

ASSETS	Amount	%	Amount	%	LIABILITIES AND STOCKHOLDERS' EQUITY	Amount	%	Amount	%
Current Assets					Current Liabilities				
Cash and cash equivalents (Notes 2 and 4(1))	\$ 1,046,446	2	1,217,365	2	Short-term				

Amount	%	Amount	%
---------------	----------	---------------	----------

	2006	2005
Cash flows from investing activities:		

**CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

According to the amended business tax act, commencing from July 1, 1999, tax levied on revenue related to securities industry was adjusted

CAPITAL SECURITIES CORPORATION

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

3. REASONS FOR AND EFFECT OF ACCOUNTING CHANGES

(1) Accounting period changed in investee

Commencing from January 1, 2005, the fiscal year of CSC International Holdings Ltd. was changed from the beginning of April 1 to beginning of January 1. The Company obtained approval of SFB-II-0930159902 to recognize investment

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The effects of these adjustments to the financial statements beginning January 1, 2006 were as follows:

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

CAPITAL SECURITIES CORPORATION
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CAPITAL SECURITIES CORPORATION

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

CAPITAL SECURITIES CORPORATION

**CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

Name

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CAPITAL SECURITIES CORPORATION

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

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CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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**CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

4. Presentation of financial derivatives

In 2006 and 2005 gain/loss net of tax

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

B. Market risk

Non-trading NT dollar interest rate swaps are primarily held for larudng . Gain
araloss fro the fluctuations of interest rate ste

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

5. Presentation of derivative financial instruments - OTC

As of December 31, 2006 and 2005,

CAPITAL SECURITIES CORPORATION

CAPITAL SECURITIES CORPORATION

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

**CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

7. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

CAPITAL SECURITIES CORPORATION

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

2. Income sta(2. Incom)8089 Rnt

Unit US\$ thousands

