic. Employee benefits expenses, depreciation and amortization expenses are shown as their properties. The remaining of operating expenses is reclassified to other operating expenses. The effect of this adjustment to the statement of comprehensive income for the year ended December 31, 2012 is as follows: for employee benefit expenses, an increase of $1,525,111; for depreciation and amortization expenses, an increase of $90,355.

(3) Income from securities lending is reclassified into brokerage handling fee revenue. The effect of this adjustment to the statement of comprehensive income for the year ended December 31, 2012 is $477.

(4) Loss on error trades is reclassified into other operating income. The effect of this adjustment to the statement of comprehensive income for the year ended December 31, 2012 is $4,195.