

**CAPITAL SECURITIES CORPORATION**  
**BALANCE SHEETS**  
**June 30, 2008 and 2007**  
(New Taiwan Dollars in Thousands, Except Share Data)

ASSETS	June 30, 2008		June 30, 2007		LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 2008		June 30, 2007	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current Assets</b>					<b>Current Liabilities</b>				
Cash and cash equivalents (Notes 2 and 4(1))	\$ 1,481,798	2	\$ 915,505	1	Short-term borrowings (Note 4(10))	\$ 2,890,000	5	\$ 4,513,300	6
Financial assets at fair value through profit or loss - current (Notes 2, 4(2), 4(21) and 5)	25,138,832	41	33,981,889	48	Commercial paper payable (Note 4(11))	4,045,740	7	4,821,582	7
Bonds purchased under resale agreements (Notes 2, 4(3) and 6)	2,219,638	4	2,503,302	3	Financial liabilities at fair value through profit or loss - current (Notes 4(12) and 4(21))	706,517	1	2,259,778	3
Receivable for securities provided as collateral (net of allowance for doubtful accounts)	20,092,563	33	22,747,882	32	Bonds sold under repurchase agreements (Notes 4(13) and 5)	22,652,159	37	27,858,801	39
Refinancing margin	33,919	-	1,188	-	Guaranty deposited for securities lent	960,063	2	1,453,366	2
Receivables on refinancing collateral	30,225	-	1,099	-	Proceeds payable from securities lent	1,117,594	2	1,699,084	2
Notes receivable	2,282	-	2,616	-	Notes payable	37,122	-	45,101	-
Accounts receivable (Notes 4(4) and 5)	1,320,277	2	711,229	1	Accounts payable	351,903	-	182,894	-
Prepayments	55,151	-	66,454	-	Advance receipts	13,479	-	24,005	-
Other receivables	103,324	-	93,187	-	Collections for other parties	59,160	-	78,906	-
Pledged assets - current (Note 6)	612,300	1	805,200	1	Other payables (Notes 2 and 4(14))	2,907,967	5	3,150,548	5
	<u>51,090,309</u>	<u>83</u>	<u>61,829,551</u>	<u>86</u>	Deferred income tax liabilities - current (Note 4(17))	103,852	-	11,081	-
					Other financial liabilities - current (Note 4(21))	1,141,243	2	919,083	1
					Other current liabilities	294,823	-	280,193	-
						<u>37,281,622</u>	<u>61</u>	<u>47,297,722</u>	<u>65</u>
<b>Long-Term Investments</b>					<b>Long-Term Liabilities</b>				
Financial assets at fair value through profit or loss -non-current (Notes 2, 4(2), 4(21) and 6)	163,586	-	169,206	-	Long-term borrowings (Note 4(15))	599,883	1	1,867,671	3
Available-for-sale financial assets -non-current (Notes 2 and 4(2))	422,740	1	449,868	1	Other financial liabilities - non-current (Note 4(21))	318,942	1	448,644	1
Held-to-maturity financial assets - non-current (Notes 2, 4(2) and 6)	792,124	1	-	-	Reserve for land appreciation tax	27,698	-	27,698	-
Long-term equity investments accounted for under the equity method (Notes 2 and 4(5))	2,871,336	5	3,207,904	4		<u>946,523</u>	<u>2</u>	<u>2,344,013</u>	<u>4</u>
	<u>4,249,786</u>	<u>7</u>	<u>3,826,978</u>	<u>5</u>	<b>Other Liabilities</b>				
					Reserve for default loss (Note 2)	200,351	-	200,351	-
					Reserve for trading loss (Note 2)	-	-	100,295	-
					Guaranty deposits received (Note 5)	7,660	-	7,652	-
					Accrued pension liabilities (Notes 2 and 4(16))	14,446	-	14,862	-
					Deferred income tax liabilities - non-current (Note 4(17))	106,853	-	142,607	-
					Other liabilities	-	-	-	-
						<u>329,310</u>	<u>-</u>	<u>465,767</u>	<u>-</u>
<b>Premises and Property (Notes 2, 4(6) and 6)</b>					<b>Brokerage accounts, net (Note 4(9))</b>	-	-	284,464	-
Land	2,894,458	5	2,894,458	4	<b>Total Liabilities</b>	<u>38,557,455</u>	<u>63</u>	<u>50,391,966</u>	<u>69</u>
Buildings	1,563,401	3	1,563,124	2	<b>Stockholders' Equity</b>				
Equipments	557,023	1	520,669	1	Common stock, par value \$10 per share				
Prepayment for equipments	2,073	-	13,329	-	2,000,000,000 shares authorized,				
Leasehold improvements	223,764	-	219,893	-	1,474,115,000 shares issued and outstanding (Note 4(18))	14,741,150	24	14,009,670	20
	<u>5,240,719</u>	<u>9</u>	<u>5,211,473</u>	<u>7</u>	Stock dividends to be distributed	1,526,720	2	731,480	1
Less: Accumulated depreciation	(1,121,109)	(2)	(1,078,417)	(1)	Capital surplus				
	<u>4,119,610</u>	<u>7</u>	<u>4,133,056</u>	<u>6</u>	Premium from stock issuance	2,598	-	2,598	-
					Treasury stock transactions (Note 4(19))	62,040	-	62,040	-
					Long-term investments	1,491	-	1,491	-
					Paid-in capital from merger (Note 1)	778,921	1	778,921	1
					Retained earnings				
					Legal reserve	1,823,985	3	1,573,381	2
					Special reserve (Note 2)	3,647,970	6	3,146,762	5
					Unappropriated earnings (Notes 4(17) and 4(18))	695,602	1	1,663,429	2
					Cumulative translation adjustments (Note 2)	(12,147)	-	118,509	-
					<b>Total Stockholders' Equity</b>	<u>23,268,330</u>	<u>37</u>	<u>22,088,281</u>	<u>31</u>
					<b>Significant commitments and contingencies</b>				
<b>Brokerage accounts, net (Note 4(9))</b>	521,364	1	-	-	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 61,825,785</u>	<u>100</u>	<u>\$ 72,480,247</u>	<u>100</u>
<b>TOTAL ASSETS</b>	<u>\$ 61,825,785</u>	<u>100</u>	<u>\$ 72,480,247</u>	<u>100</u>					

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