CAPITAL SECURITIES CORPORATION

SEPARATE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

AND

INDEPENDENT ACCOUNTANTS' AUDIT REPORT

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CAPITAL SECURITIES CORPORATION

FINANCIAL REPORT

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Independent Accountants' Audit Report

The Board of Directors
Capital Securities Corporation

We have audited the accompanying balance sheets of Capital Securities Corporation as of December 31, 2015 and 2014 and the related statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2015 and 2014. The financial report is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial report based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification 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 report referred to above present fairly, in all material respects, the financial position of Capital Securities Corporation as of December 31, 2015 and 2014, and the results of its financial performance and its cash flows for the years ended in conformity with Regulations Governing the Preparation of Financial Reports by Securities Firms.

KPMG
Taipei, Taiwan, R.O.C.
March 28, 2016

Notice to Readers

The accompanying financial report is intended only to present the financial position, financial performance, and cash flows in accordance with IFRSs endorsed by the FSC and not those of any other jurisdictions. The standards, procedures, and practices to audit such financial report are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial report 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 report, the Chinese version shall prevail.

CAPITAL SECURITIES CORPORATION
Balance Sheets
December 31, 2015 and 2014
(New Taiwan Dollars in Thousands)

	December 31, 2015		December 31, 2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
Current Assets				
Cash and cash equivalents (Note 6(1))	$ 1,968,456	3	1,196,603	2
Financial assets at fair value through profit or loss - current (Notes 6(2) and 8)	25,608,050	34	24,074,134	35
Financial assets available for sale - current (Note 6(2))	7,835,455	11	-	-
Receivable for securities provided as collateral	14,297,162	19	19,378,280	27
Refinancing margin	9,084	-	15,527	-
Receivable on refinancing collateral	7,550	-	24,434	-
Collateral for securities borrowed	1,074,130	1	649,413	1
Security borrowing margin	1,383,304	2	593,827	1
Notes receivable	7,955	-	4,024	-
Accounts receivable (Note 6(3))	4,615,233	6	6,287,042	9
Prepayments	16,979	-	21,823	-
Other receivables	10,825	-	56,181	-
Current income tax assets	59,512	-	35,560	-
Other current assets	1,700,941	2	530,380	1
	58,594,636	78	52,867,228	76
Non-current Assets				
Financial assets at fair value through profit or loss - non-current (Notes 6(2) and 8)	190,554	-	189,262	-
Financial assets measured at cost - non-current (Note 6(2))	380,603	-	389,353	1
Investments for under equity method (Note 6(4))	3,796,871	5	3,588,515	5
Property and equipment(Notes 6(5) and 8)	4,535,525	6	4,770,367	7
Investment property (Notes 6(6) and 8)	2,270,768	3	2,172,137	3
Intangible assets (Note 6(7))	3,550,988	5	3,552,023	5
Deferred income tax assets (Note 6(17))	484,791	1	581,309	1
Other non-current assets	1,386,583	2	1,601,102	2
	16,596,683	22	16,844,068	24
TOTAL ASSETS	**$ 75,191,319**	**100**	**69,711,296**	**100**

	December 31, 2015		December 31, 2014	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
Current Liabilities				
Short-term borrowings (Note 6(8))	$ 1,579,717	2	2,657,000	4
Commercial paper payable (Note 6(9))	-	-	1,749,717	3
Financial liabilities at fair value through profit or loss - current (Note 6(10))	2,314,275	3	2,133,183	3
Bonds sold under repurchase agreements (Note 6(11))	24,014,573	32	14,725,686	21
Guarantee deposited for short sales	2,025,011	3	2,231,990	3
Proceeds payable from short sales	2,242,680	3	2,593,973	4
Securities lending refundable deposits	1,622,937	2	2,254,764	3
Customer equity of separate account ledger in settlement account (Note 6(12))	4,104	-	-	-
Notes payable	846	-	1,146	-
Accounts payable (Note 6(13))	3,636,218	5	5,382,632	8
Advance receipts	17,279	-	17,526	-
Receipts under custody	1,344,056	2	123,215	-
Other payables	607,492	1	700,167	1
Other financial liabilities - current (Note 6(22))	3,834,575	5	2,140,965	3
Current income tax liabilities	116,967	-	167,818	-
Provisions - current (Note 6(16))	42,929	-	42,792	-
Long-term liabilities - current portion (Note 6(14))	-	-	500,000	1
Other current liabilities	3	-	2	-
	43,403,662	58	37,422,576	54
Non-current Liabilities				
Other financial liabilities - non-current (Note 6(22))	241,991	-	112,565	-
Deferred income tax liabilities (Note 6(17))	687,483	1	540,340	1
Other non-current liabilities	567,583	1	537,335	1
	1,497,057	2	1,190,240	2
Total Liabilities	44,900,719	60	38,612,816	56
Equity				
Common stock (Note 6(18))	23,190,730	31	23,690,730	33
Capital surplus				
Premium from stock issuance	1,899,259	3	1,940,208	3
Treasury stock transactions	191,489	-	107,031	-
Paid-in capital from merger	644,342	1	658,234	1
Difference between consideration and carrying amount of subsidiaries acquired and disposed	1,430	-	-	-
Changes in ownership interests in subsidiaries	6,287	-	6,287	-
Retained earnings				
Legal reserve	955,667	1	753,136	1
Special reserve	2,154,422	3	1,756,283	3
Unappropriated earnings (Note 6(17))	1,586,994	2	2,089,222	3
Exchange differences on translation of foreign operations	135,985	-	76,558	-
Unrealized gains (losses) on financial assets available for sale	(6,850)	-	20,791	-
Treasury stocks (Note 6(18))	(469,155)	(1)	-	-
Total Equity	30,290,600	40	31,098,480	44
TOTAL LIABILITIES AND EQUITY	**$ 75,191,319**	**100**	**69,711,296**	**100**

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

CAPITAL SECURITIES CORPORATION

STATEMENT OF COMPREHENSIVE INCOME

Years Ended December 31, 2015 and 2014

(New Taiwan Dollars in Thousands, Except Earnings Per Share Data)

	2015		2014	
	Amount	**%**	**Amount**	**%**
Income:				
Brokerage commissions (Note 6(20))	$ 2,151,679	43	2,623,586	46
Revenues from securities business money lending	119	-	75	-
Revenue from securities lendings	38,789	1	46,224	1
Underwriting commissions (Note 6(20))	167,696	3	169,368	3
Commissions on wealth management business	63,025	1	45,947	1
Net gains on sale of trading securities (Note 6(20))	44,569	1	559,012	10
Securities management, distribution, and management fees	140,302	3	138,790	2
Interest revenue (Note 6(20))	1,373,471	27	1,386,150	24
Dividend revenue	146,637	3	252,244	4
Net losses on measurement of trading securities at fair value through profit or loss (Note 6(20))	(218,690)	(4)	(48,522)	(1)
Net losses on covering of borrowed securities and bonds with resale agreements	(46,174)	(1)	(73,360)	(1)
Net gains on measurement of borrowed securities and bonds with resale agreements	79,336	1	640	-
Net gains on stock warrants issued (Notes 6(20) and 6(22))	842,234	17	620,898	11
Futures commission revenues	146,813	3	120,735	2
Net gains (losses) on derivative instruments - futures (Note 6(22))	80,915	2	(117,058)	(2)
Net losses on derivative instruments - OTC (Note 6(22))	(54,270)	(1)	(45,491)	(1)
Other operating revenues	47,077	1	39,239	1
	5,003,528	100	5,718,477	100
Expenses:				
Brokerage fees	135,717	3	160,247	3
Brokerage and clearing fees - proprietary trading	12,206	-	13,063	-
Clearing and exchange fees - refinancing	3,116	-	1,977	-
Clearing and exchange fees - underwriting	2,866	-	3,954	-
Financial costs	193,683	4	159,610	3
Securities commission expenses - introducing brokers	3,610	-	3,033	-
Other operating expenditure	8,726	-	13,287	-
Employee benefits expenses (Note 6(20))	2,017,271	40	2,204,432	39
Depreciation and amortization expenses (Note 6(20))	187,976	4	186,522	3
Other operating expenses (Note 6(20))	1,259,234	25	1,258,604	22
	3,824,405	76	4,004,729	70
Other income and expenses：				
Share of profits of associates and joint venture (Note 6(4))	314,198	6	261,631	4
Other gains and losses (Note 6(20))	291,025	6	289,924	5
	605,223	12	551,555	9
Net income before income tax	1,784,346	36	2,265,303	39
Income tax expense (Note 6(17))	(235,019)	(5)	(239,998)	(4)
Net income for the year	1,549,327	31	2,025,305	35
Other comprehensive income：				
Items that will not be reclassified to profit or loss				
Remeasurment on defined benefit plan	(28,828)	(1)	(18,051)	-
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method	(613)	-	(314)	-
Income tax related to the components of other comprehensive income	-	-	-	-
Total items that will not be reclassified subsequently to profit or loss	(29,441)	(1)	(18,365)	-
Items that may be reclassified to profit or loss in subsequent periods				
Exchange differences on translating financial statements of foreign operations	63,567	1	106,622	2
Unrealized losses on financial assets available for sale , net	(22,775)	-	-	-
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method	3,026	-	17,328	-
Income tax related to the components of other comprehensive income	(12,032)	-	(19,679)	-
Other comprehensive income for the year, net of income tax	31,786	1	104,271	2
Total items that will be reclassified to profit or loss in subsequent periods	2,345	-	85,906	2
Total comprehensive income for the year	$ 1,551,672	31	**2,111,211**	**37**
Basic earnings per share (Note 6(19))	**$**	**0.66**	**$**	**0.85**
Dilutive earnings per share (Note 6(19))	**$**	**0.66**	**$**	**0.85**

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

CAPITAL SECURITIES CORPORATION
STATEMENT OF CHANGES IN EQUITY
Years Ended December 31, 2015 and 2014
(New Taiwan Dollars in Thousands)

			Retained earnings			Equity - other items			
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets available for sale	Treasury stocks	Total
Beginning balance, January 1, 2014	$ 23,690,730	2,705,473	605,958	1,628,318	1,423,960	(19,525)	12,603	-	30,047,517
Netincome for the year ended December 31, 2014	-	-	-	-	2,025,305	-	-	-	2,025,305
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	(18,365)	96,083	8,188	-	85,906
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	2,006,940	96,083	8,188	-	2,111,211
Appropriation of earnings (Note) :									
Legal reserve	-	-	147,178	-	(147,178)	-	-	-	-
Special reserve	-	-	-	294,357	(294,357)	-	-	-	-
Cash dividends	-	-	-	-	(1,066,083)	-	-	-	(1,066,083)
Reversal of special reserve for deduction of stockholders' equity	-	-	-	(166,392)	166,392	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(452)	-	-	-	(452)
Change in the ownership interest of subsidiaries	-	6,287	-	-	-	-	-	-	6,287
Ending balance, December 31, 2014	23,690,730	2,711,760	753,136	1,756,283	2,089,222	76,558	20,791	-	31,098,480
Netincome for the year ended December 31, 2015	-	-	-	-	1,549,327	-	-	-	1,549,327
Other comprehensive income for the year ended December 31, 2015	-	-	-	-	(29,441)	59,427	(27,641)	-	2,345
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	1,519,886	59,427	(27,641)	-	1,551,672
Appropriation of earnings :									
Legal reserve	-	-	202,531	-	(202,531)	-	-	-	-
Special reserve	-	-	-	405,061	(405,061)	-	-	-	-
Cash dividends	-	-	-	-	(1,421,444)	-	-	-	(1,421,444)
Reversal of special reserve for deduction of stockholders' equity	-	-	-	(6,922)	6,922	-	-	-	-
Purchase of treasury stocks	-	-	-	-	-	-	-	(939,569)	(939,569)
Retirement of treasury stocks	(500,000)	29,586	-	-	-	-	-	470,414	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	1,461	-	-	-	-	-	-	1,461
Ending balance, December 31, 2015	**$ 23,190,730**	**2,742,807**	**955,667**	**2,154,422**	**1,586,994**	**135,985**	**(6,850)**	**(469,155)**	**30,290,600**

Note：The remuneration to directors and supervisors and the employee bonuses were $25,436 and $14,377 which were deducted from the statement of comprehensive income, respectively.

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

CAPITAL SECURITIES CORPORATION
STATEMENT OF CASH FLOWS
Years Ended December 31, 2015 and 2014
(New Taiwan Dollars in Thousands)

	2015	2014
Cash flows from operating activities:		
Net income before tax	1,784,346	2,265,303
Adjustments for:		
Income and expenses items with no effect on cash flows:		
Depreciation expense	153,519	154,648
Amortization expense	34,457	31,874
Net losses on financial assets at fair value through profit or loss	218,690	48,522
Interest expense	193,683	159,610
Gains (losses) on non-operating financial instruments at fair value through profit or loss	267	(5,123)
Interest revenue (including financial income)	(1,375,641)	(1,388,769)
Dividend revenue	(167,239)	(273,822)
Cash dividend received from investments under equity method	175,869	163,371
Share of profits of associates and joint ventures	(314,198)	(261,631)
Gains on disposal and retirement of property and equipment	(58,484)	(3,169)
Losses on disposal and retirement of intangible assets	86	-
Net changes of income and expense items with no effect on cash flows	(1,138,991)	(1,374,489)
Changes in assets and liabilities from operating activities:		
Net changes in assets from operating activities:		
Increase in financial assets at fair value through profit or loss - current	(1,754,165)	(4,578,711)
Increase in financial assets available for sale - current	(7,858,230)	-
Decrease in bonds purchased under resale agreements	-	558,394
Decrease (increase) in receivable for securities provided as collateral	5,081,118	(1,630,344)
Decrease in refinancing margin	6,443	174,587
Decrease in receivable on refinancing collateral	16,884	133,718
Increase in collateral for securities borrowed	(424,717)	(279,583)
Decrease (increase) in security borrowing margin	(789,477)	694,406
Decrease (increase) in notes receivable	(3,931)	4,532
Decrease in accounts receivable	1,636,216	1,491,727
Decrease in prepayments	4,844	6,243
Decrease (increase) in other receivables	45,356	(28,137)
Increase in current tax assets	(23,952)	(13,471)
Decrease (increase) in other current assets	(1,170,561)	524,333
Decrease in guarantee deposited for business operations	274,128	28,470
Increase in settlement fund	(1,437)	(5,360)
Increase in other non-current assets	(65,504)	(2,435)
Total net changes in assets from operating activities:	(5,026,985)	(2,921,631)
Net changes in liabilities from operating activities:		
Increase in current financial liabilities at fair value through profit or loss - current	181,092	790,072
Increase in bonds sold under repurchase agreements	9,288,887	1,610,427
Decrease in guaranty deposited for short sales	(206,979)	(134,757)
Decrease in proceeds payable from short sales	(351,293)	(414,943)
Increase (decrease) in securities lending refundable deposits	(631,827)	474,847
Increase in customer equity of separate account ledger in settlement account	4,104	-
Increase (decrease) in notes payable	(300)	288
Decrease in accounts payable	(1,746,414)	(1,870,555)
Decrease in advance receipts	(247)	(130,761)
Increase (decrease) in receipts under custody	1,220,841	(437,425)
Increase (decrease) in other payables	(98,823)	19,897
Increase in other financial liabilities	1,823,036	565,012
Increase in other current liabilities	1	2
Increase (decrease) in provision - current	137	(29)
Increase in other non-current liabilities	1,420	1,782
Total net changes in liabilities from operating activities	9,483,635	473,857
Total net changes in assets and liabilities from operating activities	4,456,650	(2,447,774)
Total Cash generated from adjuestment items	3,317,659	(3,822,263)

CAPITAL SECURITIES CORPORATION

STATEMENT OF CASH FLOWS (CONT'D)

Years Ended December 31, 2015 and 2014

(New Taiwan Dollars in Thousands)

	2015	2014
Cash generated by operations activities	$ 5,102,005	(1,556,960)
Interest received	1,411,918	1,317,215
Dividends received	166,554	273,707
Interest paid	(187,535)	(214,521)
Income tax paid	(54,241)	(43,504)
Net cash provided by (used in) operating activities	6,438,701	(224,063)
Cash flows from investing activities:		
Proceeds from disposal of financial assets measured at cost	-	23,395
Proceeds from capital reduction of financial assets measured at cost	8,750	223,791
Acquisition of investments under equity method	-	(236,566)
Increase of deferred debits	(3,175)	(2,832)
Acquisitions of property and equipment	(176,568)	(85,489)
Proceeds from disposal of property and equipment	225,514	5,499
Acquisitions of intangible assets	(30,510)	(35,563)
Acquisition of investment properties	(260)	-
Net cash provided by (used in) investing activities	23,751	(107,765)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowing	(1,077,283)	638,000
Increase (decrease) in long-term liabilities - current portion	(500,000)	500,000
Decrease in commercial paper payable	(1,749,717)	(549,865)
Cash dividends	(1,421,444)	(1,066,083)
Acquisition of treasury stocks	(939,569)	-
Net cash used in financing activities	(5,688,013)	(477,948)
Effect of exchange rate changes on cash and cash equivalents	(2,586)	-
Increase (decrease) in cash and cash equivalents	771,853	(809,776)
Cash and cash equivalents, beginning of the year	1,196,603	2,006,379
Cash and cash equivalents, end of the year	**$ 1,968,456**	**1,196,603**

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

(ENGLISH TRANSLATION)
CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL REPORT
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS UNLESS OTHERWISE STATED)

1. OVERVIEW

Capital Securities Corporation (the "Company") was registered under the Ministry of Economic Affairs, R.O.C. on June 21, 1988, The address of the Company's registered office is 4 Fl. No. 101, Sung-Jen Road, Taipei, Taiwan, R.O.C. As of December 31, 2015, the Company has 63 branches nationwide.

The Company is authorized to conduct the following businesses:

(1) Underwriting of marketable securities;

(2) Trading of marketable securities on a proprietary basis on stock exchange;

(3) Brokerage of marketable securities on stock exchange;

(4) Trading of marketable securities at the Company's branches;

(5) Brokerage of marketable securities at the Company's branches;

(6) Margin loan, short sale and refinancing;

(7) Securities registration agency services;

(8) Dealership of foreign marketable securities;

(9) Short-term bills service;

(10) Accessory services of futures trading;

(11) Futures trading on a proprietary basis;

(12) Securities business money lending;

(13) Managing the unexpended balance of clients' securities accounts within their authorization;

(14) Trust business;

(15) Offshore securities business; and;

(16) Other relevant services as approved by the authority in charge.

2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL REPORT

The financial report was authorized for issuance by the board of directors on March 28, 2016.

3. NEW STANDARDS AND INTERPRETATIONS

(1) The impact of the adoption of the new standards, amendments and interpretations to International Financial Reporting Standard ("IFRS") endorsed by the Financial Supervisory Commission ("FSC").

The Company adopted the 2013 version of IFRSs (IFRS 9 Financial instruments is excluded) endorsed by the FSC from 2015 in preparing financial statements. The new standards and amendments issued by the International Accounting Standards Board ("IASB") were as follows:

Newly issued, Revised accounting standards and Interpretations	Effective date per IASB
・Amendments to IFRS 1 Limited Exemption from Comparative IFRS7 Disclosures for First - time Adopters	July 1, 2010
・Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First - time Adopters	July 1, 2011
・Amendments to IFRS 1 Government Loans	January 1, 2013
・Amendments to IFRS 7 Disclosure - Transfers of Financial Assets	July 1, 2011
・Amendments to IFRS 7 Disclosure - Offsetting Financial Assets and Financial Liabilities	January 1, 2013
・IFRS 10 Consolidated Financial Statements	January 1, 2013 (Investment Entities amendments, effective January 1, 2014)
・IFRS 11 Joint Arrangements	January 1, 2013
・IFRS 12 Disclosure of Interests in Other Entities	January 1, 2013
・IFRS 13 Fair Value Measurement	January 1, 2013
・Amendments to IAS 1 Presentation of Items of Other Comprehensive Income	July 1, 2012
・Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets	January 1, 2012
・Revision to IAS 19 Employee Benefits	January 1, 2013
・Revision to IAS 27 Separate Financial Statements	January 1, 2013
・Amendments to IAS 32 Offsetting of Financial Assets and Financial Liabilities	January 1, 2014
・Interpretations to IFRS 20 Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

Except for the following items, the Company believes that the adoption of aforementioned 2013 IFRSs version may not have a significant effect on the Company's financial statements.

A. Amendments to IAS 19, "Employee Benefits"

The amendments to IAS 19 require the Company to calculate a "net interest" amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on planned assets used in current IAS19. In addition, the amendments eliminate the accounting treatment of either corridor approach or the immediate recognition of actuarial gains and losses to profit or loss when it incurs, and instead, required to recognize all actuarial gains and losses immediately through other comprehensive income. The past service cost, on the other hand, will be expensed immediately when it incurs and no longer be amortized over the average period before vested on a straight-line basis. A liability and expense for termination benefits is recognized not only when the Company is demonstrably committed to terminating the employment of employees, but also at the earlier of the following dates when the Company can no longer withdraw the offer or when the Company recognizes costs for a restructuring. The Company is not expecting the standard to have significant impact on the financial position and the results of operations. Moreover, the amendments also require a broader disclosure for defined benefit plans.

The Company has changed the accounting policy related to the measure and expression of net defined benefit assets, pension cost and actuarial gains or losses.

B. Amendments to IAS 1, "Presentation of Items of Other Comprehensive Income"

According to the amendments to IAS 1, the items of other comprehensive income will be grouped into two categories: (1) items that will not be reclassified subsequently to profit or loss; and (2) items that will be reclassified subsequently to profit or loss when specific conditions are met. In addition, income tax on items of other comprehensive income is also required to be allocated on the same basis. The Company has modified the presentation of statement of comprehensive income statement in accordance with the amendment.

C. IFRS 12, "Disclosure of Interests in Other Entities"

The Company will increase disclosures on the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Company will increase disclosures on the consolidated and unconsolidated entities in accordance with the standard.

D. IFRS 13, "Fair Value Measurement"

The Standard defines fair values, establishes a framework for measuring fair value and requires disclosures about fair value measurement. Under this standard, the Company has increased its disclosures on the measurement of fair value and postponed the adoption of the standard regarding fair value measurement during the transition period of IFRS 13. Comparative information need not be disclosed for periods before initial application. Despite the postponing of the adoption of the standard, there is no significant impact on the fair value measurement of the Company's assets and liabilities.

(2) The standards and interpretations new issued but not yet endorsed by the FSC

A summary of the new standards, amendments and interpretations issued by the IASB, but not yet endorsed by the FSC:

Newly issued, Revised accounting standards and interpretations	Effective date per IASB
· IFRS 9 Financial Instruments	January 1, 2018
· Amendment to IFRS 10 and IAS 28 "Sales or Contributions of Assets between an Investor and its Associate or Joint Venture"	Undecided
· Amendment to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
· Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
· IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
· IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
· IFRS 16 "Leases"	January 1, 2019
· Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
· Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
· Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
· Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
· Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plant"	January 1, 2016
· Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
· Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
· Amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
· Amendment to IAS 39 " Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
· Annual Improvements to IFRSs 2010–2012 and 2011–2013 Cycle	July 1, 2014
· Annual Improvements to IFRSs 2012–2014 Cycle	January 1, 2016
· Interpretations to IFRS 21 "Levies"	January 1, 2014

The Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the above standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies presented in the financial report are summarized as follows. The significant accounting policies have been applied consistently to all periods presented in the financial report.

(1) Statement of compliance

The separate financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms.

(2) Basis of preparation

A. Basis of measurement

The financial report has been prepared on a historical cost basis except for the following material items of balance sheet:

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

b. Available-for-sale financial assets that are measured at fair value; and

c. The defined benefit asset is recognized as plan assets, plus unrecognized actuarial loss, less unrecognized actuarial gain and the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial report is presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(3) Foreign currency

A. 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 re-translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for available-for-sale equity investment which are recognized in other comprehensive income arising on the retranslation.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(4) Classification of current and non-current assets and liabilities

An entity shall classify an asset as current when:

A. Assets arising from operating activities that are expected to be realized, or are intend to be sold or consumed within the normal operating cycle;

B. Assets held primarily for the purpose of trading;

C. Assets that are expected to be realized within twelve months from the balance sheet date;

D. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when:

A. Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;

B. Liabilities arising primarily for the purpose of trading;

C. Liabilities that are to be settled within twelve months from the balance sheet date;

D. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

An entity shall classify all other liability as non-current.

(5) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and check deposits.

Cash equivalent comprises of time deposit with maturity within 1 year, excess future margin, commercial paper and short-term, highly liquid investments. For an investment to qualify as a cash equivalents it must readily convertible to a known amount of cash and be subjected to an insignificant risk of changes in value.

(6) Financial instruments

Financial assets and financial liabilities are initially recognized when the company becomes a party to the contractual provisions of the instruments.

A. Financial assets

The company classifies financial assets into the following categories: financial assets measured at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, and financial assets available for sale.

a. Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of disposal or repurchasing in the short term. This type of financial asset is measured at fair value at the time of initial recognition, and transaction costs are recognized in profit or loss as incurred. Financial assets measured at fair value through profit or loss is measured at fair value, and changes therein are recognized in profit or loss. A regular way of purchase or disposal of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.
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 measured at cost.

b. Financial assets available for sale

Financial assets available for sale 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. Financial assets available for sale are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, and dividend income, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. A regular transaction on purchase or disposal of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

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 cost less impairment losses, and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

c. Held-to-maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. A regular transaction on purchase or disposal of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

d. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise accounts receivable and other receivables. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses other than insignificant interest on short-term receivables. A regular transaction on purchase or disposal of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

e. Impairment of financial assets

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.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the company on terms that the company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by Companying together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount 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.

An impairment loss in respect of a financial asset is deducted from the carrying amount, except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

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

Impairment loss recognized on an available-for-sale equity security is 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 security 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.

f. 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 carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity- unrealized gain or loss on available-for-sale financial assets 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 carrying amount 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.

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

a. Financial liabilities measured at fair value through profit or loss

A financial liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. This type of financial liability is measured at fair value at the time of initial recognition, and transaction costs are recognized in profit or loss as incurred. Financial liabilities measured at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss.

b. Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as measured at fair value through profit or loss, which comprise accounts payable and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

c. Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or expires. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

d. Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

C. Derivative financial instruments

Derivatives are recognized initially at fair value and transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss

a. Interest rate swaps

Since there is no physical transfer of principal, only memo entries of notional principals are made of interest rate swaps. For non-trading swaps, differences in interest are included in current earnings. Trading swaps are recognized on the balance sheet in their fair value. Realized and unrealized changes in their fair value are included in current earnings at the time of occurrence.

b. Convertible bond asset- backed swaps

Convertible bonds acquired through underwriting or proprietary trading are the underlying assets of asset-backed swaps. The contract amount for the counter-parties receiving the convertible bond is the notional principal. The Company swaps a predetermined interest rate with the interest payable and interest expense arising from the convertible bond with counter-parties. The Company also receives the right to call the convertible bond prior to the expiration of the contract.

The rights to call the convertible bond can be sold to third parties and counter-parties, are reflected under asset-backed options.

c. Structured products

The portfolio of structured products contract is fixed income products and financial derivatives instruments, including main-contract of non-derivatives and embedded derivatives, those shall be recognized separately. The principal value of structured products is the present value of fixed income products, measured at amortized cost, and recognized imputed interest with effective interest rate over the duration of contracts. Embedded derivatives are measured at fair value, and the changes in fair value are recognized through profit or loss.

On the settlement date with physical delivery, the fair value of the acquired securities are stated at cost; the fair value and the cost of the delivered securities are recognized as revenue on sale of securities and cost on sale of securities, respectively.

When hedging positions are securities held for trading (including stocks, bonds and warrants) or options contracts, the accounting policy is referred to stock warrants hedging transactions; when hedging positions are futures contracts, the accounting policy is referred to futures hedging transactions.

d. Interest options

On the contract date, the premium received from the counterparty is recognized and gain or loss on interest options is valued using the fair value method.

e. Bond options

Over the duration of contracts, the notional principal can be executed is recorded as memo entry. Option contracts are valued at fair market value on the balance sheet date and current gain or loss is recorded. If the options are exercised and underlying bonds are been acquired or delivered, bond selling revenue or purchase costs are recorded at their fair market value. The exercise prices calculated in accordance with interest rate are recorded as receivables or payables.

f. Equity options

The buyer and seller of equity options recognized equity derivatives assets and liabilities at trading date according to fair value. Equity options are valued at fair value and the difference between book value and fair value are recognized through profit or loss over the duration of contracts.

On the settlement date with physical delivery, the fair value of the acquired securities are stated at cost; the fair value and the cost of the delivered securities are recognized as revenue on sale of securities and cost on sale of securities, respectively.

When hedging positions are stocks, the accounting policy is referred to stock warrants hedging transactions; when hedging positions are stock index options or stock options, the accounting policy is referred to those hedging transactions.

g. Forward rate agreement

As there is no principal is transferred, forward rate agreement is only recorded as memo entry on the contract date. Forward rate agreement contract is valued at fair value and recognized the gain or loss on forward rate agreement.

h. Futures contracts and options

Margins are required when trading futures or options. Changes in the margin balance of futures and options due to daily valuation are reflected under "futures margin-proprietary trading" and "call options" or "put options." When offsetting a futures or options position, the settlement difference is included in current earnings, and the difference between the settlement prices and average prices of open positions at the balance sheet date is also included in current earnings.

i. Warrants

Issuance of stock warrants by a securities firm should be recognized as a liability according to amounts actually received, and amounts paid in the repurchase of stock warrants previously issued should be listed as a deduction from liabilities.

(7) Margin loan, short sale and refinancing

Margin loan represents loans extended to customers and is accounted for as receivables for securities provided as collateral. Such loans are secured by the securities purchased by customers. These securities are recorded through memo entries and are returned when the loans are repaid.

Short sale represents securities lent to customers and the deposits received from customers on securities lent out are accounted to guarantee deposited for securities lent. The proceeds from sales of securities lent to customers, net of securities transaction tax, commission and financing charges, is retained by the Company and are recorded under the proceeds payable from securities lent. These securities lent to customers for short sales are recorded through memo entries. The deposits received and the proceeds from short sale will be returned to customers while the securities are returned and paid off.

Refinancing margin loan means that the Company operates margin loan business, if capital is insufficient, the Company can refinance from securities finance companies, recorded as borrowed funds refinanced, and securities from margin loan are regarded pledged.

Refinancing short sale means the Company operates short sale business, if securities are insufficient, the Company can borrow securities from securities finance companies. For securities refinancing, the Company pays margin deposits to securities finance companies and these margin deposits are recorded as refinancing margin. The proceeds from the short sale of securities borrowed from securities finance companies is retained by the securities finance companies as collateral which are recorded as proceeds payable from securities lent and receivable on refinancing collateral, respectively.

(8) Bonds with resell and repurchase agreements

When bonds are repurchased, they are reflected under "bonds sold under repurchase agreements" at the settlement date. The difference between the selling price and repurchase price is recognized as interest expense. When bonds are resold, they are reflected under "bonds purchased under resell agreements" at the settlement date. The difference between the selling price and repurchase price is recognized as interest revenue.

When bonds purchased under resell agreements are resold, the amounts are recognized under "bonds purchased under resell agreements-short sales". Unrealized gain or loss arising from the valuation at the balance sheet date is recognized under "gain or loss on valuation of borrowed securities and bonds with resell agreements". Gain or loss arising from covering at maturity is recognized under "gain or loss on covering of borrowed securities and bonds with resell agreements".

(9) Securities borrowing transactions

Engage in securities lending transactions, the amount of the sale of securities borrowing recognized liability, and to distinguish hedging and non-hedging purposes, in accordance with stocks and bonds. The amount paid to redeem shares or bonds borrowed, as a deduction of the subjects, the collateral paid in cash recorded as security borrowing margin, short sales delivered for securities market financing recorded as security borrowing collateral price.

(10) Investments in subsidiaries

When preparing parent-company-only financial statement, the Company uses Equity Method in evaluating the control of an investee. Under Equity Method, the net income or loss for the period of individual financial statement and other comprehensive income of parent-company-only financial statement are the same as net income or loss for the period attributed to owners of parents of consolidated statement and other comprehensive income attributed to owners of parents of consolidated statement, respectively. The equity of the individual financial statement is the same as the equity attributable to the owners of 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.

(11) Property and equipment

A. Recognition and measurement

Items of property 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.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from disposal property and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other income and expenses.

B. Reclassification to investment property

The property is reclassified to investment property at its carrying amount 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 future economic benefits associated with the expenditure will flow to the company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

D. Depreciation

The depreciable amount of an asset is determined after deducting its residual values, and it shall be allocated on a systematic basis over its useful life. Items of property and equipment with the same useful life may be companied 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 depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

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

a.	Buildings	3~55 years
b.	Transportation equipment	5 years
c.	Office equipment and computer facilities	3~5 years
d.	Miscellaneous equipment	5~10 years
e.	Leasehold improvements are depreciated evenly by the shorter of the estimated useful life or the lease period.	

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If the expected value differs from the previous estimation, the change regards as changes in accounting estimation.

(12) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, supply of services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost as well, the depreciation method, useful life and residual values are as same as the regulations of "property and equipment". Cost includes expenditure that is directly attributable to the acquisition of the investment property.

When the use of a property changes such that it is reclassified as property and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(13) Intangible assets

A. Goodwill

a. Initial recognition

Goodwill resulted in acquisition of subsidiaries includes in intangible assets.

b. Subsequent measurement

Goodwill is measured in accordance with cost less accumulated impairment loss. Investments under Equity Method, the carrying amount of goodwill included in the carrying amount of investments and impairment loss of such investments are not allocated to goodwill and any assets, Equity Method as part of the carrying amount of the investment.

B. Other intangible assets

Other intangible assets that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

C. Amortization

The amortizable amount is the cost of an asset less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, operation franchise and the seats of foreign futures exchanges with all indefinite useful lives, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

a. Customer relationships: 5 years
b. Computer software cost and dial-up service charges: 3 years

The amortization method and period should be evaluated at least at each financial year-end. The changes of the amortization method and the period shall be accounted for as changes in accounting estimation.

(14) Leases

A. Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

B. Lessee

Operating leases are not recognized in the Company's statement of balance sheet. Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in expenses on a straight-line basis over the term of the lease. Lease incentives received are recognized as deductions of the total lease expense, over the term of the lease. Lease payments under operating lease shall be recognized in rent expenses and disclosed in financial report.

(15) Non-financial assets impairment

The Company assesses whether there is any objective evidence of impairment for non-financial assets on each reporting date except for deferred tax assets and assets arising from employee benefits and estimates the recoverable amounts for any impaired assets. If it is not possible to determine the recoverable amount for an individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and recognized as impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount, as a reversal of a previously recognized impairment loss. The carrying amount after the reversal shall not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior period.

(16) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

B. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets should be deducted. The discount rate is the yield at the reporting date market yields of high-quality government bonds on bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. The recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

Remeasurement comprises (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) changes in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the period in which they arise and are recorded as retain earning.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, and any change in the present value of the defined benefit obligation.

C. Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminating the employment of employees before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefit is expensed at the earlier of the date when the entity can no longer withdraw the offer of the termination benefits and the date when the entity recognizes related restructuring costs. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

D. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(17) Revenue recognition

A. Brokerage commissions

Handling fee revenue from trade brokerage, security financing or securities lending is recognized on an accrual basis.

B. Underwriting commissions

Revenue from underwriting business is recognized when the underwriting contract is completed; revenue from underwriting securities on a firm commitment basis is recognized when the payment received after underwriting securities, and revenue from underwriting consultation is recognized according to the period specified in the underwriting consultation contract.

C. Interest revenue

Interest revenue arising from security financing, margin loans and other operation related interest is recognized on an accrual basis.

(18) Income tax

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

Current income 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 income taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred income taxes shall not be recognized for the exceptions below:

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 reverse.
C. Initial recognition of goodwill.

Deferred income 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 income 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 tax assets and liabilities on a net basis; and

B. the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

   a. levied by the same taxing authority; or

   b. levied by different taxing authorities, but where each such authority intends to settle tax assets and 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 income tax asset should be recognized for an unused tax loss carry-forward or unused tax credit if, and only if, it is considered probable that there will be sufficient future taxable profit against which the loss or credit carry-forwards can be utilized. The carrying amount of deferred income tax assets should be reviewed and adjusted at the end of each reporting period.

The Company's 10% surtax on unappropriated earnings is recorded as current expense after the date of the resolution of stockholders' meeting for declaring the distribution of earnings.

(19) Business combinations

The Company only chose to restate the business combinations occurred after January 1, 2012, upon the transition from ROC GAAP to IFRSs endorsed by FSC are approved, with regard to acquisition before January 1, 2012, the amount should be recognized as Regulations Governing the Preparation of Financial Reports released by Securities Issuers as of January 10, 2009 and Statement of Financial Accounting Standards announced by Accounting Research and Development Foundation.

(20) Earnings per share (EPS)

The Company presents its basic and dilutive earnings per share attributable to the ordinary equity holders. The basic earnings per share of the Company is calculated by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company include employee bonus and compensation.

(21) Segment information

The Company has disclosed the segment information on the consolidated financial report, thus, the Company does not disclose it on this financial report.

(22) Treasury stocks

The Company acquires its outstanding shares is stated at cost and shown as a deduction in stockholders' equity. Upon disposal, the excess of sales price over carrying value is recognized as capital surplus – treasury stock transaction. Should sales price be lower than the carrying value, the difference is charged against capital surplus from treasury stocks in the same category, and any deficit is debited to retained earnings. The carrying value of treasury stocks is calculated using the weighted-average approach in accordance with the purpose of the acquisition.

When the Company's treasury stock is retired, the treasury stock account should be credited, and the capital surplus - premium on stock account and capital stock account should be debited proportionately according to the share ratio. The carrying value of treasury stock in excess of the sum of its par value and premium on stock should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. The sum of the par value and premium on treasury stock in excess of its carrying value should be credited to capital surplus from the same class of treasury stock transactions.

5. MAJOR SOURCES OF ACCOUNTING ASSUMPTIONS, JUDGMENTS AND ESTIMATION UNCERTAINTY

The preparation of the separate financial statements in conformity with Regulations Governing the Preparation of Financial Reports by Securities Firms requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the separate financial statements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next 12 months are included in the following notes:

The impairment of goodwill: The Company performed the impairment test of goodwill annually. The recoverable amount of the cash-generating unit was based on the value in use. The Company chose the appropriate discount rate and estimated the expected cash flows of the cash-generating unit.

6. SUMMARY OF MAJOR ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash	$ 2,900	2,900
Bank deposits		
Checking accounts	46,959	44,229
Demand deposits	101,864	58,834
Time deposits	764,272	690,603
Foreign currency deposits	256,852	141,592
Subtotal	1,169,947	935,258
Futures margin - excess margin	795,609	258,445
Subtotal	795,609	258,445
Total	**$ 1,968,456**	**1,196,603**

(2) Financial assets

A. Financial assets at fair value through profit or loss - current:

	December 31, 2015	December 31, 2014
Open-ended funds and money - market instruments		
Open-ended funds and money - market instruments	$ 582,589	438,691
Valuation adjustment	11,069	11,336
Subtotal	593,658	450,027

	December 31, 2015	December 31, 2014
Trading securities - proprietary trading:		
Listed stocks	1,840,054	1,246,079
Listed funds	61,890	-
OTC stocks	156,121	231,959
Emerging market stocks	177,697	366,836
Emerging fund	7,424	7,452
Convertible corporate bonds	345,901	511,164
Government bonds	2,823,467	1,203,375
Corporate bonds	11,245,486	9,832,713
Financial debentures	1,500,549	1,698,780
Foreign stocks	478,081	314,143
Overseas bonds	164,321	252,928
Other	29,989	79,861
	18,830,980	15,745,290
Valuation adjustment	62,843	4,889
Subtotal	18,893,823	15,750,179
Trading securities - underwriting:		
Listed stocks	42,209	2,730
OTC stocks	-	8,648
Convertible corporate bonds	51,400	106,300
	93,609	117,678
Valuation adjustment	1,223	(496)
Subtotal	94,832	117,182
Trading securities - hedging		
Listed stocks	1,573,401	2,585,889
OTC stocks	470,773	923,311
Convertible corporate bonds	3,948,040	3,872,940
Foreign stocks	1,114	-
	5,993,328	7,382,140
Valuation adjustment	(105,180)	181,804
Subtotal	5,888,148	7,563,944
Derivatives		
Call options	641	1,123
Futures margin - proprietary fund	93,648	110,452
IRS asset swaps	22,878	25,952
Asset swap options - long position	11,940	9,881
Structured notes	-	76
Currency swaps	8,482	45,318
Subtotal	137,589	192,802
Total	$ **25,608,050**	**24,074,134**

As of December 31, 2015 and 2014, the par value of trading securities - bonds under repurchase agreement of the Company were $24,431,835 and $13,462,900, respectively (please refer to Note 6(11)and 8 for details).

B. Financial assets available for sale - current:

	December 31, 2015	December 31, 2014
Listed stocks	$ 101,535	-
Overseas bonds	7,757,004	-
Valuation adjustment	(23,084)	-
Total	**$ 7,835,455**	-

C. Financial assets at fair value through profit and loss - non-current:

	December 31, 2015	December 31, 2014
Financial assets held for trading:		
Government bonds	$ 188,818	191,990
Valuation adjustment	1,736	(2,728)
Total	**$ 190,554**	**189,262**

As of December 31, 2015 and 2014, the Company took advantage of government bonds as margin of bills business, interest rate swaps, structured notes and settlement fund guarantee deposits (please refer to Note 8 for details).

D. Financial assets measured at cost - non-current:

	December 31, 2015	
Non- listed (or non-over-the-counter)	**Ownership ratio**	**Amount**
Taiwan Depository & Clearing Corp.	1.29%	$ 18,661
Taiwan Futures Exchange Corp.	1.33%	27,498
Taiwan Stock Exchange Corporation	0.06%	12,242
Global Securities Finance Corporation	6.05%	202,681
Chou Chin Industrial Co., Ltd.	0.05%	-
Jong-Yih Industrial Development Co., Ltd.	0.68%	1,369
Reliance Securities Investment Trust Co., Ltd	3.02%	9,767
Top Taiwan Ⅲ Venture Capital Co., Ltd.	7.00%	71,008
Prudence Venture Investment Corp.	1.50%	37,377
Total		**$ 380,603**

	December 31, 2014	
Non- listed (or non-over-the-counter)	**Ownership ratio**	**Amount**
Taiwan Depository & Clearing Corp.	1.29%	$ 18,661
Taiwan Futures Exchange Corp.	1.33%	27,498
Taiwan Stock Exchange Corporation	0.06%	12,242
Global Securities Finance Corporation	6.05%	202,681
Chou Chin Industrial Co., Ltd.	0.05%	-
Jong-Yih Industrial Development Co., Ltd.	0.68%	1,369
Reliance Securities Investment Trust Co., Ltd	3.02%	9,767
Top Taiwan Ⅲ Venture Capital Co., Ltd.	7.00%	78,008
Prudence Venture Investment Corp.	1.50%	39,127
Total		**$ 389,353**

On March 24, 2014, the investee Taiwan Integrated Shareholder's Service Corp. was merged by Taiwan Depository and Clearing Corporation. Taiwan Integrated Shareholder's Service Corporation dissolved and the Company received proceeds from the disposal which amounted to $24,312. For year 2015 and 2014, Prudence Venture Investment Corp. refunded the proceeds of capital reduction amounted to $1,750 and $5,130, respectively. Top Taiwan III Venture Capital Co., Ltd. refunded the proceeds of capital reductions which both amounted to $7,000 and Global Securities Finance Corporation refunded the proceeds of capital reduction which amounted to $0 and $211,661, respectively.

E. The Company uses Value at Risk (VAR) to monitor and measure the market risk of its investment in equity stocks. VAR refers to the unexpected loss of financial instruments derived from the changes in market risk factors within certain time periods and confidence level. The table below discloses the VAR, which is the estimation of potential loss in ten days and is covered by 99% of the adverse changes in market prices. In the table below by using this assumption, 2.5 out of 250 days VAR will exceed the disclosed amounts due to the changes in market price. Year 2015 and 2014 VAR (99%, ten-day) of equity stocks are as follows:

Type of market risk	December 31, 2015	December 31, 2014	2015			2014		
			Mean	Maximum	Minimum	Mean	Maximum	Minimum
Equity stocks	750,181	891,182	793,730	970,662	620,732	913,895	1,063,054	649,748

(3) Accounts Receivable

	December 31, 2015	December 31, 2014
Receivable on securities purchased by customers	$ 40,724	59,827
Settlement	50,397	1,513,355
Interests receivable	452,745	489,022
Receivables on securities sold	3,822,280	4,148,850
Others	253,210	79,017
Subtotal	4,619,356	6,290,071
Less: allowance for doubtful accounts	(4,123)	(3,029)
Total	**$ 4,615,233**	**6,287,042**

(4) Investments under Equity Method

	December 31, 2015	December 31, 2014
Subsidiaries		
Capital Investment Management Corp.	$ 105,094	104,867
CSC International Holdings Ltd.	1,814,659	1,776,294
Capital Futures Corp.	1,741,933	1,588,805
Capital Insurance Advisory Corp.	72,720	45,245
Capital Insurance Agency Corp.	48,274	58,021
Taiwan International Securities (B.V.I.) Corp.	641	1,514
Taiwan International Securities Investment Consulting Corp.	13,550	13,769
Total	**$ 3,796,871**	**3,588,515**

Profit sharing of gain or loss from the subsidiaries based on audited investee financial statements or self-prepared financial statements for the year 2015 and 2014 are as follows:

	2015	2014
Based on the audited financial statements	$ 314,198	261,631

Please refer to the consolidated financial statements of December 31, 2015 for the financial information of the subsidiaries of the Company.

(5) Property and equipment

	Land	Buildings	Equipment	Leasehold improvements	Total
Cost or deemed cost					
Balance at January 1, 2015	$ 3,548,469	1,740,532	466,171	267,550	6,022,722
Additions	-	254	145,166	31,148	176,568
Reclassified to investment property	(41,711)	(80,611)	-	-	(122,322)
Transferred from prepayment for equipment	-	-	4,830	2,680	7,510
Disposals	(166,451)	-	(121,839)	(216,960)	(505,250)
Balance at December 31, 2015	**$ 3,340,307**	**1,660,175**	**494,328**	**84,418**	**5,579,228**
Balance at January 1, 2014	$ 4,105,054	2,166,619	479,575	255,553	7,006,801
Additions	-	588	72,534	12,367	85,489
Reclassified to investment property	(555,404)	(425,354)	-	-	(980,758)
Transferred from prepayment for equipment	-	-	5,985	-	5,985
Disposals	(1,181)	(1,321)	(91,923)	(370)	(94,795)
Balance at December 31, 2014	**$ 3,548,469**	**1,740,532**	**466,171**	**267,550**	**6,022,722**
Depreciation and impairment					
Balance at January 1, 2015	$ -	712,290	303,867	236,198	1,252,355
Depreciation	-	36,010	85,997	13,733	135,740
Reclassified to investment property	-	(6,172)	-	-	(6,172)
Disposals	-	-	(121,420)	(216,800)	(338,220)
Balance at December 31, 2015	**$ -**	**742,128**	**268,444**	**33,131**	**1,043,703**
Balance at January 1, 2014	$ -	828,253	309,545	225,186	1,362,984
Depreciation	-	42,345	86,245	11,186	139,776
Reclassified to investment property	-	(157,940)	-	-	(157,940)
Disposals	-	(368)	(91,923)	(174)	(92,465)
Balance at December 31, 2014	**$ -**	**712,290**	**303,867**	**236,198**	**1,252,355**
Carrying amount:					
December 31, 2015	**$ 3,340,307**	**918,047**	**225,884**	**51,287**	**4,535,525**
December 31, 2014	**$ 3,548,469**	**1,028,242**	**162,304**	**31,352**	**4,770,367**

As of December 31, 2015 and 2014, the property and equipment which are provided as collateral or pledge, please refer to Note 8 for details.

(6) Investment property

	Land and improvements	Buildings	Total
Cost or deemed cost			
Balance at January 1, 2015	$ 1,583,124	963,333	2,546,457
Additions	-	260	260
Transferred from property and equipment	41,711	80,611	122,322
Balance at December 31, 2015	**$ 1,624,835**	**1,044,204**	**2,669,039**
Balance at January 1, 2014	$ 1,027,720	537,979	1,565,699
Transferred from property and equipment	555,404	425,354	980,758
Balance at December 31, 2014	**$ 1,583,124**	**963,333**	**2,546,457**

	Land and improvements	Buildings	Total
Depreciation and impairment loss			
Balance at January 1, 2015	$ -	374,320	374,320
Depreciation	-	17,779	17,779
Transferred from property and equipment	-	6,172	6,172
Balance at December 31, 2015	**$ -**	**398,271**	**398,271**
Balance at January 1, 2014	$ -	201,508	201,508
Depreciation	-	14,872	14,872
Transferred from property and equipment	-	157,940	157,940
Balance at December 31, 2014	**$ -**	**374,320**	**374,320**
Carrying amount			
December 31, 2015	**$ 1,624,835**	**645,933**	**2,270,768**
December 31, 2014	**$ 1,583,124**	**589,013**	**2,172,137**
Fair value			
December 31, 2015			**$ 3,578,321**
December 31, 2014			**$ 3,236,967**

The Company elected to apply Cost Method to evaluate investment properties. The investment properties were evaluated and estimated using Market Method based on the market evidence of transaction price of similar properties.

As of December 31, 2015 and 2014, the property and equipment were provided as collateral or pledge, please refer to Note 8 for details.

(7) Intangible assets

A. Goodwill

The Company merged with Taiwan International Securities Corp. on May 2, 2011 and recognized goodwill. As of December 31, 2015 and 2014, the book value was $3,126,698 for both the year.

For the purpose of impairment test, goodwill was allocated to the operating segments of the Company. The operating segment is the lowest level at which the goodwill is monitored for internal management purposes, and should not be larger than the operating departments of the Company.

Goodwill is allocated to the operating segments as follows:

	December 31, 2015		December 31, 2014
Brokerage segment	$	1,304,458	1,304,458
Underwriting segment		265,144	265,144
Proprietary trading segment		1,557,096	1,557,096
Total	**$**	**3,126,698**	**3,126,698**

Recoverable amount of the cash-generating units is assessed by the value in use, which is the present value of the future cash flows expected to be derived from the cash-generating unit. In measuring value in use, the key assumptions are as follows.

The past experience, the actual operating results and the pre-tax cash flows of the next year's financial budget approved by the board of directors are the basis to estimate the future cash flows. The growth rate was both 1.00% and the discount rate was 5.00% and 4.69% in year 2015 and 2014 respectively. But the cash flow projections for periods after five years will be estimated with no growth conservatively.

After impairment test, the recoverable amounts of both year 2015 and 2014 exceeded the carrying amount, no impairment occurred for both years.

B. Customer relationships

The Company merged with Taiwan International Securities Corp. on May 2, 2011 and recognized other intangible assets - customer relationships as $17,082. As of December 31, 2015 and 2014, the amortized book value was $1,139 and $4,555 respectively.

C. Operation franchise

The Company acquired the operation of securities corporation operation franchise during 1994 to 2005 and expected the franchise will generate continuing cash inflows. In accordance with IAS No.38 "Intangible Assets," the franchise is regarded as intangible assets with an indefinite useful life. As of December 31, 2015 and 2014, the book value of the operation franchise was $389,999 for both the year.

D. Computer software

Computer software was booked at cost and amortized by using the straight-line method over the estimated useful lives. As of December 31, 2015 and 2014, the book value was $33,152 and $30,771 respectively.

(8) Short-term loans

Nature of borrowings	December 31, 2015		December 31, 2014
Collateralized loan	$	380,000	380,000
Credit loans		1,199,717	2,277,000
Total	**$**	**1,579,717**	**2,657,000**

Short-term loans were based on floating interest rates. As of December 31, 2015 and 2014, the loan interest rate range was 0.90%~3.06% and 0.90%~1.79% respectively.

As of December 31, 2015 and 2014, the Company had provided the land, buildings, and certificates of time deposits as collateral, please refer to Note 8 for details.

(9) Commercial paper payable

	December 31, 2015	December 31, 2014
Commercial paper payable	$ -	1,750,000
Less: Unamortized discount	-	(283)
Net amount	**$ -**	**1,749,717**

Commercial paper payables were based on floating interest rates. As of December 31, 2014, the interest rate was 0.858%~0.908%.

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

	December 31, 2015	December 31, 2014
Liabilities on sale of borrowed securities	$ 1,463,540	995,472
Redeem liabilities on sale of borrowed securities	(1,566)	-
Valuation adjustment	(30,959)	48,377
Subtotal	1,431,015	1,043,849
Settlement coverage bonds payable of short sale	300,550	99,749
Valuation adjustment	(1,146)	17
Subtotal	299,404	99,766
Stock warrants issued	10,530,591	8,277,524
Stock warrants repurchased	(10,170,444)	(7,644,334)
Subtotal	360,147	633,190
Put options	7,176	421
IRS asset swaps	5,398	249
Asset swap options - short position	193,888	348,450
Structured notes	12,243	3,085
Currency swaps	3,476	503
Interest rate swaps	1,528	3,670
Subtotal	223,709	356,378
Total	**$ 2,314,275**	**2,133,183**

(11) Bonds sold under repurchase agreements

	December 31, 2015	December 31, 2014
Bonds sold under repurchase agreements	**$ 24,014,573**	**14,725,686**
Agreed-upon repurchase amounts	**$ 24,036,826**	**14,736,603**
Interest rates	**0.30%~5.00%**	**0.45% ~ 3.89%**

(12) Customer equity of separate account ledger in settlement account

According to article 38, subparagraph 2 of the "Regulations Governing Securities Firms", a securities firm may, with the consent of the customer, retain the customer's settlement funds in the securities firm's settlement account. The securities firm shall set up a separate account ledger for each customer in the settlement account. Also, according to article 22-4, paragraph 1, subparagraph 5 of the "Offshore Banking Act", an offshore securities branch may conduct account custody business for natural persons, juristic persons, government agencies, or financial institutions within or outside the territory of the ROC. As of December 31, 2015, customers of offshore securities branches retain total settlement funds $4,104 in the securities firm's settlement account.

(13) Accounts payable

	December 31, 2015	December 31, 2014
Payable of securities sold by customers	$ 34,151	51,767
Payable of securities	3,567,036	5,303,861
Others	35,031	27,004
Total	**$ 3,636,218**	**5,382,632**

(14) Long-term borrowings

As of December 31, 2015 and 2014, the Company's long-term borrowings are as follows:

	December 31, 2015	December 31, 2014
Long-term borrowings	$ -	500,000
Less: Long-term liabilities - current portion	-	(500,000)
Non-current portion of long-term debt	$ -	-
Collateral		Real estate
Interest rate range	- %	1.080%

Hua Nan Bank approved a three years long-term borrowing of $4,000,000 to the Company. The credit line would not be diminished gradually, and would be assessed annually. The credit line bears a floating interest rate.

(15) Operating leases

A. Lessee

Non-cancellable operating lease payables are as follows:

	December 31, 2015	December 31, 2014
Within 1 year	$ 110,652	120,040
1-5 years	175,579	126,655
Over 5 years	1,710	-
	$ 287,941	**246,695**

The Company rents several offices under operating lease, the lease terms are within 1 to 5 years and the Company has the preferential renewal options when the lease term expires. The rentals are adjusted yearly to reflect market condition. Some lease terms bear the additional rental payments depends on the fluctuations of a local price index.

For the year 2015 and 2014, the operating lease expenses recognized in profit or loss were $160,444 and $165,997 respectively.

B. Lessor

The Company leases investment property to other under operating lease agreements, please refer to Note 6(6) for details. The future lease receivables under non-cancellable leases are as follows:

	December 31, 2015	December 31, 2014
Within 1 year	$ 2,775	8,911
1-5 years	135,469	89,453
	$ 138,244	**98,364**

The rental revenue from investment property for the year 2015 and 2014 amounted to $65,195 and $57,711 respectively.

(16) Employee benefit

A. Defined benefit plans

The reconciliation in the present value of the defined benefit obligations and fair value of plan assets are as follows:

	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	$ (1,043,855)	(1,033,138)
Fair value of plan assets	550,031	568,071
Recognized liabilities for defined benefit obligations	**$ (493,824)**	**(465,067)**

The Company's employee benefits liabilities are as follows:

	December 31, 2015	December 31, 2014
Liability for service leave	**$ 42,929**	**42,792**

Under the defined benefit plan, the Company deposited the pension fund to the labor pension preparatory special account in Bank of Taiwan. For employee subject to the Labor Standards Law, the retirement benefit are determined based on the years of services and average monthly salary in the last six-months prior to the employee's retirement.

a. Composition of plan assets

The Company set aside the pension funds in accordance with Labor Standards Act, are put under the management of the Labor Pension Fund Supervisory Committee. In regards to the utilization of the fund under the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the minimum earnings for the annual distribution shall not be less than the accrued earnings attainable from the interest rates of two year time deposit offered by the local banks.

The balance of the Company's labor pension preparatory special account in Bank of Taiwan amounted to $253,665 and $ 285,061 as of December 31, 2015 and 2014 respectively. The utilization of the labor pension fund includes the assets allocation and yield of the fund. Please refer to the information published on the website under Labor Pension Fund Supervisory Committee of the Council of Labor Affairs Executive Yuan.

b. Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Company in 2015 and 2014 were as follows:

	2015	2014
Defined benefit obligation on January 1	$ 1,033,138	1,036,894
Current service costs and interest	26,648	27,293
Remeasurement of net defined liability		
- Actuarial loss (gain) arising from changes in financial assumptions	20,799	(2,833)
- Experience adjustments	10,802	23,542
Benefits paid by the plan	(47,532)	(51,758)
Defined benefit obligation on December 31	**$ 1,043,855**	**1,033,138**

c. Movements in fair value of defined benefit plan assets

The movements in fair value of defined benefit plan assets of the Company in 2015 and 2014 were as follows:

	2015	2014
Fair value of plan assets on January 1	$ 568,071	589,761
Interest revenue	8,823	8,581
Remeasurement of net defined liability		
- Return on plan assets (excluding interest)	2,773	2,658
Contributions from the employer	17,896	18,829
Benefits paid from plan assets	(47,532)	(51,758)
Fair value of plan assets on December 31	**$ 550,031**	**568,071**

d. Expense recognized in profit or loss

The expenses recognized of the Company in 2015 and 2014 were as follows:

	2015	2014
Current service cost	$ 10,847	11,843
Net interest of net defined benefit liability (asset)	6,978	6,869
Current pension cost	**$ 17,825**	**18,712**

e. Remeasurement of net defined liability (asset) recognized in other comprehensive income

For the year ended December 31, 2015 and 2014, the remeasurement of net defined liability (asset) recognized accumulatively in other comprehensive income was as follows:

	2015	2014
Balance at January 1	$ (40,214)	(22,163)
Recognized amount during the period	(28,828)	(18,051)
Balance at December 31	**$ (69,042)**	**(40,214)**

f. Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2015	December 31, 2014
Discount rate	1.22%	1.53%
Expected rate of return on plan assets	1.22%	1.53%
Future salary growth rate	2.00%	2.00%

The expected contribution to the defined benefit plan for the next year is $15,300. The weighted average duration of the defined benefit obligation is 3 years.

g. Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary increases. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

For the year ended December 31, 2015 and 2014, the effects of adopting significant actuarial assumptions to defined benefit obligations were as follows:

	Effects to Defined Benefit Obligations	
	Increase 0.5%	Decrease 0.5%
December 31, 2015		
Discount rate	(31,063)	32,561
Future adjustment rate of salary	26,896	(25,990)
December 31, 2014		
Discount rate	(32,251)	33,863
Future adjustment rate of salary	28,333	(27,332)

The sensitivity analysis presented above is based on the condition that other variables are fixed. In practice, the changes in assumptions are correlated. The method that the sensitivity analysis adopted is in accordance with the method of calculating net pension liability

The assumptions and methods adopted for current period sensitivity analysis are identical with the previous period.

B. Defined contribution plan

In accordance with the Labor Pension Act of R.O.C, the Company contributes 6% of the employee's monthly wages to the Bureau of the Labor Insurance. Therefore, the Company has no further legal or constructive obligations to make any additional contribution once the contributions have been paid.

The Company contributed $75,478 and $78,423 under defined contribution plan to the Bureau of the Labor Insurance in the year 2015 and 2014 respectively.

(17) Income tax

A. Income tax expense (benefit)

The amount of income tax expense (benefit) for the year 2015 and 2014 were as follows:

	2015	2014
Current income tax expense		
Current year	$ (167)	8,004
Adjustment to the prior years' income tax	3,557	(37,025)
	3,390	(29,021)
Deferred income tax expense		
Unrealized gains (losses) on derivative financial instruments	33,675	(24,552)
Unrealized gains (losses) on foreign investments under Equity Method	(4,872)	1,637
Amortization of operation franchise	-	2,647
Amortization of goodwill	106,308	106,308
Decrease in tax loss carried forward	75,935	173,384
Adjustments of deferred income tax assets and liabilities	20,583	9,595
	231,629	269,019
Income tax expenses	**$ 235,019**	**239,998**

The amount of income tax expense or benefit recognized in other comprehensive income in year 2015 and 2014 were as follows:

	2015	2014
Foreign exchange difference from translating financial statements of foreign operations	**$ 12,032**	**19,679**

Reconciliation of income tax expense (benefit) and income before tax in year 2015 and 2014 were as follows:

	2015	2014
Net income before tax	$ 1,784,346	2,265,303
Income tax using the Company's domestic tax rate	$ 303,339	385,102
Tax-exempt income	(92,293)	(125,678)
10% surtax on undistributed earnings	-	8,359
Income tax difference of bonds purchased under resale agreements and income tax separately levied	(167)	(355)
Adjustments to prior years' income tax	3,557	(37,025)
Unrecognized temporary differences for prior years	20,583	9,595
Total	**$ 235,019**	**239,998**

B. Deferred income tax assets and liabilities

a. Recognized deferred income tax assets

	December 31, 2015	December 31, 2014
Tax loss carried forward	**$ 484,791**	**581,309**

The ROC Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

As of December 31, 2015, the Company's estimated tax losses recognized under deferred income tax asset was as follows:

Loss Year	Amount	Expiration Year
2011(Assessed)	**$ 1,715,983**	2021

b. Recognized deferred income tax liabilities

	December 31, 2015	December 31, 2014
Foreign exchange difference resulted from translation of financial statements of foreign operations	$ 27,713	15,681
Unrealized gains on derivative financial instruments	46,672	12,997
Unrealized gains on foreign investments under Equity Method	4,281	9,153
Losses on intercompany transactions	1,639	1,639
Amortization of operation franchise	63,384	63,384
Amortization of goodwill	496,103	389,795
Land value incremental tax	47,691	47,691
Deferred income tax liabilities	**$ 687,483**	**540,340**

c. Income tax assessment status

Except 2012, the Company's income tax returns through 2013 were assessed by the Tax Authority.

d. The information about imputation system is as follows:

	December 31, 2015	December 31, 2014
Undistributed earnings after 1998	$ 1,586,994	2,089,222
Imputation credit account	$ 3,072,442	3,383,514
	2015 (Estimated)	**2014 (Actual)**
Deductible ratio for earnings distributed to ROC residents	23.91%	23.24%

The above imputation information was calculated based on the Ruling No. 10204562810 issued by the Ministry of Finance on October 17, 2013.

e. Income tax administrative relief

Since income tax of securities trading and amortization of intangible assets withheld from year 2009 to 2011 and 2013 were assessed differently from those reported by the Company, and the Company has filed for administrative relief. The additional tax was accrued based on conservative concept.

(18) Capital and other equity

A. Capital stock

As of December 31, 2015 and 2014, the Company had authorized capital of $30,000,000 and issued common stock of $2,319,073 thousand and $2,369,073 thousand shares with $10 dollars face value per share.

B. Capital surplus

In accordance with the ROC Company Act amended in January 2012, realized capital surplus can only be used to cover accumulated deficit or to issue new shares or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be capitalized shall not exceed 10 percent of the paid-in capital each year.

C. Retained earnings

a. Legal reserve

In accordance with Company Act amended in January 2012, 10 percent of the current year's earnings after tax should be set aside as legal reserve, until the cumulative balance equals to the total amount of paid-in capital. If the Company incurs no loss for the year, the distribution of the legal reserve, either by issuing new shares or by cash, shall be decided at the shareholders' meeting, and only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

b. Special reserve

In accordance with Article 41 of the Securities and Exchange Law, 20 percent of the current year's earnings after tax should be set aside as special reserve. Ruling No. 1010028514 issued by the Financial Supervisory Commission on June 29, 2012, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of stockholders' equity. For the cumulative deduction in stockholders' equity of the prior period, the equal amount of special reserve set aside based on undistributed earnings should not be distributed. If there is any reversal of the deduction in stockholders' equity, the earnings may be distributed based on the reversal proportion.

c. Unappropriated earnings

According to the Company's Articles of Incorporation, after-tax earnings should first offset accumulated deficit, and then 10% and 20% of the remainder should be appropriated as legal reserve and special reserve, respectively. The shareholders' meeting may declare dividends after retaining a certain portion of earnings. The rest may be distributed in the ratio specified below:

(1) Remuneration to directors and supervisors: 1%~4%.

(2) Employees bonuses: 1%~3%.

(3) Dividends to stockholders: 93%~98%.

In accordance with the amended Company Act which was published in May 2015, employee bonuses and remuneration to directors and supervisors are no longer a part of the composition of appropriation and distribution of earnings. The Company will amend the articles of incorporation accordingly within the period prescribed by the authority.

To continue its expansion and increase profitability, and maintain its capital adequacy ratio, the Company adopts the residual dividend policy. The amount of earnings to distribute after retaining earnings must be higher than 10% of the distributable balance. According to the budget plan, stock dividends are distributed to retain necessary funds first, and may then be paid as cash dividends subsequently. Cash dividends cannot be less than 10%.

According to the resolution of shareholders' meeting on June 22, 2015, the Company's 2014 earnings distribution for employee bonuses, remuneration to directors and supervisors and cash dividends were $22,210, $37,017 and $1,421,444, respectively. Due to the above changes, the difference between employee bonuses of $23,487 and remuneration to directors and supervisors of $39,144 for 2014 financial statements was $3,404 in total. The difference was accounted for as changes in accounting estimates and would be reflected in the statement of income in 2015.

According to the resolution of shareholders' meeting on June 18, 2014, the Company's 2013 earnings distribution for employee bonuses, remuneration to directors and supervisors and cash dividends were $14,377, $25,436 and $1,066,083 respectively.

Due to the above changes, the difference between employee bonuses of $32,585 and remuneration to directors and supervisors of $43,447 for 2013 financial statements was $36,219 in total. The difference was accounted for as changes in accounting estimates and would be reflected in the statement of income in 2014.

The resolution of the board of directors and stockholders about earnings distribution can be found on the Market Observation Post System.

d. Treasury stocks

Pursuant to Article 28-2 of the Securities and Exchange Act, the Company repurchased 97,485 thousand share to maintain the Company's credit and shareholders' equity for the year 2015. As of December 31, 2015, a total 50,000 thousand shares were retired and the rest 47,485 thousand shares were not retired yet.

Based on the Securities and Exchange Act of the ROC, the number of reacquired shares should not exceed 10% of a company's issued and outstanding shares, and the total purchase amount should not exceed the sum of the retained earnings, additional paid-in capital in excess of par and realized capital surplus. On September 21, 2015, the Company's board meeting resolved a share buyback plan, the calculation of maximum repurchase amount $6,809,506 was determined by the latest audited financial statement (as of June 30, 2015), the maximum number of 236,907 thousand shares was 10% of total shares issued then. On November 11, 2015, the Company's board meeting resolved a share buyback plan again, the calculation of maximum repurchase amount $6,791,127 was determined by the latest reviewed financial statement (as of September 30, 2015), the maximum number of 236,907 thousand shares was 10% of total shares issued then. As of December 31, 2015, the maximum number of shares repurchased and held was 97,485 thousand shares and the repurchase amount was $939,569, which fully complied with Securities and Exchange Act.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

(19) Earnings per share

The basic earnings per share and dilutive earnings per share of year 2015 and 2014 were calculated as follows:

	2015	2014
Net income	$ 1,549,327	2,025,305
Weighted-average number of common stock shares outstanding (thousands of shares)	2,357,324	2,369,073
Basic earnings per share (dollar)	$ 0.66	0.85
Dilutive potential ordinary shares (thousands of shares) (Note)	1,740	2,248
Weighted-average number of outstanding shares for calculating dilutive EPS (thousands of shares)	2,359,064	2,371,321
Dilutive earnings per share (dollar)	0.66	0.85

Note: The shares were calculated based on the closing price at the reporting date.

(20) Items of comprehensive income statement

A. Brokerage commissions

	2015	2014
Brokerage commission from TSE market	$ 1,456,999	1,768,032
Brokerage commission from OTC market	576,174	705,017
Handling fee from security financing	56,824	74,946
Others	61,682	75,591
	$ 2,151,679	**2,623,586**

B. Underwriting commissions

	2015	2014
Revenues from underwriting securities on a firm commitment basis	$ 46,428	57,040
Handling fee revenues from underwriting securities on best-efforts basis	1,548	1,001
Processing fee revenues from underwriting operations	54,436	25,732
Revenues from underwriting consultation	13,856	13,763
Others	51,428	71,832
	$ 167,696	**169,368**

C. Net gains or losses on sale of trading securities

	2015	2014
Revenue from securities sold - proprietary trading	$ 329,591,436	370,357,454
Cost of securities sold - proprietary trading	(329,460,185)	(370,019,155)
Subtotal	131,251	338,299
Revenue from securities sold - underwriting	244,644	563,537
Cost of securities sold - underwriting	(228,856)	(486,710)
Subtotal	15,788	76,827
Revenue from securities sold - hedging	41,194,934	47,244,554
Cost of securities sold - hedging	(41,297,404)	(47,100,668)
Subtotal	(102,470)	143,886
Total	**$ 44,569**	**559,012**

D. Interest revenue

	2015	2014
Interest revenue - margin loans	$ 1,009,722	1,154,465
Interest revenue - bonds	323,029	192,090
Others	40,720	39,595
	$ 1,373,471	**1,386,150**

E. Net gains or losses on valuation of trading securities measured at fair value through profit or loss

	2015	2014
Trading securities - Proprietary	$ 65,413	(11,327)
Trading securities - Underwriting	1,719	(3,145)
Trading securities - Hedging	(286,984)	(34,033)
Settlement coverage bonds payable of short sale	1,162	(17)
	$ (218,690)	**(48,522)**

F. Net gains on stock warrants issued

		2015	2014
Gains on changes in fair value of stock warrants	$	30,567,126	12,887,698
Gains on exercise of stock warrants before maturity		9,065,630	14,580,391
Losses on changes in fair value of stock warrants repurchased		(38,715,506)	(26,762,513)
Gains on expiration of stock warrants		44,439	35,031
Stock warrants issuance expenses		(119,455)	(119,709)
	$	**842,234**	**620,898**

G. Employee benefits, depreciation and amortization expenses

		2015	2014
Employee benefit expenses			
Salary expense	$	1,722,051	1,897,043
Health and labor insurance expense		148,170	153,289
Pension expense		93,303	97,135
Others		53,747	56,965
Depreciation expense		153,519	154,648
Amortization expense		34,457	31,874
	$	**2,205,247**	**2,390,954**

H. Other operating expenses

		2015	2014
Rental expense	$	160,444	165,997
Taxes		327,325	375,747
Information technology expense		110,228	104,092
Postage expense		106,865	98,525
Professional service fee		95,336	100,611
Other expenses		459,036	413,632
	$	**1,259,234**	**1,258,604**

I. Other gains and losses

		2015	2014
Financial revenue	$	2,170	2,619
Exchange losses		(58,458)	(47,680)
Net gains on disposal of investment		8,439	7,811
Net gains (losses) on measuremet of non-operating instruments at fair value through profit or loss		(267)	5,123
Revenue from bank's allocation fee		149,594	151,312
Lease revenue		65,195	57,711
Revenue from information technology service		18,434	18,020
Net gains on disposal of property and equipment		59,064	3,169
Dividend revenue		20,602	21,578
Gains on reversal of prior year's liabilities		14,670	53,237
Others		11,582	17,024
	$	**291,025**	**289,924**

J. Remuneration to employees, directors and supervisors

The amendments to the Company's Articles of Incorporation was proposed by the Company's Board of Directors but not yet resolved by the shareholders' meeting, which stipulated to distribute employees' remuneration at the rates from 0.6% to 2% and remuneration to directors at the rate no higher than 3%, respectively, of net profit before tax. However, the Company's accumulated deficit should have been covered. The employees' remuneration distributed, in the form of shares or in cash, to the employees including the employees of subsidiaries meeting certain specific requirement.

For the year ended December 31, 2015, the estimated amounts of employee remuneration and remuneration to director and supervisor to be distributed from the Company were $17,241 and $28,734, respectively, which were calculated based on the Company's net profit before income tax, employees' remuneration, and remuneration to directors and supervisors and the earnings allocation percentage as stated under the Company's articles of incorporation. It is recognized as operating expense for the year ended December 31, 2015. If the actual amounts were subsequently decided after the approval and the issuance date of the financial statements in the following year differ from the estimated amounts, the differences are accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

(21) Financial instruments

A. Credit risk

a. Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure.
As of December 31, 2015 and 2014, the maximum credit exposure amounted to $47,889,857 and $41,872,428 respectively.

b. Impairment loss

The Company's ageing analysis of receivables at reporting date is as follows:

	December 31, 2015		December 31, 2014	
	Total amount	Impairment	Total amount	Impairment
Not past due	$ 18,925,866	2,646	25,787,427	65,924
Past due 0~30 days	336	336	117	117
Past due 31~120 days	234	234	209	209
Past due 121~360 days	1,714	1,714	113	113
Past due more than one year	15	15	688	688
	$ 18,928,165	**4,945**	**25,788,554**	**67,051**

Allowance for doubtful debts under receivables is recorded for the debt expense or impairment loss. Where a claim becomes definitely uncollectible, the allowance for doubtful debts should be written off to financial assets account. As of December 31, 2015 and 2014, the impairment losses of account receivables were recognized $4,945 and $67,051 respectively.

B. Liquidity risk

The following table shows the effect of contract maturity on financial liabilities. The Company predicts the cash flow occurring point or the actual amount of this maturity analysis will not be significantly earlier or different.

December 31, 2015	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities at fair value through profit or loss - current							
Liabilities on sale of borrowed securities	$ 1,431,015	1,431,015	1,431,015	-	-	-	-
Settlement coverage bonds payable of short sale	299,404	299,404	299,404	-	-	-	-
Stock warrants issued	360,147	360,147	342,817	16,145	1,185	-	-
Put options - futures	7,176	7,176	7,176	-	-	-	-
Value of swap contracts	10,402	10,402	5,568	(2,160)	5,867	1,127	-
Put options	193,888	193,888	6,017	34,126	100,470	53,275	-
Short-term borrowings	1,579,717	1,579,717	1,579,717	-	-	-	-
Bonds sold under repurchase agreements	24,014,573	24,036,826	24,036,826	-	-	-	-
Securities financing refundable deposits	2,025,011	2,025,011	2,025,011	-	-	-	-
Deposits payable for securities financing	2,242,680	2,242,680	2,242,680	-	-	-	-
Securities lending refundable deposits	1,622,937	1,622,937	1,622,937	-	-	-	-
Notes payable and accounts payable	190,708	190,708	190,708	-	-	-	-
Receipts under custody	1,344,056	1,344,056	1,344,056	-	-	-	-
Other payables	607,492	607,492	607,492	-	-	-	-
Structured notes	4,088,809	4,088,809	3,798,140	48,678	180,348	61,643	-
	$ 40,018,015	**40,040,268**	**39,539,564**	**96,789**	**287,870**	**116,045**	**-**

December 31, 2014	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities at fair value through profit or loss - current							
Liabilities on sale of borrowed securities	$ 1,043,849	1,043,849	1,043,849	-	-	-	-
Settlement coverage bonds payable of short sale	99,766	99,766	99,766	-	-	-	-
Stock warrants issued	633,190	633,190	560,487	72,703	-	-	-
Put options - futures	421	421	421	-	-	-	-
Value of swap contracts	4,422	4,422	(353)	396	639	3,740	-
Put options	348,450	348,450	38,817	54,326	192,673	62,634	-
Short-term borrowings	2,657,000	2,657,000	2,657,000	-	-	-	-
Commercial paper payable	1,749,717	1,750,000	1,750,000	-	-	-	-
Bonds sold under repurchase agreements	14,725,686	14,736,603	14,736,603	-	-	-	-
Securities financing refundable deposits	2,231,990	2,231,990	2,231,990	-	-	-	-
Deposits payable for securities financing	2,593,973	2,593,973	2,593,973	-	-	-	-
Securities lending refundable deposits	2,254,764	2,254,764	2,254,764	-	-	-	-
Notes payable and accounts payable	44,173	44,173	44,173	-	-	-	-
Receipts under custody	123,215	123,215	123,215	-	-	-	-
Other payables	700,167	700,167	700,167	-	-	-	-
Long term liabilities - current portion	500,000	500,000	500,000	-	-	-	-
Structured notes	2,256,615	2,256,615	2,030,527	113,523	95,377	17,188	-
	$ 31,967,398	**31,978,598**	**31,365,399**	**240,948**	**288,689**	**83,562**	**-**

C. Currency risk

a. Currency risk exposure

The Company's significant exposure to foreign currency risk of financial assets and liabilities is as follows:

	December 31, 2015		
	Foreign Currency	**Exchange Rate**	**Amount**
Financial assets			
Monetary Item			
USD	$ 7,317	32.83	240,217
HKD	714	4.24	3,027
EUR	28	35.88	1,005
JPY	16,127	0.2727	4,398
AUD	994	23.99	23,846
SGD	7	23.25	163
CNY	50,216	4.995	250,829
Non-Monetary Item			
USD	202,223	32.83	6,638,981
HKD	55,140	4.24	233,794
EUR	343	35.88	12,307
CNY	233,206	4.995	1,164,864
AUD	58,860	23.99	1,412,051
Investments under Equity Method			
USD	55,387	32.775	1,815,300
Financial liabilities			
Monetary Item			
USD	226,579	32.83	7,438,589
HKD	50,000	4.24	212,000
JPY	14,927	0.2727	4,071
AUD	49,880	23.99	1,196,621
CNY	117,363	4.995	586,228

	December 31, 2014			
	Foreign Currency		Exchange Rate	Amount
Financial assets				
Monetary Item				
USD	$	1,222	31.65	38,676
HKD		17,422	4.08	71,082
EUR		39	38.47	1,500
JPY		2,165	0.2646	573
GBP		8	49.27	394
AUD		23	25.91	596
SGD		32	23.94	766
ZAR		7	2.74	19
CNY		50,800	5.092	258,674
CAD		6	27.27	164
CHF		1	31.98	32
Non-Monetary Item				
USD		9,069	31.65	287,034
HKD		73,465	4.08	299,737
CNY		338,838	5.092	1,725,363
Investments under Equity Method				
USD		56,260	31.60	1,777,808
Financial liabilities				
Monetary Item				
USD		77,346	31.65	2,448,001
CNY		188,071	5.092	957,658

Because there are a variety of functional currencies, the Company discloses a summary of its information on exchange gain or loss. The realized and unrealized exchange loss amounted to $58,458 and $47,680 for the year ended December 31, 2015 and 2014, respectively.

b. Sensitivity analysis

The currency risk of the Company arises mainly from cash and cash equivalents, other receivables, security borrowing margin, financial assets measured at fair value through profit or loss and securities lending refundable deposits, which are denominated in foreign currencies. Foreign exchange gain or loss occurs when translating the foreign currency assets to NTD assets. For the year ended December 31, 2015 and 2014, given other factors remain the same, if NTD increase or decrease 5% contrary to other currencies, the income after tax will increase or decrease by $298,552 and $29,924, and the other comprehensive income will increase or decrease by $396,629 and $73,779, respectively.

D. Sensitivity analysis of interest rate risk

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date. For floating rate instruments, the sensitivity analysis assumes the liabilities are outstanding for the whole year at the reporting date. The variable rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. This is mainly attributable to the Company's exposure to floating rates on its bond position.

			2015			2014		
market risk type	**December 31, 2015**	**December 31, 2014**	**Mean**	**Maximum**	**Minimum**	**Mean**	**Maximum**	**Minimum**
interest risk	1,201,645	756,972	1,003,569	1,250,286	734,670	704,565	756,972	636,871

E. Fair value and hierarchy information

a. Fair value information

(1) General description

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Initially, financial instruments should be measured at fair value, which mostly refers to transaction price. Except for those measured at amortized cost, financial instruments are subsequently measured at fair value. A quoted market in an active market provides the most reliable evidence of fair value. If the market is not active, the Company determines the fair value of financial instruments in accordance with (a) the calculation of valuation techniques, (b) valuation provided by the professional electronic information company and commonly used by market participants, or (c) quoted prices of the counter party.

(2) Definition of fair value hierarchy

A) Level 1

The input of Level 1 is the public quote of the same financial instrument in an active market. An active market is a market that meets all the conditions listed below: Products traded in the market is of homogeneity; it is able to reach buyer and seller anytime in the market and the price information can be accessed by the public. Taiwan government bonds, equity instruments, debt instruments and derivative instruments with public quote in an active market possessed by the Company belong to Level 1.

B) Level 2

The input of Level 2 refers to observable price except public quote in an active market, including direct observable input parameters (such as price) or indirect observable input parameters (derivation from price). The bond instruments without public quotes in an active market and most of the derivative financial instruments of the Company belong to Level 2.

C) Level 3

Level 3 means input in this level are based neither on direct market data nor from the counter party.

b. Not based on fair value measurement

As of December 31, 2015 and 2014, the fair value information of the financial assets and financial liabilities of the Company was as follows:

(1) Fair value information

	December 31, 2015		December 31, 2014	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial assets :				
Cash and cash equivalents	$ 1,968,456	1,968,456	1,196,603	1,196,603
Accrued receivable	21,464,755	21,464,755	27,044,288	27,044,288
Pledged assets - current	416,604	416,604	391,000	391,000
Financial assets measured at cost - non-current	380,603	380,603	389,353	389,353
Other assets - non-current	1,357,718	1,357,718	1,578,860	1,578,860
Financial liabilities :				
Short-term borrowings	$ 1,579,717	1,579,717	2,657,000	2,657,000
Commercial paper payable	-	-	1,749,717	1,749,717
Bonds sold under repurchase	24,014,573	24,014,573	14,725,686	14,725,686
Accrued payable	10,256,258	10,256,258	13,332,492	13,332,492
Other financial liabilities - current	3,834,575	3,834,575	2,140,965	2,140,965
Long-term liabilities - current portion	-	-	500,000	500,000
Other financial liabilities - non-current	241,991	241,991	112,565	112,565
Other liabilities - non-current	567,583	567,583	537,335	537,335

(2) Hierarchy information of fair value

	December 31, 2015			
	Total	**Level 1**	**Level 2**	**Level 3**
Investment property	$ 3,578,321	-	-	3,578,321

(3) Valuation techniques used in estimating the fair values of financial instruments

A) For short term financial instruments, the fair values are determined based on their book value because of their short maturities. The method is applied to cash and cash equivalents, bonds purchased under resale agreements, accrued receivable, other current assets, other assets - non-current, short term borrowings, commercial paper payable, bonds sold under repurchase agreements, accrued payable, other financial liabilities - current , other financial liabilities - non-current, and other liabilities - non-current.

B) Financial assets measured at cost and equity investments in unlisted stocks do not have the quoted market prices in an active market and the variability in the range of reasonable fair values is significant or the probabilities of the various estimates within the range cannot be reasonably assessed, so the fair value is unable to be reliably measured. Therefore, the Company considers the book value as a reasonable approximation of fair value.

C) The investment properties were evaluated and estimated using Market Method based on the market evidence of transaction price of similar properties.

c. Based on fair value measurement

(1) Hierarchy information of fair value

The Company's financial instruments measured at fair value are evaluated on a recurring basis. The financial assets and liabilities measured at fair value as of December 31, 2015 and 2014 were as follows:

	Level 1	Level 2	Level 3	Total
December 31, 2015				
Financial assets at fair value through profit or loss	$ 8,405,711	17,255,304	-	25,661,015
Financial assets available for sale	93,483	7,741,972	-	7,835,455
Derivative financial assets	94,289	43,300	-	137,589
	$ 8,593,483	**25,040,576**	**-**	**33,634,059**
Financial liabilities at fair value through profit or loss	$ 2,090,566	-	-	2,090,566
Derivative financial liabilities	7,176	216,533	-	223,709
	$ 2,097,742	**216,533**	**-**	**2,314,275**

	Level 1	Level 2	Level 3	Total
December 31, 2014				
Financial assets at fair value through profit or loss	$ 7,685,284	16,385,310	-	24,070,594
Derivative financial assets	111,575	81,227	-	192,802
	$ 7,796,859	**16,466,537**	**-**	**24,263,396**
Financial liabilities at fair value through profit or loss	$ 1,776,805	-	-	1,776,805
Derivative financial liabilities	421	355,957	-	356,378
	$ 1,777,226	**355,957**	**-**	**2,133,183**

(2) Valuation techniques

A) Non-derivative financial instruments

Financial instruments are initially recognized at fair value. For active markets, fair value is measured according to quoted prices. Publicly listed and over-the-counter traded equity instruments of primary stock exchanges along with central government bonds that are popular securities all regard active market quotes as the basis of fair value.

When quotes of financial instruments are obtained from the Stock Exchange, Reuters, Bloomberg, dealers or competent authorities and the prices represent arm's length transactions with sufficient frequency, the financial instruments are regarded as active market quotes. If the aforementioned requirements are not met, then the financial instruments are regarded as quotes without an active market. Large bid-ask spreads or low trade volumes are features of quotes without an active market.

Excluding the above-mentioned financial instruments with active market quotes, the fair value of the remaining financial instruments are obtained by financial valuation models or referencing counterparty quotes. Fair value obtained through the calculations of financial valuation models include, but are not limited to, fair value references of substantive factors and characteristics from similar financial instruments, those obtained from the cash flow discounting method or those obtained by other financial valuation techniques. Fair values obtained through financial valuation techniques are derived from market information on the balance sheet date, and utilizes the fair values derived from the calculations of financial valuation models (for example referencing the yield curve from the Taipei Exchange, Reuters' average commercial paper interest et cetera).

B) Derivative financial instruments

The fair value of derivative financial instruments is determined by using valuation model. Option instruments are determined by using Black-Scholes Model and non-option derivative financial instruments are determined by using discounted cash flow method. The market inputs for the valuation are derived from stock exchange market and independent financial information service institution, such as Stock Exchange, Futures Exchange, Reuters and Bloomberg. Closing price, settlement price, and the average rate of ask and bid price during certain specific time are adopted.

d. Transfer between Level 1 and Level 2

There is no significant transfer between Level 1 and Level 2 f for the year ended December 31, 2015 and 2014.

e. Fair value adjustments

Financial valuation techniques do not necessarily completely reflect all relevant elements of financial or non-financial instruments held by the Company. Thus, the outputs of financial valuation models may need necessary adjustments in line with important relevant elements. The valuation models and adjustment parameters were verified to ensure valuation procedures and results are in accordance with the requirements, so the valuation adjustments are pertinent and appropriate. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market condition.

F. Transfer of financial assets

The transferred financial assets of the Company that are not qualified for de-recognition in the daily operation are mainly debt securities under repurchased agreements or equity securities under securities lending agreement. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, the Company cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since the Company still bears the interest rate risk and credit risk, so transferred financial assets are not fully derecognized. Financial assets that do not meet criteria for de-recognition and related financial liabilities are as below:

December 31, 2015

Types of financial assets	Book value of the transferred financial assets	Book value of relevant financial liabilities	Fair value of the transferred financial assets (Note)	Fair value of relevant financial liabilities (Note)	Fair value net position (Note)
Under repurchase agreements	$ 24,178,626	24,014,573	-	-	-

Note: The counterparties in repurchase agreements hold the right of recourse not merely on the transferred assets against the Company; hence according to IFRS 7 pg.42 D(d), disclosure of the fair values of transferred assets and their relevant liabilities and fair value net position is not mandatory.

G. Offsetting financial assets and financial liabilities

The Company did not hold any financial instruments contracts which meet Section 42 of the FSC endorsed by IAS 32 therefore, the financial assets and financial liabilities will be offset on the balance sheet.

The Company has transactions, such as repurchase and resell agreements, that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party defaults, the other party can choose to use net settlement.

The offsetting of financial assets and liabilities information is as below:

December 31, 2015

Financial assets under offsetting or general agreement of net amount settlement or similar norms

	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offsetting in the balance sheet	Net amount of financial assets presented in the balance sheets	Related amount not offset in the balance sheet (d)		Net amount
				Financial instruments	Cash received as collaterals	
	(a)	(b)	(c)=(a)-(b)	(Note)		(e)=(c)-(d)
Derivative financial assets	$ 43,300	-	43,300	-	-	43,300

December 31, 2015

Financial liabilities under offsetting or general agreement of net amount settlement or similar norms

	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offsetting in the balance sheet	Net amount of financial liabilities presented in the balance sheets	Related amount not offset in the balance sheet (d)		Net amount
				Financial instruments	Cash received as collaterals	
	(a)	(b)	(c)=(a)-(b)	(Note)		(e)=(c)-(d)
Derivative financial liabilities	$ 216,533	-	216,533	-	-	216,533
Under repurchase agreements	24,014,573	-	24,014,573	24,014,573	-	-
Total	$ 24,231,106	-	24,231,106	24,014,573	-	216,533

December 31, 2014

Financial assets under offsetting or general agreement of net amount settlement or similar norms

	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities offsetting in the balance sheet	Net amount of financial assets presented in the balance sheets	Related amount not offset in the balance sheet (d)		Net amount
				Financial instruments	Cash received as collaterals	
	(a)	(b)	(c)=(a)-(b)	(Note)		(e)=(c)-(d)
Derivative financial assets	$ 81,227	-	81,227	-	-	81,227

December 31, 2014

Financial liabilities under offsetting or general agreement of net amount settlement or similar norms

	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets offsetting in the balance sheet	Net amount of financial liabilities presented in the balance sheets	Related amount not offset in the balance sheet (d)		Net amount
				Financial instruments	Cash received as collaterals	
	(a)	(b)	(c)=(a)-(b)	(Note)		(e)=(c)-(d)
Derivative financial liabilities	$ 355,957	-	355,957	-	-	355,957
Under repurchase agreements	14,725,686	-	14,725,686	14,725,686	-	-
Total	$ 15,081,643	-	15,081,643	14,725,686	-	355,957

Note: Including netting settlement agreement and non-cash financial collaterals.

(22) Financial risk management

A. Brief

The Company is exposed to the following risks due to the usage of financial instruments:

a. Credit risk
b. Liquidity risk
c. Market risk

The disclosure hereby presents above-mentioned risk information, evaluation, and objectives, policies, and procedures of managing information. Further information regarding quantity disclosure please refers to related disclosures.

B. Risk management framework

The risk management system includes the set-up of an independent risk management department and whole risk management framework which comprises segregation of duties and delegation of board of directors, president, risk management department, auditing department, finance department, settlement and clearing department and other business department. The Company also established an operating strategy, capital structure, risk management policy and executive procedure by risk and operating activities. Furthermore, the Company set up a risk management information system to assist whole risk management execute effectively.

C. Credit risk

Credit risk refers to the risk of financial losses to the Company arising from default by the clients or counterparties of financial instruments on the contract obligation.

The Company sets up the credit limits for issuers and counterparties according to the credit information requirements of the authorities and the credit rating information release by credit rating agencies. The credit limit of securities margin transactions is subject to the requirements of the competent authority. The derivatives' credit exposure of counterparty shall be measured on a daily basis. If the limits are exceeded, to increase of collateral or lower transaction position is required. The bonds can be invested only its credit rating is above a prescribed level. And monitor the material information disclosed, information on capital raising activities and operation status of counterparty as a reference for measuring the possibility of credit default. The bond position should be disposed if the credit rating is lower than required.

D. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet obligations because of the inability to obtain adequate funding or liquidate of other financial assets to settle the financial liabilities. It includes financial funding risk and financial market liquidity risk.

Besides decentralizing the financial institutions, the Company also to diversify the financing channels for funding. The Company plans and controls the daily funding operation in advance as the need for funding from various business situations. Also utilizes the simulation analysis mechanism of special event to keep up with the abnormal funding need from the system risks. The Company has set up the rules based on the different risk factors such as issue amount, trading volume, counterparty and etc to address the liquidity risk of each holding position. Moreover, the Company operates a dynamic monitoring of the volatility of market to manage the liquidity risk of holding positions.

E. Market risk

Market risk refers to the risk that change in market prices, exchange rates, interest rates and equity instrument prices, which will affect the Company's revenue or the value of its holdings of financial instruments.

The Company has set up the trading quotas and upper limit of Value at Risk ("VaR") in all operation to ensure the capital adequacy ratio meets the qualification requirements and maximum loss limit to be controlled. The different risk factors that the Company uses to measure the market risk are as follows:

a. Equity securities: calculate by variance-covariance method and to conduct back testing to estimate the VaR of one day at 99% of confidence interval.

b. Bond: use the base point (0.01%) value as the controlling base, and estimate the VaR of one day at 99% of confidence interval.

c. Financial derivatives: use the Delta and Gamma value as the controlling base, and estimate the VaR of one day at 99% of confidence interval.

d. Margin trading: use the maintenance ratio ruled by the competent authority as the standard for disposal.

Each business departments of the Company can utilizes approved financial hedging instruments (such as Futures, Options, Swap and etc) to adjust the risk level to improve the risk management system implemented.

F. Hedging strategies (financial hedging)

The Company's strategies use financial derivatives to hedge market price fluctuations in the attainable scope. The Company sets up each business quota, the capacity for tolerating risk and hedging strategy according to risk tolerance and establishes a monitoring system to understand variation of hedging position. In addition, the Company also formulates principal to conduct over or under limitations with hedging position.

a. Equity securities:

As equity securities price fluctuate, the Company will suffer losses when the unfavorable variation of equity securities price is incurred. To reduce the above risk, the Company not only relies on its well-designed risk management system but also uses index futures and options to hedge the market risk of equity securities.

b. Fixed income instruments:

Risk of fixed income instruments is mainly affected by the fluctuations of market rate. The Company will suffer losses when unfavorable variation of market rate is incurred. The Company uses financial derivatives such as interest rate swap, government bond futures and bond options whose variation in fair value and cash flow are negative correlated with the hedged position to hedge the market risk.

c. Stock warrants:

The market risk of stock warrants issued arises from the fluctuations of market price of the underlying securities and the risk of investors' exercising the stock warrants. The Company will acquire stock warrants of the same underlying securities issued by others whose theoretical price was underestimated to hedge against the fluctuations. Furthermore, the Company will also adjust the hedged position such as the underlying securities, convertible corporate bonds and stock warrants based on the dynamic hedging strategies with the variation of Delta.

d. Structured notes:

Structured notes are the combination of fixed income and asset option. The market risk includes variation of interest rate, stock price and the volatility. In order to hedge the interest rate risk in the fixed income aspect, the Company uses the interest which it generates from investing to repay the principal due. In the asset option aspect, the Company establishes related hedged position to hedge the stock price and the volatility risk.

a. Asset swap:

Convertible bond asset swap is a hybrid derivative comprising of an interest rate swap and a call option on a convertible bond. The related risks are market risk and credit risk of the counterparties. The Company manages its risk through selling of the interest rate swap and options with third parties and verifies its counterparty's credit limit to lower the above risk.

G. Financial risk information of derivative financial instruments

As of December 31, 2015 and 2014, the related financial risk and the presentation of the Company's financial derivatives were as follows:

Stock warrants

a. Notional principal (nominal amount) and credit risk

	December 31, 2015		December 31, 2014	
Financial Instruments	**Notional principal / Nominal amount**	**Credit Risk**	**Notional principal / Nominal amount**	**Credit Risk**
For trading purpose:				
Stock warrants issued	$ 10,260,292	-	33,477,191	-

The Company collects premium from investors prior to issuing stock warrants, and therefore, does not assume any credit risk.

b. Market risk

Market risk of stock warrants issued arises from changes in prices of the underlying securities. Market risk can be hedged by adjusting the positions of stock warrants.

c. Liquidity risk, cash flow risk, and the amount, period, and uncertainty of future cash demand.

The Company establishes hedging positions by collecting margins or premium prior to the issue of stock warrants, which are based on the underlying securities. Therefore there is no significant funding demand. Furthermore, since the underlying security are restricted by certain market prices and diversification requirements, the risk of being unable to sell securities at reasonable prices is rather low; likewise for liquidity risk as well. The only risk is capital demands resulting from hedged positions adjusted for changes in securities prices. However, under the assumption of good market liquidity, cash flow risk is assessed to be low.

The duration of stock warrants issued is three months to two years from the issue date. Except for cash flows from hedging transactions, there is no additional cash demand.

d. Type, purpose, and strategy of financial derivatives held

The Company's strategy is to avoid most of the market risk. Non-trading marketable securities hedging positions are used to hedge against risk from investors' exercising of stock warrants. These underlying securities used as hedging instruments exhibit highly positive correlation with the fair values of stock warrants issued, and positions held are evaluated and adjusted periodically.

e. Presentation of financial derivatives

Relevant transaction pertaining to issuance of stock warrants, its presentation and valuation, and gains or losses on sale and expiration and settlement prior to maturity date, were reflected as follows:

In 2015 and 2014:

(1) Gains (losses) on valuation

	2015	2014	Account
Stock warrants issued	$11,070,099	4,095,759	Gains (losses) on stock warrants issued
Stock warrants repurchased	(10,814,221)	(3,851,835)	Gains (losses) on stock warrants issued

(2) Gains (losses) on sale

	2015	2014	Account
Security borrowing	$ (45,496)	(68,812)	Gains (losses) on covering of borrowed securities and bonds with resale agreements
Trading securities - hedging	(366,765)	(89,159)	Gains (losses) on sale of trading securities
Futures	(5,348)	(90,195)	Gains (losses) on derivative financial instruments - futures

(3) Gains (losses) on maturity

	2015	2014	Account
Stock warrants issued	$ 28,607,096	23,407,361	Gains (losses) on stock warrants issued
Stock warrants repurchased	(27,901,285)	(22,910,678)	Gains (losses) on stock warrants issued

Futures

a. Notional principal (nominal amount) and credit risk

	December 31, 2015		December 31, 2014	
Financial Instruments	**Notional principal / Nominal amount**	**Credit Risk**	**Notional principal / Nominal amount**	**Credit Risk**
For trading purpose:				
Taiex Futures	$ 49,722	-	28,797	-
Stock Futures	985	-	-	-
U.S. 30-Year T-Note Futures	15,187	-	-	-
FTSE China A50 Index Futures	4,209	-	-	-
Euro Bund Futures	455,705	-	-	-
Taiex Options	-	-	410	-
Taiex Weekly Options	-	-	5	-
For non-trading purpose:				
Taiex Futures	197,542	-	194,735	-
Stock Futures	320,278	-	900,101	-
Taiex Gold Futures	17,276	-	-	-
H stock Index Futures	35,626	-	-	-
HSI Futures	9,336	-	-	-
Mini-H Stock Index Futures	838	-	-	-
Mini-HSI Futures	16,805	-	-	-
Taiex Options	18,390	-	2,062	-
Stock Options	355	-	19	-

Should counterparties to futures and options default, the associated losses is borne by the futures commission merchants. Hence, the Company is subject to insignificant credit risk.

b. Market risk

Market risk resulted from the purchase and sale of futures and options. Since the fair values of futures and options are available, and stop-loss points are established in order to manage risk, the Company can confine losses to a predictable range. Therefore, there is no significant market risk.

For non-trading futures or options contracts, gain or loss from the fluctuations of index tends to offset gain and loss of the hedged items. Hence, there is no significant market risk.

c. Liquidity risk, cash flow risk, and the amount, period and uncertainty of future cash demand

The open positions of futures and options held by the Company can be settled on the market at reasonable prices, and as such there is no liquidity risk.

Stock index futures and government bond futures are considered margin transactions. Margins are collected in advance and valued daily on open futures positions established by the Company. For margin calls, the Company has sufficient operating funds to meet the liquidity requirement. As a result, there is no liquidity risk, cash flow risk, or significant cash demand.

For options, premiums are collected or paid in advance. If the counterparty of a short put position exercises the option, the Company has sufficient operating funds to meet the liquidity requirement. Therefore, there is no liquidity risk, no cash flow risk, and no significant cash demand.

d. Presentation of financial derivatives

In 2015 and 2014, gains (losses) on futures and options transactions amounted to $80,915 and ($117,058), respectively, and were reflected as gains or losses on derivatives - futures. As of December 31, 2015 and 2014, futures margin - proprietary fund amounted to $93,648 and $110,452, respectively, and were reflected as financial assets at fair value through profit or loss - current.

In 2015 and 2014, the balance of call options which recognized as financial assets at fair value through profit or loss - current amounted to $641 and $1,123, respectively, put options which recognized as financial liabilities at fair value through profit or loss - current amounted to $7,176 and $421, respectively.

Derivative financial instruments - OTC

a. Interest rate financial derivatives

(1) Notional principal (nominal amount) and credit risk

Financial Instruments	December 31, 2015 Notional principal / Nominal amount	December 31, 2015 Credit Risk	December 31, 2014 Notional principal / Nominal amount	December 31, 2014 Credit Risk
For trading purpose:				
NT dollar interest swaps	$ 55,700,000	-	53,440,000	-

Counterparties to interest rate swaps are banks with good credit ratings. The Company pays fixed and collects floating interest payments. Since the trend of interest rate is stabilized, no default is expected and credit risk is accordingly remote.

(2) Market risk

Non-trading NT dollar interest rate swaps are primarily held for hedging. Gain or loss from the fluctuations of interest rate tends to offset gains and losses of the hedged items, and therefore market risk is insignificant.

In order to manage risk, Stop-loss points are established in accordance to the changes in the contract value of trading NT dollar interest rate. Loss is kept within prediction, and therefore there is no significant market risk.

(3) Liquidity risk, cash flow risk, and the amount, period, and uncertainty of future cash demand

The Company's non-trading NT dollar interest rate swaps are used to hedge against interest rate fluctuations of claims and obligations. On the settlement date, interest receivables or payables are derived from multiplying the notional principals by interest rate differences, and the amount is insignificant. Given that there is no physical transfer of principals on maturity, there is no liquidity risk, cash flow risk, or significant cash demand.

For trading NT dollar interest rate swaps, the interest receivables or payables are derived through multiplying of its notional principals by interest rate differences on the settlement dates; and the amount is insignificant. Given that there is no physical transfer of principals on maturity, there is no liquidity risk, cash flow risk, or significant cash demand associated.

(4) Type, purpose, and strategy of financial derivatives held

The Company entered into non-trading NT dollar interest rate swaps with banks to hedge against interest rate fluctuations of claims and obligations. The Company's strategy is to avoid most of the market risk. Financial derivatives exhibiting highly negative correlation with the fair value of hedged items are used as hedging instruments and evaluated periodically.

The Company engages in trading NT dollar interest rate swaps to gain from the differences in interest rates upon evaluation of the trending of interest rates.

b. Structured notes

(1) Notional principal (nominal amount) and credit risk

Financial Instruments	December 31, 2015 Notional principal / Nominal amount	December 31, 2015 Credit Risk	December 31, 2014 Notional principal / Nominal amount	December 31, 2014 Credit Risk
For trading purpose:				
Equity-linked notes	$ 2,000	-	16,000	-
Principal guaranteed notes	3,761,609	-	1,932,968	-
Credit-linked notes	317,200	-	304,800	-

The Company collects premium from investors prior to conducting structured note transactions, and therefore, does not assume any credit risk.

(2) Market risk

For structured notes, the respective products are exercised at their fair value and the hedged items all have fair values. Therefore, there is no significant market risk of structured notes.

(3) Liquidity risk, cash flow risk, and the amount, period, and uncertainty of future cash demand

The Company collects premium from investors prior to transacting in structured notes, therefore there is no significant liquidity risk.

c. Convertible bond asset-backed swaps

(1) Notional principal (nominal amount) and credit risk

Financial Instruments	December 31, 2015 Notional principal / Nominal amount	December 31, 2015 Credit Risk	December 31, 2014 Notional principal / Nominal amount	December 31, 2014 Credit Risk
For trading purpose:				
Convertible bond asset-backed swaps	$ 1,304,600	-	1,038,100	-
Convertible bond options	2,947,200	-	2,875,700	-

Counterparties to convertible bond asset-backed swaps are institutions with good credit ratings. The Company swaps a predetermined interest rate with the interest payable and interest expense arising from the convertible bond with counterparties. Since the counterparties are governed by relevant regulatory authorities, and the Company maintains good credit risk control over counterparties, the credit risks is minimal.

For convertible bond options, the Company collects premium or margins from investor prior to issuing convertible bond options, and therefore, there is no credit risk.

(2) Market risk

For convertible bond asset-backed swaps, the Company swaps a predetermined interest rate with the interest payable and interest expense arising from the convertible bond with counterparties. Therefore, there is no market risk.

For convertible bond options, since the exercise price of the convertible bonds acquired through underwriting or proprietary trading is determined on the contract date, there is no market risk.

(3) Liquidity risk, cash flow risk, and the amount, period, and uncertainty of future cash demand

Convertible bonds acquired through underwriting or proprietary trading are the underlying assets of asset-backed swaps. The underlying assets are sold to the counterparties for commission. Within the term of the contract, the Company swaps a predetermined interest rate with the interest payable and interest expense arising from the convertible bond with counterparties. The Company also receives the right to call the convertible bond prior to the expiration of the contract. Therefore, there is no significant liquidity risk or significant cash demand.

The underlying assets of Convertible bond option transaction in which the Company engages in were acquired through underwriting or proprietary trading. Prior to issuing convertible bond options, the Company has collected premium or margins from investors; therefore there is no significant liquidity risk.

d. Presentation of derivative financial instruments - OTC

As of December 31, 2015 and 2014, relevant transaction of interest rate financial derivatives, structured notes, equity derivatives, bond options and convertible bond asset-backed swaps were presented on the balance sheets as follows:

	December 31, 2015	December 31, 2014
Financial assets at fair value through profit or loss - current		
IRS asset swaps	$ 22,878	25,952
Currency swaps	8,482	45,318
Asset swap options - long position	11,940	9,881
Structured notes	-	76
Total	$ 43,300	81,227

	December 31, 2015	December 31, 2014
Financial liabilities at fair value through profit or loss - current		
Asset swap options - short position	$ 193,888	348,450
IRS asset swaps	5,398	249
Structured notes	12,243	3,085
Currency swaps	3,476	503
Interest rate swaps	1,528	3,670
Total	$ 216,533	355,957
Other financial liabilities - current		
Structured notes principal value	$ 3,834,575	2,140,965
Other financial liabilities - non-current		
Structured notes principal value	$ 241,991	112,565

In year 2015 and 2014, relevant transaction of interest rate financial derivatives, structured notes, equity derivatives, bond options and convertible bond asset-backed swaps are presented on statements of income as follows:

	2015		2014	
	Gains (losses) on derivative financial instrumnets - OTC	Unrealized Gains (losses)	Gains (losses) on derivative financial instrumnets - OTC	Unrealized Gains (losses)
Interest rate swaps	$ (830)	(1,528)	(8,589)	(3,670)
Equity derivatives	245	-	1,497	-
Structured notes	(48,375)	(8,003)	(25,572)	(2,915)
IRS asset swaps	511	527	784	299
Asset swap options	(41,617)	158,261	(122,864)	(37,422)
Currency swaps	35,796	5,005	109,253	44,815
Total	$ (54,270)	154,262	(45,491)	1,107

(23) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Capital base includes shares capital, capital surplus and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to make sure the Company has sufficient financial resources to cope with the future need of operating fund, capital expenditure and other operating need.

As of December 31, 2015, the Company maintains no change of its capital management.

7. RELATED PARTY TRANSACTIONS

(1) Relationships between parents and subsidiaries

Refer to Note 13(2) for a detailed list of the Company's subsidiaries.

(2) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the consolidated Company.

(3) Key management personnel transactions

A. Key management personnel compensation:

	2015	2014
Short-term employee benefits	$ 106,219	118,470
Post-employment benefits	1,080	1,209
Termination benefits	1,056	-
Total	**$ 108,355**	**119,679**

B. Bond transactions

Bonds sold under repurchase agreements between key management personnel in year 2015 and 2014 are as follows:

	December 31, 2015		December 31, 2014	
	Par value	**Purchase price**	**Par value**	**Purchase price**
Key management personnel	**$ 50,500**	**50,691**	**56,400**	**60,914**

Total financial expenses	**2015**	**2014**
Key management personnel	**$ 415**	**$ 438**

C. Structured notes transactions

The Company engages in structured notes transactions with key management personnel. As of December 31, 2015 and 2014, the balances of structured notes transactions were $17,600 and $22,200 respectively.

(4) Significant transactions with related parties

A. Bond transactions

Bonds sold under repurchase agreements in year 2015 and 2014 are as follows:

	December 31, 2015		December 31, 2014	
	Par value	Purchase price	Par value	Purchase price
Subsidiaries	$ 451,800	451,865	126,800	128,592
Affiliates	13,400	13,400	11,000	11,300
Total	**$ 465,200**	**465,265**	**137,800**	**139,892**

	2015	2014
	Total financial expense	Total financial expense
Subsidiaries	$ 881	473
Other related parties	43	-
Affiliates	67	141
Total	**$ 991**	**614**

Transaction terms are the same as those with general clients.

B. Futures commission revenue

The Company provided futures trading assistance for subsidiary.

	December 31, 2015	December 31, 2014
Commission receivable	**$ 14,267**	**12,690**

	2015	2014
Futures commission revenue	**$ 146,813**	**120,735**

C. Futures trading

The futures margin in subsidiary of the Company is as follows:

	December 31, 2015	December 31, 2014
Futures margin - propreietary fund	**$ 874,376**	**368,897**

	2015	2014
Interest revenue of futures margin	**$ 424**	**178**
Handling fees	**$ 6,695**	**4,657**

D. Lease agreements

a. Lease revenue

	2015	2014
Subsidiaries	$ 16,694	17,097

b. Guarantee deposits received

	December 31, 2015	December 31, 2014
Subsidiaries	$ 3,909	3,909

E. Information technology service

In year 2015 and 2014, the Company provided information technology service to subsidiaries, and the revenue of information technology service amounted to $18,434 and $18,020 respectively.

F. Stock service income

In year 2015 and 2014, the Company provided stock service to subsidiaries, and the stock service income amounted to $427 and $431 respectively.

G. Securities commission expense

The Company delegated subsidiaries for introducing brokers. As of December 31, 2015 and 2014, securities commission expense payable amounted to $353 and $301 respectively and securities commission expenses amounted to $3,610 and $3,033 respectively.

H. Consulting fee

Subsidiaries agreed to provide investment information, training courses, and services of publishing non-periodicals. In year 2015 and 2014, consulting fee paid amounted to $86,100 and $87,150 respectively.

I. Insurance commission income

The Company assists subsidiaries to recruit insurance contracts and charge commission income. The details are as follows:

a. Commission revenues

	2015	2014
Subsidiaries	$ 10,304	13,812

b. Accounts receivable

	December 31, 2015	December 31, 2014
Subsidiaries	$ 1,200	311

J. Brokerage commissions

The investors of CSC Securities (HK) Ltd. traded of market securities with the Company through the trust account named "Capital Securities Nominee Limited." In year 2015 and 2014, the brokerage commissions were $7,406 and $8,362 respectively. Moreover, because subsidiaries were engaged in stock exchange, the brokerage handling fee revenue from subsidiaries was $212 and $2,162 respectively.

K. Human resources and legal service income

The Company provided human resources and legal service for subsidiaries and other related parties, and the human resources and legal service income amounted to $325 and $300, respectively in year 2015 and 2014.

L. The Company issued Letter of Comfort to the banks which loaned to subsidiaries.

8. PLEDGED ASSETS

The following assets were pledged as collateral or restricted in use on December 31, 2015 and 2014:

	December 31, 2015	December 31, 2014	The collateral use
Restricted assets - current	$ 416,604	391,000	Bank borrowings, commercial paper and accounts settled
Restricted assets - non - current	130,586	130,586	Trust to a impartial third party (Note 12)
Trading securities and bonds purchased under resale agreements	24,431,835	13,462,900	Repurchase agreement
Property and equipment	3,734,644	3,835,966	Bank borrowings
Financial assets at fair value through profit or loss - non-current	190,554	189,262	Guaranty deposited for bills, interest rate swaps business, structured notes business and settlement fund
Investment property	1,230,067	1,167,787	Bank borrowings
Total	**$ 30,134,290**	**19,177,501**	

9. SIGNIFICANT CONTINGENT LIABILITY AND UNRECOGNIZED CONTRACT COMMITMENT

(1) Information of handling margin purchase and short sale lending operations in securities trading are as follows:

	December 31, 2015		December 31, 2014	
	Shares (in thousands)	Par value	Shares (in thousands)	Par value
Securities procured through margin purchase	826,231	$ 8,262,310	1,058,730	10,587,300
Collateral for margin purchase	33,476	334,760	5,985	59,850
Collateral for short sales	13,332	133,320	7,293	72,930
Lending securities to customers through short sales	44,174	441,740	49,606	496,060

(2) Information of the collateral provided or the securities borrowed of refinancing margin from securities finance companies are as follows:

	December 31, 2015		December 31, 2014	
	Shares (in thousands)	Par value	Shares (in thousands)	Par value
Securities borrowed from securities finance companies	217	$ 2,170	573	5,730
Collateral for refinancing margin	-	-	217	2,170

(3) Information of issuing promissory notes in connection with guaranty for segregated error accounts, debt, and issuance of commercial paper are as follows:

	December 31, 2015	December 31, 2014
Promissory notes	$ 21,850,000	20,820,000
Promissory notes	USD 80,000	80,000

(4) The Company designated Mr. Liu as a consultant to assist expanding brokerage business and entered into a non-competition agreement with him. The Company paid the consulting fee according to the actual operating performance. During March, 2011, Mr. Liu and the Company re-signed a supplementary to replace the old agreement and the major difference is the annual consulting fee is fixed for $16,000. The effective period is from January 1, 2011 to March 31, 2016. The payment should be done by the end of March every year. The Company already recognized $16,000 both as miscellaneous expense for the year ended December 31, 2015 and 2014.

(5) Securities and Futures Investors Protection Center claims against the Company for compensation of $2,004; due to the fact that the Company, being the underwriter of client's year 2002 cash capital increase case had provided false information on the contents disclosed in the prospectus. The case is under the trial of Taiwan Shilin District Court. According to the opinion from the attorney of the Company, the case had no impact to the Company.

(6) The client, Mr. Wu, declared that a resigned employee of Tung-Hu branch stole and sold off his stocks and withdrew his deposit illegally. The clients filed a lawsuit against the Company alleged for taking joint responsibility of compensation for damages of $36,000 with additional interests. Based on Year 2008 Chung Su No.684 verdict, the Taiwan Taipei District Court ruled in favor of the Company. Mr. Wu was unwilling accept the result and appealed to the high court. This case is currently under the review of the Taiwan High Court. According to the opinion from the attorney of the Company, the case is a personal financial dispute between customer and the former employee and had no impact to the Company.

(7) The client, Mr. Chen, declared that Entie Securities Finance Ltd. (the Company's merged entity) did not return the remaining amount of the transaction and requested the Company to reimburse $1,826 and related interests. Based on recent verdict, the Taiwan High Court ruled against the Company. The Company was not willing to accept the verdict and filed an appeal. It is currently under the review of the Supreme Court.

(8) According to the documentation No. 0990030563 verdict of Financial Supervisory Commission (dated June 14, 2010), Taiwan International Securities Corporation (hereinafter known as "TISC") is suspected to violate the Regulations Governing Securities Firms due to some employees selling private placed products of Genesis Growth Income Preferred Shares B1

issued by GVEC (Genesis Voyager Equity Corporation, Danny Pang as related party) privately. According to the understanding and inspection of TISC, some employees may have been selling the aforementioned product and the suspected sales amount is US$15 million. However, relevant evidence is still under inspection and the legal responsibilities are pending clarification. Some investors instituted proceedings towards TISC and claimed damages amounting to US$8,734,798 dollars (including claim amount US$354,006 dollars towards Taiwan International Securities Investment Consulting Corp.). As of December 31, 2015, the damages claimed for amounted to US$2,930,000 dollars which is favorable to the Company instead of US$5,026,873 dollars; and the investors reached compromises to waive off the appeal rights. Since the case is currently on trial, the possible loss remains uncertain at the moment according to the opinion from the attorney of the Company. Nevertheless, the Company had signed an agreement with the Unitech Printed Circuit Board Corp. and the other nine companies which were the original major shareholders of TISC on May 2, 2011, the date of merger with TISC. According to this agreement, the maximum claim damage compensation afford by the Company is $173,000, thus the Company recognized this amount as other liabilities.

(9) Ding-Li Assets Management Co., Ltd. (hereinafter known as "Ding-Li") acquired the financing creditor's right of Mr. Huang and two other person and claimed that employees of Chang-Li Securities Corp. and Da-Yong Securities Corp. opened these three people's accounts without their consent. Since Chang-Li Securities Corp. and Da-Yong Securities Corp. were acquired by the Company, Ding-Li filed a lawsuit to claim against the Company; amounting to $1,800. Taiwan Taipei District Court ruled in favor of the Company and the case is currently under the review of the Taiwan High Court.

(10) The original shareholder of Taiwan International Securities Corporation (hereinafter known as "TISC"), China Development Financial Holdings (hereinafter known as "CDFH"), possessed a different point of view towards the election motion of 2009 shareholder's meeting and instituted a proceeding in terms of the existence of fiduciary relation toward the TISC. On June 4, 2010, Taiwan Taipei District Court ruled that the fiduciary relation between TISC and aforementioned board of directors and supervisors was not existed based on Year 2009 No. 1086 verdict. The CDFH and TISC both appealed to the verdict. On July 12, 2011, Taiwan High Court ruled that the CDFH has no legal interests in demanding such judgment after the Company merged the TISC and reversed the original judgment and dismissed all the related appeals based on Year 2010 No. 507 verdict. The CDFH appealed to the Supreme Court. The Supreme Court reversed the case to Taiwan High Court based on July 19, Year 2012 No 1093 verdict that the original verdict was in contravention of the laws because the distributing method of the remuneration for directors and supervisors was not explained.

(11) The Company provided the Letter of Comfort for its subsidiary CSC International Holdings Ltd. and CSC securities (HK) Ltd.

(12) In October 2005, the former account executive of the Company's subsidiary - Taiwan International Futures Corporation (hereinafter known as "TIFC") was suspected for deceiving futures investors and causing a material loss. Several investors institute proceedings towards TIFC and claim joint responsibility of compensation for damages. After viewing by TIFC and its attorney, those litigations were classified by actual situations and relevant matters, thereon adopted different solutions. As of December 31, 2015, sixteen litigations with civic claim were filed (including seven cases with ancillary civil action transferred from Taiwan Taipei District Court Criminal Division to Taiwan Taipei District Court Civic Division). Two litigations had been settled and dismissed. Eleven litigations were ruled in favor of TIFC by Taiwan Supreme Court, Taiwan High Court and Taiwan Taipei District Court, respectively. Two litigations were

ruled by Supreme Court that the resigned-employee and TIFC should be jointly responsible for the compensation for damages, and TIFC had indemnified $52,701 for the investor. One litigation was ruled against TIFC by Taiwan High Court on November 30, 2015 and TIFC has filed an appeal to The Supreme Court. As of December 31, 2015, TIFC has paid $162,812 for compensation and the estimated losses amounted to $254,389 in other liabilities – non-current.

The alleged damages amounted to $72,416 for this one litigation is still on trial. In addition, the plaintiffs of those four cases applied to the court for provisional seizure and the amount of provisional seizure and execution fees were $222,991.

As of December 31, 2015, the objects of provisional seizure are as follows:

	Provisional Seizure Amount
Bank deposit	$ 88,821
Clearing and Settlement fund	15,121
Accounts receivable and other accounts receivable	13
	$ 103,955

The Financial Supervisory Commission Executive Yuan voided TIFC's business license on December 27, 2007. Thus, the shareholders' special meeting of TIFC decided to dissolve the company on September 18, 2008. Mr. Kuo, a certified public accountant, and Mr. Liu, a lawyer were designated as liquidators. TIFC is still in the process of liquidation.

(13) According to the Article 17 of Enforcement Rules of the Trust Enterprise Act, the balance sheet, income statement and list of trust properties of trust accounts were declared as follows:

a. Balance sheet of trust accounts

Balance Sheet of Trust Accounts

December 31, 2015 and 2014

Trust Assets	December 31, 2015	December 31, 2014	Trust Liabilities	December 31, 2015	December 31, 2014
Bank deposits	$ 801,071	813,907	Accounts payable	$ 723	337
Short-term investment			Trust capital	7,995,479	10,996,632
Funds	5,844,770	9,459,615	Accumulated earnings or deficit	(273,608)	311,901
Stocks	428,052	724,537			
Securities lent	345,528	278,386			
Bond investment under agreements to repurchase	266,975	-			
Structured notes	5,400	-			
Accounts receivable	30,798	32,425			
Total Assets	**$ 7,722,594**	**11,308,870**	**Total Liabilities**	**$ 7,722,594**	**11,308,870**

b. Income statement of trust accounts

Income Statement of Trust Accounts
Year Ended December 31, 2015 and 2014

	2015	2014
Revenue		
Interest revenue	$ 5,580	2,885
Cash dividends revenue	90,984	48,544
Rental revenue	7,912	8,926
Realized investment gain	239,909	167,345
Unrealized investment gain	71,832	276,388
Unrealized foreign exchange gain	218,494	137,477
Foreign exchange gain	76,773	31,639
Subotal	711,484	673,204
Expense		
Administrative fee	1,464	1,578
Commission expenses	54,058	35,111
Realized investment loss	235,269	93,780
Unrealized investment loss	601,332	163,815
Unrealized foreign exchange loss	32,758	8,982
Foreign exchange loss	29,403	12,371
Supplementary insurance premium	226	293
Subotal	954,510	315,930
Net income (loss) before tax	(243,026)	357,274
Income tax expense	(464)	(283)
Net income (loss) after income tax	**$ (243,490)**	**356,991**

c. List of trust properties

List of Trust Properties
December 31, 2015 and 2014

Investment items	December 31, 2015	December 31, 2014
Bank deposits	$ 801,071	813,907
Short-term investment		
Stocks	428,052	724,537
Securities lent	345,528	278,386
Bond investments under agreement to	266,975	-
Structured notes	5,400	-
Funds	5,844,770	9,459,615
Total	**$ 7,691,796**	**11,276,445**

10. SIGNIFICANT CATASTROPHIC LOSS：NONE

11. SIGNIFICANT SUBSEQUENT EVENTS：

The Board of Directors resolved to establish the venture capital company with investment $1,000,000 on May 11, 2015 and got the approval by the FSC No. 1040034071 on September 8, 2015, and the incorporation registration is approved by Ministry of Economic Affairs on January 12, 2016.

12. OTHERS

Taiwan International Securities Corp. (hereinafter known as "TISC"), the Company's merged entity, entrusted $182,000 to an impartial third party on the merging date with First Securities Co., Ltd. and Far East Securities Co., Ltd. In relations to the agreement of indemnification to the stockholders with aforementioned companies arising from the fraud matter of Taiwan International Futures Corporation (hereinafter known as "TIFC"). Such deposit shall be allocated by the trustee to the stockholders who are merged in proportion of their shareholdings in TISC, after being decided by the court or accommodated by the investors of TIFC.

By end of December 31, 2015, TIFC had reached partial consensus with its investors, and the accumulated amount of compensation was $162,812. According to the indemnification to the former stockholders of First Securities Co., Ltd. and Far Eastern Securities Co., Ltd, the Company needs to pay all of the compensation to the company participating in the merger. As of December 31, 2015, the trust amount of the impartial third party is $130,586 and the accumulated compensation expense is $51,414.

13. DISCLOSURES REQUIRED

(1) Information on significant transaction:

The followings are the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

A. Loans to others: Exhibit 1.

B. Endorsements and guarantee for others: None.

C. Acquisition of real estate over $100 millions or 20% of paid-in capital: None.

D. Disposal of real estate over $100 millions or 20% of paid-in capital: None.

E. Discount on commissions of transactions with related parties over $5 millions: None.

F. Receivables from related parties over $100 millions or 20% of paid-in capital: None.

(2) Information on reinvestment business: Exhibit 2.

(3) Information on investments in China:

A. Investment in Mainland China and related information：

Unit: NT$ thousands

Name of the investee in Mainland China	Major oerations	Issued capital	Method of investment (Note 1)	Accumulated remittance as of January 1, 2015	Remittance or recoverable investment this period		Accumulated remittance as of December 31, 2015	Net gains or losses of investee	Direct or indirect shareholdings (%) by the company	Investment gains and losses recognized during this period (Note 2)	Ending balance of investment	Investment income remitted back as of December 31, 2015
					Remittance amount	Recoverable amount						
Capital True Partner Co., Ltd.	Management, consulting and information service business	5,013	C	-	24,372	-	24,372	3,414	30.10%	716 B (2)	15,077	-

Note 1: Investment methods are classified into the following three categories:

A. Directly invest in a company in Mainland China.

B. Through investing in an existing company in the third area, which then invested in the investee in Mainland China (Please indicate the investee name of the third area).

C. Through a subsidiary to invest in a company in Mainland China.

Note 2: Investment gains and losses recognized during the period

A. It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

B. Indicate the basis for investment gains and losses recognition in the number of one of the following three categories:

(1) The recognition of investment gains or losses is based on the financial statements audited by international certified public accountant cooperated with certified public accountant of the Republic of China.

(2) The recognition of investment gains or losses is based on the financial statements audited by certified public accountant of the Company.

(3) The recognition of investment gains or losses is based on the financial statements provided by the investee without audited by certified public accountant.

B. Quota for investment in China:

Unit: NT$ thousands

Company Name	Accumulative remittance from Taiwan to Mainland China as of December 31, 2015	Amount of investment approved by Investment Commission, Ministry of Economic Affairs (MOEA)	Limit on the amount of investment in Mainland China by MOEA
Capital International Technology Co., Ltd.	24,372	24,372	30,810

(4) Disclosures required for securities firm investing in countries or regions without securities authority:

According to article 4, no. 5 of the letter no. 10300375782 issued by Financial Supervisory Commission on October 3, 2014, the required supplementary disclosures of the Company's information on reinvestment in overseas businesses for the year ended December 31, 2015 are as follows:

A. Balance sheet and income statement:

a. Balance sheet

Company Nature	CSC International Holdings Ltd. December 31, 2015	Taiwan International Securities (B.V.I) Corp. December 31, 2015
Current assets	12,010	24
Long-term investments	22,256	-
Property and premises	2,333	-
Other assets	19,395	3,380
Total assets	55,994	3,404
Current liabilities	535	-
Other liabilities	92	3,384
Total liabilities	627	3,384
Common stock	45,000	9,516
Retained earnings (Accumulated deficit)	10,385	(9,411)
Cumulative translation adjustments	(18)	(85)
Total stockholders' equity	55,367	20
Total liabilities and stockholders' equity	55,994	3,404

b. Income statement

Nature \ Company	CSC International Holdings Ltd. 2015	Taiwan International Securities (B.V.I) Corp. 2015
Operating revenue	(20)	-
Operating expense	(1,132)	(26)
Non-operating revenue	675	-
Non-operating expense	(386)	-
Income (Loss) before tax	(863)	(26)
Net income (loss)	(863)	(26)

B. Marketable securities held as of December 31, 2015

Name of holding company	Securities types and name	Account classification	December 31, 2015	
			Shares	Book value
CSC International Holdings Ltd.	Capital Securities (Hong Kong) Ltd.	Long-term investments	4,864,400	$ 6,987
	CSC Securities (HK) Ltd.	Long-term investments	89,600,000	15,269
	Total			**$ 22,256**
Taiwan International Securities (B.V.I) Corp.	TIS Securities (HK) Limited	Other	265,000,000	**$ (3,384)**

C. Transactions of financial derivatives: None.

D. Revenue on advisory and consulting service and related lawsuit: None

14. SEGMENT INFORMATION:

Please refer to the consolidated financial statements of the Company as of December 31, 2015.

CAPITAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONT'D)

(Amounts expressed in thousands of New Taiwan dollars, unless otherwise stated)

Exhibit 1: Loans to others

(In thousands dollars)

No.	Name of the company providing Loans to Others	Party to Transactions	Account Classification	Related Party	Maximum Balance of the Period	Ending Balance	Capital Employed	Range of interest Rate	Type of Loans (Note)	Amount of Transactions	Purposes of the Borrowers	Allowance of Doubtful Accounts	Collateral		Limit on loans to a single business	Limit on the Amount of Loans
													Name	Value		
1	CSC International Holdings Ltd.	CSC Securities (HK) Ltd.	Account receivables - Related party	Yes	US 22,289	US 22,289	US 22,289	-	2	-	Operations	-		-	US 55,367	US 55,367
2	Taiwan International Securities (B.V.I) Corp.	TIS Securities (HK) Limited	Other receivables - Related party	Yes	US 3,380	US 3,404	US 3,380	-	2	-	Operations & repayment of financing	-		-	US 3,404	US 3,404
3	TIS Securities (HK) Limited	TIS Capital Co., Ltd.	Other receivables	Yes	HK 1,463	HK 1,463	HK 1,463	-	2	-	Repayment of financing	-		-	HK 1,463	HK 1,463
4	CSC Futures (HK) Ltd.	AP CAPITAL INVESTMENT LIMITED	Account receivables - Customer	No	HK 7,750	HK -	HK -	5%	2	-	Tradings	-		-	HK 7,750	HK 45,152
5	CSC Futures (HK) Ltd.	KLAW TRADING LIMITED	Account receivables - Customer	No	HK 10,850	HK 3,875	HK 3,875	5%	2	-	Tradings	-		-	HK 10,850	HK 45,152

Note: Type of Loans
1. Business transactions
2. Necessaries of short-term financing

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)
(Amounts expressed in thousands of New Taiwan dollars, unless otherwise stated)

Exhibit 2: Information on Reinvestment Business

Ref No.	Name of investee company (Notes 1 and 2)	Related Party	Primary business operation	Original investment amount: Ending of the period	Original investment amount: Ending of last period	Equity Ownership by Company: Shares	Equity Ownership by Company: Ratio	Equity Ownership by Company: Book value (Note 3)	Net income or loss of investee company	Investment gain or loss recognized by the Company	Note
0	Capital Investment Management Corp.	Taipei ,Taiwan, R.O.C.	Engaged in providing advice on securities investment and related matters , or securities investment consultancy analyzing the published materials on securities investments	72,515	72,515	7,000,000	100.00%	105,094	12,827	12,827	Subsidiary
0	Capital Futures Corp.	Taipei ,Taiwan, R.O.C.	Engaged in domestic and foreign futures business.	649,610	649,610	72,227,136	59.01%	1,741,933	432,927	255,470	Subsidiary
0	CSC International Holdings Ltd.	British Virgin Island	Long-term equity investment business.	1,339,555	1,339,555	45,000,000	100.00%	1,814,659	(27,820)	(27,820)	Subsidiary
0	Capital Insurance Advisory Corp.	Taipei ,Taiwan, R.O.C.	Engaged in personal insurance brokerage and property insurance brokerage and manages personal insurance agent business	3,890	3,890	389,000	100.00%	72,720	63,068	63,068	Subsidiary
0	Capital Insurance Agency Corp.	Taipei ,Taiwan, R.O.C.	Manages personal insurance agent business.	7,400	7,400	740,000	100.00%	48,274	11,713	11,713	Subsidiary
0	Taiwan International Futures Corp. (Note 4)	Taipei ,Taiwan, R.O.C.	Liquidation in progress.	429,990	429,990	11,999,721	99.99%	-	-	-	Subsidiary
0	Taiwan International Securities (B.V.I) Corp.	British Virgin Island	Holding company for international serurities business.	1,394,817	1,394,817	300	100.00%	641	(841)	(841)	Subsidiary
0	Taiwan International Securities Investment Consulting Corp. (Note 5)	Taipei ,Taiwan, R.O.C.	Liquidation in progress.	9,992	9,992	999,200	99.92%	13,550	(219)	(219)	Subsidiary
1	CSC Asia Ltd. (Note 8)	Hong Kong	Completion of liquidation	HK-	HK10,000 thousand	-	- %	HK-	HK-	-	Second-level subsidiary
1	Capital Securities (Hong Kong) Ltd. (Note 7)	Hong Kong	Long-term equity investment businesses.	HK48,644 thousand	HK48,644 thousand	4,864,400	100.00%	HK54,155 thousand	HK(251) thousand	-	Second-level subsidiary
1	CSC Securities (HK) Ltd.	Hong Kong	Securities brokerage, underwriting, proprietary trading, financial businesses and other securities businesses permitted by local law of Hong Kong.	HK89,600 thousand	HK89,600 thousand	89,600,000	70.00%	HK118,339 thousand	HK143 thousand	-	Second-level subsidiary
1	CSC Finance Ltd. (Note 8)	Hong Kong	Completion of liquidation	HK-	HK42,439 thousand	-	- %	HK-	HK-	-	Second-level subsidiary
2	CSC Securities (HK) Ltd.	Hong Kong	Securities brokerage, underwriting, proprietary trading, financial businesses and other securities businesses permitted by local law of Hong Kong.	HK38,400 thousand	HK38,400 thousand	38,400,000	30.00%	HK50,717 thousand	HK143 thousand	-	Third-level subsidiary
2	CSC Asia Ltd. (Note 8)	Hong Kong	Completion of liquidation	HK-	HK5,000 thousand	-	- %	HK-	HK-	-	Third-level subsidiary
2	CSC Financial Service Ltd. (Note 8)	Hong Kong	Completion of liquidation	HK-	HK5,000 thousand	-	- %	HK-	HK-	-	Third-level subsidiary
3	TIS Securities (HK) Limited (Note 6)	Hong Kong	Liquidation in progress.	HK265,000 thousand	HK265,000 thousand	265,000,000	100.00%	HK(26,229) thousand	HK(194) thousand	-	Second-level subsidiary
4	Taiwan International Capital (HK) Ltd. (Note 6)	Hong Kong	Liquidation in progress.	HK2	HK2	2	100.00%	HK(49,208) thousand	HK(12) thousand	-	Third-level subsidiary
5	CSC Futures (HK) Ltd.	Hong Kong	Futures dealing business.	450,631	474,348	114,000,000	95.00%	450,925	(9,768)	-	Second-level subsidiary
5	Capital International Technology Corp.	Taipei ,Taiwan, R.O.C.	Management and consulting business. Information technology software	50,000	50,000	5,000,000	100.00%	50,956	1,525	-	Second-level subsidiary
5	True Partner Advisor Hong Kong Limited	Hong Kong	Asset Management	36,701	-	245,000	49.00%	36,681	(13)	-	Associates
6	Capital Securities Nominees Ltd.	Hong Kong	Agency services.	HK2	HK2	2	100.00%	HK-	HK-	-	Third-level subsidiary

Note 1: (0) Capital Securities Corporation (1) CSC International Holdings Ltd.(2) Capital Securities (Hong Kong) Ltd.(3) Taiwan International Securities (B.V.I) Corp. (4)TIS Securities (HK) Limited. (5) Capital Futures Corp. (6) CSC Securities (HK) Ltd.

Note 2: Includes the Company's investment in overseas business and its reinvestments in other businesses, etc.

Note 3: Book value is the investment balance according to equity method, including investment income (loss), cash dividends, and cumulative translation adjustment, etc.

Note 4: The stockholders' special meeting of Taiwan International Securities Corp. resolved to dissolve the investee company on September 18, 2008 and the liquidation procedure is ongoing.

Note 5: The stockholders' special meeting resolved to dissolve on June 27, 2012 and the liquidation procedure is ongoing.

Note 6: The board of directors of the Company resolved to dissolve the investee company on December 30, 2011.

Note 7: The board of directors of Company resolved to cease operation on October 30, 2012.

Note 8: The liquidation was completed on November 19, 2015