### CAPITAL SECURITIES CORPORATION BALANCE SHEETS September 30, 2007 and 2006

(New Taiwan Dollars in Thousands, Except Share Data)

Name   Column   Col		(Unaudited September 30,		(Unaudited) September 30, 2006					(Unaudited) September 30, 2	(Unaudited) September 30, 2006		
Part		Amount	%	Ame	ount	%	LIABILITIES AND STOCKHOLDERS' EQUITY		Amount	%	Amount	%
Pose   Pos   Pose   P												
Personal parametro (1967   1968   1978   1		Ψ 000,105			, ,			\$	.,,		, , , , , , , ,	
Policy purchased under reasola generoments (Notes 2 and 43)   3,470,011   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   15,370,270   20   10,370,2		31,967,309	41	31,	,227,467	52						
Control and Control and Control (1998)   25   25   25   25   25   25   25   2									2,704,170	4	177,805	-
Content of allowance for doubtrial accounts   1,75,061   2, 1719,018   3, 187   1,									** *** ***			
Refinencing manging from sourthinested 1,483 off 2,256,28 4   Reforeivables on refinancing collateral (8.574 o. 3.0.1) 4   Notes people from sourthinested (8.575 o. 3.0.1) 4   Notes people fr		27,689,757	36	15,	,390,290	26						
Secondar confinancing colineral (1967)   1												
Note specialistic Note 441   1968   1   19			-			-				2		4
Account receivable (Note 44)			-			-						-
Prepayments		. ,				-				1		-
Pulse   Secret   Se			1			1						-
Polegas assers - current (Note of (17)   70   70   70   70   70   70   70			-			-				•		1
Perferent income tax assets -current (Note 4(17))   2,50%   1		, .							3,012,636	4		
Control   Cont		892,100	1			1				-	494,822	1
Changer   Part	Deferred income tax assets - current (Note 4(17))											-
Long-Term Investments		65,557,674	84	50.	,733,092	84			885,353	1		1
Pinacial nest aftir value through profit or loss -one-current   17,375   161,018   1							Other current liabilities		-			
Promise and Foreign from from from from from from from from									52,807,464	69	41,238,945	67
Other financial labilities - non-current (Note 4(21)   147,999												
Adaption		177,375	-		164,031	-				1	-	-
Notes 2 and 4(2)	(Notes 2,4(2) and 6)						Other financial liabilities - non-current (Note 4(21))		147,599	-	-	-
Context   Cont	Available-for-sale financial assets -non-current	449,868	1		449,868	1	Reserve for land appreciation tax		27,698			
Notes 2 and 4(5)    Supplements   Suppleme	(Notes 2 and 4(2))								1,161,982	1	27,698	
Permises and Property (Notes 2, 4(6) and 6)	Long-term equity investments accounted for under the equity method	3,288,434	4	3.	,031,304	5						
Premises and Property (Notes 2, 46) and 6)	(Notes 2 and 4(5))											
Premises and Property (Notes 2, 460 and 6)		3,915,677	5	3.	,645,203	6				-		-
Accorded pension inabilities (Notes 2 and 4(16))   14,862   1,6356   1										-		-
Land										-		-
Path description	Premises and Property (Notes 2, 4(6) and 6)									-		-
Saby	Land					5	Deferred income tax liabilities - non-current (Note 4(17))				103,704	
Propayment for equipments			2									
Leasehold improvements			1			1	Total Liabilities		54,348,865	70	41,600,153	67
Less: Accumulated depreciation			-			-						
Less: Accumulated depreciation (1,112,802) (1) (1,148,580) (2) (2,000,000,000 shares authorized, 2,000,000,000 shares sauthorized, 2,000,000,000 shares susted and outstanding (Note 4(18)) (14,741,15,000 shares susted and outstanding (Note 4(19)) (14,741,15,000 shares susted and outstanding (Note 4(18)) (14,741,15,000 shares susted and outstanding (Note 4(19)) (14,741,15,000 shares susted and outstanding (Note 4(18)) (14,741,15,000 shares susted and outstanding (Note 4(19)) (14,741,15,00 shares susted and outstanding (Note 4(19)) (14,741,15,00 shares susted and outstanding (Note 4(19)) (14,74,15,00 shares susted and outstanding (Note 4(19)) (14,74	Leasehold improvements					-						
A   130,260   6   4,200,297   6   2,000,000,000 shares authorized, 1,474,115,000 shares issued and outstanding (Note 4(18))   14,741,150   19   14,009,670   23   14,009,670			7			8						
Intangible Assets	Less: Accumulated depreciation		(1)			(2)						
Intangible Assets		4,130,260	6	4	,200,297	6						
Premium from stock issuance									14,741,150	19	14,009,670	23
Operation franchise (Notes 2, 3(2) and 4(7))         400,864         1         429,804         1         Treasury stock transactions (Note 4(19))         62,040         -         1,491         -         2,425,492         2 </td <td></td>												
Long-term investments												-
Other Assets         Retained earnings         Retained earnings         1,778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         1         778,921         2         778,921         2         1         245,492         2 </td <td>Operation franchise (Notes 2, 3(2) and 4(7))</td> <td>400,864</td> <td>1</td> <td></td> <td>429,804</td> <td>1</td> <td></td> <td></td> <td></td> <td>-</td> <td></td> <td>-</td>	Operation franchise (Notes 2, 3(2) and 4(7))	400,864	1		429,804	1				-		-
Other Assets         Retained earnings           Guaranty deposited for business operations         901,824         1         914,000         1         Legal reserve         1,573,381         2         1,425,492         2           Settlement fund         298,227         -         288,162         -         Special reserve (Note 2)         3,146,762         4         2,850,984         5           Refundable deposits         294,618         -         288,780         -         Unappropriated earnings (Notes 4(17) and 4(18))         2,718,933         4         1,097,141         2           Deferred debits         26,614         -         31,557         -         Cumulative translation adjustments (Note 2)         103,556         -         122,643         -           Leased assets (net of accumulated depreciation) (Notes 2 and 6)         738,815         1         740,047         1         Total Stockholders' Equity         23,128,832         30         20,350,980         33           Others (net of allowance for doubtful accounts) (Notes 2 and 4(8))         6,135         -         290         -           Brokerage accounts, net (Note 4(9))         1,206,989         2         679,901         1           Significant commitments and contingencies												
Guaranty deposited for business operations 901,824 1 914,000 1 Legal reserve (Note 2) 1,573,381 2 1,425,492 2 Settlement fund 298,227 - 288,162 - Special reserve (Note 2) 3,146,762 4 2,850,984 5 Refundable deposits 294,618 - 288,780 - Unappropriated earnings (Notes 4(17) and 4(18)) 2,718,933 4 1,097,141 2 Deferred debits 26,614 - 31,557 - Cumulative translation adjustments (Note 2) 103,556 - 122,643 - Leased assets (net of accumulated depreciation) (Notes 2 and 6) 738,815 1 740,047 1 Total Stockholders' Equity 23,128,832 30 20,350,980 33 Others (net of allowance for doubtful accounts) (Notes 2 and 4(8)) 6,135 - 290 - 20,262,836 2 Brokerage accounts, net (Note 4(9)) Significant commitments and contingencies									778,921	1	778,921	1
Settlement fund         298,227         -         288,162         -         Special reserve (Note 2)         3,146,762         4         2,850,984         5           Refundable deposits         294,618         -         288,780         -         Unappropriated earnings (Notes 4(17) and 4(18))         2,718,933         4         1,097,141         2           Deferred debits         26,614         -         31,557         -         Cumulative translation adjustments (Note 2)         103,556         -         122,643         -           Leased assets (net of accumulated depreciation) (Notes 2 and 6)         738,815         1         740,047         1         Total Stockholders' Equity         23,128,832         30         20,350,980         33           Others (net of allowance for doubtful accounts) (Notes 2 and 4(8))         6,135         -         290         -           Brokerage accounts, net (Note 4(9))         1,206,989         2         679,901         1    Significant commitments and contingencies												
Refundable deposits         294,618         -         288,780         -         Unappropriated earnings (Notes 4(17) and 4(18))         2,718,933         4         1,097,141         2           Deferred debits         26,614         -         31,557         -         Cumulative translation adjustments (Note 2)         103,556         -         122,643         -           Leased assets (net of accumulated depreciation) (Notes 2 and 6)         738,815         1         740,047         1         Total Stockholders' Equity         23,128,832         30         20,350,980         33           Others (net of allowance for doubtful accounts) (Notes 2 and 4(8))         6,135         -         290         -         -         2         2         262,2836         2         -         2         2         2         2         -         2         -         2         -         2         -         2         - </td <td></td> <td></td> <td>1</td> <td></td> <td>. ,</td> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td>, -, -</td> <td></td>			1		. ,	1					, -, -	
Deferred debits   26,614   - 31,557   - Cumulative translation adjustments (Note 2)   103,556   - 122,643   - 12		,	-		,	-					, ,	
Leased assets (net of accumulated depreciation) (Notes 2 and 6)       738,815       1       740,047       1       Total Stockholders' Equity       23,128,832       30       20,350,980       33         Others (net of allowance for doubtful accounts) (Notes 2 and 4(8))       6,135       -       290       -         2,266,233       2       2,262,836       2         Brokerage accounts, net (Note 4(9))       1,206,989       2       679,901       1         Significant commitments and contingencies			-			-				4		2
Others (net of allowance for doubtful accounts) (Notes 2 and 4(8))  6,135 - 290 -   2,266,233 2 2,262,836 2  Brokerage accounts, net (Note 4(9))  1,206,989 2 679,901 1  Significant commitments and contingencies			-			-						
2,266,233   2   2,262,836   2     Brokerage accounts, net (Note 4(9))   1,206,989   2   679,901   1     Significant commitments and contingencies			1			1	Total Stockholders' Equity		23,128,832	30	20,350,980	33
Brokerage accounts, net (Note 4(9))  1,206,989 2 679,901 1 Significant commitments and contingencies	Others (net of allowance for doubtful accounts) (Notes 2 and 4(8))					-						
Significant commitments and contingencies			2			2						
	Brokerage accounts, net (Note 4(9))	1,206,989	2		679,901	1						
101AL ASSE1S <u>\$ 77,477,697                                  </u>	TOTAL ACCOUNT	A =			051 122	100		_	## 4## <0#	100	A (10=115	100
	TOTAL ASSETS	\$ 77 <b>,477,697</b>	100	\$ 61,	,951,133	100	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	77,477,697	100	<b>a</b> 61,951,133	100

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

## CAPITAL SECURITIES CORPORATION STATEMENTS OF INCOME

#### Years Ended September 30, 2007 and 2006

 $(New\ Taiwan\ Dollars\ in\ Thousands, Except\ Share\ and\ Per\ Share\ Data)$ 

Remain         Image: Montal to Manual		(Unaudi	ted)	(Unaudite	ed)		
Revenues:         Services commissions         \$ 2,705,039         41         \$ 1,867,826         43           Gain on sale of trading securities         950,914         15         - 2         26           Gain on sale of trading securities         950,914         15         5,802         - 2           Recurities management, distribution, and management fees         155,444         24         1,286,345         22           Dividend recenue         182,844         3         670,755         2           Gain on valuation of trading securities         91,179         1         7,665         2           Gain on covering of borrowed securities and bonds with resule agreements         11,154         2         7,665         2           Gain on covering of borrowed securities and bonds with resule agreements         11,153         2         357,839         8           Gain on sock warrant issande (Note 4(21))         130,137         2         357,839         8           Futures commission revenues (Note 5)         7,229         1         37,43         2           Gain on derivative financial instruments (Note 4(21))         122,296         2         143,418         3           Gain on derivative financial instruments (Note 4(21))         222,296         2         143,418         3 <th></th> <th colspan="2">Jan. 1 ~ Sep. 30, 2007</th> <th colspan="4">Jan. 1 ~ Sep. 30, 2006</th>		Jan. 1 ~ Sep. 30, 2007		Jan. 1 ~ Sep. 30, 2006			
Protecting commissions		Amount	%	Amount	%		
Underwriting commissions         11 1,9104         2         12,6757         3           Gain on sale of trading securities         99,014         15         5         -           Securities management, distribution, and management flees         1,554,441         24         1,280,345         29           Dividend revenue         1,82,444         3         6,055         22           Gain on valuation of trading securities and bonds with resule agreements         61,152         1         7,6655         2           Gain on valuation of borrowed securities and bonds with resule agreements         11,534         2         577,390         8           Gain on overing of borrowed securities and bonds with resule agreements         11,534         2         577,390         8           Gain on overing of borrowed securities and bonds with resule agreements         11,534         2         577,390         8           Gain on derivative financial instruments (Note 4(21))         12,255         2         157,393         8           Gain on derivative financial instruments (Note 4(21))         12,255         2         143,138         3           Obber operating greements (Note 5)         5,303         2         143,138         3           No operating revenues (Note 5)         2         14,545         3 <td></td> <td>Φ 2.705.020</td> <td>41</td> <td>h 1067.006</td> <td>42</td>		Φ 2.705.020	41	h 1067.006	42		
Gen on sale of trading securities         959.014         1.5         CS.02         1.5           Securities management, distribution, and management fees         57.4877         1         58.028         2.9           Dividend revenue         18.2844         3.3         67.075         2.2           Gain on valuation of trading securities         -         -         676.655         2.2           Gain on valuation of borrowed securities and bonds with resale agreements         91,179         1         7.700         -           Gain on valuation of borrowed securities and bonds with resale agreements         11,534         2         37,738         8           Gain on valuation of borrowed securities and bonds with resale agreements         11,534         2         37,738         8           Gain on orderivative financial instruments (Note 4(21))         -         -         42,248         2           Gain on orderivative financial instruments (Note 4(21))         122,956         2         13,146         3           Other operating revenues (Note 5)         50,395         2         143,166         3           Investment income under the equity method (Note 4(5))         283,136         4         14,16         3           Investment in come under the equity method (Note 4(5))         283,136         1	-						
Securities management, distribution, and management fees	-			126,757	3		
Interest revenue         1,554,441         24         1,286,345         29           Divident revenue         18,28,44         3         3,075         2           Cain on valuation of trading securities         -         -         6,655         2           Cain on valuation of trading securities and bonds with resale agreements         91,179         -         7,780         -           Gain on occorring of borrowed securities and bonds with resale agreements         91,179         -         37,839         8           Gain on of valuation of borrowed securities and bonds with resale agreements         11,534         -         37,839         8           Gain on of valuation of borrowed securities and bonds with resale agreements         11,534         -         37,839         8           Futures commission revenues (Note 4(21))         -         -         8         -				-	-		
Dividend revenue         182,844         3         67,075         2           Gain on valuation of trading securities         -         -         76,055         2           Gain on ovaluation of borrowed securities and bonds with resale agreements         91,179         1         7,789         -           Gain on ovaluation of borrowed securities and bonds with resale agreements         113,34         -         357,839         8           Futures commission revenues (Note 5)         76,279         1         87,249         8           Gain on derivative financial instruments - OTC (Note 4(21))         12,256         2         134,136         3           Other operating revenues (Note 5)         150,395         2         134,136         3           Non-operating revenues (Note 5)         50,395         2         134,136         3           Non-operating revenues (Note 5)         150,395         2         134,136         3           Investment income under the equity method (Note 4(5))         281,365         4         161,336         4           Roseroage         8         166,067         3         124,251         3           Brokerage flees         166,067         3         124,251         3           Clearing and exchange fees: underowering	-			*			
Gain on valuation of trading securities and bonds with resale agreements         1         76,655         2           Gain on covering of borrowed securities and bonds with resale agreements         91,77         1         7,780         −           Gain on not covering of borrowed securities and bonds with resale agreements         11,534         −         −         −           Gain on covering of borrowed securities and bonds with resale agreements         11,351,37         −         2         357,339         8           Futures commission revenue (Note 5)         76.20         1         5.72         −         −           Gain on derivative financial instruments. OTC (Note 4(21))         122,956         2         143,166         −3           Other operating revenues (Note 5)         281,355         4         161,339         +           Non-operating revenues (Note 5)         281,355         4         161,339         +           Repeated         16,666         3         124,251         3							
Gain on covering of borrowed securities and bonds with resale agreements         91,79         1         7,780         − 1           Gain on valuation of borrowed securities and bonds with resale agreements         11,534         −         357,339         8           Gain on valuation of borrowed securities and bonds with resale agreements         139,137         −         357,839         8           Futures commission revenue (Note 5)         76,279         1         87,248         2           Gain on derivative financial instruments - OTC (Note 4(21))         122,956         2         134,138         3           Gain on derivative financial instruments - OTC (Note 4(21))         122,956         2         134,138         3           Non-operating revenues (Note 5)         160,607         2         134,138         3           Non-operating revenues (Note 5)         281,366         4         161,839         4           Investment income under the equity method (Note 4(5))         281,366         4         161,839         4           Evenues         1         1,000         4,374,696         10         1           Evenues         1         1,000         4,374,696         1         1           Evenues         1         1,000         3         12,251         3<		182,844	3	· · · · · · · · · · · · · · · · · · ·			
Gain on valuation of borrowed securities and bonds with resale agreements         11,534         −         −         −         −         Canabate on stock warrants issued (Note 4(21))         139,137         2         357,839         8         2           Gain on derivative financial instruments (Note 4(21))         −		<del>-</del>	<del>-</del>		2		
Gain on stock warrants issued (Note 4(21))         139,137         2         357,839         8           Futures commission revenue (Note 5)         76,279         1         87,248         2           Gain on derivative financial instruments (Note 4(21))         122,956         2         1-3         -3           Other operating revenues         146,150         2         134,158         3           Non-operating revenues (Note 5)         150,395         2         134,168         3           Investment income under the equity method (Note 4(5))         281,365         4         161,839         4           Expenses         6,599,524         100         4,374,696         10           Expenses         166,067         3         124,251         3           Brokerage fees         166,067         3         124,251         3           Brokerage and clearing fees: proprietary trading         1,081         1         1,145         -1           Clearing and exchange fees: refinancing         583         2         7,85         -1           Clearing and exchange fees: refinancing         583         2         4,381         1           Loss on sale of trading securities         148,50         9         435,44         10			1	7,780	-		
Futures commission revenue (Note 5)         76,279         1         87,248         2           Gain on derivative financial instruments (Note 4(21))         12,2956         2             Other operating revenues         146,150         2         134,138         3           Non-operating revenues (Note 5)         150,395         2         134,166         3           Investment income under the equity method (Note 4(5))         28,135         4         161,839         4           Investment income under the equity method (Note 4(5))         28,135         4         4,374,696         10           Evenses:         8         166,067         3         124,251         3           Brokerage and clearing fees: proprietary trading         10,981         -         11,455         -           Clearing and exchange fees: refinancing         583         -         785         -           Clearing and exchange fees: refinancing         6,698         -         43,318         -           Loss on so on so of trading securities         -         4,696         10           Interest expense (Note 5)         567,300         9         435,944         10           Loss on derivative financial instruments (Note 4(21))         7,292         1,447	-		-	-	-		
Gain on derivative financial instruments · OTC (Note 4(21))         1 22,956         2         -         -           Gain on derivative financial instruments · OTC (Note 4(21))         122,956         2         134,188         3           Other operating revenues (Note 5)         150,305         2         134,166         3           Investment income under the equity method (Note 4(5))         281,305         4         161,839         4           Robert Ser         3         160,607         3         124,251         3           Brokerage fees         160,607         3         124,251         3           Clearing and exchange fees: refinancing         583         -         785         -           Clearing and exchange fees: underwriting         6,608         -         4,381         -           Clearing and exchange fees: underwriting         6,608         -         4,381         -           Loss on sale of trading securities         148,50         2         43,946         1           Loss on valuation of trading securities         148,50         3         3,954         1           Stock warrant issuance expense         14,850         -         3,395         -           Clearing and settlement expenses (Note 5)         1,075							
Gain on derivative financial instruments - OTC (Note 4/21)         122,956         2         134,138         3           Other operating revenues (Note 5)         150,305         2         134,136         3           Investment income under the equity method (Note 4(5))         2813,05         4         161,839         4           Investment income under the equity method (Note 4(5))         2813,05         4         161,839         4           Expenser         8         160,607         3         124,251         3           Brokerage fees         160,607         3         124,251         3           Clearing and exchange fees: refinancing         583         1         785         -2           Clearing and exchange fees: refinancing         6,608         3         785         -2           Clearing and exchange fees: refinancing         6,608         3         785         -2           Loss on salue of trading securities         6,608         3         345,946         10           Interest expense (Note 5)         567,300         9         435,944         10           Loss on admitating securities         148,594         2         1         1           Clearing and extlement expenses (Note 5)         1,07         1         1<		76,279	1	87,248	2		
Other operating revenues (Note 5)         146,150         2         134,138         3           Non-operating revenues (Note 5)         150,395         2         143,166         3           Investment income under the equity method (Note 4(5))         281,365         4         161,839         4           Expenses:         8         5,596,924         100         4,374,696         100           Expenses:         8         166,067         3         124,251         3         3           Brokerage and clearing fees: proprietary trading         10,981         3         124,251         3         3           Clearing and exchange fees: underwriting         6,608         3         43,381         -1         2           Clearing and exchange fees: underwriting         6,608         4         43,81         -1         -1           Loss on saled ortrading securities         6,608         4         43,81         -1         -1           Loss on adei ortrading securities         148,594         2         -1         -1         -1         -1         -1         -1         -1         -1         -1         -1         -1         -1         -1         -1         -1         -1         -1         -1         -1	Gain on derivative financial instruments (Note 4(21))	-	-	-	-		
Non-operating revenues (Note 5)         150,395         2         143,166         3           Investment income under the equity method (Note 4(5))         281,365         4         161,839         4           Expenses:         65,96,924         100         4,374,606         100           Expenses:         3         166,067         3         124,251         3           Brokerage fees         166,067         3         124,251         3           Brokerage and clearing fees: proprietary trading         10,981         2         11,445            Clearing and exchange fees: enderwriting         6,608         3         24,381            Clearing and exchange fees: underwriting         6,608         -         4,381            Clearing and exchange fees: underwriting         6,608         -         4,381            Loss on sale of trading securities         567,360         9         435,944         10           Interest expense (Note 5)         148,594         2         -         -           Stock warrant issuance expense         14,552         -         1,457         -         -           Clearing and settlement expenses (Note 5)         2,704,516         41         2,198,944 <td></td> <td>122,956</td> <td></td> <td>-</td> <td>-</td>		122,956		-	-		
Investment income under the equity method (Note 4(5))         281,365         4         16,839         4           Expenses:         Brokerage fees         166,067         3         124,251         3           Brokerage fees         166,067         3         124,251         3           Brokerage and clearing fees; proprietary trading         10,981         3         124,251         3           Clearing and exchange fees: underwriting         608         3         124,256         1           Clearing and exchange fees: underwriting         608         3         435,944         1           Loss on sale of trading securities         567,360         9         435,944         1           Loss on valuation of trading securities         148,594         2         -         -           Stock warrant issuance expense         148,594         2         -         -           Clearing and settlement expenses (Note 5)         11,755         -         14,475         -           Loss on derivative financial instruments (Note 4(21))         7,292         -         11,523         -           Dorrating expenses (Note 5)         2,704,516         41         1,014         -         -           Other operating expenses (Note 5)         3,678,909	Other operating revenues	146,150		134,138	3		
Expenses:         Income the properties of the prop	Non-operating revenues (Note 5)	150,395	2	143,166	3		
Expenses:         Brokerage fees         166,067         3         124,251         3           Brokerage fees         10,981         -         11,445         -           Clearing and exchange fees: refinancing         583         -         785         -           Clearing and exchange fees: underwriting         6,608         -         4,381         -           Clearing and exchange fees: underwriting         6,608         -         426,966         10           Interest expense (Note 5)         567,360         9         435,944         10           Loss on valuation of trading securities         148,594         2         -         -         10           Loss on valuation of trading securities         148,594         2         3,395         -         -           Clearing and settlement expenses         11,075         -         11,447         -         -           Clearing and settlement expenses (Note 5)         1,075         -         11,523         -         -           Loss on derivative financial instruments (Note 4(21))         7,292         -         11,523         -         -           Operating expenses (Note 5)         2,704,516         41         2,199,894         52         -         -         -	Investment income under the equity method (Note 4(5))	281,365	4	161,839	4		
Brokerage fees         166.067         3         124.251         3           Brokerage and clearing fees: proprietary trading         10,981         -         11,445         -           Clearing and exchange fees: refinancing         583         -         785         -           Clearing and exchange fees: underwriting         6,608         -         4,381         -           Loss on sale of trading securities         -         -         -         426,966         10           Interest expense (Note 5)         567,360         9         435,944         10           Loss on valuation of trading securities         148,594         2         -         -           Stock warrant issuance expense         14,850         -         3,395         -           Clearing and settlement expenses (Note 5)         1,075         -         1,447         -           Loss on derivative financial instruments (Note 4(21))         7,292         -         11,523         -           Loss on derivative financial instruments - OTC (Note 4(21))         -         -         6,548         1           Operating expenses (Note 5)         2,704,516         41         2,199,894         52           Other operating expenses (Note 5)         3,678,090         56		6,596,924	100	4,374,696	100		
Brokerage and clearing fees: proprietary trading         10,981         -         11,445         -           Clearing and exchange fees: refinancing         583         -         785         -           Clearing and exchange fees: underwriting         6,608         -         4,381         -           Loss on sale of trading securities         -         426,966         10           Interest expense (Note 5)         567,360         9         435,944         10           Loss on valuation of trading securities         148,594         2         -         -           Stock warrant issuance expense         11,4850         -         3,395         -           Clearing and settlement expenses (Note 5)         1,075         -         1,447         -           Loss on derivative financial instruments (Note 4(21))         7,292         -         11,523         -           Loss on derivative financial instruments (Note 4(21))         -         -         6,5438         1           Operating expenses (Note 5)         2,704,516         41         2,199,894         52           Other operating expenses (Note 5)         3,678,900         56         3,30,881         76           Continuing operations income before tax         2,918,834         44         1,0	Expenses:						
Clearing and exchange fees: refinancing         583         -         785         -           Clearing and exchange fees: underwriting         6,608         -         4,381         -           Loss on sale of trading securities         -         -         426,966         10           Interest expense (Note 5)         567,360         9         435,944         10           Loss on valuation of trading securities         148,594         2         -         -           Stock warrant issuance expense         14,850         -         3,395         -           Clearing and settlement expenses (Note 5)         1,075         -         1,447         -           Loss on derivative financial instruments (Note 4(21))         7,292         -         11,523         -           Loss on derivative financial instruments - OTC (Note 4(21))         -         -         65,438         1           Operating expenses (Note 5)         2,704,516         41         2,199,844         52           Other operating expenses         45,479         1         11,624         -           Non-operating expenses         4,685         -         6,588         -           Continuing operations income before tax         2,918,834         44         1,071,015         <	Brokerage fees	166,067	3	124,251	3		
Clearing and exchange fees: underwriting         6.608         -         4,381         -           Loss on sale of trading securities         -         -         426,966         10           Interest expense (Note 5)         567,360         9         435,944         10           Loss on valuation of trading securities         148,594         2         -         -           Stock warrant issuance expense         14,850         -         3,395         -           Clearing and settlement expenses (Note 5)         1,075         -         11,447         -           Loss on derivative financial instruments (Note 4(21))         7,292         -         11,523         -           Loss on derivative financial instruments - OTC (Note 4(21))         -         -         65,438         1           Operating expenses (Note 5)         2,704,516         41         219,9894         52           Other operating expenses         4,685         -         6,588         -           Non-operating expenses         4,685         -         6,588         -           Continuing operations income before tax         2,918,834         44         1,071,015         24           Less: Income tax expense (Notes 2 and 4(17))         586,030         9         411,447 <td>Brokerage and clearing fees: proprietary trading</td> <td>10,981</td> <td>-</td> <td>11,445</td> <td>-</td>	Brokerage and clearing fees: proprietary trading	10,981	-	11,445	-		
Loss on sale of trading securities         -         -         426,966         10           Interest expense (Note 5)         567,360         9         435,944         10           Loss on valuation of trading securities         148,594         2         -         -           Stock warrant issuance expense         14,850         -         3,395         -           Clearing and settlement expenses (Note 5)         1,075         -         1,447         -           Loss on derivative financial instruments (Note 4(21))         -         -         65,438         1           Loss on derivative financial instruments - OTC (Note 4(21))         -         -         65,438         1           Operating expenses (Note 5)         2,704,516         41         2,199,894         52           Other operating expenses         45,479         1         11,624         -           Non-operating expenses         4,685         -         6,588         -           Continuing operations income before tax         2,918,834         44         1,071,015         24           Less: Income tax expense (Notes 2 and 4(17))         586,030         9         411,447         9           Continuing operations income after tax         2,332,804         35         659,568	Clearing and exchange fees: refinancing	583	-	785	-		
Interest expense (Note 5)         567,360         9         435,944         10           Loss on valuation of trading securities         148,594         2         -         -           Stock warrant issuance expense         14,850         -         3,395         -           Clearing and settlement expenses (Note 5)         1,075         -         1,447         -           Loss on derivative financial instruments (Note 4(21))         7,292         -         11,523         -           Loss on derivative financial instruments - OTC (Note 4(21))         -         -         65,438         1           Operating expenses (Note 5)         2,704,516         41         2,199,894         52           Other operating expenses         45,479         1         11,624         -           Non-operating expenses         4,685         -         6,588         -           Continuing operations income before tax         2,918,834         44         1,071,015         24           Less: Income tax expense (Notes 2 and 4(17))         586,030         9         411,447         9           Continuing operations' income after tax         2,332,804         35         659,568         15           Net income         200         200         200         2	Clearing and exchange fees: underwriting	6,608	-	4,381	-		
Loss on valuation of trading securities         148,594         2         -         -           Stock warrant issuance expense         14,850         -         3,395         -           Clearing and settlement expenses (Note 5)         1,075         -         1,447         -           Loss on derivative financial instruments (Note 4(21))         7,292         -         11,523         -           Loss on derivative financial instruments - OTC (Note 4(21))         -         65,438         1           Operating expenses (Note 5)         2,704,516         41         2,199,894         52           Other operating expenses         45,479         1         11,624         -           Non-operating expenses         4,685         -         6,588         -           Non-operating expenses         4,685         -         6,588         -           Continuing operations income before tax         2,918,834         44         1,071,015         24           Less: Income tax expense (Notes 2 and 4(17))         586,030         9         411,447         9           Continuing operations' income after tax         2,332,804         35         659,568         15           Net income         2,332,804         35         693,093         16	Loss on sale of trading securities	-	-	426,966	10		
Stock warrant issuance expense         14,850         -         3,395         -           Clearing and settlement expenses (Note 5)         1,075         -         1,447         -           Loss on derivative financial instruments (Note 4(21))         7,292         -         11,523         -           Loss on derivative financial instruments - OTC (Note 4(21))         -         -         65,438         1           Operating expenses (Note 5)         2,704,516         41         2,199,894         52           Other operating expenses         45,479         1         11,624         -           Non-operating expenses         4,685         -         6,588         -           Continuing operations income before tax         2,918,834         44         1,071,015         24           Less: Income tax expense (Notes 2 and 4(17))         586,030         9         411,447         9           Continuing operations' income after tax         2,332,804         35         659,568         15           Net income         \$2,332,804         35         693,093         16           Net income         \$2,332,804         35         693,093         16           Net income         \$2,332,804         35         693,093         16	Interest expense (Note 5)	567,360	9	435,944	10		
Clearing and settlement expenses (Note 5)         1,075         -         1,447         -           Loss on derivative financial instruments (Note 4(21))         7,292         -         11,523         -           Loss on derivative financial instruments - OTC (Note 4(21))         -         -         65,438         1           Operating expenses (Note 5)         2,704,516         41         2,199,894         52           Other operating expenses         45,479         1         11,624         -           Non-operating expenses         4,685         -         6,588         -           Non-operating expenses         3,678,090         56         3,303,681         76           Continuing operations income before tax         2,918,834         44         1,071,015         24           Less: Income tax expense (Notes 2 and 4(17))         586,030         9         411,447         9           Continuing operations' income after tax         2,332,804         35         659,568         15           Net income         \$ 2,332,804         35         693,093         16           Net income         \$ 2,332,804         35         693,093         16           Section of changes in accounting principle         After Tax         Before Tax         Aft	Loss on valuation of trading securities	148,594	2	-	-		
Loss on derivative financial instruments (Note 4(21))         7,292         -         11,523         -           Loss on derivative financial instruments - OTC (Note 4(21))         -         -         65,438         1           Operating expenses (Note 5)         2,704,516         41         2,199,894         52           Other operating expenses         45,479         1         11,624         -           Non-operating expenses         4,685         -         6,588         -           Continuing operations income before tax         2,918,834         44         1,071,015         24           Less: Income tax expense (Notes 2 and 4(17))         586,030         9         411,447         9           Continuing operations' income after tax         2,332,804         35         659,568         15           Cumulative effect of changes in accounting principle         -         -         33,525         1           Net income         \$ 2,332,804         35         693,093         16           Basic earnings per share (Note 4(20))         8 600 mm         After Tax         8 600 mm         600 mm           Continuing operations' income after tax         \$ 1,98         1.58         0.77         0.47           Cumulative effect of changes in accounting principle	Stock warrant issuance expense	14,850	-	3,395	-		
Loss on derivative financial instruments - OTC (Note 4(21))	Clearing and settlement expenses (Note 5)	1,075	-	1,447	-		
Operating expenses (Note 5)         2,704,516         41         2,199,894         52           Other operating expenses         45,479         1         11,624         -           Non-operating expenses         4,685         -         6,588         -           Continuing operations income before tax         2,918,834         44         1,071,015         24           Less: Income tax expense (Notes 2 and 4(17))         586,030         9         411,447         9           Continuing operations' income after tax         2,332,804         35         659,568         15           Cumulative effect of changes in accounting principle         -         -         -         33,525         1           Net income         82,332,804         35         693,093         16           Sasic earnings per share (Note 4(20))         8efore Tax         After Tax         8efore Tax         After Tax           Continuing operations' income after tax         \$ 1.98         1.58         0.77         0.47           Cumulative effect of changes in accounting principle         -         -         0.02         0.02           Net income         1.98         1.58         0.79         0.02	Loss on derivative financial instruments (Note 4(21))	7,292	-	11,523	-		
Other operating expenses         45,479         1         11,624         -           Non-operating expenses         4,685         -         6,588         -           Continuing operations income before tax         2,918,834         44         1,071,015         24           Less: Income tax expense (Notes 2 and 4(17))         586,030         9         411,447         9           Continuing operations' income after tax         2,332,804         35         659,568         15           Cumulative effect of changes in accounting principle         -         -         33,525         1           Net income         Before Tax         After Tax         Before Tax         After Tax           Continuing operations' income after tax         \$ 1.98         1.58         0.77         0.47           Cumulative effect of changes in accounting principle         -         -         -         0.02         0.02           Net income         1.98         1.58         0.79         0.49	Loss on derivative financial instruments - OTC (Note 4(21))	-	-	65,438	1		
Non-operating expenses         4,685         −         6,588         −           Continuing operations income before tax         2,918,834         44         1,071,015         24           Less: Income tax expense (Notes 2 and 4(17))         586,030         9         411,447         9           Continuing operations' income after tax         2,332,804         35         659,568         15           Cumulative effect of changes in accounting principle         −         −         33,525         1           Net income         \$ 2,332,804         35         693,093         16           Basic earnings per share (Note 4(20))         Before Tax         After Tax         Before Tax         After Tax           Continuing operations' income after tax         \$ 1.98         1.58         0.77         0.47           Cumulative effect of changes in accounting principle         −         −         −         0.02         0.02           Net income         1.98         1.58         0.79         0.49         0.49	Operating expenses (Note 5)	2,704,516	41	2,199,894	52		
Continuing operations income before tax         3,678,090         56         3,303,681         76           Continuing operations income before tax         2,918,834         44         1,071,015         24           Less: Income tax expense (Notes 2 and 4(17))         586,030         9         411,447         9           Continuing operations' income after tax         2,332,804         35         659,568         15           Cumulative effect of changes in accounting principle         -         -         33,525         1           Net income         \$ 2,332,804         35         693,093         16           Basic earnings per share (Note 4(20))         Before Tax         After Tax         Before Tax         After Tax           Continuing operations' income after tax         \$ 1.98         1.58         0.77         0.47           Cumulative effect of changes in accounting principle         -         -         -         0.02         0.02           Net income         1.98         1.58         0.79         0.49	Other operating expenses	45,479	1	11,624	-		
Continuing operations income before tax         2,918,834         44         1,071,015         24           Less: Income tax expense (Notes 2 and 4(17))         586,030         9         411,447         9           Continuing operations' income after tax         2,332,804         35         659,568         15           Cumulative effect of changes in accounting principle         -         -         33,525         1           Net income         \$ 2,332,804         35         693,093         16           Basic earnings per share (Note 4(20))         Before Tax         After Tax         Before Tax         After Tax           Continuing operations' income after tax         \$ 1.98         1.58         0.77         0.47           Cumulative effect of changes in accounting principle         -         -         0.02         0.02           Net income         1.98         1.58         0.79         0.49	Non-operating expenses	4,685		6,588	-		
Less: Income tax expense (Notes 2 and 4(17))         586,030         9         411,447         9           Continuing operations' income after tax         2,332,804         35         659,568         15           Cumulative effect of changes in accounting principle         -         -         33,525         1           Net income         \$ 2,332,804         35         693,093         16           Basic earnings per share (Note 4(20))         Before Tax         After Tax         Before Tax         After Tax           Continuing operations' income after tax         \$ 1.98         1.58         0.77         0.47           Cumulative effect of changes in accounting principle         -         -         0.02         0.02           Net income         1.98         1.58         0.79         0.49		3,678,090	56	3,303,681	76		
Continuing operations' income after tax         2,332,804         35         659,568         15           Cumulative effect of changes in accounting principle         -         -         33,525         1           Net income         \$ 2,332,804         35         693,093         16           Basic earnings per share (Note 4(20))         Before Tax         After Tax         Before Tax         After Tax           Continuing operations' income after tax         \$ 1.98         1.58         \$ 0.77         0.47           Cumulative effect of changes in accounting principle         -         -         0.02         0.02           Net income         1.98         1.58         0.79         0.49	Continuing operations income before tax	2,918,834	44	1,071,015	24		
Cumulative effect of changes in accounting principle         −         −         33,525         1           Net income         2007         2008	Less: Income tax expense (Notes 2 and 4(17))	586,030	9	411,447	9		
Net income         \$ 2,332,804         35         \$ 693,093         16           2007         2008         2008         2008         2008         2008         2008         2008         2008         8 efore Tax         After Tax         Before Tax         After Tax         9 colspan="4">2009         0.07         0.04           Cumulative effect of changes in accounting principle              1.58              0.79              0.49                Net income              1.98              1.58              0.79              0.49	Continuing operations' income after tax	2,332,804	35	659,568	15		
Basic earnings per share (Note 4(20))Before TaxAfter TaxBefore TaxAfter TaxBefore TaxAfter TaxContinuing operations' income after tax\$ 1.981.58 $0.77$ 0.47Cumulative effect of changes in accounting principle $0.02$ $0.02$ Net income1.981.58 $0.79$ $0.49$		-	-	33,525	1		
Basic earnings per share (Note 4(20))         Before Tax         After Tax         Before Tax         After Tax           Continuing operations' income after tax         \$ 1.98         1.58         \$ 0.77         0.47           Cumulative effect of changes in accounting principle         -         -         -         0.02         0.02           Net income         1.98         1.58         0.79         0.49	Net income	\$ 2,332,804	35	\$ 693,093	16		
Basic earnings per share (Note 4(20))         Before Tax         After Tax         Before Tax         After Tax           Continuing operations' income after tax         \$ 1.98         1.58         \$ 0.77         0.47           Cumulative effect of changes in accounting principle         -         -         -         0.02         0.02           Net income         1.98         1.58         0.79         0.49							
Continuing operations' income after tax         \$ 1.98         1.58         \$ 0.77         0.47           Cumulative effect of changes in accounting principle         -         -         -         0.02         0.02           Net income         1.98         1.58         0.79         0.49		2007		2006			
Cumulative effect of changes in accounting principle         -         -         0.02         0.02           Net income         1.98         1.58         0.79         0.49	Basic earnings per share (Note 4(20))	Before Tax	After Tax	Before Tax	After Tax		
Net income 1.98 1.58 0.79 0.49	Continuing operations' income after tax	\$ 1.98	1.58	\$ 0.77	0.47		
	Cumulative effect of changes in accounting principle	<u>-</u>		0.02	0.02		
Basic earnings per share-retroactively stated (Note 4(20)) 0.75 0.47	Net income	1.98	1.58	0.79	0.49		
	Basic earnings per share-retroactively stated (Note 4(20))			0.75	0.47		

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

### CAPITAL SECURITIES CORPORATION

### STATEMENTS OF CASH FLOWS

#### Years Ended September 30, 2007 and 2006

(New Taiwan Dollars in Thousands)

	Jan. 1~Sep. 30, 2007 (Unaudited)		Jan.	Jan. 1~Sep. 30, 2006	
			(Unaudited)		
Cash flows from operating activities:					
Net income	\$	2,332,804	\$	693,093	
Changes in assets and liabilities:					
Depreciation expense		121,988		122,292	
Amortization		14,303		72,346	
Loss (gain) on disposal of premises and property, net		25		(356)	
Loss (gain) on valuation of trading securities		148,594		(76,655)	
Excess of investment income under the equity method over cash dividends received		(171,388)		(69,428)	
Provision for (reversal of) securities trading loss		(12,846)		(28,748)	
Decrease (increase) in financial assets at fair value through profit or loss -current		1,845,412		6,565,953	
Decrease (increase) in bonds purchased under resale agreements		(3,118,911)		1,600,233	
Increase in receivable for securities provided as collateral		(8,241,239)		(959,124)	
Decrease in refinancing margin		5,375		27,346	
Decrease in receivables on refinancing collateral		9,830		43,809	
Decrease in notes receivable		(5,170)		(909)	
Increase in accounts receivable		(155,150)		(93,003)	
Increase in prepayment		(6,838)		(41,096)	
Decrease (increase) in other receivables		(7,732)		2,554	
Increase in pledged assets - current		(528,200)		10,600	
Deferred income tax assets and liabilities, net		64,045		(6,064)	
Decrease in other financial assets		-			
Decrease in other current assets		-		50,675	
Increase in other assets		(5,813)		(165)	
Brokerage accounts, net		(804,447)		(241,331)	
Increase in financial liabilities at fair value through profit or loss -current		2,230,910		(137,878)	
Increase (decrease) in bonds sold under repurchase agreements		(1,522,904)		(116,061)	
Decrease in bills sold under repurchase agreements		-		(51,965)	
Decrease in guaranty deposited for securities lent		(355,186)		(73,797)	
Decrease in proceeds payable from securities lent		(527,402)		(344,861)	
Increase (decrease) in notes payable		(3,457)		(178,441)	
Decrease in accounts payable		213,037		(2,774,332)	
Decrease in advance receipts		74,518		(67,981)	
Increase in collections for other parties		270,339		328,803	
Increase in other payables		154,873		272,992	
Increase in other financial liabilities		60,019		(101,474)	
Decrease in guaranty deposits received		-		(120)	
Decrease in accrued pension liabilities - non-current		(1,612)		-	
Decrease in fund for subscriptions of shares for an underwriter				(94,217)	
Net cash provided by (used in) operating activities		(7,922,223)		4,332,690	

# CAPITAL SECURITIES CORPORATION STATEMENTS OF CASH FLOWS (CONT'D)

### Years Ended September 30, 2007 and 2006 (New Taiwan Dollars in Thousands)

	Jan. 1~Sep. 30, 2007	Jan. 1~Sep. 30, 2006
	(Unaudited)	(Unaudited)
Cash flows from investing activities:		
Purchase of available-for-sale financial assets -non-current	-	(7,095)
Purchase of premises and property	(72,122)	(90,325)
Proceeds from sale of premises and property	1,029	2,208
Purchase of deferred debits and intangible assets	(10,058)	(3,131)
Decrease (increase) in guaranty deposited for business operations	(42,924)	335,400
Increase in settlement fund	(10,065)	(3,593)
Decrease (increase) in refundable deposits	(12,243)	37,536
Net cash provided by (used in) investing activities	(146,383)	271,000
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	3,766,000	(1,425,000)
Increase (decrease) in commercial paper payable	4,084,267	(1,497,712)
Increase (decrease) in long-term borrowings	159,658	(1,481,560)
Cash dividend	(280,193)	-
Employee bonuses	(60)	-
Remuneration to directors and supervisors	(41,409)	(15,797)
Net cash provided by (used in) financing activities	7,688,263	(4,420,069)
Decrease in cash and cash equivalents	(380,343)	183,621
Cash and cash equivalents, beginning of the year	1,046,446	1,217,365
Cash and cash equivalents, ended June 30, 2007 and 2006	\$ 666,103	\$ 1,400,986
Supplemental disclosures of cash flows information:		
Cash paid during the year for interest	\$ 552,887	\$ 432,130
Cash paid during the year for income taxes	\$ 504,475	\$ 58,941
Investing and financing activities with no effect on cash flows:		
Cash dividend payable	\$ -	\$ 54,573
Employee bonuses payable	\$ -	\$ 3
Current portion of long-term liabilities	\$ -	\$ 494,822