

**JIH SUN FINANCIAL HOLDING CO., LTD.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2010 AND 2009**

**AND**

**INDEPENDENT AUDITORS' REPORT**

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version of difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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(English Translation)  
**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

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**(English Translation)**  
**Independent Auditors' Report**

The Board of Directors  
Jih Sun Financial Holding Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Jih Sun Financial Holding Co., Ltd. and its subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the Republic of China and under the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants. These 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, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jih Sun Financial Holding Co., Ltd. and its subsidiaries as of December 31, 2010 and 2009, and the results of its consolidated operations and its consolidated cash flows for the years then ended, in conformity with the "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies" and generally accepted accounting principles in the Republic of China.

KPMG  
Taipei, Taiwan, R.O.C.  
March 7, 2011

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Report Originally Issued in Chinese)  
**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31, 2010 and 2009**  
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	December 31,			LIABILITIES AND STOCKHOLDERS' EQUITY	December 31,		
	2010	2009	Change in (%)		2010	2009	Change in (%)
	Amount	Amount	(%)		Amount	Amount	(%)
Cash and cash equivalents(Notes 2(E) and 4(A))	\$ 5,409,481	5,866,396	(8)	Deposits from the Central Bank and banks(Note 4(N))	\$ 6,967,852	10,854,230	(36)
Due from the Central Bank and call loans to banks(Notes 2(F) and 4(B))	35,460,920	40,844,637	(13)	Commercial papers issued(Notes 4(O) and 6)	6,205,029	4,048,252	53
Financial assets measured at fair value through profit or loss (Notes 2(G)(H) , 4(C)(AB)) and 6)	31,758,145	11,656,058	172	Financial liabilities measured at fair value through profit or loss (Notes 2(G)(H) and 4(P)(AB))	1,139,766	607,644	88
Securities purchased under resell agreements (Notes2(I) and 4(D))	453,095	1,313	34,408	Securities sold under repurchase agreements (Notes 2(I) and 4(Q))	2,689,120	4,063,729	(34)
Receivables-net(Notes 2(J)(K)(L), 4(E)(F)and 5)	25,034,890	22,324,309	12	Payables(Notes 2(K)(R) and 4(R))	13,736,763	15,157,726	(9)
Discounts and Loans-net(Notes 2(L), 4(F) and 5)	128,721,950	125,873,517	2	Deposits and exchange(Notes 4(S) and 5)	178,713,753	157,014,292	14
Available-for-sale financial assets-net(Notes 2(G), 4(G)(AB) and 6)	2,349,403	2,801,835	(16)	Bonds payable(Notes 4(T) and 6)	4,500,000	8,500,000	(47)
Held-to-maturity financial assets-net(Note 2(G) and 4(H))	300,000	-	-	Other borrowings(Notes 4(U) and 6)	5,060,000	2,980,000	70
Equity investments under equity method-net(Notes 2(M) and 4(I))	240,883	232,966	3	Other financial liabilities(Note 5)	119,658	86,450	38
Other financial assets-net(Notes 2(G)(Q), 4(J), 5, 6)	10,652,314	11,199,073	(5)	Other reserves(Notes 2(S)(T))	406,408	403,091	1
Fixed assets-net(Notes 2(N), 4(K) and 6)	5,987,446	6,184,963	(3)	Other liabilities(Notes 2(W) and 4(V))	511,958	408,747	25
Intangible assets-net(Notes 2(O)and 4(L))	319,073	645,910	(51)	<b>Total Liabilities</b>	<b>220,050,307</b>	<b>204,124,161</b>	<b>8</b>
Other assets-net(Notes 2(P)(W) and 4(M)(V)(Y))	1,707,453	2,102,593	(19)	<b>Stockholders' equity</b>			
				Capital (Note 4(W))			
				Common stock	23,518,557	45,211,494	(48)
				Preferred stock	2,297,543	4,416,740	(48)
				Unappropriated earnings(Accumulated losses)(Note 4(X))	2,817,422	(23,812,134)	(112)
				Other equity:			
				Cumulative translation adjustments	(277,673)	(123,876)	(124)
				Unrealized gains (losses) on financial instruments(Notes 2(G)) and 4(AB))	8,299	(85,269)	110
				Net losses not recognized as pension cost (Note 2(W))	(43,238)	(21,201)	(104)
				<b>Total stockholders' equity of parent company</b>	<b>28,320,910</b>	<b>25,585,754</b>	<b>(11)</b>
				Minority interest	23,836	23,655	1
				<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>28,344,746</b>	<b>25,609,409</b>	<b>11</b>
				<b>SIGNIFICANT COMMITMENTS AND CONTINGENCIES (Note 7)</b>			
<b>TOTAL ASSETS</b>	<b>\$ 248,395,053</b>	<b>229,733,570</b>	<b>8</b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 248,395,053</b>	<b>229,733,570</b>	<b>8</b>

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

(English Translation of Financial Report Originally Issued in Chinese)  
**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For The Years Ended December 31, 2010 and 2009**  
**(Expressed in Thousands of New Taiwan Dollars, except for Earnings Per Share)**

	For the years ended December 31,		Change in (%)
	2010	2009	
	Amount	Amount	
<b>REVENUES(</b> Note 2(X)) :			
Interest incomes	\$ 4,604,086	4,826,644	(5)
Less:Interest expenses(Note 5)	1,325,800	2,640,509	(50)
<b>Net interest income</b>	<u>3,278,286</u>	<u>2,186,135</u>	<u>50</u>
Except for Net Interest Income:			
Net service fee and commissions income	4,345,962	4,554,395	(5)
Gains on financial assets or liabilities measured at fair value through profit and loss (Notes 4(C)(P))	448,653	918,505	(51)
Realized losses on available-for-sale financial assets	(75,804)	(148,987)	49
Income from equity investments under the equity method (Note 4 (I))	28,821	29,709	(3)
Foreign exchange gains	112,531	21,294	428
Reversal of impairment loss on assets (impairment loss on assets)(Note 2(C))	155,776	(41,013)	480
Net loss on sale of foreclosed collaterals	(125,932)	(67,855)	(86)
Recovered bad debts and overdue accounts-net	997,585	682,474	46
Net other non-interest (losses) incomes (Notes 4(AA) and 5)	254,709	(162,812)	256
Subtotal	<u>6,142,301</u>	<u>5,785,710</u>	<u>6</u>
<b>Net Revenues</b>	<u>9,420,587</u>	<u>7,971,845</u>	<u>18</u>
<b>Bad debt expense</b>	<u>568,970</u>	<u>6,477,178</u>	<u>(91)</u>
<b>Operating Expenses</b>			
Personnel Expenses	3,383,163	3,610,113	(6)
Depreciation and amortization expense(Note 4(L))	605,410	815,800	(26)
Other general and administrative expenses(Note 5)	1,993,999	2,080,465	(4)
Total operating expenses	<u>5,982,572</u>	<u>6,506,378</u>	<u>(8)</u>
<b>Total expenses</b>	<u>6,551,542</u>	<u>12,983,556</u>	<u>(50)</u>
<b>Net consolidated income (loss) before income tax</b>	<u>2,869,045</u>	<u>(5,011,711)</u>	<u>157</u>
<b>Income tax expense (Notes 2(V) and 4(Y))</b>	<u>(49,122)</u>	<u>(578,193)</u>	<u>92</u>
<b>Consolidated net income (loss)</b>	<u>\$ 2,819,923</u>	<u>(5,589,904)</u>	<u>150</u>
<b>Consolidated (loss) income attributable to :</b>			
Parent company shareholders net income (loss)	\$ 2,817,422	(5,593,148)	150
Minority interest income	2,501	3,244	(23)
<b>Consolidated net income (loss)</b>	<u>\$ 2,819,923</u>	<u>(5,589,904)</u>	<u>150</u>
	<b>Before</b>	<b>After</b>	<b>Before</b>
	<b>tax</b>	<b>tax</b>	<b>tax</b>
<b>Primary earnings (losses) per share (Expressed in New Taiwan Dallar\$(dollar):(Notes 2(Z) and 4(Z))</b>	<u>\$ 1.19</u>	<u>1.17</u>	<u>(1.30)</u>
<b>Primary losses per share-retroactively adjusted (Expressed in New Taiwan Dallar\$(dollar):(Notes 2(Z) and 4(Z))</b>	<u>\$ -</u>	<u>-</u>	<u>(2.50)</u>
<b>Diluted earnings per share(Expressed in New Taiwan Dallar\$(dollar):(Notes 2(Z) and 4(Z))</b>	<u>\$ 1.11</u>	<u>1.09</u>	<u>-</u>

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

(English Translation of Financial Report Originally Issued in Chinese)  
**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**For The Years Ended December 31, 2010 and 2009**  
(Expressed in Thousands of New Taiwan Dollars)

	Capital stock			Unappropriated retained earnings (accumulated losses)	Other adjustments to stockholders' equity				Stockholders' equity of parent company	Minority interest	Total
	Common stock	Preferred stock	Total		Cumulative translation adjustments	Net losses not recognized as pension cost	Unrealized (losses) gains on financial instruments	Total			
<b>Beginning Balance - January 1, 2009</b>	\$ 21,707,754	4,416,740	26,124,494	(4,116,742)	(83,662)	-	(329,340)	(413,002)	21,594,750	23,568	21,618,318
Net loss for 2009	-	-	-	(5,593,148)	-	-	-	-	(5,593,148)	3,244	(5,589,904)
Capital increase by cash	23,503,740	-	23,503,740	(14,102,244)	-	-	-	-	9,401,496	-	9,401,496
Cumulative translation adjustment of long-term equity investment in subsidiaries	-	-	-	-	(40,214)	-	-	(40,214)	(40,214)	-	(40,214)
Changes in unrealized gains (losses) on available-for-sale financial assets of subsidiaries	-	-	-	-	-	-	244,071	244,071	244,071	-	244,071
Adjustment of net losses not recognized as pension cost	-	-	-	-	-	(21,201)	-	(21,201)	(21,201)	-	(21,201)
Adjustment for cash dividends by sub-subsidiaries	-	-	-	-	-	-	-	-	-	(3,157)	(3,157)
<b>Ending balance - December 31, 2009</b>	<b>45,211,494</b>	<b>4,416,740</b>	<b>49,628,234</b>	<b>(23,812,134)</b>	<b>(123,876)</b>	<b>(21,201)</b>	<b>(85,269)</b>	<b>(230,346)</b>	<b>25,585,754</b>	<b>23,655</b>	<b>25,609,409</b>
Net income for 2010	-	-	-	2,817,422	-	-	-	-	2,817,422	2,501	2,819,923
Capital stock offset accumulated deficit	(21,692,937)	(2,119,197)	(23,812,134)	23,812,134	-	-	-	-	-	-	-
Cumulative translation adjustment of long-term equity investment in subsidiaries	-	-	-	-	(153,797)	-	-	(153,797)	(153,797)	-	(153,797)
Changes in unrealized gains (losses) on available-for-sale financial assets of subsidiaries	-	-	-	-	-	-	93,568	93,568	93,568	-	93,568
Adjustment of net losses not recognized as pension cost	-	-	-	-	-	(22,037)	-	(22,037)	(22,037)	-	(22,037)
Adjustment for cash dividends by sub-subsidiaries	-	-	-	-	-	-	-	-	-	(2,320)	(2,320)
<b>Ending balance - December 31, 2010</b>	<b>\$ 23,518,557</b>	<b>2,297,543</b>	<b>25,816,100</b>	<b>2,817,422</b>	<b>(277,673)</b>	<b>(43,238)</b>	<b>8,299</b>	<b>(312,612)</b>	<b>28,320,910</b>	<b>23,836</b>	<b>28,344,746</b>

Note: For the years ended December 31, 2010 and 2009, the related information of directors' and supervisors' remuneration and the employee bonuses, please refer to Note 4(X).

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

(English Translation of Financial Report Originally Issued in Chinese)  
**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For The Years Ended December 31, 2010 and 2009**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities:</b>		
<b>Consolidated net income (loss)</b>	\$ 2,819,923	(5,589,904)
<b>Adjustments:</b>		
Depreciation expense	260,252	338,847
Amortization expense	345,158	476,953
(Reversal) Provision for trading losses reserve	(8,346)	41,861
(Reversal) Provision for default losses reserve	11,683	14,156
Unrealized revaluation losses (gains) on financial assets and liabilities	205,589	(105,644)
Miscellaneous Provisions	568,970	6,477,178
Investment income on equity investments under equity method	(28,821)	(29,709)
Cash dividend received from equity method investees	20,904	20,279
Realized losses on available-for-sale financial assets	75,804	148,987
Losses on disposal and retirement of fixed assets	12,690	33,528
Gains on disposal of fixed assets	(9,080)	(37)
Fixed assets transferred to expenses	66	1,560
Retirement losses of intangible assets	-	96
Retirement losses of other assets	-	69
Losses on disposal of foreclosed collaterals	125,932	67,855
Impairment losses on financial assets	3,770	71,135
Reversal of impairment loss on non-financial assets	(159,546)	(30,122)
<b>Total adjustments</b>	<u>1,425,025</u>	<u>7,526,992</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in receivables	(2,808,331)	(10,286,156)
(Increase) decrease in financial assets measured at fair value through profit or loss	(20,361,423)	6,564,310
Decrease in other assets	184,333	86,161
<b>Total changes in operating assets:</b>	<u>(22,985,421)</u>	<u>(3,635,685)</u>
<b>Changes in operating liabilities:</b>		
(Decrease) increase in payables	(1,420,963)	1,410,751
Increase in financial liabilities measured at fair value through profit or loss	585,869	237,898
<b>Total changes in operating liabilities:</b>	<u>(835,094)</u>	<u>1,648,649</u>
<b>Net cash used in operating activities</b>	<u>(19,575,567)</u>	<u>(49,948)</u>
<b>Cash flows from investing activities:</b>		
Acquisition of fixed assets	(108,245)	(77,579)
Proceeds from disposal of fixed assets	33,864	1,868
Acquisition of intangible assets	(9,774)	(52,986)
Proceeds from disposal of foreclosed collaterals	243,844	337,618
Purchase of foreclosed collaterals	-	(358)
Decrease in due from the Central Bank and call loans to banks	5,383,717	20,092,319
(Increase) decrease in discounts and loans	(3,318,059)	6,574,232
(Increase) decrease in securities purchased under resell agreements	(451,782)	2,026,508
Decrease in other financial assets	541,395	2,167,841
Decrease(increase) in available-for-sale financial assets	470,196	(1,606,572)
Increase in held-to-maturity financial assets	(300,000)	-
<b>Net cash flow provided by investing activities</b>	<u>2,485,156</u>	<u>29,462,891</u>
<b>Cash flow from financing activities:</b>		
Increase in commercial papers issued	2,156,777	1,512,620
Decrease in bonds payable	(4,000,000)	(1,901,500)
Increase in other borrowings	2,080,000	1,330,000
Decrease in securities sold under repurchase agreements	(1,374,609)	(8,972,824)
Increase (decrease) in other financial liabilities	33,208	(19,618)
Increase (decrease) in other liabilities	81,154	(80,744)
Capital addition	-	9,401,496
(Decrease)Increase in deposits from the Central Bank and banks	(3,886,378)	54,625
Increase (decrease) in deposits and exchange	21,699,461	(32,157,246)
Changes in minority interest	(2,320)	(3,157)
<b>Net cash provided by (used in) financing activities</b>	<u>16,787,293</u>	<u>(30,836,348)</u>
<b>Effect of exchange rate changes</b>	<u>(153,797)</u>	<u>(40,214)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(456,915)</u>	<u>(1,463,619)</u>
<b>Cash and cash equivalents, beginning of the period</b>	<u>5,866,396</u>	<u>7,330,015</u>
<b>Cash and cash equivalents, end of the period</b>	<u>\$ 5,409,481</u>	<u>\$ 5,866,396</u>
<b>Supplemental cash flow information:</b>		
Interest paid during the year	<u>\$ 1,392,708</u>	<u>3,309,041</u>
Income taxes paid during the year	<u>\$ 625,536</u>	<u>129,405</u>
<b>Non-cash investing and financing activities :</b>		
Unrealized gain (loss) on available-for-sale financial assets	<u>\$ 93,568</u>	<u>244,071</u>
Net losses not recognized as pension cost	<u>\$ (22,037)</u>	<u>(21,201)</u>
Capital stock offset accumulated deficit	<u>\$ 23,812,134</u>	<u>-</u>

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

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**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2010 and 2009**

**(All amounts expressed in thousands of New Taiwan dollars, unless otherwise indicated)**

## **1. OVERVIEW**

### **(A) Overview**

Jih Sun Financial Holding Co., Ltd. (the “Company”) was established to comply with the trend in global financial development, respond to government financial reforms, achieve greater economies of scale, extend management efficiency, and strengthen financial cross-industry market competitiveness. In order to cross-sell across Jih Sun group, share client sources, raise management efficiency and enjoy tax benefits, Jih Sun International Bank Ltd. and Jih Sun Securities Co., Ltd. held extraordinary shareholders’ meetings on December 14, 2001, respectively. The resolution reached at the meeting was to announce an exchange of shares between the both companies and transfer into a new “Jih Sun Financial Holding Limited Co.” The date of transfer was settled on February 5, 2002, and the Company was officially established on the date.

The principal business and other activities approved by the competent authority of the Government are H801011 financial holding company business. The Company conducts the business in the following areas: Investment banking, bills financing, credit cards, insurance, securities, futures, venture investment, investment of overseas financial institutions and the other related financial businesses approved by the competent authority.

On May 21, 2002, the Company’s Board of Directors resolved to approve the case of merger between the Company, the Company’s subsidiary Jih Sun Securities Co., Ltd. and Yuan Xin Securities Co., Ltd. According to the terms and conditions stipulated in the merger agreement, Jih Sun Securities Co., Ltd., as the surviving entity, firstly merged with Yuan Xin Securities Co., Ltd. (conversion ratio of 1.2997 shares of Yuan Xin Securities Co., Ltd. exchanged for 1 share of Jih Sun Securities Co., Ltd.). The acquisition date of record was October 10, 2002. Moreover, Shares of Jih Sun Securities Co., Ltd. acquired by shareholders of Yuan Xin Securities Co., Ltd. were exchanged for shares of the Company at a conversion ratio of 1.444 shares of the Company exchanged for one share of Jih Sun Securities Co., Ltd. as approved by SFC Tai-Cai- Zheng- Zi(1) No. 0920130277 dated July 15, 2003. The merger was in effect on July 15, 2003.

As of December 31, 2010 and 2009, the number of the Company’s employees were 20 and the number of the group’s employees were 3,459 and 3,379, respectively.

**(English Translation of Financial Report Originally Issued in Chinese)**  
**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(B) Consolidation profile

- a. The Company: Jih Sun Financial Holding Co., Ltd.. The companies including in the consolidated financial statements are summarized as follows:

<b>Investment</b>		<b>December 31,</b>		<b>Conducts business</b>
<b>Company</b>	<b>Subsidiary</b>	<b>2010</b>	<b>2009</b>	
Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	100%	100%	Jih Sun Securities Co., Ltd. engages in the activities of securities brokerage, securities trading, securities underwriting, securities margin purchases and short sales, stock transaction agency services, futures trading, and auxiliary services for futures trading and stock warrant issuance
Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	100%	100%	Jih Sun International Bank Ltd. engages in the activities of general deposits, loans, government bond investment and collection, stocks, short term securities, financial bonds, and other businesses approved by the competent authority of the Central Government. The trust business includes domestic and overseas fund trust transaction and employee investment trust.
Jih Sun Financial Holding Co., Ltd.	Jih Sun International Insurance Agency Co., Ltd.	100%	100%	Property insurance agent.
Jih Sun International Bank Co., Ltd.	Jih Sun Life Insurance Agent Co., Ltd.	99%	99%	Life insurance agent
Jih Sun Securities Co., Ltd.	Jih Sun Futures Co., Ltd.	98.138%	98.138%	Futures dealing and consulting, domestically and internationally

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**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

		<u>December 31,</u>		
<u>Investment</u>				
<u>Company</u>	<u>Subsidiary</u>	<u>2010</u>	<u>2009</u>	<u>Conducts business</u>
Jih Sun Securities Co., Ltd.	Jih Sun International Investment Holding Co., Ltd.	100%	100%	Securities brokerage and propriety trading, underwriting, securities research and analysis, corporate and individual financial planning, investment consulting, financing business, investment trust, futures and holding company to recognize profit and loss on investment.
Jih Sun Securities Co., Ltd	Jih Sun Securities Investment Consulting Co., Ltd.	100%	100%	Research of securities investment and related events.
Jih Sun International Investment Holding Co., Ltd.	Jih Sun Cresvale Securities International Limited	100%	100%	Related businesses of brokerage, proprietary underwriting
Jih Sun International Investment Holding Co., Ltd.	Jih Sun Financial Services (Cayman) Ltd	100%	100%	Related businesses of securities financing
JihSun International Investment Holding Co., Ltd.	Jih Sun Capital Management Limited	100%	100%	Related businesses of Funds and assets management, and recognized consulting income.
Jih Sun Cresvale Securities International Limited	JS Cresvale Financing Limited	100%	100%	Agency of stocks and futures, sales of funds

When preparing consolidated financial statements, the Company's investments and its subsidiaries stockholders' equity were eliminated. Moreover, the accounts non-performing loan and debt of the inter-company were removed, and all significant inter-company transactions had been cleared.

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- b. Affiliates not included in the consolidated financial statements: None.
- c. Affiliates with different accounting period with the parent company: None.
- d. Affiliates with different accounting policies with the parent company: None.
- e. Unusual risks from foreign affiliates: None.
- f. Regulation or contract restrictions on earnings distribution of individual affiliates:

There were no regulations or contract restrictions on earnings distribution of oversea affiliates- Jih Sun International Investment Holding Company Limited, Jih Sun Cresvale Securities International Limited, JS Cresvale Financing Limited, Jih Sun Financial Services (Cayman) Ltd, and Jih Sun Capital Management Limited. Except for Jih Sun International Bank Ltd., which is required to make a provision of 30% for capital surplus, and Jih Sun Securities Co., Ltd. and Jih Sun Futures Co., Ltd. which are required to make a provision of 20% for special reserve, the remaining affiliates located in R.O.C have similar restrictions as the Company.

- g. Other significant issues or other information regarding affiliate companies shall be expressed and explained in the consolidated financial statement:

While preparing consolidated financial statements, the Company's investments and its subsidiaries stockholders' equity were eliminated. Intercompany receivables and payables were eliminated. Unrealized gains between the Company and its subsidiaries resulting from intercompany transactions are eliminated. Assets and liabilities of foreign subsidiaries are translated into New Taiwan dollar equivalents at the spot rates of the balance sheet date; stockholders' equity is translated by the historical rates except for the beginning balance of retained earnings. Revenues and expenses are translated at the weighted-average rate during the period, with exchange differences included in stockholders' equity as "cumulative translation adjustments."

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Company and its subsidiaries' consolidated financial statements were prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and generally accepted accounting principles of the Republic of China. The significant accounting policies and bases of measurement adopted in preparing these financial statements are as follows:

- (A) Basis of compilation for statements of cash flows

The statements of cash flows are compiled based upon cash and cash equivalents.

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(B) Accounting Estimation

The Company's and its subsidiaries' financial statements were prepared in accordance with Generally Accepted Accounting Principles. The company had to use the reasonable amount of estimation for allowance for bad debt, pension, asset impairment, reserve for loss on breaches of contract, and trading loss reserve etc. Because the estimation was usually determined under the uncertain condition, the actual results could differ from these estimates.

(C) Asset Impairment

In accordance with Financial Accounting Standards (SFAS) No. 35 "Impairment of Assets," the recoverable amount (individual assets or cash generating units other than goodwill) of an asset is estimated and compared with the carrying amount whenever there is an indication that the asset may be impaired. An impairment loss is recognized when the recoverable amount is less than the carrying amount (the higher of fair market value and value in use). For assets other than goodwill, reversal of impairment loss is recognized when the recoverable amount of the asset has increased from its prior period estimation, the carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior period.

(D) Foreign Currency Transactions and Translation of Foreign Currency Financial Statement

For the Company and its subsidiaries, monetary assets and liabilities denominated in foreign currencies are revalued at the spot rate on the balance sheet date. The resulting exchange gains or losses are recorded as non-operating income or loss. Non-monetary assets or liabilities denominated in foreign currencies are measured at the historical exchange rate of the transaction date. Non-monetary assets or liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency using the spot rate at the balance sheet date. If the non-monetary assets or liabilities are measured at fair value through profit or loss, the resulting unrealized exchange income (loss) from such translations is reflected in the accompanying statements of income. If the non-monetary assets or liabilities are measured at fair value through stockholders' equity, the resulting unrealized exchange income (loss) from such translations is recorded as a separate component of stockholders' equity.

Foreign operating institution with equity-method of the Company's subsidiary, Jih Sun Securities Co., Ltd., are booked in the functional currency. The translation of the financial statement is determined by the translated differences arising from the financial statement of domestic currency which are accounted under shareholders' equity as cumulative translation adjustment after tax. The adjustments will be incorporated into the profit or loss when the foreign operating institution is sold out or under liquidation.

(E) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, checks for clearing, petty cash and due from the other banks, short-term investments that are readily convertible to fixed amounts of cash and the interest rate fluctuations have little effect on their values with a short term maturity.

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(F) Due from the Central Bank and Call Loans to Banks

It refers that the amount of deposit in central bank, reserve fund, call loan to banks and banks overdraft amount.

(G) Financial Instruments

Financial instruments held by the Company and its subsidiaries are recorded on trading date. The financial instruments are initially recognized at fair value plus transaction costs, except for financial instruments held for trading purpose, which are initially recognized at fair value.

Subsequent to their initial recognition, the financial instruments held or issued by the Company and its subsidiaries are classified according to the purpose of holding or issuing as follows:

a. Financial assets carried at fair value through profit or loss:

Including financial assets held for trading and financial assets measured at fair value through profit or loss, financial assets are classified as held for trading if they have been acquired principally for the purpose of selling or repurchasing in the near term. The derivative financial instruments held by the Company and its subsidiaries, except for those designated as hedging instruments, are classified under this account. The financial assets such as the hybrid instrument or the main contract and embedded derivative should be separately identify but failed to separately revalue at acquiring date or at each balance sheet date, should be classified under this account.

Financial assets carried at fair value through profit or loss shall be measured at their fair value. The fair value of listed and OTC stock are the market closing price at the balance sheet date. The fair value of open-end funds is the net worth at the balance sheet date. The fair value of debt securities are the OTC market closing price at the balance sheet date or the price calculated by the pricing model of the Company and its subsidiaries. The fair values of the derivative financial instruments are closing market price at the balance sheet date or the price calculated by the pricing model of the Company and its subsidiaries.

The Company and its subsidiaries reclassified the financial assets at fair value through profit or loss (not belong to derivative products) as the financial assets available for sale in compliance with the second revised article of SFAS No. 34. The accounting measurement at reclassified date were as follows: the financial assets measured at fair value through profit or loss originally were measured by the fair value at the reclassified date as new cost, and the profit and loss which have been recognized before are not to be reversed.

Proceeds received from issuing warrants are recorded as warrants liabilities. Amounts of repurchasing these warrants are recorded as warrants redeemed and counted for the deduction of warrants liabilities. When selling redeemed warrants, costs are calculated by weighted-average method and the related gain or losses are booked as gain or loss on issuance of warrants. Warrants liabilities and warrants redeemed are valued at market value on the balance sheet date, and the gain or losses on issuance of warrants are recorded. The decrease in such liabilities is recognized as a gain on issuance of warrants.

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The issuer can take the cash settlement method if the investors do not exercise until the due date on the basis of Tai- Jheng- Shang NO.0920102843, and if warrants have no exercise-value, the gain on warrants expiration is recognized. When warrants are settled by cash, gains or losses on exercise of warrants are recognized by exercise price plus warrant price at the exercise day minus market price of underlying securities. When warrants are settled by securities, the underlying securities delivered are treated as sold in the market and revenue is recognized by exercise price, while cost is calculated by moving average method.

When engaging in securities borrowing transactions, securities company should recognize the amounts of securities sold from securities borrowing as liabilities and classify them by the purpose of hedging or speculative. The Company was engaged in the market-maker of stock options. Due to demands for hedging and settlement of the stock options contracts, the Company opened separate accounts for trading the underlying securities of stock options and undertook the selling of securities borrowing or securities financing. On the basis of Tai-Cai- Zheng (7) NO.0920154924, the amounts from selling of securities borrowing or securities financing are recognized as the “Liabilities on sale of borrowed securities-hedged” and value with HCM method. The market price evaluates at closing price on the date of the accounting period ended. The short covering should calculate by moving-averaged method, the gain from short covering should be recognized as “Gain from short covering”, and recorded according to the account of stocks and bonds. The amounts of repurchasing the borrowed stocks or bonds are recognized as a deduction of gain from short covering. Financial liabilities measured at fair value through profit or loss should be measured at fair value, and changes in fair value should be recorded in the profit or loss for the current period.

b. Available-for-sale financial assets:

At each balance sheet date the fair value is remeasured and the resulting gain or loss from such remeasurement is recognized directly in equity. If there is objective evidence that an available-for-sale financial asset is impaired, the carrying amount of the asset is reduced and impairment loss is recognized. If in a subsequent period, the amount of the impairment loss decreases as available-for-sale shall not be reversed through profit or loss. A gain or loss on available-for-sale financial assets is recognized directly in equity until the financial assets are derecognized, at which time the cumulative gain or loss previously recognized in equity is charged to profit and loss.

c. Held-to-maturity financial assets:

The amortized cost, if there is objective evidence that a held-to-maturity financial asset is impaired, the carrying amount of the asset is reduced and impairment loss is recognized. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed through the profit and loss. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized.

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d. Financial assets carried at cost:

Equity instruments with no quoted market price and whose fair value cannot be reliably measured are stated at cost. If there is objective evidence that financial assets carried at cost is impaired, the carrying amount of the assets is reduced and impairment loss is recognized. However, the impairment losses may not be reversed subsequently.

(H) Financial Derivative Instruments

Financial derivative instruments including foreign exchange forward contracts, foreign currency swap, interest rate swap, cross currency swap, option, structured notes, stock warrant liabilities and futures margin-own funds, etc. If the financial derivative instruments are not held for hedging, they are held for trading purpose. Held for trading purpose includes expanding market, fulfilling the needs of customers and other profit making events.

The financial derivative instrument that were held by trading purpose should be measured by fair value, the related net present value was recognized as profit and loss. The fair value refers to the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the quoted price was unable to received, its fair value shall be estimated by evaluation techniques. The financial market's evaluation methods frequently used the recent transaction prices of similar products and the techniques of relevant evaluation to assist in estimating.

The eliminated right of financial derivative instrument measured at fair value has legal force to execute, and an intention to settle on a net basis, financial asset and financial liability should be offset and presented the net amount.

If embedded financial derivative instrument were in compliance with related financial accounting principal, it should be bifurcated from the host contract and accounted for as a derivative. The host contract shall be accounted for under related accounting principle in accordance to its nature of financial or nonfinancial instrument.

(I) Securities Purchased Under Resell Agreements and Securities Sold Under Repurchase Agreements

Securities purchased with a commitment to resell them at predetermined price are treated as financing transactions because the company has retained substantially all such risks and rewards during the transaction period. The difference between the purchase price and resell price is treated as interest revenue and recognized over the term of the agreement. On purchasing date, these agreements are recognized as the securities purchased under resell agreement.

Securities sold with a commitment to repurchase them at predetermined price are treated as financing transactions. The difference between the selling price and repurchase price is treated as interest expense and recognized over the term of the agreement. On selling date, these agreements are recognized as the securities sold under repurchase agreement.

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(J) Accounts Receivable of Credit Cards

Consumer loans to credit card holders are recognized by the amounts submitted from the shops, excluding unearned revenue. Interest income thereon is recognized on an accrual basis using the interest method.

(K) Margin Loans, Securities Financing, Refinancing and Securities Borrowing

Margin loans extended to customers by the Company's subsidiary, Jih Sun Securities Co., Ltd. for the purchase of securities are recorded as margin loans receivable. Such loans are secured by the securities purchased by the customers. Customers may redeem the collateral securities upon repayment of the loans.

Deposits collected from customers by Jih Sun Securities Co., Ltd. for short selling of securities are recorded as securities financing refundable deposits. Proceeds from short selling of securities of stock loan (less stock exchange tax, handling fee for consigned trading, and securities financing fee) are collected as collateral by the Company and are recorded as deposits payable for securities financing. Customers may receive the deposits and proceeds from repayment of the securities.

When Jih Sun Securities Co., Ltd. lacks sufficient funds for securities financing the margin customers, the refinancing amount acquired from securities finance enterprises is recorded as refinancing borrowings, and the stocks purchased by margin customers are collected as collateral by securities finance enterprises.

When Jih Sun Securities Co., Ltd. refinances securities from securities finance enterprises, if it does not have sufficient securities, the deposit paid is recorded as refinancing margin. Proceeds from sale of loaned stocks collected by the Company as collateral should be transferred to securities finance enterprises, and the amounts is recorded as refinancing collateral receivable.

Moreover, pursuant to Securities and Futures Bureau (SFB) (88) Tai-Cai- Zheng (2) No. 82416, whenever the collateral maintenance ratio of any customer's margin account is lower than the limit set by the government after disposal and if there is still a receivable remaining and payment has yet not been made within the time limit specified, then the receivable should be transferred to overdue receivable. If the securities in a customer's margin account cannot be disposed of, then the receivables for securities provided as collateral, in accordance with the actual situation, should be recognized as other receivables or overdue receivable.

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

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(L) Allowance for Credit Losses- Provision and Written Off

The Company's subsidiary Jih Sun Securities Co., Ltd. and the futures enterprises' allowance for doubtful accounts are provided by assessing the collectability of the notes and accounts receivable at period-end.

For the banking industry, adequate allowance for credit losses is provided by assessing the balance, at the end of the accounting period of loans, accounts receivable and non-accrual accounts according to the default risk of specific claims and the inherent risk of overall claims.

The Company follows its internal rule of credit rating towards the individual liability or analysis of the each account, to evaluate the default risk of claims which after the consideration of the value of collaterals. Moreover, the Company, in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrued Loans" issued by MOF, evaluates the non-credit extension of assets that depends on its characteristics. The Company, in compliance with generally accepted accounting principles in the Republic of China, evaluates the possible default risk of claims base on the moderate principal and the holds adequacy loss reserve. The Company classifies its normal credit assets in relation to the assets on and off balance sheet as "Category One." The remaining unsound credit assets shall be classified as "Category Two"-assets require special mention which based on the status of the loan collaterals and the length of time overdue. Assets that are substandard shall be classified as "Category Three," assets that are doubtful shall be classified as "Category Four," and assets for which there is loss shall be classified as "Category Five."

The Company's subsidiary Jih Sun International Bank Ltd. evaluates credit assets on and off balance sheet in accordance with aforementioned regulation, and shall allocate sufficient loan loss provision and reserves against liability or guarantees, and also recorded under "credit loss expenses". The minimum standard for loan loss provision shall be the sum of 2% of the balance of Category Two credit assets, 10% of the balance of Category Three credit assets, 50% of the balance of Category Four credit assets, and the full balance of Category Five credit assets. Allowance for guarantee reserve is provided for estimated credit losses on period-ended balances of guarantee items and receivables for commercial acceptances and also recorded under "credit loss expenses."

Any non-performing loans or non-accrual loans, after subtracting the estimated recoverable portion that has one of the following characteristics shall be written off:

- a. The loan cannot be recovered in full or in part because the debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.
- b. The collateral and property of the primary/subordinate debtors have been appraised at a very low value or become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the bank might collect [from the debtor(s)] where there is no financial benefit in execution.

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- c. The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the Company's subsidiary Jih Sun International bank Ltd.'s taking possession of such collateral.
- d. More than two years have elapsed since the maturity date of the non-performing loans or non-accrual loans, and the efforts of collection have failed.

Any non-performing loans or non-accrual loans which were over due more than six months but less than two years, subtracting the estimated recoverable portion, could be written off after the efforts of collection have failed.

**(M) Equity Investments Under Equity Method**

Investee in which the Bank and its subsidiaries directly or indirectly, hold more than 20% of the outstanding stock with voting right, or hold less than 20% of outstanding stock with voting right but has significant influence over the investment are accounted for under the equity method.

Upon disposition, gain or loss on disposal of long-term equity investment is calculated based on the difference between selling price and book value. The remaining capital surplus arising from long-term equity investment is adjusted to profit or loss proportionate to sales proceeds.

**(N) Fixed Assets, and Depreciation**

Fixed assets are stated at acquisition cost, and evaluated by cost less accumulated depreciation. Major additions, improvements, and replacements are capitalized, while maintenance and repairs are expensed currently. Interest incurred in the acquisition of property and until these property are ready for use is capitalized as part of the acquisition costs. Gain or loss on disposal of property and equipment is accounted for under the other non-interest gain or loss.

Depreciation is computed using the straight-line method over the government prescribed useful lives. Leasehold improvement shall be depreciated by the average method with the lower of the lease term or the estimated useful life. Fixed assets still in use after their original estimated useful lives may be depreciated continuously over their estimated remaining useful lives. Useful lives of major property and equipment are as follows:

Buildings	5 to 60 years
Leasehold improvement	3 to 15 years
Others	3 to 10 years

If fixed assets are still in use after their original estimated useful life, the estimated salvage value may still be depreciated over their acceptable useful lives.

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(O) Intangible Assets

a. Computer software and operation right

In compliance with Statement of Financial Accounting Standards No. 37 (SFAS No. 37) "Intangible Assets," the Company should measure an intangible asset at original cost. After initial recognition, book value of an intangible asset shall be measured at its cost plus revaluation increment revalued in accordance with the laws, less any accumulated amortization and any accumulated impairment losses.

After the assessments, all intangible assets of the Bank have limited useful life. The amortization of the intangible assets was recognized as an expense on a straight-line basis over the estimated useful life of the assets; moreover, while the estimated useful life of the asset has impaired, the impairment test shall be undertaken.

The estimated useful life for the intangible assets is as follows:

- (1) Computer Software    3-5 years
- (2) Operation Right        5 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least at each financial year-end. These changes shall be recognized as changes in accounting estimates.

b. Goodwill

The goodwill arises from merger or fair market value of net assets, the goodwill can be recognized when the purchase price is greater than fair market value of net assets. The goodwill arise from merger does not need to be amortized. However, impairment losses are recognized while the recoverable amount is less than the carrying amount. Impairment losses cannot be reversed once an impairment loss has been recognized.

(P) Foreclosed Collaterals

Foreclosed collaterals are stated at estimated net fair market value, and the difference between it and the nominal value of the original claim is reflected as bad debt loss. On the balance sheet date, if the foreclosed collaterals are still unsold, the net fair market value shall be reassessed, and the difference after reassessment is accounted for under impairment loss on assets if there is sufficient evidence indicating that the net fair market value is lower than the book value of foreclosed collaterals.

(Q) Customer Margin Deposit

The difference between margins and premiums duly collected from a futures trader by an FCM in the course of futures brokerage business, and the corresponding fair-value price, which were accounted for under other financial asset from balance sheet.

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(R) Futures Dealer Equity

Futures dealer equity refers to the difference between margins and premiums deposited by futures dealer and the corresponding settlement fair value, which were accounted for under current liabilities from balance sheet. The amount can't be offset unless it belongs to the same category account of same customer. When a debit balance arises on Futures trader's equity, it shall be accounted for as futures exchange margins receivable.

(S) Reserve for Default Losses

In compliance with the Regulations Governing Securities Firms, the Company's subsidiary Jih Sun Securities Co., Ltd. allocates 0.0028% of the settlement value on a monthly basis and accounts under the other liabilities. The above reserve shall be used only to cover loss arising from customers' default on securities transactions or other purposes approved by the Financial Supervisory Commission. When the accumulated reserve reaches \$200,000 thousand, no additional reserve for trading losses is required to be allocated.

The futures commission merchant engaged in futures brokerage shall set aside 2% of its futures brokerage commission income as reserve for default loss each month. If the accumulated default loss reserve reaches the legally required level of minimum paid-in capital, operation fund, or working capital, no additional reserve for default loss is required to be set aside. The default loss reserve shall not be used except for the purpose of covering the losses arising from commissioned futures trading or for other purposes approved by the FSC.

(T) Reserve for Trading Losses

In compliance with the Regulations Governing Securities Firms and the Regulations Governing Future Firms, the Company shall allocate 10% of realized gain on trading securities and futures. The reserve for trading losses shall only be used for covering realized trading losses. When the accumulated reserve reaches \$200,000 thousand, no additional reserve for trading losses is required to be allocated.

(U) Employee Bonuses, Directors' and Supervisors' Remuneration

Commencing from January 1, 2008, the Company and its subsidiaries estimate the amount of employee bonuses and directors' and supervisors' remuneration according to Interpretation (96) No. 052 issued by the Accounting Research and Development Foundation and recognizes it as personnel expenses. If later the actual allocation amount pursuant to a resolution of the Company and its subsidiaries' board of directors on behalf of shareholders is different from the estimated amount recognized in the financial statements, the difference is accounted as changes in accounting estimates and recognized as profit or loss of the current period.

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(V) Income Tax

The Company and its subsidiaries adopted Statement of Financial Accounting Standards No. 22, "Income Taxes", and recognize deferred income tax liabilities for future taxable temporary differences and deferred income tax assets for future deductible temporary differences, prior year loss carry forwards, and investment tax credits. The future realization of deferred income tax assets is assessed, and a valuation account, if needed, is provided accordingly.

After adopting the imputation tax method in 1998, the 10% surtax on undistributed earnings is recorded as current expense on the date of the stockholders' meeting for declaring the distribution of earnings.

Furthermore, for the year ended December 31, 2003, the Company and its Subsidiaries, "Jih Sun Securities Co., Ltd.," "Jih Sun International Bank Ltd." and Jih Sun International Insurance Agency Co., Ltd. adopted the jointly tax filing return principle to file the annual income tax return and make tax payment. In accordance with Interpretation (92) No.240 issued by the Accounting Research and Development Foundation on October 3, 2003, the accrued receivable and payable between the parent company and subsidiaries are allocated reasonably and consistently to individual companies.

Other subsidiaries, except for the Company's Subsidiaries Jih Sun International Bank Ltd, Jih Sun Securities Co., Ltd and Jih Sun International Insurance Agency Co., Ltd. are filing income tax report separately.

(W) Retirement Plan

The Company and its subsidiaries' benefit pension plan payment are calculated in accordance with the number of years the employee served and the employee's average monthly salary for the last six months prior to the retirement. Under the retirement plan, the pension benefits obligation is the responsibility of the Company. The Labor Pension Act of R.O.C. ("the Act"), effective from July 1, 2005; adopts a defined contribution pension plan. In accordance with the Act, employees of the Company (who were hired before July 1, 2005) may elect to be subject to either the Act and maintain their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. Employees who are hired by the Company after July 1, 2005, are required to be covered by the pension plan as defined by the Act. For employees subject to this Act, the Company is required to make monthly cash contributions to the employees' individual pension accounts at the rate of not less than 6% of the employees' monthly wages and deposit the contribution in a personal retirement benefit account at Council of Labor Affairs. The contribution is recognized as pension expense for the current period.

Under the benefit pension plans, the end of financial year is the measurement date of the actuarial report, and a minimum pension liability is recorded in the financial statements based on the difference between the accumulated benefit obligation and the fair value of plan assets. Net periodic pension cost recognized in accordance with SFAS No. 18 the actuarial report of the retirement plan includes the current service cost, transition asset, prior service cost, and unrecognized gain or loss on the pension plan, which is amortized using the straight-line method over the expected average remaining service period of the employees. Minimum supplementary accrued pension often results from unrecognized prior service cost and unrecognized transitional net assets or net benefit obligations.

If the minimum amount of pension liabilities were lower than the sum amount of unrecognized service cost of prior period and unrecognized transitional net assets or net benefit obligations, it should be recognized as deferred pension cost under other assets. If exceed, the exceed part should be recognizes as "Net losses not recognized as pension cost", and recorded as deduction item of stockholders' equity.

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The pension cost contributions for the employees of foreign subsidiaries are based on the regulations of the countries where those subsidiaries are domiciled.

**(X) Revenue Recognition Principle**

Brokerage handling fee revenue, gain on sale of securities and futures commission are recognized on the trading day. Gains on futures dealing service fee and commission are recognized on the trading day. Gains from futures contracts and option transactions were based on the gain by daily evaluation, reverse offset or settle on maturity date of trading purpose contract. Except for the aforementioned incomes, other major interest income and remaining commission are estimated on an accrual basis.

**(Y) Commitments and Contingent Liabilities**

If the losses from commitments and contingencies are deemed probable and the amount can be estimated reasonably, such amount of losses are recorded in the current period; otherwise, only the nature of commitments and contingencies are disclosed in the notes to financial statements.

**(Z) Earnings (Losses) Per Common Shares**

EPS is calculated by dividing current consolidated net profit or loss, by the weight-average number of common shares outstanding during the period. The calculation of diluted EPS assumed that all potential shares with diluted influence are outstanding during the current period. Therefore, both the net income and the number of outstanding shares during the current period should all be adjusted to the influence on potentially dilutive shares.

In the event of capital decrease, the number of shares outstanding is decreasing. On the other hand, in the event of capitalization of retained earnings or capital surplus, or the new shares that the meeting of the shareholders, for the year ended December 31, 2008, resolved to distribute to the employees as bonuses, the number of shares outstanding is increasing. Both of the shares are retroactively adjusted. If the base date for capital reduction or capitalization of earnings or capital surplus is before the reporting date, the computation of common shares outstanding is also retroactively adjusted.

**3. REASONS FOR AND EFFECT OF ACCOUNTING CHANGES: NONE**

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**4. DETAILS OF SIGNIFICANT ACCOUNTS**

(A) Cash and cash equivalents

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Cash on hand and Petty cash	\$ 1,196,664	1,181,389
Bank deposits	2,726,499	3,295,440
Commercial paper	1,189,547	1,162,197
Checks for clearing	296,771	227,370
<b>Total</b>	<b>\$ 5,409,481</b>	<b>5,866,396</b>

Checks for clearing consisted of checks deposited in the Bank after the checks clearing cut-off time. The interest rate of short-term notes and bills mentioned above ranged from 0.475% to 0.49%, the maturity period is January 4, 2011~January 7, 2011.

(B) Due from the Central Bank and call loans to banks

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Due from the Central Bank – general account	\$ 2,448,253	2,466,828
Due from the Central Bank – deposit reserve	4,802,878	4,141,643
Financial Center	308,098	314,256
Central bank time deposits	26,400,000	28,970,000
Call loans to banks	1,501,691	4,951,910
<b>Total</b>	<b>\$ 35,460,920</b>	<b>40,844,637</b>

Deposit reserve relates to reserve funds deposited in a designated account with the Central Bank, in accordance with the Banking Law, Article No. 42, “Adjustment and Examination of Bank Deposit Reserve.”

(C) Financial assets measured at fair value through profit or loss

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Government bonds	\$ 18,658,302	3,880,579
Corporate bonds	5,644,167	2,212,700
Domestic Convertible Corporate bonds	314,261	405,541
Financial bonds	-	11,256
Overseas bonds and Convertible corporate bonds	1,147,406	806,710
Listed and O.T.C. stock	4,208,572	2,866,098
Foreign Stock	454,551	35,232
Beneficiary certificates	607,766	279,169
Beneficiary certificates -overseas	116,991	272,514
Future exchanges margins	262,722	490,299
Derivatives financial instruments	343,407	395,960
<b>Total</b>	<b>\$ 31,758,145</b>	<b>11,656,058</b>

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- a. As of December 31, 2010 and 2009, the amounts that with regard to the repurchase agreement for financial assets held for trading shown above, were \$2,199,665 and \$3,410,071, respectively.
- b. Please refer to Note 6 for information with regard to the restrict financial assets held for trading shown above.
- c. Net realized gains and net unrealized loss on the financial assets held for trading of the Company and its subsidiaries amounted to \$606,781 and \$259,336 for the year 2010, \$750,890 and \$100,067 for the year 2009, respectively.

(D) Securities purchased under resell agreements

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Central Government Development Bonds	\$ 453,095	-
Corporate bonds	-	1,313
Total	<b>\$ 453,095</b>	<b>1,313</b>

The bonds purchased under resell agreement shown above, after December 31, 2010 and 2009, the agreed amount of resell securities amounted to \$453,111 and \$1,316, respectively.

(E) Receivables-net

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Accounts receivable for credit cards	\$ 1,425,323	1,876,675
Interests receivable	436,673	260,302
Accounts receivable	1,307,595	1,632,933
Other receivables	285,446	106,416
Notes receivable	8,164	18,189
Tax refund receivable	305,708	325,770
Accounts receivable factoring without recourse	878,954	198,420
Margin loans receivable	19,562,237	16,278,898
Receivable from foreign currency marketable securities	187,717	-
Receivable from government bonds held for trading	96,273	889,744
Acceptances receivable	242,075	249,244
Receivable from long term government bonds	200,000	200,000
Receivable from pre-issuing trading bonds	200,000	400,000
Refinancing guaranty deposits	2,201	5,004
Guaranteed proceeds receivable from refinancing	2,445	5,454
Subtotal	25,140,811	22,447,049
Less: Allowance for bad debts	(105,921)	(122,740)
Total	<b>\$ 25,034,890</b>	<b>22,324,309</b>

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(F) Discounts and loans-net

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Loans	\$ 128,187,719	124,704,434
Export remittances	1,689	95,177
Non-accrual loans	1,717,433	2,280,957
Subtotal	129,906,841	127,080,568
Less: Allowance for credit losses	(1,184,891)	(1,207,051)
Net	<b>\$ 128,721,950</b>	<b>125,873,517</b>

(a) As of December 31, 2010 and 2009, the ratio of the Company's subsidiary, Jih Sun International Bank Ltd.'s the capital adequacy ratio were 9.44% and 8.64%, respectively, and there were no loans written-off without prior recourse.

(b) As of December 31, 2010 and 2009, the balance of bad debt allowance on loans and advances amounted to \$1,295,050 and \$1,334,049, respectively, and the changes in allowance for credit losses were as follows:

<b>Year Ended December 31, 2010</b>	<b>Beginning Balance</b>	<b>Provision</b>	<b>Settlement</b>	<b>Recovery of bad debt</b>	<b>Amount written off</b>	<b>Reclassification</b>	<b>Adjustment for exchange rate fluctuation</b>	<b>Ending Balance</b>
Allowance for bad debts - account receivables	\$ 118,434	97,746	-	11,108	(122,905)	(2,300)	(1,152)	100,931
Allowance for bad debts - other receivables	4,306	4	-	-	-	706	(26)	4,990
Allowance for credit losses - bills and discounts	3,089	-	-	-	-	(2,900)	(2)	187
Allowance for credit losses - short-term loans and overdrafts	2,602	387	(1,861)	-	(387)	1,300	(92)	1,949
Allowance for credit losses - short-term secured loans and overdrafts	349	-	-	-	-	-	-	349
Allowance for credit losses - medium-term loans	918	-	(295)	-	-	-	(21)	602
Allowance for credit losses - medium-term secured loans	1,301	-	-	-	-	(500)	-	801
Allowance for credit losses - long-term loans	671	-	-	-	-	-	-	671
Allowance for credit losses - long-term secured loans	6,922	-	-	-	-	-	-	6,922
Allowance for credit losses - non-accrual loans	1,191,199	470,833	(1,919)	21,266	(511,663)	3,694	-	1,173,410
Allowance for guarantee reserve	4,258	-	-	-	-	-	(20)	4,238
Total	<b>\$ 1,334,049</b>	<b>568,970</b>	<b>(4,075)</b>	<b>32,374</b>	<b>(634,955)</b>	<b>-</b>	<b>(1,313)</b>	<b>1,295,050</b>

<b>Year Ended December 31, 2009</b>	<b>Beginning Balance</b>	<b>Provision</b>	<b>Settlement</b>	<b>Amount written off</b>	<b>Reclassification</b>	<b>Adjustment for exchange rate fluctuation</b>	<b>Ending Balance</b>
Allowance for bad debts - account receivables	\$ 89,670	279,976	-	(251,212)	-	-	118,434
Allowance for bad debts - other receivables	5,331	64	-	(1,075)	-	(14)	4,306
Allowance for credit losses - bills and discounts	3,091	-	-	-	-	(2)	3,089
Allowance for credit losses - short-term loans and overdrafts	182,393	3,096	(1,356)	(3,096)	(178,389)	(46)	2,602
Allowance for credit losses - short-term secured loans and overdrafts	1,360	-	-	-	(1,011)	-	349
Allowance for credit losses - medium-term loans	263,163	-	(222)	-	(262,013)	(10)	918
Allowance for credit losses - medium-term secured loans	7,022	-	-	-	(5,721)	-	1,301
Allowance for credit losses - long-term loans	16,743	-	-	-	(16,072)	-	671
Allowance for credit losses - long-term secured loans	84,634	-	-	-	(77,712)	-	6,922
Allowance for credit losses - non-accrual loans	1,469,187	6,194,042	-	(7,013,453)	540,918	505	1,191,199
Allowance for guarantee reserve	4,268	-	-	-	-	(10)	4,258
Total	<b>\$ 2,126,862</b>	<b>6,477,178</b>	<b>(1,578)</b>	<b>(7,268,836)</b>	<b>-</b>	<b>423</b>	<b>1,334,049</b>

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- (c) The Company's subsidiary Jih Sun International Bank Ltd. had recognized the non-accrual loan as the other loans and credit extensions which had been classified into non-accrual loan account. Loans which are overdue within six months from the due date should be classified into non-accrual loan account. The accrual of interest thereon is discontinued for internal purposes, whereas continues for external purposes. In addition, the interest accrual should be noted in each sub-account or through a memo entry. The accrued interest on overdue loans prior to reclassification into the "non-accrual loan" account should be combined with the principal and transferred into the "non-accrual loan" account. As of December 31, 2010 and 2009, the Company's subsidiary Jih Sun International Bank Ltd.'s loans and advances without the accrued interest amounted to \$1,695,966 and \$2,251,374, respectively.
- (d) For the years ended December 31, 2010 and 2009, the un-accrued interest revenue for loans and advances with overdue interest and principal, amounted to \$41,331, and \$88,279, respectively.

(G) Available-for-sale financial assets-net

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Government bonds	\$ 1,394,695	1,662,583
Corporate bonds	745,744	931,140
Listed and O.T.C. securities	208,964	208,112
<b>Total</b>	<b>\$ 2,349,403</b>	<b>2,801,835</b>

1. Since July 1, 2008, in compliance with the second amendment of SFAS No. 34 "Financial Instruments: Recognition and Measurement," Jih Sun Securities Co., Ltd. reclassified its financial assets measured at fair value through profit or loss amounted to \$1,045,859 into available-for-sale financial assets in third quarter of 2008. As of December 31, 2010, the book value was amounted to \$247,224. Please refer to Notes 4 (AB) for information with regard to the fair value variance.
2. Information relating to pledged available-for-sale financial assets, please refer to Note 6.

(H) Held-to-maturity financial assets-net

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Corporate bonds	<b>\$ 300,000</b>	<b>-</b>

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(I) Equity investments under equity method-net

<u>Name of investee company</u>	<b>December 31</b>			
	<b>2010</b>		<b>2009</b>	
	Percentage of Ownership	Book value	Percentage of Ownership	Book value
Jih Sun Securities Investment Trust Co., Ltd.	20.00	<u><u>\$240,883</u></u>	20.00	<u><u>232,966</u></u>

Investment income recognized under equity method for the years ended December 31, 2010 and 2009 were as follows:

	<b>2010</b>	<b>2009</b>
Jih Sun Securities Investment Trust Co., Ltd.	<u><u>\$ 28,821</u></u>	<u><u>29,709</u></u>

(J) Other financial assets-net

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Customer margin deposit	\$ 5,232,853	5,147,853
Temporary payments for others	499,011	604,357
Financial assets carried at cost	1,986,829	2,097,999
Overdue receivable	5,045	5,232
Allowance for bad debts- Overdue receivable	(5,045)	(5,232)
Operating guarantee deposits	790,000	790,000
Settlement fund	523,155	499,651
Cash and cash equivalents- collections for warrant exercise	8	8
Cash and cash equivalents- collections for underwriting stock value	8	8
Refundable deposits	244,186	257,050
Restricted assets	593,757	1,029,449
Guaranteed price deposits for security borrowing	43,846	39,730
Security borrowing deposits	38,404	35,898
Other financial assets- other	700,257	697,070
Total	<u><u>\$ 10,652,314</u></u>	<u><u>11,199,073</u></u>

- a. Please refer to Note 6 for information with regard to pledged financial assets.
- b. Financial assets carried at cost include stock and equity investments of the Company and its subsidiaries with no quoted market price and whose fair value cannot be reliably measured; such financial assets are carried at cost.
- c. In April, 2008, for the financial assets carried at cost, the Company's subsidiary Jih Sun Securities Co. Ltd. invested in Taiwan Futures Exchange Co., Ltd. from Jih Sun Securities Co., Ltd., and the amount which Jih Sun Securities Co., Ltd. paid to Jih Sun International Bank Ltd. was \$178,550 and the related unrealized gains of \$140,633 had been eliminated.

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- d. The En Tie Securities Finance Co., Ltd., of which the financial assets that valued at cost held by Jih Sun Securities Co. Ltd., had merged with The Capital Group, and The Capital Group is the existing company. Every 1.4086 common shares of En Tie Securities Finance Co. can exchange for one common share of The Capital Group. The base date was on March 1, 2010 and the trade off was completed on April 16, 2010.
- e. Among the above financial assets valued at cost method, the Company's subsidiary, Jih Sun Securities Co. Ltd. held the financial assets of Cotillion III Venture Capital Corp. and Taiwan Integrated Shareholder Service Company and had recognized impairment losses of \$3,135. Jih Sun Financial Services (Cayman) Ltd, an investee company of Jih Sun Securities Co. Ltd. held the financial assets of CAPRION CORP. and had recognized impairment losses of \$271.

In 2009, the subsidiary, Jih Sun Securities Co. Ltd., had recognized impairment losses of \$56,180 because the investment value of Cotillion III Venture Capital Corp., Parawin Venture Capital Corp., En Tie Securities Finance Co., Ltd., Taiwan Integrated Shareholder Service Company, and Hui Yang Venture Capital Group had already impaired.

- f. For the Financial assets adopted cost method above, Fubon Securities Finance Co., Ltd., of which the financial assets held by Jih Sun Securities Co., Ltd. and Jih Sun International Bank Ltd., decided to decrease its capital and refund the capital stock to its stock holders on October 28, 2010. The percentage of capital decrease was 99.75% and the stocks had been refunded to the shareholders after the completion of legal procedures. Furthermore, Fubon Securities Finance Co., Ltd. was renamed to FuJi Management Consultant Co., Ltd. on January 11, 2011.
- g. For the Financial assets adopted cost method above, Jih Sun International Bank Ltd. recognized impairment losses amounted to \$364 and \$ 14,955 in 2010 and 2009 respectively.

(K) Fixed assets-net

<b>December 31, 2010</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>
Land	\$ 3,670,248	-	3,670,248
Buildings	2,894,435	979,063	1,915,372
Miscellaneous equipments	2,006,360	1,787,190	219,170
Construction in progress	9,102	-	9,102
Prepayment for equipments	45,987	-	45,987
Leasehold improvements	664,603	537,036	127,567
<b>Total</b>	<b>\$ 9,290,735</b>	<b>3,303,289</b>	<b>5,987,446</b>

<b>December 31, 2009</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>
Land	\$ 3,684,921	-	3,684,921
Buildings	2,916,271	913,416	2,002,855
Miscellaneous equipments	2,060,096	1,774,193	285,903
Prepayment for equipments	37,695	-	37,695
Leasehold improvements	735,462	561,873	173,589
<b>Total</b>	<b>\$ 9,434,445</b>	<b>3,249,482</b>	<b>6,184,963</b>

Please refer to Note 6 for the details of pledged fixed assets.

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(L) Intangible assets-net

For the years ended December 31, 2010 and 2009, the details of the Company and its subsidiaries' intangible asset of original cost, incremental value from revaluation, and accumulated amortization amount were as follows:

<b>Original cost and revalued appreciation</b>	<b>Goodwill</b>	<b>Operation Right</b>	<b>Computer software</b>	<b>Total</b>
Beginning balance- 2010/1/1	\$ 56,423	1,752,778	895,808	2,705,009
Purchase	-	-	17,744	17,744
Retirement	-	-	(47,979)	(47,979)
Ending balance- 2010/12/31	<b>\$ 56,423</b>	<b>1,752,778</b>	<b>865,573</b>	<b>2,674,774</b>
Beginning balance- 2009/1/1	\$ 56,423	1,752,778	808,503	2,617,704
Purchase	-	-	126,721	126,721
Retirement	-	-	(39,416)	(39,416)
Ending balance- 2009/12/31	<b>\$ 56,423</b>	<b>1,752,778</b>	<b>895,808</b>	<b>2,705,009</b>

<b>Amortization and Retirement loss</b>	<b>Goodwill</b>	<b>Operation Right</b>	<b>Computer software</b>	<b>Total</b>
Beginning balance- 2010/1/1	\$ (23,509)	(1,542,547)	(493,043)	(2,059,099)
Amortization	-	(203,812)	(140,769)	(344,581)
Retirement loss	-	-	47,979	47,979
Ending balance- 2010/12/31	<b>\$ (23,509)</b>	<b>(1,746,359)</b>	<b>(585,833)</b>	<b>(2,355,701)</b>
Beginning balance-2009/1/1	\$ (23,509)	(1,201,017)	(397,698)	(1,622,224)
Amortization	-	(341,530)	(134,665)	(476,195)
Retirement loss	-	-	39,320	39,320
Ending balance- 2009/12/31	<b>\$ (23,509)</b>	<b>(1,542,547)</b>	<b>(493,043)</b>	<b>(2,059,099)</b>

<b>Book Value</b>	<b>Goodwill</b>	<b>Operation Right</b>	<b>Computer software</b>	<b>Total</b>
Beginning balance- 2010/1/1	<b>\$ 32,914</b>	<b>210,231</b>	<b>402,765</b>	<b>645,910</b>
Ending balance- 2010/12/31	<b>\$ 32,914</b>	<b>6,419</b>	<b>279,740</b>	<b>319,073</b>
Beginning balance- 2009/1/1	<b>\$ 32,914</b>	<b>551,761</b>	<b>410,805</b>	<b>995,480</b>
Ending balance- 2009/12/31	<b>\$ 32,914</b>	<b>210,231</b>	<b>402,765</b>	<b>645,910</b>

For the years ended December 31, 2010 and 2009, the amortization expenses for intangible assets of the Company and its subsidiaries were amounted to \$344,581 and \$476,195 respectively and these expenses are recorded under operating expenses.

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In the year 2002 the Company's subsidiary, Jih Sun International Bank merged with Xinying credit co-operative in Tainan County for the purchase price over the fair value of its identifiable net asset amounted to \$94,039. The goodwill was originally amortized over 60 months; however, after the 39<sup>th</sup> month of amortization, the goodwill is no longer amortized in accordance with Statement of Financial Accounting Standards (SFAS) No. 37, Section 92. The Bank implements goodwill impairment test annually.

The Company's subsidiary, Jih Sun International Bank, had recognized \$96 as other non-interest loss due to software retirement for the year ended 2009.

(M) Other assets-net

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Foreclosed collaterals	\$ 1,268,464	1,638,240
Accumulated impairment - foreclosed collaterals	(153,235)	(312,781)
Securities brokerage debit (credit) accounts-net	218,923	368,532
Prepayments	311,934	340,030
Deferred income tax assets - net	50,444	57,090
Deferred debits	488	1,047
Other assets - other	10,435	10,435
<b>Total</b>	<b>\$ 1,707,453</b>	<b>2,102,593</b>

(N) Deposits from the Central Bank and other banks

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Deposits from Central Bank	\$ -	6,815
Deposits from other banks	2,927,473	2,062,294
Loan financing from other banks	-	26,010
Call loans from other banks	525,000	320,300
Post Office transfer deposits	3,515,379	8,438,811
<b>Total</b>	<b>\$ 6,967,852</b>	<b>10,854,230</b>

(O) Commercial papers issued-net

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Commercial papers issued	\$ 6,210,000	4,050,000
Less: Unamortized discount	(4,971)	(1,748)
<b>Net</b>	<b>\$ 6,205,029</b>	<b>4,048,252</b>

The issuance period for commercial papers issued is within 365 days. The annual interest rates ranged from 0.31% to 0.80% and 0.16% to 1.86% as of December 31, 2010 and 2009, respectively.

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For the preceding commercial papers, time deposits and securities were pledged as collaterals amounting to \$2,264,250 and \$1,908,631 as of December 31, 2010 and 2009, respectively.

(P) Financial liabilities measured at fair value through profit or loss

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Liabilities on sale of borrowed securities	\$ 44,613	42,348
Financial derivative instruments liabilities	865,834	502,954
Financial liabilities designated at fair value through profit or loss	229,319	62,342
<b>Total</b>	<b>\$ 1,139,766</b>	<b>607,644</b>

The net realized gains on the financial liabilities held for trading of the Company and its subsidiaries amounted to \$47,461 and \$61,971 for the years 2010 and 2009, respectively, and the unrealized gain amounted to \$53,747 and \$205,711 for the years 2010 and 2009, respectively.

(Q) Securities sold under repurchase agreements

	<b>December 31</b>	
	<b>2010</b>	<b>2009</b>
Central government construction bonds	\$ 698,058	2,146,947
Corporate bonds	1,302,479	1,695,073
Financial bonds	303,610	221,709
MBS	384,973	-
<b>Total</b>	<b>\$ 2,689,120</b>	<b>4,063,729</b>

Based on the repurchase agreements, after December 31, 2010 and 2009, the Company and its subsidiaries obligated to repurchase the above bonds at the sales price plus a mark-up \$2,690,184 and \$4,064,869, respectively.

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(R) Payables

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Accounts payable	\$ 1,451,912	1,800,300
Accrued interests	278,386	345,294
Deposits received from securities borrowers	1,667,800	1,904,049
Futures dealer equity	5,232,853	5,147,853
Guaranteed price deposits received from securities borrowers	1,921,893	2,176,778
Accounts payable factoring	10,796	25,048
Collection payable	33,246	35,186
Accrued expenses and Other payables	1,435,846	1,363,785
Spot Exchange payable-forward contract	5,213	5,498
Income tax payable	553,061	1,124,166
Acceptances	242,075	249,244
Notes payable for clearing payable	296,771	227,370
Purchase of long-term government bonds payables	200,000	400,000
Trading bonds payable - before issuance	200,000	200,000
Purchase trade government bond payable	48,122	52,638
Deposits from borrowed securities	77,413	-
Provision of structured notes compensation	81,376	100,517
<b>Total</b>	<b>\$ 13,736,763</b>	<b>15,157,726</b>

Pursuant to the Banking Union's result of appraisal of the controversies and the situation of individual case for the structured notes, the Company's subsidiary, Jih Sun International Bank Ltd. estimated the provision of structured notes compensation arose from agency for structured note which was issued by international corporations and had controversies. As of December 31, 2010 and 2009, the ending balances of provision of structured notes compensation amounted to \$81,376 and \$100,517, respectively.

(S) Deposits and exchange

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Checking deposits	\$ 667,825	809,294
Bank checks	49,244	71,663
Demand deposits	19,342,973	18,281,524
Time deposits	54,173,312	31,786,027
Savings deposits	104,480,399	106,065,784
<b>Total</b>	<b>\$ 178,713,753</b>	<b>157,014,292</b>

As of December 31, 2010 and 2009, negotiable certificates of time deposits amounted to \$4,373,600 and \$201,300, respectively.

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(T) Bonds payable

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Financial bonds payable	\$ 2,500,000	6,500,000
Corporate bonds payable	2,000,000	2,000,000
Total	<b>\$ 4,500,000</b>	<b>8,500,000</b>

a. Financial bonds payable

(1) On October 25, 2004, according to FSC, the Company's subsidiary, Jih Sun International Bank Ltd. was allowed to issue senior financial bonds for the first period of 2004 which amounted to \$4,000,000. Terms and conditions of the issuance were as follows:

- A. Issue price: At par value.
- B. Issue period: From October 25, 2004, to April 25, 2010.
- C. Interest rate: Fixed rate of 3.95%.
- D. Interest accrual: Annual interest accrual and payments since the issued date.
- E. Repayment of principal: Full repayment of principal at maturity.
- F. Full repayment of principal upon maturity.

(2) On July 5, 2005, according to FSC, the Company's subsidiary, Jih Sun International Bank Ltd., was allowed to issue unsecured subordinated financial bonds for the first period of 2005 which amounted to \$2,000,000. Terms and conditions of the issuance were as follows:

- A. Issue price: At par value.
- B. Issue period: From July 5, 2005 to July 5, 2012.
- C. Interest rate: Fixed rate of 2.93%.
- D. Interest accrual: Annual interest accrual and payments since the issued date.
- E. Repayment of principal: Full repayment of principal at maturity.

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- (3) On April 3, 2007, according to FSC, the Company's subsidiary, Jih Sun International Bank Ltd. was allowed to issue senior financial bonds for the first period of 2007 which amounted to \$1,000,000. Terms and conditions of the issuance were as follows:
- A. Issue price: At par value.
  - B. Issue period: From April 3, 2007 to April 3, 2014.
  - C. Interest rate: Fixed rate of 3.00%.
  - D. Interest accrual: Annual interest accrual and payments since the issued date.
  - E. Repayment of principal: Full repayment of principal at maturity
  - F. During the third quarter of 2009, the amount of redemption in advance was \$ 500,000.
- b. Corporate bonds payable

<b>Trustee and Certification Institution</b>	<b>Period</b>	<b>December 31,</b>		<b>Pledged Assets</b>
		<b>2010</b>	<b>2009</b>	
Unsecured Subordinated Bonds	2005.12.14~2012.12.14	<b>\$ 2,000,000</b>	<b>2,000,000</b>	None

- (1) On September 20, 2004, the Company's subsidiary Jih Sun Securities Co., Ltd.'s Board of Directors approved the issuance of the first local secured bonds of \$1,000,000, in accordance with Financial Supervisory Commission, Executive Yuan, Jin-Kuan-Jen(2) No. 0930152308, dated November 18, 2004. The main purpose of the issuance is to increase the working capital and enhance the financial structure. Due to the difference in issuing terms and maturity date, the corporate bonds were divided into A and B bonds, at par value of \$10,000 per share, with a total of 100 units issued, at an annual interest rate of 2.65% for a 5-year period, and issued at par value. From the issuing date, the interest is payable once a year, and the principal would be due and repayable at the end of the 5-year period. The bond had been paid off on November 24, 2009.
- (2) On December 14, 2005, the Company issued the first domestic unsecured subordinated bond at par value amounting to \$2,000,000. Terms and conditions of the issuance were as follows:
- A: Issue period: Commencing from December 14, 2005 and ending on December 14, 2012. The issue period was seven years.
  - B: Issue price: At par value.
  - C: Interest rate: 3.30% at par value.

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D: Repayment of principal: Full repayment of principal, which were issued by the Company, was completed at the expiration of seven years. If the consolidated capital adequacy ratio is lower than the minimum required capital adequacy due to the interest payment or the bonds repayment, the Company will not pay interest and repay the principal until the consolidated capital adequacy is over the minimum required capital adequacy. The suspended-paid interest will not be calculated as the deferred interest and the interest of rescheduling principal is calculated by the coupon rate.

(U) Other borrowings

<u>Nature of the loan</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Credit line</u>	<u>Pledged assets</u>
<b>December 31, 2010</b>				
Credit loans	\$ 3,100,000	0.70%~0.97%	3,500,000	-
Secured loans	1,960,000	0.70%~1.04%	4,760,000	Marketable securities and time deposits and reserve savings accounts
Total	<u><u>\$ 5,060,000</u></u>			
<b>December 31, 2009</b>				
Credit loans	\$ 1,020,000	0.62%~1.2%	3,300,000	-
Secured loans	1,960,000	0.70%~1.38%	3,700,000	Marketable securities and time deposits
Total	<u><u>\$ 2,980,000</u></u>			

For the years ended December 31, 2010 and 2009, the securities, time deposits and reserve savings accounts for guarantee of lending amounted \$1,755,259 and 2,730,794, respectively.

(V) Pension plan

a. Consolidated company's net pension costs were as follows:

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
Service cost	\$ 17,472	20,502
Interest cost	13,973	14,898
Expected return on plan assets	(10,856)	(14,129)
Amortization of unrecognized transition loss	(1,160)	(1,338)
Amortization of pension gain and loss	4,395	3,424
Curtailment or Settlement	-	9,141
Net pension cost	<u><u>\$ 23,824</u></u>	<u><u>32,498</u></u>

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- b. Actuarial assumptions used to compute the projected benefit obligation and the reconciliation between year-end pension funding status and accrued pension liabilities per books were as follows:

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Discount rate	2.25%	2.25%
Future salary increase rate	2.00%	2.00%
Projected rate of return on pension plan assets	2.00%	2.00%

  

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Benefit obligation		
Vested benefit obligation	\$ 44,694	34,757
Non-vested benefit obligation	484,855	420,408
Accumulated benefit obligation	529,549	455,165
Effect of future salary increase	186,277	167,268
Projected benefit obligation	715,826	622,433
Fair value of pension assets	(566,607)	(530,934)
Funded status	149,219	91,499
Unamortized balance of unrecognized net transition asset	1,374	2,533
Unrecognized losses on pension fund	(192,736)	(125,793)
Supplementary accrued pension cost	43,238	21,201
Accrued pension cost (Prepaid pension)	<u>\$ 1,095</u>	<u>(10,560)</u>
Net losses not recognized as pension cost	<u>\$ (43,238)</u>	<u>(21,201)</u>

As of December 31, 2010 and 2009, the vested benefit obligation for the Company and its subsidiaries amounted to \$52,268 and \$41,062, respectively. Furthermore, according to the new Labor Pension Act of R.O.C and local ruling, the deposits of labor pension expense for the Company and its subsidiaries amounted to \$118,595 and \$112,286, respectively.

(W) Stockholders' equity

Capital stock

In order to strengthen financial structure, reinvest the banking subsidiaries and expand Groups' oncoming operation, the Boards meetings on April 28, 2006, May 10, 2006 and the shareholders' meeting on June 9, 2006 had approved to issue common stock 1,142,857,142 shares at value of \$7 and series A preferred stock 666,666,668 shares at value of \$6 through a private offering. Total amounts were 12 billion dollars. The base date for offering was at July 21, 2006, and the Company's registration had been completed on September 26, 2006.

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The important terms of series A preferred stock were listed as follows:

- a. If the Company has the current year's earnings, the current year's earnings shall be allocated in the following order:
  - (1) Payment of all taxes and making certain adjustments in accordance with SFAS.
  - (2) Offset prior years' cumulative losses, if any.
  - (3) After deducting (1) and (2), legal reserve and special reserve shall be set aside with the Act and the Company's rules.
  - (4) After deducting (1), (2), and (3), the Company should distribute series A preferred stock dividends first.
- b. The series A preferred stock dividend will be calculated at annual rate of 5.5% base on the issued price, and will be distributed in cash annually. The issued date was defined as base date for offering. (July 21, 2006)
- c. If the Company has no earnings or not enough to distribute dividend of series A preferred stock, the undistributed or distributed insufficient part won't accumulate to the next year.
- d. Except for the dividends described in b, the series A preferred stock cannot join the assignment of remaining earnings to common stock and stock dividends from capital surplus.
- e. The stockholders of series A preferred stock have no right to vote at stockholder meeting, they cannot vote for directors and supervisors; whereas, they can be elected as directors and supervisors.
- f. The offering was closed on July 21, 2006 and presented to Financial Supervisory Commission, Executive Yuan on the same day.

The board of directors on February 26, 2007 and shareholders' meeting on April 10, 2007 had approved to reduce capital \$13,711,490. Common shares were reduced 1,146,156,342 shares and preferred shares were reduced 224,992,611 shares. To offset accumulated losses the Company had obtained the approval letter from Financial Supervisory Commission, Executive Yuan at June 14, 2007, with the issuing number of FSC Jin-Guan-Jheng- Zi (1) 0960024642. The base date for capital reduction was on June 26, 2007 and the Company's registration had completed at July 4, 2007.

On February 3, 2009, the Company's board of directors had resolved to implement a capital increase through public placement at NT\$4 dollars per share by issuing 2,350,374,000 new common shares which amounted to \$9,401,496. The Company had obtained the approval letter from Financial Supervisory Commission, Executive Yuan, with the issuing number of FSC Jin-Guan-Jheng- Zi (1) 0980005396. The base date for capital increase was on April 15, 2009 and the Company's registration had completed on May 21, 2009.

Pursuant to the resolution approved by the shareholders' meeting on May 6, 2010 and the

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board of directors on March 19, 2010, the Company adopted capital reduction amounted to \$23,812,134 (common shares were reduced 2,169,293,665 shares and preferred shares were reduced 211,919,723 shares) to offset accumulated losses. The capital reduction was already approved by FSC Jin-Guan-Jheng-Zi (1) No. 0990025442, dated May 26, 2010. The base date for capital reduction was on June 8, 2010 and the Company's registration had been completed on June 14, 2010.

The authorized capital is \$80,000,000, including 8,000,000,000 shares at NT\$10 per share and is issued separately by authorized board of directors. The Company retained 100,000,000 shares for the warrant shares of issuing stock warrant, preferred shares with warrants and corporate bonds with warrants. As of December 31, 2010, the Company's total paid-in capital was \$25,816,100. Total outstanding common shares were 2,351,855,760 shares and preferred shares were 229,754,334 shares.

(X) Earnings distribution

After-tax earnings, if any, shall pay for taxes and offset cumulative losses, and 10% of the remainder will be set aside as legal reserve. Then, special reserve will be provided for according to related regulations. Any remaining balance will be distributed as employee bonus and employee bonus distributed cannot be less than 0.01%. The very remaining balance and accumulated undistributed retained earnings from prior years should be formulated by the Broad of Directors and distributed in accordance with the resolution of the shareholders' meeting. In compliance with the law, the Company should set special reserve aside from the earnings of the year. However, if the law has been amended or the reasons for setting special reserve are eliminated, special reserve can be reversed as undistributed earnings.

According to SFC Tai-Cai- Zheng- Zi(1) No. 100116 dated January 3, 2000, and other related regulations, prior to any distribution of earnings, if there are any deductions made to stockholders' equity, then an equal amount of special reserve must be provided based on net income of the current period and undistributed earnings from the prior period. If there are any subsequent reversals to the deduction from stockholders' equity, then the reversed portion may be distributed.

The Company adopted the residual dividend policy. In consideration of the Company's capital budget, essential funds needed for operations and investing are retained, and the remainder is distributed as stock or cash dividends. The cash dividends shall not be less than 10% of total dividends. When the employee bonuses are issued by stock dividends, the allocated subjects could include the employees of the Company's subsidiaries.

For the year ended December 31, 2009, the Company had accumulated losses; hence, there was no earnings distributable and the employee bonuses and the directors' and supervisors' remuneration were not distributed for the year of 2009. The relevant information on loss appropriation approved by the shareholders' meeting can be accessed through the Market Observation Post System.

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For year 2010, the employee's bonuses, director's and supervisor's remuneration are estimated to be \$228 and \$5,500, respectively for the year 2010. However, if later the actual allocation amount pursuant to a resolution of shareholders' meeting is different from the estimated amount, the difference will be recognized in the profit or loss of the next year. The earnings distribution had not been approved by the board of directors on the stated date of Independent Auditors' Report. The relevant information on earnings distribution approved by the shareholders' meeting can be accessed through the Market Observation Post System and other sites.

(Y) Income tax

Pursuant to regulations stipulated by Tai-Cai-Shui No. 910458039 dated February 12, 2003, "Principles and regulations of profit-seeking businesses filing joint tax returns in accordance with Article 49 of the Financial Holding Company Law and Article 40 of Enterprise Merger Law", while a financial holding company holds more than 90% of issued shares of a domestic subsidiary and holds for 12 months during a tax year. The company has to behalf of financial holding company as the obligatory tax payer and jointly filed income tax returns.

By adopting the principal of amortization of consolidated income tax, the joint filing of the tax returns of the Company and its subsidiaries Jih Sun Securities Co., Ltd, Jih Sun International Bank Ltd. and Jih Sun International Insurance Agency Co., Ltd. resulted in a lowered tax burden and brought tax saving efficiency. Moreover, the management efficiency was enhanced because of the individual company's tax burden was fairly distributed.

According to the amendment of the Income Tax Act on May 27, 2009, the highest income tax rate has been decreased from 25% to 20% since 2010. In compliance with the amendment of the Income Tax Act which was published on June 15, 2010, the statutory income tax rate reduced to 17%. For the years ended December 31, 2010 and 2009, the Company's applicable income tax rates were 17% and 25%, respectively; the Company adopted the "Income Basic Tax Act" in determining the income basic tax.

- a. The components of income tax expense for the Company and its subsidiaries were as follows:

	<u>2010</u>	<u>2009</u>
Current income tax expense	\$ 32,922	57,587
Deferred income tax expense	6,646	14,159
Difference of prior year's taxable income assessed by tax authority	9,554	506,447
Income tax expense	<u>\$ 49,122</u>	<u>578,193</u>

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The components of deferred income tax benefit for the Company and its subsidiaries were as follows:

	<u>2010</u>	<u>2009</u>
Reserve for default losses and trading losses	\$ (1,986)	(3,539)
Pension expenses	69	(6,493)
Effects of loss carried forward	-	9,918
Effects of change in income tax rate	8,563	14,273
Total	<u>\$ 6,646</u>	<u>14,159</u>

- b. For the years ended December 31, 2010 and 2009, the net income before tax in the Company and its subsidiaries' statements of income, in accordance with the rule of tax rate calculation and the difference of calculation income tax and income tax benefit were as follows:

	<u>2010</u>	<u>2009</u>
Income tax calculated on net income (loss) before tax	\$ 1,030,141	(2,539,950)
Effect on income tax of adjusting items:		
Suspend to impose capital gains tax	(53,795)	(63,977)
Long-term investment (gains) losses- equity method	(561,628)	1,300,737
Gain on domestic investment interests-net	(8,053)	(7,308)
Valuation losses (gains) on operating securities and short-term investments	6,971	(41,005)
Difference between financial and tax treatment of bonds with repurchase agreement	-	(46,803)
Difference between financial and tax treatment of stock warrants	11,287	8,036
(Reversal) Provision for trading losses reserve	(1,419)	10,465
Loss from government and corporate bond transactions	10,097	14,301
Loss on land transactions	12,051	13,341
Tax exempt OBU income	(42,677)	(8,633)
Gain on market upswing of foreclosed collaterals	(27,123)	(7,530)
Difference in allowance for credit loss exceeding the prescribed limit	(8,989)	(148,307)
Dividend revenue	-	(1,000)
Unrealized exchange losses	2,825	3,118
Unrealized derivative instruments losses (gains) - net	39,437	(12,506)
Deferred income tax assets adjustment	(359,219)	1,611,669
Effects of change in income tax rate	8,563	14,273
Difference of prior year's taxable income assessed by tax authority	9,554	506,447
Tax separately levied on marketable securities transaction	-	783
Tax separately levied on marketable securities tax	-	(1,053)
Impairment loss on the other financial assets	533	12,353
Other	(19,434)	(39,258)
Income tax expense	<u>\$ 49,122</u>	<u>578,193</u>

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- c. As of December 31, 2010 and 2009, the Company and its subsidiaries' details of temporary differences between financial and tax reporting purposes which resulted in deferred income tax assets and liabilities, operating losses carry forwards, and income tax deductions were as follows:

	December 31,			
	2010		2009	
	Amount	Tax effect	Amount	Tax effect
<b>Deferred tax assets - current</b>				
Investment tax credits	\$ -	-	33,059	9,918
Allowance for deferred tax assets	-	-	(33,059)	(9,918)
Total	\$ -	-	-	-

	December 31,			
	2010		2009	
	Amount	Tax effect	Amount	Tax effect
<b>Deferred tax assets - non-current</b>				
Bad-debts losses	\$ 9,522	1,618	9,522	1,904
Default losses	158,680	26,976	146,997	29,400
Amortization of non-performing loans	-	-	524,016	104,804
Effects of loss carried forward	26,372,731	4,483,364	28,432,042	5,686,409
Investment tax credits	-	-	329,557	68,866
Pension cost	(35,333)	(6,006)	(24,634)	(4,927)
Allowance valuation	(26,208,871)	(4,455,508)	(29,132,050)	(5,829,366)
Net	\$ 296,729	50,444	285,450	57,090

- d. The Company jointly filed income tax returns for 2010 and 2009 for the Company, Jih Sun Securities Co., Ltd., Jih Sun International Insurance Agency Co., Ltd. and Jih Sun International Bank Ltd. There's no expected income tax payable for the 2010 tax returns and no income tax payable for the 2009 tax returns.
- e. The Company's income tax returns had been assessed for the years up to 2005, for the years ended December 31, 2003 and 2005, the National Tax Administration had decided that the Company had to pay tax shortages of \$11,395 and \$63,705, respectively. The Company had accrued these tax shortages. For the year ended December 31, 2004, the National Tax Administration had decided that the Company had to pay a tax shortage of \$28,352. The Company had accrued this tax shortage. However, the Company was unsatisfied with these decisions by the National Tax Administration and filed administrative appeals.
- f. For the year ended December 31, 2003, the National Tax Administration had decided that the Company's subsidiary Jih Sun International Bank Ltd. needed to pay a tax shortage of \$36,627. Jih Sun International Bank Ltd. had accrued this tax shortage. However, Jih Sun International Bank Ltd. was unsatisfied with some items of the decision by the National Tax Administration, such as goodwill resulted from mergence with Xinying Credit Co-operative Co. and amortization of premium on long-term bonds, so Jih Sun International Bank Ltd. filed an administrative appeal for different amount of income tax resulted from these items which amounted to \$25,857.

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- g. For the year ended December 31, 2004, the National Tax Administration had decided that the Company's subsidiary Jih Sun International Bank Ltd. needed to pay a tax shortage of \$15,904. Jih Sun International Bank Ltd. had accrued this tax shortage. However, Jih Sun International Bank Ltd. was unsatisfied with some items of the decision by the National Tax Administration, such as amortization of premium on long-term bonds, so Jih Sun International Bank Ltd. filed an administrative appeal for different amount of income tax resulted from these items which amounted to \$8,462.
- h. For the year ended December 31, 2005, the National Tax Administration had decided the Company's subsidiary Jih Sun International Bank Ltd. needed to pay a tax shortage of \$41,698. Jih Sun International Bank Ltd. had accrued this tax shortage. However, Jih Sun International Bank Ltd. was unsatisfied with some items of the decision by National Tax Administration, such as goodwill resulted from mergence with Xinying Credit Co-operative Co., goodwill and operation rights resulted from acquisition of the trust department of Taiwan Land Development Trust Ltd. and amortization of premium on long-term bonds, so Jih Sun International Bank Ltd. filed an administrative appeal for different amount of income tax resulted from these items which amounted to \$41,698.
- i. For the year ended December 31, 2007, due to adapting the same standard rate within the same finance business to appraise the operating cost of Company's sub-subsidiary Jih Sun International Insurance Agency Co., Ltd., the National Tax Administration had decided Jih Sun International Insurance Agency Co., Ltd. needed to pay a tax shortage of \$8,382. Jih Sun International Insurance Agency Co., Ltd. had accrued this tax shortage in the year 2008. But the National Tax Administration had decided to revise the decision and refunded the tax in January, 2010.
- j. For the year ended 2003, the National Tax Administration had decided to levy additional income tax of \$269,330 on the Company's subsidiary, Jih Sun Securities Co., Ltd. The adjusted items are mainly from the premium and estimate premium of warrant issuance. Except for the disputed issues amounted to \$14,090 of tax of bond transaction and the over payment of tax withheld from tax compromise, the remaining amount had already been accrued. Jih Sun Securities Co., Ltd. had filed appeals with the Tax Authority and already received reexamination result stating that the subsidiary, Jih Sun Securities Co., Ltd. does not have to pay the tax of bond transaction amounted to \$1,501 and tax withheld amounted to \$12,589. Jih Sun Securities Co., Ltd. was unsatisfied with reexamination result and filed an administrative appeal.
- k. For the year ended 2004, the National Tax Administration levied additional income tax of \$795,820 on the Company's subsidiary, Jih Sun Securities Co., Ltd. The mainly adjusted items are the premium and estimated premium of warrant issuance. Except for the income tax of \$25,148 which paid for the Financial Holding Co. shall be included into undistributed earning surtax 10% and adjusted within the Financial Holding Co. under consolidated corporate income tax return. The remaining amount of income tax had been accrued. Jih Sun Securities Co., Ltd. was unsatisfied with reexamination result and filed an administrative appeal.

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- l. For the year ended 2005, the National Tax Administration assessed additional income tax of \$145,045 on the subsidiary of the Company, Jih Sun Securities Co., Ltd., mainly for the undistributed earnings surtax 10% from estimated premium of warrant issuance. Apart from the income tax of \$99,429 paid for the Financial Holding Co., in 2004, shall be included into undistributed earnings surtax 10%, and adjusted within the Financial Holding Co. under consolidated corporate income tax return. The remaining amount of income tax was accrued. Jih Sun Securities Co., Ltd. was unsatisfied with reexamination result and filed an administrative appeal.
- m. The subsidiary Jih Sun Securities Co., Ltd. estimated its income tax on stock warrant transactions pursuant to ruling Tai Tsai Cheng No. 861922464 issued by the Ministry of Finance on December 11, 1997. Accordingly, the proceeds from the issuance of stock warrants are accounted for as royalty revenue which is included as part of taxable income. When the investors exercise their warrant rights, such transaction is subject to the securities transaction tax in accordance with the Income Tax Law, and accordingly, any capital gain or loss is not included in the determination of the annual corporate income tax. According to the tax law, the subsidiary Jih Sun Securities Co., Ltd. estimated its income tax payable on stock warrant transactions from 2003 to June 30, 2007 amounted to \$601,502. Otherwise, according to the article of 24-2 the Income Tax Law which is passed on July 11, 2007:
- During the period of issued date to maturity date of the stock warrant, which is issued by the issuer, the profit and the loss of the securities and financial derivative instruments, traded according to risk management, should be added to taxable income and don't apply to the Income Tax Law, the article of 4-1 and 4-2.
  - The transaction loss is produced from the trading of the stock, target valuable securities, and futures according to the risk management. The part of the transaction loss which exceeds the rest of the stock warrant right fee revenue deducted each related issuing cost and expenses is not deductible.
- n. According to R.O.C Income Tax Laws, losses can be carried forward to offset taxable income for ten years following the loss. As of December 31, 2010, unused carry forwards and expiration date of the Company and its subsidiaries were as follows:

(1) Jih Sun International Bank Ltd.:

<u>Year of loss incurred</u>	<u>Year of expiration</u>	<u>Amount</u>
2005 (authorized)	2015	\$ 3,077,741
2006 (declared)	2016	4,923,031
2007 (declared)	2017	5,143,977
2008 (declared)	2018	5,172,567
2009 (declared)	2019	8,045,060
Total		<b>\$ 26,362,376</b>

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(2) Jih Sun Securities Investment Consulting Co.:

<u>Year of loss incurred</u>	<u>Year of expiration</u>	<u>Amount</u>
2009 (authorized)	2019	\$ 3,593
2010 (declared)	2020	6,762
Total		<u>\$ 10,355</u>

o. Related information of the Company and its subsidiaries on integrated income tax:

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
The amount of the imputation credit account	<u>\$ 2,444,189</u>	<u>1,848,716</u>
	<u>2010(estimated)</u>	<u>2009(actual)</u>
Estimated (actual) rate of the imputation tax credit on distributed earnings	<u>20.48%</u>	<u>-%</u>

For the year ended on December 31, 2009, the rate of the imputation tax credit was not calculated because of accumulated losses.

p. Related information on undistributed earnings:

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
Undistributed earnings of 1998 and after	<u>\$ 2,817,422</u>	<u>(23,812,134)</u>

q. Information regarding income tax receivable (payable) resulting from joint filing of tax for the Company and its subsidiaries was as follow:

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
Income tax payable resulting from joint filing - Jih Sun International Bank Ltd.	\$ (1,430,028)	(1,036,958)
Income tax payable resulting from joint filing - Jih Sun International Insurance Agency Co., Ltd.	(118)	-
Income tax receivable resulting from joint filing - Jih Sun Securities Co., Ltd.	830,364	1,332,118
	<u>\$ (599,782)</u>	<u>295,160</u>

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(Z) Earnings (Losses) per share

	<b>For the year ended December 31,</b>			
	<b>2010</b>		<b>2009</b>	
	<b>Before Tax</b>	<b>After Tax</b>	<b>Before Tax</b>	<b>After Tax</b>
<b><u>Consolidated Basic EPS</u></b>				
Parent company stockholders' net income (loss)	\$ 2,866,030	2,817,422	(5,016,036)	(5,593,148)
Preferred stock dividends	(75,819)	(75,819)	-	-
Net income (loss) of parent company's common share stockholders	<u>\$ 2,790,211</u>	<u>2,741,603</u>	<u>(5,016,036)</u>	<u>(5,593,148)</u>
Weighted-average shares of common stock outstanding (per share)	<u>2,351,855,760</u>	<u>2,351,855,760</u>	<u>3,851,453,820</u>	<u>3,851,453,820</u>
Weighted-average shares of common stock outstanding -retroactive adjustment (per share)	-	-	2,003,486,945	2,003,486,945
Basic EPS (in dollars)	<u>\$ 1.19</u>	<u>1.17</u>	<u>(1.30)</u>	<u>(1.45)</u>
Basic EPS —retroactive adjustment (in dollars)	-	-	(2.50)	(2.79)
<b><u>Consolidated Diluted EPS</u></b>				
Parent company stockholders' net income	<u>\$ 2,866,030</u>	<u>2,817,422</u>	-	-
Weighted-average shares of common stock outstanding (per share)	2,351,855,760	2,351,855,760	-	-
Effect on potentially diluted shares: convertible preferred stock	229,754,334	229,754,334	-	-
Weighted-average shares of common stock outstanding used to calculate diluted EPS (per share)	<u>2,581,610,094</u>	<u>2,581,610,094</u>	-	-
Diluted EPS (in dollars)	<u>\$ 1.11</u>	<u>1.09</u>	-	-

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(AA) Net other non-interest incomes

<u>Item</u>	<u>For the year ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Net gain on financial assets carried at cost	\$ 56,422	27,922
Leasing incomes from operating assets	17,456	16,347
Losses on disposal and retirement of fixed assets	(3,610)	(33,491)
Retirement losses on intangible assets	-	(96)
Retirement losses on other assets	-	(69)
Dividend revenue	123,856	109,324
Net loss realized from short covering on security borrowing and bond with resale agreement	(10,031)	(10,370)
Net gain (loss) on warrants issued	43,987	(23,547)
Futures consulting income	459	1,177
Stock agent income	29,244	27,447
Management income	207	710
Others	(3,281)	(278,166)
<b>Total</b>	<b>\$ 254,709</b>	<b>(162,812)</b>

(AB) Related information of financial instruments

a. Information on Reclassification of Financial Assets

- (1) Jih Sun Securities Co., Ltd, among the consolidated company, adopted new amended SFAS No. 34 “Financial Instruments: Recognition and Measurement,” which requires original financial assets to be reclassified, and measured at fair value on the date of reclassification is as followed:

Original classification :	<b>Available-for-sale</b>
Financial assets held for trading	<b>financial assets</b>
	<b>\$ 1,045,859</b>

In the consolidated financial statement, Jih Sun Securities Co., Ltd. has the intention and ability to reclassify its financial assets. In addition, due to the dramatic changes in the domestic and global financial and economic trends in recent periods, where the facts and circumstances indicated that the situations were those rare ones stated in item 1, (3) of paragraph 104 of SFAS No. 34 “Financial Instruments: Recognition and Measurement,” the Company reclassified its financial instrument to available-for-sale financial assets from those classified as held for trading at initial recognition.

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(2) The book value and fair value of reclassified financial assets

	<b>Available-for-sale financial assets</b>	
	<b>- current</b>	
	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
book value	<b>\$ 247,224</b>	<b>392,151</b>
fair value	<b>\$ 247,224</b>	<b>392,151</b>

(3) Reclassification of financial assets

	<b>Available-for-sale financial assets</b>	
	<b>- current</b>	
	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Change in fair value recognized through profit and loss without reclassification	<b>\$ 13,255</b>	<b>(66,752)</b>
The amount recognized as profit (loss) after reclassification	<b>\$ 6,449</b>	<b>32,933</b>

b. The fair value of the Company and its subsidiaries' financial instruments were listed as follow:

<b>Financial Assets</b>	<b>December 31,</b>			
	<b>2010</b>		<b>2009</b>	
	<b>Book Value</b>	<b>Fair Value</b>	<b>Book Value</b>	<b>Fair Value</b>
<b><u>Non-derivative financial instruments</u></b>				
Cash and cash equivalents	\$ 5,409,481	5,409,481	5,866,396	5,866,396
Due from the Central Bank and call loans to banks	35,460,920	35,460,920	40,844,637	40,844,637
Financial assets measured at fair value through profit or loss	31,152,016	31,152,016	10,805,699	10,805,699
Securities purchased under resell agreements	453,095	453,095	1,313	1,313
Receivables- net	25,034,890	25,034,890	22,324,309	22,324,309
Discounts and loans- net	128,721,950	128,721,950	125,873,517	125,873,517
Available-for-sale financial assets- net	2,349,403	2,349,403	2,801,835	2,801,835
Held-to-maturity financial assets-net	300,000	300,000	-	-
Other financial assets- net	10,652,314	10,652,314	11,199,073	11,199,073
<b><u>Derivative financial instruments</u></b>				
Option	1,604	1,604	21,318	21,318
Future exchanges margins	262,722	262,722	490,299	490,299
Forward contracts	11,711	11,711	8,902	8,902
SWAP	36,618	36,618	20,433	20,433
Interest rate instruments	203,648	203,648	309,036	309,036
Value of contracts	22	22	371	371
Asset swaps	32,650	32,650	-	-
Structured notes	57,154	57,154	-	-

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<b>Financial Liabilities</b>	<b>December 31,</b>			
	<b>2010</b>		<b>2009</b>	
	<b>Book Value</b>	<b>Fair Value</b>	<b>Book Value</b>	<b>Fair Value</b>
<b>Non-derivative financial instruments</b>				
Deposits from the Central Bank and banks	\$ 6,967,852	6,967,852	10,854,230	10,854,230
Commercial papers issued	6,205,029	6,205,029	4,048,252	4,048,252
Financial liabilities measured at fair value through profit or loss	44,613	44,613	42,348	42,348
Securities sold under repurchase agreements	2,689,120	2,689,120	4,063,729	4,063,729
Payables	13,736,763	13,736,763	15,157,726	15,157,726
Deposits and exchange	178,713,753	178,713,753	157,014,292	157,014,292
Bonds payable	4,500,000	4,500,000	8,500,000	8,500,000
Other borrowings	5,060,000	5,060,000	2,980,000	2,980,000
Other financial liabilities	119,658	119,658	86,450	86,450
<b>Derivative financial instruments</b>				
Warrants	550,741	550,741	135,728	135,728
Options	5,226	5,226	3,543	3,543
Forward contracts	1,794	1,794	4,356	4,356
SWAP	61,325	61,325	13,736	13,736
Interest rate instruments	192,055	192,055	291,198	291,198
Structured notes	229,319	229,319	62,342	62,342
Asset swap liabilities	32,184	32,184	37,206	37,206
Contract price of interest SWAP	14,674	14,674	17,187	17,187
Value of contracts	7,835	7,835	-	-

c. Information of fair value of financial instruments:

Methods and assumptions used by the Company and its subsidiaries for fair value evaluation of financial instruments were as follows:

- (1) The fair value of short-term instruments was estimated by their book value on the balance sheet date. Since these instruments have short-term maturities, the book value is adopted as a reasonable basis in estimating the fair value. Short-term financial instruments comprise financial assets such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resale agreements, receivables—net, discounts and loans—net, other financial assets—net. Short-term financial liabilities comprise such as deposits from the Central Bank and banks, commercial papers issued, securities sold under repurchase agreements, payables, deposits and exchange, and other financial liabilities.
- (2) The fair value of bonds payable and other borrowings are evaluated based on the present value of expected future cash flows. The discount rate is based on rates of equivalent long-term borrowings available elsewhere; that is, long-term borrowings with similar maturity date and terms.

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- (3) Financial assets and liabilities are recognized based on the quoted market price. The fair value of financial asset value at open market price, such as government bonds, is determined by the closing price from equivalent O.T.C. trading system or the theoretical price, except for stocks and depository receipts. The fair value of foreign currency bond is determined by the recent market closing price; the fair value of future is decided by the settlement price; the fair value of foreign exchange is determined by the mid price. If there is no market quoted price available for the financial asset and liability, its fair value is estimated on the basis of a valuation technique. The estimations and assumptions of the valuation techniques are based on the Company's financial data or other market participants.
- (4) Fair value of financial derivatives is established by the amount of cash to be paid or to be received, assuming that the contract will be terminated on the balance sheet date. In general, it includes unrealized gains or losses on outstanding contracts of the current period and recognized in the current statements of income. Most of the financial derivative instruments have obtained reference reports from financial institutions.
- (5) The fair value of the financial instruments of the Company and its subsidiaries, which were based on quoted market price or determined by using certain valuation techniques were as follows:

	December 31,			
	2010		2009	
	Based on quoted market prices	Determined value by using valuation techniques	Based on quoted market prices	Determined value by using valuation techniques
<b>Financial Assets</b>				
<b>Non-derivative financial instruments</b>				
Cash and cash equivalents	\$ -	5,409,481	-	5,866,396
Due from the Central Bank and call loans to banks	-	35,460,920	-	40,844,637
Financial assets measured at fair value through profit or loss	31,035,025	116,991	10,497,285	308,414
Securities purchased under resell agreements	-	453,095	-	1,313
Receivables- net	-	25,034,890	-	22,324,309
Discounts and loans- net	-	128,721,950	-	125,873,517
Available-for-sale financial assets- net	2,102,179	247,224	2,801,835	-
Held-to-maturity financial assets-net	-	300,000	-	-
Other financial assets- net	-	10,652,314	-	11,199,073
<b>Derivative financial instruments</b>				
Option	-	1,604	1,242	20,076
Future exchanges margins	262,722	-	490,299	-
Forward contracts	-	11,711	-	8,902
SWAP	36,618	-	20,433	-
Interest rate instruments	-	203,648	-	309,036
Value of contracts	-	22	-	371
Asset swaps	-	32,650	-	-
Structured notes	-	57,154	-	-

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	December 31,			
	2010		2009	
<b>Financial Assets</b>	<b>Based on quoted market prices</b>	<b>Determined value by using valuation techniques</b>	<b>Based on quoted market prices</b>	<b>Determined value by using valuation techniques</b>
<b>Financial Liabilities</b>				
<b>Non-derivative financial instruments</b>				
Deposit from the Central Bank and other banks	\$ -	6,967,852	-	10,854,230
Commercial papers issued	-	6,205,029	-	4,048,252
Financial liabilities measured at fair value through profit or loss	44,613	-	42,348	-
Securities sold under repurchase agreements	-	2,689,120	-	4,063,729
Payables	-	13,736,763	-	15,157,726
Deposits and exchange	-	178,713,753	-	157,014,292
Bonds payable	-	4,500,000	-	8,500,000
Other borrowings	-	5,060,000	-	2,980,000
Other financial liabilities	-	119,658	-	86,450
<b>Derivative financial instruments</b>				
Warrants	550,741	-	135,728	-
Options	3,622	1,604	3,470	73
Forward contracts	-	1,794	-	4,356
SWAP	61,325	-	13,736	-
Interest rate products	-	192,055	-	291,198
Structured notes	-	229,319	-	62,342
Asset swap liabilities	-	32,184	-	37,206
Contract price of interest SWAP	-	14,674	-	17,187
Value of contracts	-	7,835	-	-

- d. For the years ended December 31, 2010 and 2009, the Company's subsidiary Jih Sun International Bank Ltd.'s current evaluation loss and gain arising from the fair value evaluation of financial instruments by using quoted market prices amounted to loss of \$231,505 and gain of \$28,651, respectively. The loss and gain arising from using valuation techniques method to determine the changes of the fair value were loss of \$480 and gain of \$21,373, respectively.
- e. For the years ended December 31, 2010 and 2009, the Company's subsidiary Jin Sun International Bank Ltd. did not use financial assets and liabilities carried at fair value through profit or loss and the interest income amounted \$3,061,186 and \$3,776,337, respectively. Interest expense was amounted \$1,183,846 and \$2,493,724, respectively. For the years ended December 31, 2010 and 2009, the available-for-sale financial assets was recognized directly by the Company's subsidiary Jin Sun International Bank Ltd. as an adjustment item under shareholders' equity, adjusted item amounted gain of \$27,829 and loss of \$17,163, respectively; realized losses and gains resulting from such adjustments were recognized in current profit or loss on available-for-sale financial assets amounting to \$75,804 and \$148,987, respectively.

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f. Financial risk management policy and risk information:

The financial risk management structures of the Company and its subsidiaries include the board of directors of the Company and its subsidiaries, top management, the Risk Management Committee, the risk management division and risk management unit under individual business group. The major objective of operating strategies is to monitor and manage related risk structures for overall risk of the Company which the risk management division is responsible for detecting relevant risks arising from risk management unit under individual business group. The integrated management among the Risk Management Committee, the risk management division and risk management unit under individual business group is to meet appropriate balance between risk and return, and the expectation return of shareholders.

In order to achieve the operating goal and increase return of shareholders', appropriate risk management should be implemented to enhance the effective risk management system and sound business operation. Therefore, the board of directors of the Company and its subsidiaries set out and approve risk management strategies to achieve efficient and effective risk management system; these strategies are used to control and manage relevant risk.

(1) Policies of risk control management:

A. The principle of risk management

- a. The risk management system of a scientific approach was to analyze risk objectively and deliberately in order to achieve reasonable return.
- b. The risk management structure of efficient approach is executed by individual business unit to carry out daily management operation and nominate the risk management division to present periodic risk management report to the board of directors in order to manage risk instantaneously and effectively. If there are significant risk exposures which endanger financial position or business condition or regulation compliance, immediate action is required and should be reported to board of directors immediately.
- c. The integrated risk management function was in place to monitor capital adequacy of financial holding company and its subsidiaries based on the business scale, credit risk, market risk, operation risk and future operation tendency. The integrated risk management is to monitor risks of investment allocation based on financial holding company's aggregated exposure risk, equity capital, and characteristic of liability.

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2. The operation of risk management function should have characteristics as following:
  - a. Timely: The operation system should provide risk forecasting report, strategies and avoidance to the risk in accordance with the risks resulted from the process of decision-making in the parent company and its subsidiaries so that the system can apply the risk management function immediately.
  - b. Effectiveness: The Jih Sun financial holding and its subsidiary should set up appropriate risk management procedure, control method and emergency response plan to keep the effectiveness of the risk management function against any possible risk.

(2) Various risk in relation to the Company and its subsidiaries

A. Market risk

Market risk is defined as the change in the unstable assets price which arising from operating financial instrument actively and expanding the business in market factors changes (such as interest, stock price, exchange rate and etc.) In order to effectively assess the exposure of market risk, policy regarding to scientific method, market risk management system, management indicator and limitation indicator are set to against market risk.

The Company and its subsidiaries recognizes, measures, controls and manages for market risk, in addition to the traditional position authorize quota, loss or income limitation quota, risk index quota (i.e.: Greeks, PVBP, DV01.....). Using the methods of VaR (Value at Risk) to estimate position's exposure. VaR is estimated for the most probable loss resulting form the market price changes at special period and confidence level.

The recognition of Market risk for the Company and its subsidiaries: Risk factors of Market risk estimation model includes risk factors such as Interest, FX, Equity, Commodity etc.

The estimation standards of the Company and its subsidiaries' VaR of market risk is as follows:

- ◆ Model: Mainly based on Monte Carlo simulations model, with option to use the Variance-covariance matrices model or historical simulations model to estimate VaR.
- ◆ Method: Using EWMA to estimate fluctuation rate for the previous year.
- ◆ Frequency: Update market data on a daily basis, with consideration of the correlation between difference market price factor, and calculate ten days(one-tail) VaR with 99% confidence level.

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In relation to the subsidiary Jin Sun International Bank Ltd., the VaR for the fourth quarter ended 2010 (2010.10.1~2010.12.31) was as follows: (a hundred million)

<b>99% C.L 10 days VaR</b>	<b>Season Average</b>	<b>Season High</b>	<b>Season Low</b>
Exchange instrument	0.137	0.263	0.117
Interest instrument	0.442	0.487	0.382
Equity instrument	0.125	0.048	0.194
Distribution effective	(0.232)	(0.196)	(0.382)
VaR	0.472	0.602	0.365
<b>99% C.L 1 day VaR</b>	<b>Season Average</b>	<b>Season High</b>	<b>Season Low</b>
Exchange instrument	0.044	0.084	0.037
Interest instrument	0.140	0.155	0.121
Equity instrument	0.041	0.016	0.062
Distribution effective	(0.074)	(0.063)	(0.103)
VaR	0.151	0.192	0.117

In relation to the subsidiary Jin Sun International Bank Ltd., the VaR for the fourth quarter ended 2009 (2009.10.1~2009.12.31) was as follows: (a hundred million)

<b>99% C.L 10 days VaR</b>	<b>Season Average</b>	<b>Season High</b>	<b>Season Low</b>
Exchange instrument	0.194	0.487	0.075
Interest instrument	0.139	0.139	0.075
Equity instrument	0.182	0.259	0.130
Distribution effective	(0.239)	(0.351)	(0.131)
VaR	0.276	0.533	0.149
<b>99% C.L 1 day VaR</b>	<b>Season Average</b>	<b>Season High</b>	<b>Season Low</b>
Exchange instrument	0.061	0.156	0.024
Interest instrument	0.044	0.044	0.024
Equity instrument	0.060	0.086	0.043
Distribution effective	(0.076)	(0.115)	(0.043)
VaR	0.089	0.171	0.048

**B. Credit Risk**

Credit risk is defined in the event when counterparties fail to perform its obligation which arising from operate financial instrument actively and expand the business with possible loss or financial worsen by the counterparties or credit customers. Therefore, the Company should set up standard evaluation method of asset quality and classification to compute and control the exposure regarding the industry characteristics. The method should be reviewed periodically to recognize allowance for credit loss and reserve. Moreover, according to the credit policy for credit rating and asset diversity, the credit information of counterparties and credit customers should be monitored and collected as management indicator to minimize the risk of default and credit concentrations.

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Concentrations of credit risk exist when counter-parties to financial instrument transactions are individuals or groups engaged in similar activities with similar economic characteristics, which would impair their ability to meet contractual obligations under negative economic or other conditions. In relation to the subsidiary Jin Sun International Bank Ltd., there is no significant concentration of credit risk in terms of a single client, a party to a transaction, or clients located in nearby regions, except for clients being in one single industry with similar industrial characteristics. The Company's subsidiary Jin Sun International Bank Ltd.'s contracts with concentration of credit risk were as follows:

	<b>December 31,</b>			
	<b>2010</b>		<b>2009</b>	
<b>Type of industries</b>	<b>Book Value</b>	<b>Maximum exposure to credit risk</b>	<b>Book Value</b>	<b>Maximum exposure to credit risk</b>
Manufacturing	\$ 19,070,524	19,070,524	18,285,486	18,285,486
Financial industries	3,124,856	3,124,856	1,949,357	1,949,357
Construction	4,903,239	4,903,239	187,674	187,674
Other	102,808,222	102,808,222	106,658,051	106,658,051
Total	<b>\$129,906,841</b>	<b>129,906,841</b>	<b>127,080,568</b>	<b>127,080,568</b>
<b>Geographic location</b>				
Domestic	\$120,632,825	120,632,825	119,442,700	119,442,700
Other	9,274,016	9,274,016	7,637,868	7,637,868
Total	<b>\$129,906,841</b>	<b>129,906,841</b>	<b>127,080,568</b>	<b>127,080,568</b>

Financial instruments with off-balance-sheet credit risk:

Since the Company's subsidiary Jih Sun International Bank Ltd. provides loans and issues credit cards, it has substantial credit commitments, most of which are confined to one year. The interest rate interval of the credit extension is between 0.04% and 20%, and the maximum interest rate of credit card is up to 19.99%. Furthermore, the Company's subsidiary Jih Sun International Bank Ltd. also provides guarantee endorsements, and commercial letters of credit as a guarantee for clients' obligations to third parties. These guarantee agreements are usually for one year period and the maturity date doesn't concentrate on the specific time.

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The contract amounts of financial instruments with off-balance-sheet credit risk by the Company's subsidiary Jih Sun International Bank Ltd. were as follows:

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Loans commitments	\$ 12,393,192	13,082,267
Credit card commitments	51,127,576	54,072,026
Guarantees and commercial letter of credit	2,567,935	3,046,566
	<b>\$ 66,088,703</b>	<b>70,200,859</b>

As of December 31, 2010 and 2009, unused loans commitments of the Company's subsidiary Jih Sun International Bank Ltd. were \$12,393,192 and \$13,082,267, respectively, and unused credit card commitments were \$50,064,090 and \$52,636,117, respectively.

Since these financial instruments are not settled prior to maturity, the contract amount does not represent cash outflow in the future; that is, demand for cash in the future is lower than the contract amount. If lines of credit are reached and collateral or other guarantees are completely worthless, credit risk is equivalent to the contract amount, which is the maximum possible loss.

However, prior to providing loans, guarantee endorsements, and commercial letters of credit, the Company's subsidiary Jih Sun International Bank Ltd. performs a strict credit review. The strategy of the Company's subsidiary Jih Sun International Bank Ltd. is to require for sufficient collaterals from some of the specific customers before making payment of the approved loans. The loans with collaterals account for approximate 71.47% of total amount. The holding guarantee rate of guarantee endorsements and commercial letters of credit is between 0% and 100%, and average rate is 35.95%, approximately. The collaterals for the loan, guarantee endorsements, and commercial letters of credit, are cash, inventory, current securities or other assets.

While the customers default, the bank will execute the right of collaterals and other guarantees

Collateral is not required for credit card loans. Nonetheless, the Company's subsidiary Jih Sun International Bank Ltd. evaluates the credit of cardholders periodically and adjusts cardholders' credit limits if necessary.

**C. Liquidity Risk**

In accordance with reserve required and minimum liquidity ratio set by the competent authority, the Company and its subsidiaries should establish analysis for liquidity gap, set up management indicator and limitation indicator to develop strategies against liquidity to become worse.

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The capital and operation fund of the Company and its subsidiaries are sufficient to pay for its obligations, therefore, there is no liquidity risk regarding to the fund for the obligation.

The valuation of the Jin Sun International Bank's liquidity ability which the Bank adapts the appropriate way of classification, in accordance with the characteristics of asset and liability, to undertake the due analysis, and the analysis were as follows:

<b>Financial instrument</b>	<b>December 31, 2010</b>			
	<b>Under 1 month</b>		<b>Over 1 month to 3 month</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset:</b>				
Cash and cash equivalents	\$ 2,334,484	2,334,484	-	-
Due from the Central Bank and call loans to banks	25,295,570	25,295,570	4,561,355	4,561,355
Financial assets held for trading	427,929	427,929	21,635	21,635
Receivables(excluding allowance for bad debts)	1,727,422	1,727,422	501,919	501,919
Available-for-sale financial assets	12,390	12,390	-	-
Securities purchased under resell agreements	453,095	453,095	-	-
Loans (excluding non-accrual loans and allowance for credit losses)	10,109,939	10,109,939	9,550,678	9,550,678
Held-to-maturity financial assets	-	-	-	-
Other financial assets	10,872	10,872	83,029	83,029
<b>Total</b>	<b>\$ 40,371,701</b>	<b>40,371,701</b>	<b>14,718,616</b>	<b>14,718,616</b>
<b>Liabilities:</b>				
Deposits from the Central Bank and other banks	\$ 1,577,885	1,577,885	865,592	865,592
Financial liabilities held for trading	256,778	256,778	-	-
Securities sold under repurchase agreements	384,973	384,973	-	-
Payables	1,360,537	1,360,537	350,790	350,790
Deposits and remittances	29,052,577	29,052,577	20,370,611	20,370,611
Financial bonds payable	-	-	-	-
Other financial liabilities	52,930	52,930	-	-
<b>Total</b>	<b>\$ 32,685,680</b>	<b>32,685,680</b>	<b>21,586,993</b>	<b>21,586,993</b>
<b>Net currency gap</b>	<b>\$ 7,686,021</b>	<b>7,686,021</b>	<b>(6,868,377)</b>	<b>(6,868,377)</b>

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<b>Financial instrument</b>	<b>December 31, 2010</b>			
	<b>Over 3 month to 1 year</b>		<b>Over 1 year to 2 year</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>	<b>Amount</b>	<b>Possible Refund Amount</b>
<b>Asset:</b>				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	4,128,705	4,128,705	1,475,290	1,475,290
Financial assets held for trading	573,242	573,242	320,573	320,573
Receivables(excluding allowance for bad debts)	1,760,610	1,760,610	1,470,383	1,470,383
Available-for-sale financial assets	151,621	151,621	-	-
Securities purchased under resell agreements	-	-	-	-
Loans (excluding non-accrual loans and allowance for credit losses)	17,364,541	17,364,541	4,753,566	4,753,566
Held-to-maturity financial assets	-	-	-	-
Other financial assets	389,196	389,196	12,862	12,862
<b>Total</b>	<b>\$ 24,367,915</b>	<b>24,367,915</b>	<b>8,032,674</b>	<b>8,032,674</b>
<b>Liabilities:</b>				
Deposits from the Central Bank and other banks	\$ 3,238,560	3,238,560	1,285,815	1,285,815
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	537,086	537,086	50,756	50,756
Deposits and remittances	79,031,420	79,031,420	51,234,032	51,234,032
Financial bonds payable	-	-	2,000,000	2,000,000
Other financial liabilities	3,070	3,070	9,538	9,538
<b>Total</b>	<b>\$ 82,810,136</b>	<b>82,810,136</b>	<b>54,580,141</b>	<b>54,580,141</b>
<b>Net currency gap</b>	<b>\$(58,442,221)</b>	<b>(58,442,221)</b>	<b>(46,547,467)</b>	<b>(46,547,467)</b>

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Financial instrument	December 31, 2010			
	Over 2 year to 3year		Over 3 year to 4year	
	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset:				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Financial assets held for trading	6,222,718	6,222,718	4,473,149	4,473,149
Receivables(excluding allowance for bad debts)	29,083	29,083	29,083	29,083
Available-for-sale financial assets Securities purchased under resell agreements	-	-	549,493	549,493
Loans (excluding non-accrual loans and allowance for credit losses)	10,011,057	10,011,057	1,668,409	1,668,409
Held-to-maturity financial assets	-	-	-	-
Other financial assets	7,746	7,746	5,374	5,374
<b>Total</b>	<b>\$ 16,270,604</b>	<b>16,270,604</b>	<b>6,725,508</b>	<b>6,725,508</b>
Liabilities:				
Deposits from the Central Bank and other banks	\$ -	-	-	-
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	38,877	38,877	-	-
Financial bonds payable	500,000	500,000	-	-
Other financial liabilities	11,600	11,600	11,600	11,600
<b>Total</b>	<b>\$ 550,477</b>	<b>550,477</b>	<b>11,600</b>	<b>11,600</b>
<b>Net currency gap</b>	<b>\$ 15,720,127</b>	<b>15,720,127</b>	<b>6,713,908</b>	<b>6,713,908</b>

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Financial instrument	December 31, 2010			
	Over 4 year to 5 year		Over 5 year	
	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset:				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Financial assets held for trading	9,070,007	9,070,007	2,678,623	2,678,623
Receivables(excluding allowance for bad debts)	29,083	29,083	-	-
Available-for-sale financial assets	-	-	1,388,675	1,388,675
Securities purchased under resell agreements	-	-	-	-
Loans (excluding non-accrual loans and allowance for credit losses)	4,365,293	4,365,293	72,083,358	72,083,358
Held-to-maturity financial assets	300,000	300,000	-	-
Other financial assets	6,963	6,963	647,632	647,632
Total	<u>\$ 13,771,346</u>	<u>13,771,346</u>	<u>76,798,288</u>	<u>76,798,288</u>
Liabilities:				
Deposits from the Central Bank and other banks	\$ -	-	-	-
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	-	-	-	-
Financial bonds payable	-	-	-	-
Other financial liabilities	10,800	10,800	10,290	10,290
Total	<u>\$ 10,800</u>	<u>10,800</u>	<u>10,290</u>	<u>10,290</u>
Net currency gap	<u>\$ 13,760,546</u>	<u>13,760,546</u>	<u>76,787,998</u>	<u>76,787,998</u>

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<b>Financial instrument</b>	<b>December 31, 2010</b>	
	<b>Total</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>
Asset:		
Cash and cash equivalents	\$ 2,334,484	2,334,484
Due from the Central Bank and call loans to banks	35,460,920	35,460,920
Financial assets held for trading	23,787,876	23,787,876
Receivables(excluding allowance for bad debts)	5,547,583	5,547,583
Available-for-sale financial assets	2,102,179	2,102,179
Securities purchased under resell agreements	453,095	453,095
Loans (excluding non-accrual loans and allowance for credit losses)	129,906,841	129,906,841
Held-to-maturity financial assets	300,000	300,000
Other financial assets	1,163,674	1,163,674
Total	<b>\$ 201,056,652</b>	<b>201,056,652</b>
Liabilities:		
Deposits from the Central Bank and other banks	\$ 6,967,852	6,967,852
Financial liabilities held for trading	256,778	256,778
Securities sold under repurchase agreements	384,973	384,973
Payables	2,299,169	2,299,169
Deposits and remittances	179,727,517	179,727,517
Financial bonds payable	2,500,000	2,500,000
Other financial liabilities	109,828	109,828
Total	<b>\$ 192,246,117</b>	<b>192,246,117</b>
Net currency gap	<b>\$ 8,810,535</b>	<b>8,810,535</b>

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Financial instrument	December 31, 2009			
	Under 1 month		Over 1 month to 3 month	
	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset:				
Cash and cash equivalents	\$ 2,955,368	2,955,368	-	-
Due from the Central Bank and call loans to banks	32,724,697	32,724,697	4,174,126	4,174,126
Financial assets held for trading	507,844	507,844	-	-
Receivables(excluding allowance for bad debts)	2,727,843	2,727,843	352,333	352,333
Available-for-sale financial assets	39,383	39,383	-	-
Loans (excluding non-accrual loans and allowance for credit losses)	8,426,356	8,426,356	9,315,486	9,315,486
Other financial assets	10,092	10,092	100,541	100,541
Total	<b>\$ 47,391,583</b>	<b>47,391,583</b>	<b>13,942,486</b>	<b>13,942,486</b>
Liabilities:				
Deposits from the Central Bank and other banks	\$ 1,158,554	1,158,554	1,147,467	1,147,467
Financial liabilities held for trading	309,363	309,363	-	-
Securities sold under repurchase agreements	157,500	157,500	-	-
Payables	1,640,618	1,640,618	208,768	208,768
Deposits and remittances	20,377,567	20,377,567	18,260,094	18,260,094
Financial bonds payable	-	-	-	-
Other financial liabilities	-	-	-	-
Total	<b>\$ 23,643,602</b>	<b>23,643,602</b>	<b>19,616,329</b>	<b>19,616,329</b>
Net currency gap	<b>\$ 23,747,981</b>	<b>23,747,981</b>	<b>(5,673,843)</b>	<b>(5,673,843)</b>

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Financial instrument	December 31, 2009			
	Over 3 month to 1 year		Over 1 year to 2 year	
	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset:				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	2,371,474	2,371,474	1,574,340	1,574,340
Financial assets held for trading	1,139,045	1,139,045	1,024,641	1,024,641
Receivables(excluding allowance for bad debts)	1,248,472	1,248,472	1,097,438	1,097,438
Available-for-sale financial assets	-	-	-	-
Loans (excluding non-accrual loans and allowance for credit losses)	11,101,896	11,101,896	4,595,620	4,595,620
Other financial assets	471,903	471,903	11,380	11,380
<b>Total</b>	<b>\$ 16,332,790</b>	<b>16,332,790</b>	<b>8,303,419</b>	<b>8,303,419</b>
Liabilities:				
Deposits from the Central Bank and other banks	\$ 8,225,604	8,225,604	322,605	322,605
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	445,118	445,118	92,173	92,173
Deposits and remittances	63,425,210	63,425,210	55,714,607	55,714,607
Financial bonds payable	4,000,000	4,000,000	-	-
Other financial liabilities	3,150	3,150	9,600	9,600
<b>Total</b>	<b>\$ 76,099,082</b>	<b>76,099,082</b>	<b>56,138,985</b>	<b>56,138,985</b>
Net currency gap	<b>\$ (59,766,292)</b>	<b>(59,766,292)</b>	<b>(47,835,566)</b>	<b>(47,835,566)</b>

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Financial instrument	December 31, 2009			
	Over 2 year to 3year		Over 3 year to 4year	
	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset:				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Financial assets held for trading	344,277	344,277	397,773	397,773
Receivables(excluding allowance for bad debts)	30,340	30,340	30,340	30,340
Available-for-sale financial assets	149,872	149,872	375,131	375,131
Loans (excluding non-accrual loans and allowance for credit losses)	5,542,935	5,542,935	9,765,199	9,765,199
Other financial assets	13,320	13,320	41,021	41,021
Total	<b>\$ 6,080,744</b>	<b>6,080,744</b>	<b>10,609,464</b>	<b>10,609,464</b>
Liabilities:				
Deposits from the Central Bank and other banks	\$ -	-	-	-
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	21,453	21,453	-	-
Financial bonds payable	2,000,000	2,000,000	-	-
Other financial liabilities	14,100	14,100	14,100	14,100
Total	<b>\$ 2,035,553</b>	<b>2,035,553</b>	<b>14,100</b>	<b>14,100</b>
Net currency gap	<b>\$ 4,045,191</b>	<b>4,045,191</b>	<b>10,595,364</b>	<b>10,595,364</b>

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Financial instrument	December 31, 2009			
	Over 4 year to 5 year		Over 5 year	
	Amount	Possible Refund Amount	Amount	Possible Refund Amount
Asset:				
Cash and cash equivalents	\$ -	-	-	-
Due from the Central Bank and call loans to banks	-	-	-	-
Financial assets held for trading	249,646	249,646	-	-
Receivables(excluding allowance for bad debts)	30,340	30,340	-	-
Available-for-sale financial assets	970,283	970,283	875,015	875,015
Loans (excluding non-accrual loans and allowance for credit losses)	1,513,353	1,513,353	74,538,766	74,538,766
Other financial assets	5,374	5,374	785,509	785,509
<b>Total</b>	<b>\$ 2,768,996</b>	<b>2,768,996</b>	<b>76,199,290</b>	<b>76,199,290</b>
Liabilities:				
Deposits from the Central Bank and other banks	\$ -	-	-	-
Financial liabilities held for trading	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-
Payables	-	-	-	-
Deposits and remittances	-	-	-	-
Financial bonds payable	500,000	500,000	-	-
Other financial liabilities	14,100	14,100	20,550	20,550
<b>Total</b>	<b>\$ 514,100</b>	<b>514,100</b>	<b>20,550</b>	<b>20,550</b>
<b>Net currency gap</b>	<b>\$ 2,254,896</b>	<b>2,254,896</b>	<b>76,178,740</b>	<b>76,178,740</b>

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<b>Financial instrument</b>	<b>December 31, 2009</b>	
	<b>Total</b>	
	<b>Amount</b>	<b>Possible Refund Amount</b>
Asset:		
Cash and cash equivalents	\$ 2,955,368	2,955,368
Due from the Central Bank and call loans to banks	40,844,637	40,844,637
Financial assets held for trading	3,663,226	3,663,226
Receivables(excluding allowance for bad debts)	5,517,106	5,517,106
Available-for-sale financial assets	2,409,684	2,409,684
Loans (excluding non-accrual loans and allowance for credit losses)	124,799,611	124,799,611
Other financial assets	1,439,140	1,439,140
<b>Total</b>	<b>\$ 181,628,772</b>	<b>181,628,772</b>
Liabilities:		
Deposits from the Central Bank and other banks	\$ 10,854,230	10,854,230
Financial liabilities held for trading	309,363	309,363
Securities sold under repurchase agreements	157,500	157,500
Payables	2,386,677	2,386,677
Deposits and remittances	157,798,931	157,798,931
Financial bonds payable	6,500,000	6,500,000
Other financial liabilities	75,600	75,600
<b>Total</b>	<b>\$ 178,082,301</b>	<b>178,082,301</b>
<b>Net currency gap</b>	<b>\$ 3,546,471</b>	<b>3,546,471</b>

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D. Cash flow risk and fair value risk arising from interest rate fluctuation:

In considering the possibility of future cash flow risk arising from floating-interest-rate assets and liabilities due to market interest rate fluctuation, the Company's subsidiary Jih Sun International Bank Ltd. entered into interest rate swap transactions to hedge against the cash flow risk arising from market interest rate fluctuation.

a. Information on expected interest rate reset date and maturity date:

As of December 31, 2010 and 2009, the reset and maturity dates were not affected by the contract date. The interest rate risk exposures on assets and liabilities were shown below. The financial assets and liabilities which held on the Company's subsidiary Jih Sun International Bank Ltd. were presented at book value allocated to time bands by reference to the earlier date of the interest rate reset date or maturity date (whichever earlier). The financial instruments held or issued were as follows:

Financial instrument	December 31, 2010					
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Assets:						
Due from the Central Bank, bank deposit and call loans to banks	\$ 27,914,733	3,600,000	2,300,000	-	-	33,814,733
Financial assets held for trading	448,368	17,235	-	694,871	21,883,707	23,044,181
Securities purchased under resell agreements	453,095	-	-	-	-	453,095
Available-for-sale financial assets	-	-	-	-	2,098,009	2,098,009
Held-to-maturity financial assets	-	-	-	-	300,000	300,000
Loans (excluding non-accrual loans)	110,145,055	6,470,933	3,336,730	2,517,425	5,719,265	128,189,408
Short-term advances	499,011	-	-	-	-	499,011
Total	<u>\$139,460,262</u>	<u>10,088,168</u>	<u>5,636,730</u>	<u>3,212,296</u>	<u>30,000,981</u>	<u>188,398,437</u>
Liabilities:						
Deposits from the Central Bank and other banks	\$ 6,953,477	-	-	-	-	6,953,477
Securities sold under repurchase agreement	384,973	-	-	-	-	384,973
Deposits and remittances	150,991,056	7,726,455	5,031,499	14,159,580	1,082,445	178,991,035
Financial bonds payable	-	-	-	-	2,500,000	2,500,000
Other financial liabilities	52,930	-	-	-	-	52,930
Total	<u>\$158,382,436</u>	<u>7,726,455</u>	<u>5,031,499</u>	<u>14,159,580</u>	<u>3,582,445</u>	<u>188,882,415</u>
Interest sensitive gap	<u>\$ (18,922,174)</u>	<u>2,361,713</u>	<u>605,231</u>	<u>(10,947,284)</u>	<u>26,418,536</u>	<u>(483,978)</u>

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Financial instrument	December 31, 2009					
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Assets:						
Due from the Central Bank, bank deposit and call loans to banks	\$ 34,419,737	3,685,000	1,820,000	-	-	39,924,737
Financial assets held for trading	-	-	626,760	490,494	1,861,981	2,979,235
Available-for-sale financial assets	-	-	-	-	2,358,829	2,358,829
Loans (excluding non accrual loans)	106,551,085	4,838,327	1,365,676	2,088,723	9,955,800	124,799,611
Short-term advances	604,357	-	-	-	-	604,357
<b>Total</b>	<b>\$141,575,179</b>	<b>8,523,327</b>	<b>3,812,436</b>	<b>2,579,217</b>	<b>14,176,610</b>	<b>170,666,769</b>
Liabilities:						
Deposits from the Central Bank and other banks	\$ 10,843,909	-	-	-	-	10,843,909
Securities sold under repurchase agreement	157,500	-	-	-	-	157,500
Deposits and remittances	120,150,834	8,816,631	10,923,540	14,998,174	2,009,502	156,898,681
Financial bonds payable	-	-	4,000,000	-	2,500,000	6,500,000
<b>Total</b>	<b>\$131,152,243</b>	<b>8,816,631</b>	<b>14,923,540</b>	<b>14,998,174</b>	<b>4,509,502</b>	<b>174,400,090</b>
Interest sensitive gap	<b>\$ 10,422,936</b>	<b>(293,304)</b>	<b>(11,111,104)</b>	<b>(12,418,957)</b>	<b>9,667,108</b>	<b>(3,733,321)</b>

The assumption and the other details of the above expected interest rate reset date or maturity date were as follows:

b. Effective interest rates (excluding financial assets held for trading)

As of December 31, 2010 and 2009, the effective interest rate of financial instruments held and issued by the Company's subsidiary Jih Sun International Bank Ltd. were as follows:

Financial instrument item	December 31,	
	2010	2009
Due from the Central Bank, bank deposit and call loans to banks	0.62	0.49
Securities purchased under resell agreements	0.33	0.13
Available-for-sale financial assets	1.35	1.16
Held-to-maturity financial assets	1.82	-
Discount and Loans	2.08	2.43
Deposits from the Central Bank and other banks	0.68	1.34
Securities sold under repurchase agreements	0.33	0.10
Financial bonds payable	3.29	3.58
Deposits and remittances	0.56	1.10

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E. Operational risk (including law risk):

The direct risk was caused by the internal business, transaction and use of information interactively. The activities that the financial holding parent company and its subsidiaries undertook will lead the internal issues, such as inappropriate system, personnel negligence, inappropriate supervision and system malfunction, etc; or the indirect risk was caused by the external issues, such as deception, dispute about customers and products and business litigation. Hence, the Bank shall regularly or irregularly survey the internal operative handbook, operating procedures, information system of security protection, the plan of dealing with emergency. Each process point to revise the system and fix all potential loss determines the duty of each employee clearly. While an event occurs, the quality and the related losses of impact shall be recorded properly, and the operative units have to be fully responsible for the information of collection, analysis and conclusion, and establishment of management index in order to decrease the repeated risk.

**5. RELATED-PARTY TRANSACTIONS**

(A) Names of related parties and relationship with the Company

<u>Name of related party</u>	<u>Relationship with the Company</u>
Jih Sun Securities Investment Trust Co., Ltd.	The investee company under the equity method of the Company's subsidiary Jih Sun Securities Co., Ltd.
Other related parties	The Company and its subsidiaries Jih Sun Securities Co., Ltd. and Jih Sun International Bank Ltd. 's directors, relatives and spouses of the aforementioned persons and chief offices for each department (branches).

(B) Material transactions with related parties:

a. Deposits

<u>Name of Related Party</u>	<u>Ending Balance</u>	<u>Maximum Balance</u>	<u>Interest Revenue</u>	<u>Interest Interval %</u>
<b>2010</b>				
Jih Sun Securities Investment Trust Co., Ltd.	\$ 64,869	206,907	788	0%~2.73%
Others	406,213	595,619	1,098	0%~4.75%
	<u>\$ 471,082</u>		<u>1,886</u>	

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<u>Name of Related Party</u>	<u>Ending Balance</u>	<u>Maximum Balance</u>	<u>Interest Revenue</u>	<u>Interest Interval %</u>
<b>2009</b>				
Jih Sun Securities Investment Trust Co., Ltd.	\$ 79,072	245,876	1,783	0%~2.73%
Others	362,261	659,918	1,246	0%~7.95%
	<u>\$ 441,333</u>		<u>3,029</u>	

The rates of deposit of related parties above are the same as those with non-related parties.

b. Loan

The interested parties of the Jih Sun International Bank Ltd. were borrowers, guarantors, or suppliers of guarantee:

December 31, 2010							
Classification	Amount or Related Party Name	Maxium balance	Ending balance	Agreement		Collateral	Terms of trade different or not with non-related party
				Normal loans	Overdue loans		
Employee consumption loan	2	2,514	2,015	2,015	-	Deposit	none
Personal house mortgaaged loan	25	146,861	123,570	123,570	-	Real estate	none

December 31, 2009							
Classification	Amount or Related Party Name	Maxium balance	Ending balance	Agreement		Collateral	Terms of trade different or not with non-related party
				Normal loans	Overdue loans		
Employee consumption loan	3	1,493	480	480	-	Deposit	none
Personal house mortgaaged loan	23	102,762	89,980	89,980	-	Real estate	none

As of December 31, 2010 and 2009, there were no overdue loans from the related parties. Allowance for bad debts is estimated in accordance with the accounting policy of the Bank. In relation to the related-party credit policy, the Bank follows the requirements under Articles 32, 33, 33-1, 33-2, 33-4, 33-5 of the Banking Act, and does not provide credit loans without collaterals. For collateralized loans, the collaterals shall consists of full guarantees, and the terms (including interest rate, collateral and its related appraisal, guarantor requirement, loan term, repayment method of principal and interest, etc.) must not be superior to the other parties for similar types of loan. Financing provided to the same related party, which individually or cumulatively amounts to \$100,000 or 1% of the Bank's net worth, whichever is lower, must be presented to the Board of Directors and Supervisors for deliberation. Moreover, the meeting must be attended by more than two-thirds of the directors and approved by more than three-fourths of the directors in attendance. The terms and conditions of loans to related parties are not superior to those given to non-related parties.

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- c. The bond transactions with repurchase/resale agreements with related parties in 2010 and 2009 were as follows:

Bonds sold under repurchase agreements:

<u>Name of related party</u>	<u>For the years ended December 31,</u>			
	<u>2010</u>		<u>2009</u>	
	<u>Interest expense</u>	<u>Ending balance</u>	<u>Interest expense</u>	<u>Ending balance</u>
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ 16</u>	<u>-</u>	<u>19</u>	<u>-</u>

- d. The accounts receivable with related parties were as follows:

<u>Name of Related Party</u>	<u>December 31,</u>			
	<u>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Accounts Receivable</u>				
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ 20</u>	<u>-</u>	<u>20</u>	<u>-</u>
<u>Other Receivables</u>				
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ 15</u>	<u>-</u>	<u>152</u>	<u>-</u>

- e. Lease

- (1) The rental of offices and the amounts paid to related parties were as follows:

<u>Name of related party</u>	<u>For the years ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ 3,696</u>	<u>3,696</u>

- (2) The guarantee deposit of offices and the amounts paid to related parties were as follows: (guarantee deposit paid)

<u>Name of related party</u>	<u>For the years ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ 924</u>	<u>924</u>

- (3) The rentals of offices received from related parties were as follows:

<u>Name of related party</u>	<u>For the years ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ 29</u>	<u>385</u>

- (4) The guarantee deposits of the rental office received from related parties were as follows: (guarantee deposits received)

<u>Name of related party</u>	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
Jih Sun Securities Investment Trust Co., Ltd.	<u>\$ -</u>	<u>88</u>

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- f. The income which the Company's subsidiary Jih Sun Securities Co., Ltd received from Jih Sun Securities Investment Trust Co., Ltd. were as follows:

	For the years ended December 31,	
	2010	2009
Securities registration and service fee	\$ 120	150
Revenue from utilities expense allocated (pay and collecting for another)	372	2,022
Income from selling fund rewards	6,804	4,714
Total	<b>\$ 7,296</b>	<b>6,886</b>

- g. For the years ended December 31, 2010 and 2009, the bonuses for the Company's subsidiary Jih Sun International Bank Ltd. to sell funds of Jih Sun Securities Investment Trust Co., Ltd. were amounting to \$2,698 and \$4,646, respectively. .

(C) Salary information for main management

For the years ended December 31, 2010 and 2009, the Company's salary information for directors, supervisors, general manager and vice general managers were as follows:

	2010	2009
Salaries	\$ 22,900	22,442
Bonus and special allowances	2,247	9,074
Business executive expenses	960	1,920
Employee bonuses	57	-
Total	<b>\$ 26,164</b>	<b>33,436</b>

For the years ended December 31, 2010 and 2009, the Company's and its subsidiaries' salary information for directors, supervisors, general manager and vice general managers were as follows:

	2010	2009
Salaries	\$ 77,043	85,255
Bonus and special allowances	36,450	39,298
Business executive expenses	3,470	5,106
Employee bonuses	59	(855)
Total	<b>\$ 117,022</b>	<b>128,804</b>

Note: The employees' bonus was negative for 2009 due to the reversal of the over estimated amount of \$1,053 for 2008 in the current year and the estimated amount of \$198 for 2009.

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**6. PLEDGED ASSETS**

<u>Pledged assets</u>	<u>Objects</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Financial assets measured at fair value through profit or loss	Court guarantee, Guarantee of bills dealer, Trust fund reserve for compensation, and Tax collection deposited in Central Bank	\$ 198,400	135,400
Available-for-Sale Financial Assets	Deposits for National Credit Card Center	120,400	-
Fixed assets – land	Corporate Bonds and Bank loan guarantee	1,208,720	1,208,720
– building (book value)	"	354,536	365,484
Other financial assets (restricted assets, financial assets carried at cost, and guarantee deposit paid)	Bank loan guarantee and Court guarantee	1,158,169	1,740,256
Total		<u>\$ 3,040,225</u>	<u>3,449,860</u>

As of December 31, 2010, the Company had pledged Jih Sun Securities Co., Ltd's shares amounted to 400,500 thousand shares (book value amounted to \$7,243,505) for the pledge of loans from the financial institutions and issuance of issuing commercial paper.

**7. SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

(A) Significant contract

An advisory company had informed and requested the Company to pay for the consultancy fees in 2009. In accordance with the Company's internal evaluations and the opinions from the appointed lawyer, the Company could use three reasons to defense its position. One reason was that the consultancy agreement did not complete the legal procedure within the Company, another one was that the case of capital increase did not include in the range of the consultancy agreement, and the other one was that the case did not conform with the pattern of the agreement. Therefore, the Company thought that it was not necessary to estimate and pay for the requested amount.

The Company and its subsidiaries had signed significant equipment purchase contracts amounted \$50,970, by December 31, 2010 and the bill is still unpaid.

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(B) Significant lawsuit

- a. The Company's subsidiary Jih Sun Securities Co., Ltd. acted as the co-underwriter for Jeng-Yih Company's application for government approval to trade over the counter. Subsequently, Jeng-Yih Company stopped trading over the counter because of significant amount of notes unpaid. Therefore, the investors had sued the directors and supervisors, the independent auditors, and the underwriters of Jeng-Yih Company for total amount of \$71,017. On November 30, 2006 the primary court decided the securities dealers only had to compensate the subscribed party who is in good faith. Moreover, Jih Sun Securities Co., Ltd. had already compromised with the majority of the investors and paid off, except for one investor. For the remaining un-reconciled investor, the court judged Jih Sun Securities Co., Ltd. only had to pay for \$24. On December 22, 2006, the un-reconciled investor and the others whose the securities were not underwritten by Jih Sun Securities Co., Ltd. could not accept the judgment from the primary court, they had appeal to Taiwan High Court. During the hearing period of Taiwan High Court, Jih Sun Securities Co., Ltd. had reconciled with the investor who had been judged by the primary court to receive \$24 and the investor had revoked the case. Jih Sun Securities Co., Ltd. considered no responsibility for any additional compensation liability, therefore, no accrual need to be booked, except for the above-mentioned reconciliation amounts.
- b. As of December 31, 2010 and 2009, the Company's subsidiary Jih Sun Securities Co., Ltd. had applied to the court for provisional seizure in connection with protection of its rights related to collateral on defaulted securities transactions. Therefore, the Company made guarantee deposits of \$700 and \$760, respectively (recorded as guarantee deposit paid) and seized the debtor's assets.
- c. Three customers of the Tai-Chung Branch of Jih Sun Securities Co., Ltd. alleged that a former employee at the Tai-Chung Branch had sold their stock without their permission, and stolen their bank savings. Therefore, the client requested the Company to be responsible jointly and claimed for \$82,431 with interest (the amount decreased to \$72,899 in the lawsuit). As of December 31, 2009, Taichung District Court had judged that the Company and the former employee were jointly liable for the three plaintiffs amounted to \$ 33,968 with statutory interest of 5% from October 21, 2003. The related expense was already accrued, and the Company is undertaking compromise and appeal which are both in progress. During the lawsuit, the company has already settled with one of the plaintiffs and the remaining part had been appealed to Taiwan High Court Taichung Branch Court on January 28, 2010. The principal and accumulated interest till December 2010 for other two plaintiffs amounted \$29,253 were already accrued.
- d. The customer of Xin-Yi branch of the Company's subsidiary Jih Sun Securities Co., Ltd. alleged that he had suffered losses because of an employee did not follow the instruction to buy or sell stocks. Therefore, the client requested the company to pay \$13,732 to compensate his losses. The primary court disallowed the plaintiff's assertion because the claim was considered to be unreasonable, and the plaintiff didn't accept the judgment and appeal to Taiwan High Court. The Court dismissed the appeal on June 1, 2010, and the customer appealed to Supreme Court. The lawsuit is still in process. There is no additional compensation liability and no accrual shall be booked, since Jih Sun Securities Co., Ltd. considered that the claim should be a private debt dispute between the client and the employee.

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- e. In July, 2010, the customer of Hsinchu Science Park branch of the Company's subsidiary Jih Sun Securities Co., Ltd. alleged that he had suffered losses because an employee manipulated his stocks and fund illegally and requested the company to be responsible jointly and claimed for \$4,945. There is no additional compensation liability and no accrual shall be booked, since Jih Sun Securities Co., Ltd. considered that the claim should be a private debt dispute between the client and the employee.
- f. Due to the fact that Jih Sun International Bank Ltd. was acting as the guarantor of Tan-Tai Construction Company, Taipei City Hydraulic Engineering Office issued a claim against Jih Sun International Bank Ltd.. As of January 21, 2008, Jih Sun International Bank Ltd. is sentenced to pay for Tan-Tai Construction Company, \$30,637, in accordance with Taipei District Court. Jih Sun International Bank Ltd. did not agree with the sentence and decided to appeal the case to a higher court through the attorney. Moreover, in accordance with the Taiwan High Court (97) Chong-Shang-Zi No. 121, Jih Sun International Bank Ltd. had no responsibilities to pay for the guarantees. However, Taipei City Hydraulic Engineering Office did not agree with the judgment and decided to appeal the case to the Supreme Court of the Republic of China. The Supreme Court has announced that Jih Sun International Bank Ltd. is liable for the amount of \$32,036 and the amount had already been accrued. Jih Sun International Bank Ltd. is not satisfied with the judgment and decided to appeal the case to Supreme Court.
- g. For the Company's subsidiary, Jih Sun International Bank Ltd. was accused that the non-litigant Mr. Yang forged signature on the withdrawal slip of the Bank's customer, Mr. Lai, and Mr. Lai has demanded the Bank to be liable for the damage and to discharge the obligation. As of April 14, 2010, the Court has considered all fact relevant and believed that the Bank has not exercised the due care of a good administrator for signature verification. The Bank is sentenced to pay for the damage of \$2,272 and interest incurred, and the amount had already been accrued. However, the Bank did not agree with the aforesaid judgment and decided to appeal the case to the Taiwan High Court.
- h. Standard International Co., Ltd, the trust beneficial transferee indicted Jih Sun International Bank Ltd. in August 2010, claiming that although Jih Sun International Bank Ltd. signed the trust contract before transference took place, Jih Sun International Bank Ltd. had not followed the arrangement in the real estate trust contract, in which Jih Sun International Bank Ltd. had not paid the construction fee on time based on the work progress. The contract stated that Jih Sun International Bank Ltd. is responsible for managing, operating, disposing and income generation of the trust assets. Hence, Jih Sun International Bank Ltd. is asked to pay for the damage of \$9,370 and the interest incurred of \$13,441. The case is currently under the process of Taipei District Court. Jih Sun International Bank Ltd. defended that the rights and obligations of the plaintiff should be remained as the same status as the original transferee, and Standard International Co., Ltd. should absorb the additional cost and bear the risk of not fully compensated; hence, Jih Sun International Bank Ltd. should not be liable for the damage.

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- i. The customers, Mr. Cheng, etc. accused Jih Sun Futures Co., Ltd. and its former employee of buying stocks and transferring account without his/her permission and claimed Jih Sun Futures Co., Ltd. and its former employee to pay \$6,159 jointly. The Supreme Court dismissed the appealing of the plaintiff on March 2, 2010 and Jih Sun Futures Co., Ltd. won the lawsuit.

(C) Significant Commitments and Contingencies of Jih Sun International Bank Ltd.

	December 31,	
	2010	2009
Acted as an agent for various collections	\$ 256,935	226,098
Entrusted with the sale of U.S dollar traveler's checks	\$ 51,761	64,843
Handled several guarantees (including joint handling of foreign exchange transactions)	\$ 1,563,999	2,553,832
Outstanding bank acceptance liabilities	\$ 242,075	249,244
Letters of credit	\$ 1,003,936	492,734
Acted as custodian of post-dated checks for its clients (excluding next day's checks for clearing)	\$ 10,452,592	9,271,821
Direct credit guarantees consisting of general guaranteed bonds (corporate bonds)	\$ 322,014	41,888
Guarantee letters for financial guarantees of loans and securities (commercial paper)	\$ 410,000	1,707,000
Performance bonds	\$ 729,458	799,820
Guarantee letters issued for specified transactions	\$ 831,985	804,944
Loan commitment	\$ 12,393,192	13,082,267
Credit extension commitment of credit cards	\$ 51,127,576	54,072,026

(D) Significant Commitments and Contingencies of Jih Sun Securities Co., Ltd.

- a. As of December 31, 2010 and 2009, in connection with securities financing activities, the Company's subsidiary Jih Sun Securities Co., Ltd. held client-owned stocks which amounted to approximately 1,025,471,226 shares and 912,721,033 shares, respectively; stocks loaned out to clients amounted to approximately 42,263,000 shares and 50,321,000 shares, respectively, for which the Company's subsidiary Jih Sun Securities Co., Ltd. had received guarantee deposits in full from the clients.
- b. In 2009, for Jih Sun Services (Cayman) Limited and Jih Sun Cresvale Securities International Limited applying line of credit, Jih Sun Securities Co. Ltd. provided a Letter of Comfort to the financial institution to state positively support the operation of these two companies.
- c. As of December 31, 2010 and 2009, the Company issued current papers amounted to \$40,259 and \$30,426, respectively to pay future years' rent.

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(E) Operating lease

The yearly rent payables of the Company's operating place were as follows:

<b>Period</b>	<b>Amount</b>
1.1.2011 ~ 12.31.2011	\$ 300,427
1.1.2012 ~ 12.31.2012	185,194
1.1.2013 ~ 12.31.2013	114,065
1.1.2014 ~ 12.31.2014	68,031
1.1.2015 ~ 12.31.2015	31,614
Total	<b>\$ 699,331</b>

(F) Except for forementioned, other consolidated subsidiaries have no significant commitments and contingencies.

(G) In accordance with Articles No. 17 of the Enforcement Rules of the Trust Enterprise Act, the balance sheet and Income statement of trust account were as follows:

**TRUST BALANCE SHEET**

<b>Trust Assets</b>	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Cash in Bank	\$ 358,768	411,331
Bonds	2,565,314	3,994,037
Stocks	2,196,613	1,883,385
Funds	20,936,701	19,918,138
Real Estate-net		
Land of the principal	3,548,811	2,007,419
Principal house and building	141,469	113,755
Construction in progress of the principal	1,051,329	731,747
Monetary obligation of trust	-	260,000
Securities in custody	518,531	1,065,821
Other assets	940	53,973
Total Trust Assets	<b>\$ 31,318,476</b>	<b>30,439,606</b>
<b>Trust Liabilities</b>		
Other Liabilities	2,281	3,105
Unearned revenue	20	348
Payable for securities in custody	518,531	1,065,821
Trust Capital		
Monetary trust	23,767,011	24,176,810
Securities trust	2,074,213	1,773,465
Real estate trust	4,958,721	3,163,480
Monetary obligation and real right of pledge	-	260,030
Reserves and accumulated losses		
The principal adds up to the profit and loss	(737,215)	1,040,135
Net income (loss) for the period	734,914	(1,043,588)
Total Trust Liabilities	<b>\$ 31,318,476</b>	<b>30,439,606</b>

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b. The trust property list is displayed in the detail of assets above.

**TRUST INCOME STATEMENTS**

<b>Investment Item</b>	<b>2010</b>	<b>2009</b>
Trust revenues		
Principal interest income	\$ 888	1,826
Principal rent income	18,537	16,054
Principal cash dividend	594,345	553,047
Gain on sales of properties	991,444	578,511
Trust expenses		
Principal administration expenses	76,802	80,840
Principal tax expenses	1,533	4,889
Principal interest expenses	35	40
Loss on sales of properties	791,664	2,106,788
Principal other expenses	8	405
Principal income tax expenses	258	64
Total	<b>\$ 734,914</b>	<b>(1,043,588)</b>

**8. SIGNIFICANT CATASTROPHIC LOSSES: NONE**

**9. SIGNIFICANT SUBSEQUENT EVENTS:**

On January 11, 2011, the Financial Supervisory Commission revoked the rules regarding provision for trading losses reserve for securities firms and futures commission merchants contained in the “Regulations Governing Securities Firms” and the “Regulations Governing Futures Commission Merchants” in FSC Jin-Kuan-Cheng-Chuan No. 0990073857 and FSC Jin-Kuan-Cheng-Chi No. 1000000289. As of December 31, 2010, the amount of trading losses reserve and reserve for loss on breaches of contract which securities firms and futures commission merchants had made provision for should be reclassified as special reserve. The special reserve can only be used to offset a deficit or when special reserve reaches 50% of total paid-in capital, of which 50% can be capitalized.

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**10. OTHERS**

(A) Personnel, depreciation, depletion, and amortization expenses were as follows:

<b>Function</b>	<b>2010</b>	<b>2009</b>
<b>Nature</b>	<b>Operating Expenses</b>	<b>Operating Expenses</b>
Personnel Expenses		
Salaries and Wages	\$ 2,948,474	3,192,196
Insurance Expenses	201,736	186,876
Pension Expenses	142,419	144,784
Other Personnel Expenses	90,534	86,257
Subtotal of Personnel Expenses	3,383,163	3,610,113
Depreciation Expenses	260,252	338,847
Amortization Expenses	345,158	476,953

(B) Business segment financial information:

<b>For the year ended December 31, 2010</b>				
<b>Business Segment Items</b>	<b>Banking</b>	<b>Securities</b>	<b>Others</b>	<b>Total</b>
Net interest income(loss)	2,301,827	1,061,266	(84,807)	3,278,286
Non-interest income	1,925,439	4,225,778	(8,916)	6,142,301
Net Revenues	4,227,266	5,287,044	(93,723)	9,420,587
Bad debt expense	568,970	-	-	568,970
Operating Expenses	2,751,547	3,133,285	97,740	5,982,572
Net income (loss) before tax from continuing operations	906,749	2,153,759	(191,463)	2,869,045
Income tax expense (benefit)	(345,382)	365,248	29,256	49,122
Net income (loss) after tax from continuing operations	1,252,131	1,788,511	(220,719)	2,819,923

<b>For the year ended December 31, 2009</b>				
<b>Business Segment Items</b>	<b>Banking</b>	<b>Securities</b>	<b>Others</b>	<b>Total</b>
Net interest income(loss)	1,506,150	796,832	(116,847)	2,186,135
Non-interest income	1,114,239	4,675,445	(3,974)	5,785,710
Net revenues (expense)	2,620,389	5,472,277	(120,821)	7,971,845
Bad debt expenses	6,477,178	-	-	6,477,178
Operating Expenses	2,919,543	3,470,974	115,861	6,506,378
Net income (loss) before tax from continuing operations	(6,776,332)	2,001,303	(236,682)	(5,011,711)
Income tax expense (benefit)	(144,729)	697,846	25,076	578,193
Net income (loss) after tax from continuing operations	(6,631,603)	1,303,457	(261,758)	(5,589,904)

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(C) Jih Sun Financial Holding Co., Ltd.:

a. Condensed balance sheets:

<b>Assets</b>	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Cash and cash equivalents	\$ 12,666	45,908
Receivables – net	1,168,376	1,690,056
Equity investments under equity method – net	34,050,673	31,127,113
Fixed assets – net	1,281	1,541
Other assets – net	1,761	1,730
<b>Total Assets</b>	<b>\$ 35,234,757</b>	<b>32,866,348</b>
<b>Liabilities and stockholders' equity</b>		
Short-term Loans	\$ 680,000	1,600,000
Commercial papers issued	2,188,799	1,498,700
Payables	2,029,847	2,167,366
Bonds payable	2,000,000	2,000,000
Accrued pension liabilities	14,466	14,148
Other liabilities	735	380
<b>Total Liabilities</b>	<b>6,913,847</b>	<b>7,280,594</b>
<b>Capital</b>		
Common stock	23,518,557	45,211,494
Preferred stock	2,297,543	4,416,740
Retained earnings (Accumulated losses)	2,817,422	(23,812,134)
Other adjustments to stockholders' equity		
Cumulative translation adjustments	(277,673)	(123,876)
Net loss not recognized as pension cost	(43,238)	(21,201)
Unrealized gain (loss) on financial instruments	8,299	(85,269)
<b>Total stockholders' equity</b>	<b>28,320,910</b>	<b>25,585,754</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 35,234,757</b>	<b>32,866,348</b>

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b. Condensed statements of income:

	<u>2010</u>	<u>2009</u>
Revenues		
Income from equity investments under the equity method	\$ 3,049,845	-
Other revenues	5,590	11,205
Total	<u>3,055,435</u>	<u>11,205</u>
Expenses and losses		
Losses from equity investments under the equity method	-	5,323,573
Operating Expenses	107,527	125,039
Interest Expenses	84,812	117,004
Other expenses and losses	16,538	13,975
Total	<u>208,877</u>	<u>5,579,591</u>
Net gain (loss) before income tax	2,846,558	(5,568,386)
Income tax expenses	29,136	24,762
Net gain (loss) after income tax	<u>\$ 2,817,422</u>	<u>(5,593,148)</u>
Basic EPS before tax (NT dollar)	<u>\$ 1.18</u>	<u>(1.45)</u>
Basic EPS after tax (NT dollar)	<u>\$ 1.17</u>	<u>(1.45)</u>
Basic EPS – retroactive adjustment (before tax) (NT dollar)	<u>\$ -</u>	<u>(2.78)</u>
Basic EPS – retroactive adjustment (after tax) (NT dollar)	<u>\$ -</u>	<u>(2.79)</u>
Dilutive EPS before tax (NT dollar)	<u>\$ 1.10</u>	<u>-</u>
Dilutive EPS after tax (NT dollar)	<u>\$ 1.09</u>	<u>-</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(c) Statements of changes in stockholders' equity:

Items	Capital stock			Equity adjustment			Total
	Common stock	Preferred stock	Unappropriated retained earnings (accumulated losses)	Unrealized gains (losses) on available-for-sale financial assets	Cumulative translation adjustments	Net loss not recognized as pension cost	
<b>Beginning balance - January 1, 2009</b>	\$ 21,707,754	4,416,740	(4,116,742)	(329,340)	(83,662)	-	21,594,750
Net loss for 2009	-	-	(5,593,148)	-	-	-	(5,593,148)
Capital increase by cash	23,503,740	-	(14,102,244)	-	-	-	9,401,496
Recognition of cumulative translation adjustment of subsidiaries	-	-	-	-	(40,214)	-	(40,214)
Recognition of unrealized losses on available-for-sale financial assets of subsidiaries	-	-	-	244,071	-	-	244,071
Net loss not recognized as pension cost of subsidiaries	-	-	-	-	-	(21,201)	(21,201)
<b>Ending balance - December 31, 2009</b>	<b>\$ 45,211,494</b>	<b>4,416,740</b>	<b>(23,812,134)</b>	<b>(85,269)</b>	<b>(123,876)</b>	<b>(21,201)</b>	<b>25,585,754</b>
<b>Beginning balance - January 1, 2010</b>	\$ 45,211,494	4,416,740	(23,812,134)	(85,269)	(123,876)	(21,201)	25,585,754
Net income for 2010	-	-	2,817,422	-	-	-	2,817,422
Capital stock offset accumulated deficit	(21,692,937)	(2,119,197)	23,812,134	-	-	-	-
Recognition of cumulative translation adjustment of subsidiaries	-	-	-	-	(153,797)	-	(153,797)
Recognition of unrealized gains on available-for-sale financial assets of subsidiaries	-	-	-	93,568	-	-	93,568
Net losses not recognized as pension cost of subsidiaries	-	-	-	-	-	(22,037)	(22,037)
<b>Ending balance - December 31, 2010</b>	<b>\$ 23,518,557</b>	<b>2,297,543</b>	<b>2,817,422</b>	<b>8,299</b>	<b>(277,673)</b>	<b>(43,238)</b>	<b>28,320,910</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(d) Statements of cash flows:

	<b>2010</b>		<b>2009</b>	
	<u>Subtotal</u>	<u>Total</u>	<u>Subtotal</u>	<u>Total</u>
<b>Cash flow from operating activities:</b>				
<b>Net income (losses)</b>	\$ 2,817,422		(5,593,148)	
<b>Adjustment Items :</b>				
Depreciation expense	1,083		1,592	
Amortization expense	541		722	
(Gain) loss from equity investments under equity method	(3,049,845)		5,323,573	
Cash dividend received under equity method	1,194,019		196,660	
Losses on disposal of fixed assets	184		185	
Other assets retirement loss	-		69	
<b>Changes in operating assets and liabilities</b>				
Decrease (Increase) in receivables	521,680		(1,238,177)	
(Increase) decrease in other assets	(572)		51,819	
(Decrease) increase in payables	(137,519)		1,418,279	
Increase in accrued pension liabilities	318		2,420	
Increase (decrease) in other liabilities	355		(565)	
<b>Net cash used in operating activities:</b>		<u>1,347,666</u>		<u>163,429</u>
<b>Cash flow from investing activities:</b>				
Acquisition of premises and equipment	(1,007)		(140)	
Sales of premises and equipment	-		40	
Long-term equity investments	(1,150,000)		(9,401,496)	
<b>Net cash used in investing activities</b>		<u>(1,151,007)</u>		<u>(9,401,596)</u>
<b>Cash flow from financing activities</b>				
Increase in commercial papers issued	690,099		301,182	
Decrease in corporate bond payable	-		(401,500)	
(Decrease) Increase in short-term borrowings	(920,000)		(50,000)	
Capital increase with cash	-		9,401,496	
<b>Net cash (used in) provided by financing activities</b>		<u>(229,901)</u>		<u>9,251,178</u>
<b>Net changes in cash and cash equivalents</b>		<u>(33,242)</u>		<u>13,011</u>
<b>Cash and cash equivalents, beginning of year</b>		<u>45,908</u>		<u>32,897</u>
<b>Cash and cash equivalents, end of year</b>		<u><b>12,666</b></u>		<u><b>45,908</b></u>
<b>Supplemental cash flow information:</b>				
Interest paid (excluding capitalized interest)		<u><b>85,278</b></u>		<u><b>117,487</b></u>
Income taxes paid		<u><b>9,248</b></u>		<u><b>752</b></u>
<b>Non-cash investing and financing activities</b>				
Capital stock offset accumulated deficit		<u><b>23,812,134</b></u>		<u><b>-</b></u>
Changes in net loss not recognized as pension cost		<u><b>(22,037)</b></u>		<u><b>(21,201)</b></u>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(D) The Subsidiaries' Balance Sheets and Statements of Income

Jih Sun International Bank Ltd.:

a. Condensed balance sheets

<b>Assets</b>	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Cash and cash equivalents	\$ 2,334,484	2,955,368
Due from the Central Bank and call loans to banks	35,460,920	40,844,637
Financial assets measured at fair value through profit or loss – net	23,787,876	3,663,226
Securities purchased under resell agreements	453,095	-
Receivables – net	5,441,662	5,394,366
Discounts and loans – net	128,721,950	125,873,517
Available-for-sale financial assets – net	2,102,179	2,409,684
Held-to-maturity financial assets – net	300,000	-
Stock investments measured by equity method – net	47,533	29,885
Other financial assets – net	1,163,674	1,439,140
Fixed assets – net	4,237,973	4,402,647
Intangible assets	281,833	588,145
Other assets – net	1,417,853	1,647,947
<b>Total Assets</b>	<b>\$ 205,751,032</b>	<b>189,248,562</b>
<b>Liabilities and stockholders' equity</b>		
Deposits from the Central Bank and other banks	\$ 6,967,852	10,854,230
Financial liabilities measured at fair value through profit or loss	256,778	309,363
Securities sold under repurchase agreements	384,973	157,500
Payables	2,299,169	2,386,677
Deposits and exchange	179,727,517	157,798,931
Financial Bonds payable	2,500,000	6,500,000
Other financial liabilities	109,828	75,600
Other liabilities	248,304	181,325
<b>Total Liabilities</b>	<b>192,494,421</b>	<b>178,263,626</b>
Capital stocks	13,195,572	12,045,572
Retained Earnings (accumulated losses)	49,154	(968,888)
Other items of stockholders' equity	11,885	(91,748)
<b>Total stockholders' equity</b>	<b>13,256,611</b>	<b>10,984,936</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 205,751,032</b>	<b>189,248,562</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

b. Condensed statements of income

	<b>2010</b>	<b>2009</b>
Net interest income	\$ 2,277,315	1,436,240
Except for net interest income	1,918,875	1,084,353
Net income	4,196,190	2,520,593
Bad debt expense	568,970	6,477,178
Operating expense	2,951,456	3,082,685
Net income (loss) before tax	<b>\$ 675,764</b>	<b>(7,039,270)</b>
Net income (loss) after tax	<b>\$ 1,018,042</b>	<b>(6,877,936)</b>
EPS before tax (NT dollar)	<b>\$ 0.52</b>	<b>(9.31)</b>
EPS after tax (NT dollar)	<b>\$ 0.79</b>	<b>(9.09)</b>

Jih Sun Securities Co., Ltd.:

a. Condensed balance sheets:

<b>Assets</b>	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Current assets	\$ 30,669,697	27,126,840
Funds and investments	4,334,833	4,515,778
Fixed assets — net	1,779,790	1,816,499
Intangible Assets	28,331	50,321
Other assets	1,384,576	1,368,398
Securities brokerage debit accounts — net	218,923	368,532
<b>Total Assets</b>	<b>\$ 38,416,150</b>	<b>35,246,368</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities	\$ 15,551,530	14,543,386
Long-term liabilities	1,497,172	-
Other liabilities	437,920	425,638
<b>Total Liabilities</b>	17,486,622	14,969,024
Capital	11,572,127	11,572,127
Capital Surplus	1,298,456	1,298,456
Retained earnings	8,287,648	7,449,565
Other items of stockholders' equity	(228,703)	(42,804)
<b>Total stockholders' equity</b>	20,929,528	20,277,344
<b>Total liabilities and stockholders' equity</b>	<b>\$ 38,416,150</b>	<b>35,246,368</b>

b. Condensed statements of income:

	<b>2010</b>	<b>2009</b>
Revenues	\$ 6,145,369	6,278,670
Expenses	3,778,221	4,076,536
Net income before tax	<b>\$ 2,367,148</b>	<b>2,202,134</b>
Net income after tax	<b>\$ 2,031,219</b>	<b>1,553,382</b>
EPS before tax (NT dollar)	<b>\$ 2.05</b>	<b>1.90</b>
EPS after tax (NT dollar)	<b>\$ 1.76</b>	<b>1.34</b>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Jih Sun International Insurance Agency Co., Ltd.:

a. Condensed balance sheets

<b>Assets</b>	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Current assets	\$ 6,380	6,423
Fixed assets	79	114
Other assets	42	136
<b>Total Assets</b>	<b>\$ 6,501</b>	<b>6,673</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities	\$ 1,334	1,207
<b>Total Liabilities</b>	<b>1,334</b>	<b>1,207</b>
Capital	3,000	3,000
Retained earnings	2,167	2,466
<b>Total stockholders' equity</b>	<b>5,167</b>	<b>5,466</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 6,501</b>	<b>6,673</b>

b. Condensed statements of income

	<b>2010</b>	<b>2009</b>
Revenues	\$ 7,675	10,264
Operating costs	4,149	6,149
Gross Profit	3,526	4,115
Operating expenses	2,785	2,604
Non-operating revenue and gain	69	9
Non-operating expense and loss	106	225
Net income before tax	<b>\$ 704</b>	<b>1,295</b>
Net income after tax	<b>\$ 584</b>	<b>981</b>
EPS before tax (NT dollar)	<b>\$ 2.35</b>	<b>4.31</b>
EPS after tax (NT dollar)	<b>\$ 1.95</b>	<b>3.27</b>

(E) Profitability:

a. Profitability of the Company and its subsidiaries

	Unit: %	
<b>Item</b>	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Consolidated return on assets ratio (Before tax)	1.20	(2.03)
Consolidated return on assets ratio (After tax)	1.18	(2.26)
Consolidated return on equity ratio (Before tax)	10.64	(21.22)
Consolidated return on equity ratio (After tax)	10.45	(23.67)
Consolidated net income ratio	29.93	(70.12)

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

b. Profitability of Financial Holding Company

Unit: %

<b>Item</b>	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Return on assets ratio (Before tax)	8.36	(18.42)
Return on assets ratio (After tax)	8.27	(18.50)
Return on equity ratio (Before tax)	10.56	(23.60)
Return on equity ratio (After tax)	10.45	(23.71)
Net income ratio	92.21	(49,916.54)

c. Profitability of Jih Sun Securities Co. Ltd.

Unit: %

<b>Item</b>	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Return on assets ratio (Before tax)	6.43	6.04
Return on assets ratio (After tax)	5.51	4.26
Return on equity ratio (Before tax)	11.49	11.25
Return on equity ratio (After tax)	9.86	7.94
Net income ratio	38.72	28.73

d. Profitability of Jih Sun Bank Co., Ltd. refers to note 10(F)f.

Note 1:  $\text{Return on assets ratio} = \text{Net income (loss) before/after income tax} \div \text{average total assets}$ .

Note 2:  $\text{Return on equity ratio} = \text{Net income (loss) before/after income tax} \div \text{average total equity}$ .

Note 3:  $\text{Net income ratio} = \text{Net income (loss) after income tax} \div \text{Net revenue}$ .

Note 4: Net income (loss) before/after tax represents accumulated income (loss) of the current year.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(F) Supplementary disclosures of significant business information of the Company's subsidiary, Jih Sun International Bank Ltd., including its profitability, asset quality, management information, liquidity and sensitivity to market risk:

a. Asset quality

Business/Project		December 31, 2010				
		Overdue loans	Total loan amount	Non-performing loans ratio	Allowance for bad debts	Coverage rate of allowance for bad debts
Corporate finance	Guarantee	1,476,978	27,534,465	5.36%	484,828	32.83%
	Non-Guarantee	462,442	33,815,453	1.37%	394,416	85.29%
Consumer finance	Residential mortgages	190,121	54,290,106	0.35%	77,462	40.74%
	Cash cards	-	-	-%	-	-%
	Small credit loan	49,404	1,045,174	4.73%	53,461	108.21%
	Other	Guarantee	31,309	11,017,100	0.28%	8,819
Non-Guarantee		66,812	2,204,543	3.03%	165,905	248.32%
Total Loan business		2,277,066	129,906,841	1.75%	1,184,891	52.04%
		Overdue accounts	Receivables	Overdue accounts rate	Allowance for bad debts	Coverage rate of allowance for bad debts
Credit card business		9,728	1,924,335	0.51%	16,741	172.09%
Factoring receivables - without recourse		-	878,954	-%	-	-%

Business/Project		December 31, 2008				
		Overdue loans	Total loan amount	Non-performing loans ratio	Allowance for bad debts	Coverage rate of allowance for bad debts
Corporate finance	Guarantee	1,048,072	26,256,687	3.99%	310,144	29.59%
	Non-Guarantee	641,848	31,518,547	2.04%	339,387	52.88%
Consumer finance	Residential mortgages	570,002	58,512,929	0.97%	167,691	29.42%
	Cash cards	-	-	-%	-	-%
	Small credit loan	107,107	1,762,521	6.08%	160,437	149.79%
	Other	Guarantee	16,878	6,189,552	0.27%	5,115
Non-Guarantee		142,169	2,840,332	5.01%	224,277	157.75%
Total Loan business		2,526,076	127,080,568	1.99%	1,207,051	47.78%
		Overdue accounts	Receivables	Overdue accounts rate	Allowance for bad debts	Coverage rate of allowance for bad debts
Credit card business		28,182	2,481,031	1.14%	30,792	109.26%
Factoring receivables - without recourse		-	198,420	-%	-	-%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- Note 1: Non-performing loans represent the amount of overdue loans as reported in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans.” The credit card overdue loans represent the amount of overdue loans as reported in accordance with Jin-Kuan-Yin-(4)-Zi No. 0944000378, dated July 6, 2005.
- Note 2: Non-performing loans ratio = Non-performing loans ÷ total loans; Credit card delinquency ratio = Overdue receivables ÷ balance of receivables.
- Note 3: Coverage ratio of allowance for bad debts = allowance for credit losses ÷ non-performing loans; Coverage ratio for credit card = allowance for credit losses ÷ overdue receivables.
- Note 4: For residential mortgage loans, a borrower provides his/her (or spouse’s or minor child’s) house as collateral in full and pledges it to the financial institution for the purpose of obtaining funds to purchase property and to construct or repair a house.
- Note 5: Microcredit loan is defined by Jin-Kuan-Yin-(4)-Zi No. 09440010950, dated December 19, 2005, and do not include credit cards or cash cards.
- Note 6: Others in consumer finance are secured and unsecured consumer loans other than residential mortgage loans, cash cards, and microcredit loans, and do not include credit cards.
- Note 7: In accordance with Jin-Kuan-Yin-(5)-Zi No. 094000494, dated July 19, 2005, the amounts of without-recourse factoring will be classified as overdue receivables within three months from the date that suppliers or insurance companies resolve not to compensate the loss.

Note 8: Supplemental disclosures:

Unit: In Thousands of New Taiwan Dollars, %

	December 31,			
	2010		2009	
	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables
Pursuant to a contract under a debt Negotiation plan (Note (a))	164,903	202,032	199,049	252,008
Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note (b))	87,513	16,363	77,725	26,290
Total	252,416	218,395	276,774	278,298

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Note (a): In accordance with Jin-Kuan-Yin-(1)-Zi No. 09510001270, dated April 25, 2006, a bank is required to make supplemental disclosure reporting credit information which was approved under the debt coordination mechanism of unsecured consumer debts by the Bankers Association of the R.O.C.

Note (b): In accordance with Jin-Kuan-Yin-(1)-Zi No. 09700318940, dated September 15, 2008, a bank is required to make supplemental disclosure reporting credit information once debtors apply for pre-negotiation, relief and liquidation under the "Consumer Debt Clearance Act."

b. Concentrations of credit extensions:

<b>December 31, 2010</b>			
<b>Rank</b>	<b>Enterprise group</b>	<b>Credit amount</b>	<b>Credit amount to shareholders'</b>
1	A GROUP- Petroleum and Coal Products Manufacturing	3,981,039	30.03%
2	B GROUP-Liquid Crystal Panel and Components Manufacturing	2,222,681	16.77%
3	C GROUP-Telecommunications	1,841,928	13.89%
4	D GROUP-Monitors and Terminals Manufacturing	1,501,036	11.32%
5	E GROUP-Short term Accommodation Services	1,286,187	9.70%
6	F GROUP-Financial Holdings	1,274,694	9.62%
7	G GROUP-Other Retail Sale in General Merchandise Stores	1,090,813	8.23%
8	H GROUP- Electronic Equipment Components Wholesale Trade	1,071,828	8.09%
9	I GROUP-Steel Rolling and Extruding	991,544	7.48%
10	J GROUP- Other Retail Sale in General Merchandise Stores	855,520	6.45%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

<b>December 31, 2009</b>			
<b>Rank</b>	<b>Enterprise group</b>	<b>Credit amount</b>	<b>Credit amount to shareholders'</b>
1	A GROUP- Petroleum and Coal Products Manufacturing	3,916,801	35.66%
2	B GROUP-Telecommunications	2,086,199	18.99%
3	C GROUP-Liquid Crystal Panel and Components Manufacturing	1,800,571	16.39%
4	D GROUP-Liquid Crystal Panel and Components Manufacturing	1,636,240	14.90%
5	E GROUP-Short-term Accommodation Services	1,114,360	10.14%
6	F GROUP-Short-term Accommodation Services	933,111	8.49%
7	G GROUP-Other Retail Sale in General Merchandise Stores	929,761	8.46%
8	H GROUP-Liquid Crystal Panel and Components Manufacturing	912,923	8.31%
9	I GROUP-Printed Circuit Assembly Manufacturing	911,889	8.30%
10	J GROUP-Man-made Fibers Manufacturing	843,910	7.68%

Note 1: Ranking the top ten enterprise groups other than government or stated-owned enterprises according to the total outstanding loan balance of the enterprise group.

Note 2: Enterprise group is as defined in Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: The total outstanding credit amount is the sum of the balances of all loan types (including import and export bill negotiations, loans, overdrafts short/medium/long-term secured and unsecured loans, receivables from securities lending, and non-accrual loans), bills purchased, without-recourse factoring, acceptances receivable, and guarantees receivable.

- c. Average amount and current period average interest rate of interest-earning assets and interest-bearing liabilities were as follows:

	<b>December 31, 2010</b>		<b>December 31, 2009</b>	
	<b>Average amount</b>	<b>Average rate (%)</b>	<b>Average amount</b>	<b>Average rate (%)</b>
<b>Interest-earning assets</b>	\$ 181,826,973	1.87	186,704,891	1.98
<b>Interest-bearing liabilities</b>	181,725,459	0.62	189,264,132	1.20

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

d. Interest rate sensitivity information

**Interest rate sensitive assets and liabilities analysis sheet(NTD)**

ITEM	Unit: in Thousands of New Taiwan Dollars; %				
	1-90 days (inclusive)	91-180 days (inclusive)	181 days-1 year (inclusive)	Over 1 year	Total
Interest rate sensitive assets	\$ 140,825,322	2,626,660	1,406,472	26,977,864	171,836,318
Interest rate sensitive liabilities	91,448,164	67,275,633	13,189,963	3,569,727	175,483,487
Interest sensitivity gap	49,377,158	(64,648,973)	(11,783,491)	23,408,137	(3,647,169)
Net value					12,907,130
Interest-rate-sensitive asset to interest rate sensitive liability ratio					97.92
Interest rate sensitivity gap to net value ratio					(28.26)

Note 1: Listed amounts of the head office, domestic branches, offshore banking unit and overseas branches (excluding foreign currency amounts) are denominated in NTD.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

Note 3: Interest rate sensitivity gap = Interest-rate-sensitive assets – Interest-rate-sensitive liabilities.

Note 4: Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest rate-sensitive liabilities (denominated in NTD).

**Interest rate sensitive assets and liabilities analysis sheet(USD)**

ITEM	Unit: in Thousands of New Taiwan Dollars; %				
	1-90 days (inclusive)	91-180 days (inclusive)	181days-1 year (inclusive)	Over 1 year	Total
Interest rate sensitive assets	\$ 238,123	85,948	59,465	66,404	449,940
Interest rate sensitive liabilities	129,246	198,739	25,981	417	354,383
Interest sensitivity gap	108,877	(112,791)	33,484	65,987	95,557
Net value					11,821
Interest-rate-sensitive asset to interest rate sensitive liability ratio					126.96
Interest rate sensitivity gap to net value ratio					808.37

Note 1: Listed amounts of the head office, domestic branches, offshore banking unit and overseas branches are denominated in USD.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

Note 3: Interest rate sensitivity gap = Interest-rate-sensitive assets – Interest-rate-sensitive liabilities.

Note 4: Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest rate-sensitive liabilities (denominated in U.S. dollars).

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

e. Main Foreign Currency Net Position

<u>Amount</u>	<u>December 31, 2010</u>		<u>December 31, 2009</u>	
	<u>Currency</u>	<u>NTD</u>	<u>Currency</u>	<u>NTD</u>
	1. USD	283,163	1. USD	543,951
	2. JPY	13,203	2. EUR	(78,078)
	3. CNY	3,411	3. GBP	(58,914)
	4. HKD	(1,209)	4. JPY	31,110
	5. AUD	(723)	5. AUD	3,230

f. Profitability and maturity analysis of assets and liabilities:

1. Profitability:

<u>Item</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Return on assets ratio (Before tax)	0.34	(3.38)
Return on assets ratio (After tax)	0.52	(3.31)
Return on equity ratio (Before tax)	5.58	(72.89)
Return on equity ratio (After tax)	8.40	(71.22)
Net income ratio	24.26	(272.87)

Unit: %

Note 1: Return on assets ratio = Net income (loss) before/after income tax ÷ average total assets.

Note 2: Return on equity ratio = Net income (loss) before/after income tax ÷ average total equity.

Note 3: Net income ratio = Net income (loss) after income tax ÷ Net revenue.

Note 4: Net income (loss) before/after tax represents accumulated income (loss) of the current year.

2. Maturity analysis of assets and liabilities:

Structure analysis of New Taiwan Dollars time to maturity

<u>Financial instrument</u>	<u>Unit: in Thousands of New Taiwan Dollars</u>					
	<u>Total</u>	<u>1-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days-1 year</u>	<u>Over 1 year</u>
Major capital inflow at maturity	\$ 193,494,910	60,542,809	12,786,670	9,159,765	12,817,890	98,187,776
Major capital outflow at maturity	234,573,676	23,802,497	25,018,317	32,892,475	66,512,759	86,347,628
Gap	(41,078,766)	36,740,312	(12,231,647)	(23,732,710)	(53,694,869)	11,840,148

Note: Listed amounts of the head office and domestic branches (excluding foreign currency amounts) are denominated in NTD.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Structure analysis of US Dollars time to maturity

Unit: in Thousands of U.S. Dollars

Financial instrument	Total	1-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Major capital inflow at maturity	\$ 532,685	174,283	119,618	97,537	71,151	70,096
Major capital outflow at maturity	649,171	296,502	75,395	69,956	117,862	89,456
Gap	(116,486)	(122,219)	44,223	27,581	(46,711)	(19,360)

Note1: Listed amounts of the head office and domestic branches, offshore banking unit and overseas branches are denominated in U.S. dollars. The amounts were listed by book value except for additional special statement. Non-recorded amount shall not be listed. (For example: planning to issue negotiable certificates of deposit, bonds or stocks).

Note2: The supplementary disclosure of information shall be provided, if the overseas assets are accounted for more than 10% in proportion to the total assets.

(G) Special events of the subsidiary company Jin Sun International Bank Ltd.

	Description and amount
<p>Within one year, a person in charge of the business or an employee who violated the law in the course of business, and resulting in an indictment by the prosecutor.</p>	<ol style="list-style-type: none"> <li>1. The ex-manager of northern Taiwan division, Mr. Tzeng, has been sued by the Bank for forgery and fraud. Taipei District Criminal Court sentenced Mr. Tzeng to imprisonment for 5 years and a fine of \$20,000 on March 26, 2010 because he abused his power as a manager to obtain illegal benefits and caused damage to the Bank. This sentence had been upheld by the High Court on August 19, 2010. The Bank also filed a civil suit against Mr. Tseng, asking for compensation amounted to \$123,235 and USD \$2,448. This lawsuit is still pending in Taipei District Court.</li> <li>2. The current employee in Sanchong branch, Mr. Yang, has been accused by the Bank of forgery. Mr. Yang allegedly used counterfeit stamps to forge illegal timecards for ex-employees. The Banciao District prosecutor has charged Mr. Yang with forgery through summary judgement on August 5, 2010.</li> </ol>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

	<b>Description and amount</b>
Within one year, any fine was levied by governmental authority for violations of the related regulation.	<ol style="list-style-type: none"> <li>1. According to Ruling letter no. 09960003730 of Financial Supervisory Commission (FSC), Executive Yuan, dated August 19, 2010, commanded the Bank to pay a fine of \$5,000 due to violation of Article 45-1 No.1 and No.2 of the Banking Act. not maintaining sufficient loan provision, not listing all non-performing loans and missing of credit extension files.</li> <li>2. According to Ruling letter no. 09960003740 of FSC, Executive Yuan, dated August 19, 2010, commanded the Bank to pay a fine of \$2,000 due to violation of Article 33-3 of Banking Act. for conducting unsecured credit extension to a natural person.</li> <li>3. According to Ruling letter no. 09900515511 of FSC, Executive Yuan, dated December 21, 2010, commanded the representative of the Bank to pay a fine of \$240 due to violation of Article 26-3 No.8 of Securities and Exchange Act. and Article 3-2 Regulations Governing Procedure for Board of Directors Meetings of Public Companies. The Bank was fined due to some subjects which were to be discussed at the Board of Directors Meeting had not been given to each director and supervisor 7 days prior to the scheduled meeting date during September and October, 2009.</li> </ol>
Within one year, any deficiency for which an official reprimand was issued by governmental authority.	None

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

	<b>Description and amount</b>
Within one year, in accordance with Article 61-1 of the Banking Act, the items were executed by governmental authority.	<ol style="list-style-type: none"> <li>1. According to Ruling Letter No. 09900073380 of FSC, dated March 23, 2010, Ping-Jia-She-Hua structured notes conducted by the Bank had impeded the sound business operation and was in violation of the Banking Act, Article 61-1 NO.1. Hence, FSC punished and commanded the Bank to stop conducting trust business for three months.</li> <li>2. According to Ruling Letter No. 09900339730 of FSC, dated October 5, 2010, the Bank was rectified because of its violation against the Banking Act, Article 61-1 No. 1. The former employee, Mr. Hsu, embezzled the cash from ATM and his behavior already impeded the sound business operation of the Bank; hence, FSC ordered the Bank to dismiss his duty based on the Banking Act, Article 61-1 No.3.</li> <li>3. According to Ruling Letter No. 09900230250 of FSC, dated October 11, 2010, the Bank violated Article 3 of Insurance Salesman Rules and No.6-1 of Reminder of Bank, Insurance Company, Insurance Agent Company or Insurance Broker Company for the insurance related business. The Bank was rectified based on the Banking Act, Article 61-1 No. 1 because some insurance agents and brokers working for the Bank are not qualified.</li> </ol>
Within one year, the individual or aggregated loss exceeded NT\$50 million dollars, resulted from employee corruption, significant contingent events, or failure to follow the “Guidelines for the Security Maintenance of Financial Institutions”.	None
Others	None

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(H) The information about the Company and its subsidiaries' transactions, operations development, interactive use of information and use of operating equipment or place were as follows:

a. The information about the Company and its subsidiaries' operations and transactions were as follows:

(1) For the years ended December 31, 2010 and 2009, the Company paid the fee from providing agency service for stock affairs (including computer printing fee) to the Company's subsidiary Jih Sun Securities Co., Ltd. amounted to \$12,372 and \$11,637, respectively, and the Company paid rental fee to the Company's subsidiary Jih Sun Securities Co., Ltd. amounted to \$198 and \$144, respectively. For the years ended December 31, 2010 and 2009, directors' and supervisors' remuneration received from Jih Sun Securities Co., Ltd. amounted to \$5,500 and \$9,000, respectively. For the years ended December 31, 2010 and 2009, the Company's ending balance of bank deposit with Jin Sun International Bank Ltd. amounted to \$12,168 and \$44,852, respectively. The highest balance amounted to \$1,207,608 and \$10,237,239, respectively, and total amount of interest income amounted to \$38 and \$1,974, respectively.

(2) Jih Sun Securities Co., Ltd. charged to Jih Sun International Bank Ltd.:

	<u>2010</u>	<u>2009</u>
Service fee – brokering	\$ 1,183	3,513
Rental income	15,601	17,782
Stock agent income (including computer printing fee)	720	720
Revenue from management fee allocated(Note)	203,661	164,823
Revenue from water and electricity expenses allocated	7,627	7,833
Joint marketing expense	146	190
Service fees and transaction fees	669	601

Note : Refer to the management fee that Jih Sun Securities Co., Ltd. authorized Jih Sun International Bank Ltd. to deliver settlement money from customers, stock transfer and other related events. For the years ended December 31, 2010 and 2009, the joint marketing revenue amounted \$743 and \$654, respectively.

(3) The deposits (Refundable deposits) for Jih Sun International Bank Ltd. and the Company to rent operation place from Jih Sun Securities Co., Ltd. were as follows:

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
Jih Sun International Bank Ltd.	\$ 3,146	4,158
The Company	-	36
	<u>\$ 3,146</u>	<u>4,194</u>

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

- (4) For the years ended December 31, 2010 and 2009, Jih Sun Securities Co., Ltd.'s ending balance of repurchase / resell agreements of securities and related interest expense and income with related parties were as follows:

Securities sold under repurchase agreements:

	2010		2009	
	Interest expense	Ending balance	Interest expense	Ending balance
Jih Sun International Bank Ltd.	\$ 63	-	97	-

Securities purchased under resell agreements:

	2010		2009	
	Interest income	Ending balance	Interest income	Ending balance
Jih Sun International Bank Ltd.	\$ -	-	67	-

- (5) For the years ended December 31, 2010 and 2009, Jih Sun Securities Co., Ltd.'s ending balance of bank deposit in Jih Sun International Bank Ltd. amounted to \$324,371 and \$203,908, respectively. The highest balance amounted to \$5,226,194 and \$6,197,596, respectively, and interest income amounted to \$731 and \$4,904, respectively.
- (6) For the years ended December 31, 2010 and 2009, the commission income of Jih Sun Securities Co., Ltd. that acted as an agent to promote Jih Sun Product Insurance Agent Co., Ltd. amounted to \$1,610 and \$1,752, respectively.
- (7) As of December 31, 2010 and 2009, Jih Sun International Bank Ltd.'s board of directors resolved the guaranteed line of credit amounting to NT \$1.2 billion and NT \$800 million, respectively. As of December 31, 2010 and 2009, Jih Sun Securities Co., Ltd.'s balance of borrowing from Jih Sun International Bank Ltd. both amounted to \$0, and Jih Sun Securities Co., Ltd. provided securities as collaterals.
- (8) Jih Sun International Bank Ltd. charged to Jih Sun Securities Co., Ltd.:

	2010	2009
Leasing income	\$ 11,952	10,551

- (9) The deposits for Jih Sun Securities Co., Ltd. to rent operational place from Jih Sun International Bank Ltd. were as follows:

	December 31,	
	2010	2009
Guarantee deposits received	\$ 1,905	2,005

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(10) For the years ended December 31, 2010 and 2009, the commission income of Jih Sun International Bank Ltd. that acted as an agent to promote Jih Sun Product Insurance Agent Co., Ltd. amounted to \$2,521 and \$4,316, respectively.

(11) For the year ended December 31, 2009, the Company sold a batch of assets to the Jih Sun Securities Co., Ltd. amounted to \$13, the costs of the assets amounted to \$13, and the gain of disposal amounted to \$0.

(12) For the year ended December 31, 2009, the Company sold a batch of fixed assets and several equipments to Jih Sun International Bank Ltd. amounted to \$40 and \$33, respectively, the costs of the assets amounted to \$159 and \$0, respectively, and the loss and gain of disposal amounted to \$119 and \$33, respectively.

- b. The income and expenses arising from the joint marketing operation and information interoperability among the Financial Holding Company's subsidiaries were allocated as follows:

The joint marketing expenses between Jih Sun International Bank Ltd. and Jih Sun Securities Co., Ltd., except for the rental were paid fixed amount based on negotiation, the other operating expenses were in accordance with the proportion of the actual usages. For the years ended December 31, 2010 and 2009, the Jih Sun International Bank Ltd. had received the joint marketing revenue amounted to \$146 and \$190 from Jih Sun Securities Co., Ltd. and pay the joint marketing expenses amounted to \$743 and \$654 to Jih Sun Securities Co., Ltd.

(I) Reclassification

In order to match up with the representation of financial statement for the year ended December 31, 2010, the financial statement for the year ended December 31, 2009 had been reclassified appropriately. There was no any significant influence on the financial statement of 2009, and please refer to the table regard to the details of reclassification shown below.

<b>Consolidated Income Statement</b>			<b>Amount after</b>
<u>Account</u>	<u>Original amount</u>	<u>Reclassified amount</u>	<u>reclassification</u>
Gains (losses) on sale of foreclosed collaterals	\$ -	(67,855)	(67,855)
Recovered bad debts and overdue accounts	665,955	16,519	682,474
Other non-interest net incomes (losses)	130,712	(293,524)	(162,812)
Other losses	(344,860)	344,860	-

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(J) According to Financial Holding Company Act, Article 46, the aggregate amounts and percentage of credits, guarantees and other transactions taken place between all subsidiaries of the financial holding company and any of the following counterparties such as the same person, parties and affiliates by the end of December 31, 2010:

Name	Aggregate amount of credits, guarantees or any other transactions	Aggregate percentage of the financial holding company's net value
A. The same person		
Nanya Technology Corporation	1,430,058	5.05%
Formosa Petrochemical Corporation	1,710,799	6.04%
RSEA Engineering Corporation	4,400,000	15.54%
Chimei Innolux Corporation	1,536,176	5.42%
VIBO Telecom Inc.	1,620,323	5.72%
Taiwan Power Company	1,650,989	5.83%
B. The same affiliate		
Foxconn Technology Group	3,302,033	11.66%
Kinpo Group	1,917,902	6.77%
Formosa Plastics Group	5,371,670	18.79%
Tatung Group	1,520,165	5.37%

Note 1: If the aggregate amount of credit extended, guarantees given, or any other transactions conducted by all subsidiaries of the financial holding company to, for, or with the same person, same related person or same affiliate is greater than the lower of 5% of net worth of the financial holding company or NT\$3 billion, the related transaction information needs to be filed according to the table refer above.

Note 2: Credit includes loans, discounts, overdrafts, acceptances, guarantees and other lines of business operations designated by the Central Competent Authority.

Note 3: Guarantees here are indicative of endorsements and guarantees of for bills finance corporations.

Note 4: Other transactions with the same person, same related person, or same affiliate (hereinafter referred to as "the affiliates") here are indicative of the transactions listed below:

- (1) Transaction of notes, bills, or bonds with reverse repurchase agreement;
- (2) Investment in or purchase of securities issued by any of the affiliates mentioned in the preceding paragraph;
- (3) Transactions of financial derivatives; and
- (4) Other transactions as prescribed by the Competent Authority.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(K) Capital adequacy ratio of the Group:

Unit: In Thousands of New Taiwan Dollars; %

Company	Items	Percentage of Ownership	December 31, 2010		December 31, 2009	
			Group's Net Eligible Capital	Group's Statutory Capital Requirement	Group's Net Eligible Capital	Group's Statutory Capital Requirement
Financial Holding Company		100%	28,720,476	34,915,949	26,784,797	32,493,839
Bank Subsidiaries		100%	11,125,656	9,430,359	10,044,171	9,303,703
Securities Subsidiaries		100%	16,048,786	4,766,616	15,130,813	4,719,966
Other Subsidiaries		100%	5,167	3,187	5,466	3,273
Deduction		-	34,402,653	34,050,673	31,499,540	31,127,113
Subtotal			21,497,432	15,065,438	20,465,707	15,393,668
Capital adequacy ratio of the Group				142.69		132.95

(L) Jih Sun Financial Holding Co., Ltd.'s eligible capital:

Unit: In Thousands of New Taiwan Dollars

Items	December 31, 2010	December 31, 2009
Common stock	23,518,557	45,211,494
Perpetual non-cumulative preferred shares and non-cumulative subordinated noted without a maturity date	-	-
Other Preferred Stock and Subordinated Debentures	2,697,543	5,616,740
Advance Receipts Capital Stock	-	-
Legal Reserve	-	-
Special Reserve	-	-
Accumulated profit or loss	2,817,422	(23,812,134)
Equity adjustments	(312,612)	(230,346)
Less: Goodwill	-	-
Less: Deferred assets	434	957
Total eligible capital	28,720,476	26,784,797

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(M) Foreign Currency Financial Assets and Liabilities:

A. Jih Sun International Bank Ltd.

	December 31, 2010			December 31, 2009		
	Foreign currency amount	Spot rate	NTD amount	Foreign currency amount	Spot rate	NTD amount
<u>Financial Assets</u>						
<u>Monetary items</u>						
AUD	\$ 24,209	30.9400	749,038	34,046	28.8200	981,196
EUR	19,475	40.5800	790,286	14,938	46.1700	689,703
GBP	2,494	47.0600	117,373	2,705	51.6800	139,778
HKD	30,241	3.9060	118,122	112,587	4.1300	464,983
JPY	1,268,399	0.3734	473,620	783,765	0.3475	272,358
NZD	11,346	23.5100	266,755	12,997	23.2800	302,567
USD	462,217	30.3680	14,036,615	335,228	32.0300	10,737,345
ZAR	46,396	4.5800	212,495	57,833	4.3500	251,573
Other (Note 1)			123,257			95,927
<u>Non-Monetary items</u>						
Other (Note 1)			22,581			24,522
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
AUD	\$ 23,150	30.9400	716,252	33,722	28.8200	971,867
EUR	19,567	40.5800	794,031	15,207	46.1700	702,108
GBP	2,528	47.0600	118,958	2,726	51.6800	140,864
HKD	131,746	3.9060	514,600	112,883	4.1300	466,209
JPY	853,986	0.3734	318,879	796,546	0.3475	276,800
NZD	11,250	23.5100	264,491	12,533	23.2800	291,769
USD	358,955	30.3680	10,900,735	284,766	32.0300	9,121,042
ZAR	46,303	4.5800	212,066	57,367	4.3500	249,547
Other (Note 1)			95,600			92,241
<u>Non-Monetary items</u>						
Other (Note 1)			1,322			127

B. Jih Sun Securities Co., Ltd.

	December 31, 2010			December 31, 2009		
	Foreign currency amount	Spot rate	NTD amount	Foreign currency amount	Spot rate	NTD amount
<u>Financial Assets</u>						
<u>Monetary items</u>						
USD	\$ 3,771	30.292	114,238	1,796	31.980	57,445
HKD	106,471	3.876	412,681	13,371	4.100	54,982
Other (Note 1)			40,501			35,981
<u>Non-Monetary items</u>						
HKD	117,273	3.876	454,551	-	-	-

Note 1: Other currencies not up to NTD 100 million are disclosed together.

Note 2: Only disclose the currency information of the Company's important subsidiaries.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**11. DISCLOSURE REQUIRED**

(A) Related information of significant transactions :

1. Cumulative purchase or sales of the same investee's capital stock up to \$300,000 or 10% of paid-in capital:

In thousands of New Taiwan Dollar/ thousands of shares

Trading Company	Name of Securities	Account	Counterparty	Relationship	Beginning balance		Purchase		Sales			Ending balance(Note3)		
					Number	Amount	Number	Amount	Number	sale price	Book value	Gains (losses) on disposal	Number	Amount
The	Jih Sun	Equity	-	Investee carried	1,204,557	10,844,303	115,000	1,150,000	-	-	-	-	1,319,557	13,115,978
Company	International Bank Ltd.	investment under equity method		under equity method			(Note 1)							

Note 1: On March 31, 2010, the total shares of the Company increased 115,000 thousand shares which amounted to \$1,150,000 in total.

Note 2: The ending balance as of December 31, 2010 included investment income under equity method amounted to \$1,018,042 and the recognition of unrealized gains from available-for-sale financial assets amounted to \$103,633 for the year ended December 31, 2010.

Note 3: The ending balance had been written-off when preparing consolidated financial statements.

2. Acquisition of real estate up to \$300,000 or 10% of paid-in capital: none.
3. Disposal of real estate up to \$300,000 or 10% of paid-in capital: none.
4. Discount of commission fees for transaction with related parties up to \$5,000: none.
5. Receivables from related parties up to \$300,000 or 10% of paid-in capital: for more information please refer to Note 4 (Y) q and these transactions were written-off.
6. Transaction information on NPL disposal: none.
7. Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: none.
8. Other significant transactions that many have substantial influence upon the decision made by financial statements users: none.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

(B) Related information of investee companies:

- Names, locations, and relevant information of investees upon which the Company exercises significant influence:

Unit: shares/ thousands of NTD/ thousands of USD/ thousands of HKD

Investor company	Investee company	Address	Major business	Shareholding ratio %	Book value	Investment gain (loss) recognized	Held by the company and subsidiaries			Shareholding ratio %	(Note 1)
							Shares	Performa shares	Total Shares		
The Company	Jih Sun Securities Co., Ltd.	F3, F4, No.111, Sec.2, Nanjing E. Rd., Taipei	Brokerage, underwriting, proprietary trading	100.00	20,929,528	2,031,219	1,157,212,760	-	1,157,212,760	100.00	Subsidiaries
"	Jih Sun International Bank Ltd.	F1, No.10, Sec.1, Chung Ching S. Rd., Taipei	Deposits and loans, temporary receipt, investment of government bonds, short-term bills/ notes, and financial bonds	100.00	13,115,978	1,018,042	1,319,557,162	-	1,319,557,162	100.00	"
"	Jih Sun International Insurance Agency Co., Ltd.	F8, No.85.87, Sec.2, Nanjing E. Rd., Taipei	Property insurance agency	100.00	5,167	584	300,000	-	300,000	100.00	"
Jih Sun Securities Co., Ltd.	Jih Sun Futures Co., Ltd.	F4, No.111, Sec.2, Nanjing E. Rd., Taipei	Futures brokerage and proprietary trading	98.138	1,230,726	113,581	68,696,435	-	68,696,435	98.138	Sub-subsidiary
"	Jih Sun International Investment Holding Co., Ltd	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	1.Securities brokerage and proprietary trading 2.Underwriting 3.Securities research & analysis 4.Corporate & individual financial planning 5.financial business 6.Investment trust 7.Futures 8.Holding company to recognize the profit & loss on investment	100.00	1,548,786	84,236	54,600,000	-	54,600,000	100.00	Sub-subsidiary
"	Jih Sun Securities Investment Consulting Co., Ltd.	F7, No.111, Sec.2, Nanjing E. Rd., Taipei	Provide advisory and consulting related with securities investment on a consigned basis	100.00	53,931	(6,601)	10,000,000	-	10,000,000	100.00	"
"	Jih Sun Securities Investment Trust Corp.	F5, No.139, Sec.2, Nanjing E. Rd., Taipei	Securities investment trust business and discretionary investment business	20.00	240,883	28,821	7,800,000	-	7,800,000	20.00	Investee Company
Jih Sun International Bank Ltd.	Jih Sun Life Insurance Agency Co., Ltd.	F8, No.85.87, Sec.2, Nanjing E. Rd., Taipei	Life insurance agency	99.00	47,533	33,812	297,000	-	297,000	99.00	Sub-subsidiary.
Js International Investment Holding Co. Ltd.	JS Cresvale Securities International Ltd.	18/F, Euro Trade Centre, 21-23 Des Voeux Road, Central, Hong Kong, HK	Brokerage, underwriting, proprietary trading	100.00	USD 32,226	USD (887)	293,000,000	-	293,000,000	100.00	Forth-level subsidiary.
Js International Investment Holding Co. Ltd.	Jih Sun Financial Services (Cayman) Ltd.	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Securities, financial investment consulting	100.00	USD 18,467	USD 2,707	18,050,000	-	18,050,000	100.00	"
"	Jih Sun Capital Management Ltd.	P.O. Box 146, Road Town, Tortola, British Virgin Islands	Fund and asset management	100.00	USD 1,976	USD 172	100,000	-	100,000	100.00	"
JS Cresvale Securities International Ltd.	JS Cresvale Financing Limited.	18/F, Euro Trade Centre, 21-23 Des Voeux Road, Central, Hong Kong, HK	Stock brokerage, futures brokerage and sales of mutual funds	100.00	HKD 20,874	HKD (218)	2,000,000	-	2,000,000	100.00	"

Note 1: Long-term investment under equity method and stockholders' equities of the investee company were written-off when preparing consolidated financial statements.

- Loans to others or individuals: not applicable to financing and securities subsidiaries; others: none.
- Endorsement and guarantees for others: not applicable to financing and securities subsidiaries; other: none.

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

4. Marketable securities held as of December 31, 2010: not applicable to financing and securities subsidiaries: none.
5. Cumulative purchases or sales of the same investee's capital stock up to \$300,000 or 10% of paid-in capital: none.
6. Acquisition of real estate up to \$300,000 or 10% of paid-in capital: none.
7. Disposal of real estate up to \$300,000 or 10% of paid-in capital: none.
8. Discount of commission fees for transaction with related parties up to \$5,000: none.
9. Receivables from related parties up to \$300,000 or 10% of paid-in capital: Receivable of the Company's subsidiary, Jih Sun International Bank Ltd. resulting from tax incentives was \$1,430,028.
10. Financial derivative transactions: for further information, please refer to Note 4 (AB).
11. Information on NPL disposal transaction: none.
12. Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: none.
13. Other significant transactions that may have substantial influence upon the decisions made by financial statements users: none.
14. Related information regarding countries and regions of securities business investee without securities authority.

Pursuant to Securities and Futures Bureau (SFB) (92) Tai-Cai-Zheng-Zi(2) No. 0920004507 dated October 31, 2003, the disclosures related to the Company's subsidiary Jih Sun Securities Co., Ltd.'s investment in foreign enterprises of British Virgin Islands for the year ended December 31, 2010, were as follows:

(1) Concise Balance Sheet and Income Statement :

A. Balance Sheet

Unit : U.S. dollars

Items	Company	Jih Sun International Investment Holding Company Limited	Jih Sun Financial Services (Cayman) Limited	Jih Sun Capital Management Limited
Current assets		\$ 500,796	37,808,774	1,985,443
Fund and Investments		52,668,649	2	-
Current Liabilities		1,380	19,341,371	9,750
Capital Stock		54,600,000	18,050,000	100,000
Retained Earnings		(1,268,953)	417,405	1,875,693
Cumulative Translation adjustments		(162,982)	-	-
Total Assets		53,169,445	37,808,776	1,985,443
Total Liabilities		1,380	19,341,371	9,750
Shareholders' equity		53,168,065	18,467,405	1,975,693

B. Income Statement

Unit : U.S. dollars

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Items	Company	Jih Sun International Investment Holding Company Limited	Jih Sun Financial Services (Cayman) Limited	Jih Sun Capital Management Limited
Operating Income		\$ 2,674,920	3,210,637	242,851
Operating Expenses		(4,450)	(489,976)	(200,456)
Non-operating Income		2,198	9,378	129,365
Non-operating expense		-	(23,345)	-
Net Income Before Taxes		2,672,668	2,706,694	171,760
Net Income After Taxes		2,672,668	2,706,694	171,760

(2) Marketable securities held in the end of December 31, 2010:

Unit: Shares; U.S. dollars

Name of company holding securities	Securities type and name	Account	2010.12.31	
			Shares	Amount
Jih Sun International Investment Holding Company Limited	JS Cresvale Securities International Limited	Long-term Equity investment under equity method	293,000,000	\$ 32,225,551
	Jih Sun Financial Services (Cayman) Limited	"	18,050,000	18,467,405
	Jih Sun Capital Management Limited	"	100,000	1,975,693
	Total			<b>\$ 52,668,649</b>
Jih Sun <b>Financial</b> Services (Cayman) Limited	Securities and beneficiary certificate  less than USD3,000,000	Financial assets measured at fair value through profit or loss- current		\$ 27,646,004
	Subtotal Derivative Instruments: Collateralized Debt Obligations (CDO)	Financial assets measured at fair value through profit or loss- current		-
	ASSET SWAP	"		1,120,821
	Subtotal			1,120,821
	Total			28,766,825
	GLOBAL COMMUNICATION CORP.	Available-for-sale financial assets- non-current	125,000	1
	CAPRION CORP.	"	1,773	1
Subtotal			2	
Total			<b>\$ 28,766,827</b>	

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

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

Financial instrument transaction and the origin of capital source are disclosed in note 11 (B) 14 (2) Jih Sun International Investment Holding Company Limited invests the subsidiary base on its own reserve. Jih Sun Financial Services (Cayman) Limited engaged in financial derivative instrument transactions base on its own reserve and the capital gained from conditional transactions in which the accumulated unrealized evaluated losses amounted to US\$ 4,452 thousand.

(4) Related-party transactions:

Jih Sun International Investment Holding Company Limited, Jih Sun Financial Services (Cayman) Limited, and Jih Sun Capital Management Limited had no significant transactions with related-party during year 2010.

(5) Lawsuit events:

Jih Sun International Investment Holding Company Limited, Jih Sun Financial Services (Cayman) Limited, and Jih Sun Capital Management Limited had no lawsuits during year 2010.

(C) Related information on subsidiary' investment in Mainland China: none.

(D) Business relationship and material transactions between the parent company and subsidiaries:

December 31, 2010							
No (Note1)	Party	Counterparty	Relationship with party (Note2)	Transactions			percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Cash and cash equivalents	\$ 12,168	The same terms as for comparable transactions with non-related third parties	-%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Deposits and exchange	12,168	"	-%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Interest incomes	38	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Interest expenses	38	"	-%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Other payable	1,430,028	"	0.58%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other receivable	1,430,028	"	0.58%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Stock agent income	12,372	"	0.13%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other general and administration expenses	12,372	"	0.13%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other receivable	862,659	"	0.35%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other payable	865,253	"	0.35%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

December 31, 2010							
No <small>(Note1)</small>	Party	Counterparty	Relationship with party <small>(Note2)</small>	Transactions			percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other receivable	34,889	The same terms as for comparable transactions with non-related third parties	0.01%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other payable	32,295	"	0.01%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other receivable	127	"	-%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Insurance Agency Co., Ltd.	1	Other payable	127	"	-%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Insurance Agency Co., Ltd.	1	Other receivable	9	"	-%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other payable	9	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other revenue	198	"	-%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other general and administration expenses	198	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other revenue	202,918	"	2.15%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other general and administration expenses	202,918	"	2.15%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Insurance Agency Co., Ltd.	3	Other revenues	1,573	"	0.02%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun Securities Co., Ltd.	3	Commission expense	1,573	"	0.02%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Insurance Agency Co., Ltd.	3	Other receivable	44	"	-%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun Securities Co., Ltd.	3	Other payable	44	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other receivable	18,591	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other payable	18,591	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest incomes	29	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other general and administration expenses	29	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Interest incomes	16	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other general and administration expenses	16	"	-%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

December 31, 2010							
No <small>(Note1)</small>	Party	Counterparty	Relationship with party <small>(Note2)</small>	Transactions			percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Guarantee deposits paid	3,146	The same terms as for comparable transactions with non-related third parties	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Guarantee deposits received	3,146	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest incomes	63	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Interest expenses	63	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Banking fees revenue	669	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other revenue	146	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other general and administration expenses	815	"	0.01%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Cash and cash equivalents	113,777	"	0.05%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Operating deposits	10,000	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Guarantee deposits paid	21,905	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Deposits and exchange	143,777	"	0.06%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Guarantee deposits received	1,905	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other revenue	731	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interests expenses	731	"	0.01%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other receivable	3	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest payable	3	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Stock agent income	720	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other general and administration expenses	720	"	0.01%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Securities brokerage commissions	1,183	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Handling charge	1,183	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Income from Renting Operating Assets	11,968	"	0.13%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other general and administration expenses	11,968	"	0.13%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other income	15,601	"	0.17%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other general and administration expenses	15,601	"	0.17%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

December 31, 2010							
No (Note1)	Party	Counterparty	Relationship with party (Note2)	Transactions			percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co., Ltd.	3	Deposits and exchange	5,965	The same terms as for comparable transactions with non-related third parties	-%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun International Bank Ltd.	3	Cash and cash equivalents	5,965	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co., Ltd.	3	Banking fees revenue	2,521	"	0.03%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun International Bank Ltd.	3	Commission expense	2,521	"	0.03%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co., Ltd.	3	Other receivable	283	"	-%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun International Bank Ltd.	3	Other payable	283	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co., Ltd.	3	Interest expenses	6	"	-%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun International Bank Ltd.	3	Interest incomes	6	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co., Ltd.	3	Income from Renting Operating Assets	113	"	-%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun International Bank Ltd.	3	Other general and administration expenses	113	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other revenue	743	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other losses	743	"	0.01%

December 31, 2009							
No (Note1)	Party	Counterparty	Relationship with party (Note2)	Transactions			percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Cash and cash equivalents	\$ 44,852	The same terms as for comparable transactions with non-related third parties	0.02%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Deposit and exchange	44,852	"	0.02%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Interest incomes	1,974	"	0.02%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Interest expenses	1,974	"	0.02%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

December 31, 2009							
No <small>(Note1)</small>	Party	Counterparty	Relationship with party <small>(Note2)</small>	Transactions			percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Other payable	1,036,958	The same terms as for comparable transactions with non-related third parties	0.45%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other receivable	1,036,958	"	0.45%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Stock agent income	11,637	"	0.15%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other general and administration expenses	11,637	"	0.15%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other receivable	1,364,413	"	0.59%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other payable	1,364,413	"	0.59%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other payable	32,295	"	0.01%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other receivable	32,295	"	0.01%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Refundable Deposits	36	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Guarantee deposits received	36	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other revenue	144	"	-%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun Securities Co., Ltd.	1	Other general and administration expenses	144	"	-%
0	Jih Sun Financial Holding Co., Ltd.	Jih Sun International Bank Ltd.	1	Other revenue	33	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Financial Holding Co., Ltd.	2	Other general and administration expenses	33	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other revenue	17,782	"	0.22%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other general and administration expenses	17,782	"	0.22%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Interest incomes	24	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other general and administration expenses	24	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Insurance Agency Co., Ltd.	3	Other revenue	1,752	"	0.02%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun Securities Co., Ltd.	3	Commission expense	1,752	"	0.02%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Insurance Agency Co., Ltd.	3	Other receivable	28	"	-%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun Securities Co., Ltd.	3	Other payable	28	"	-%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

December 31, 2009							
No <small>(Note1)</small>	Party	Counterparty	Relationship with party <small>(Note2)</small>	Transactions			percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other receivable	16,924	The same terms as for comparable transactions with non-related third parties	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other payable	16,924	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest revenue	56	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other general and administration expenses	56	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Refundable Deposits	4,158	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Guarantee deposits received	4,158	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Interest incomes	67	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest expenses	67	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Interest expenses	97	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest incomes	97	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Banking fees revenue	601	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other revenue	190	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other general and administration expenses	791	"	0.01%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Cash and cash equivalents	40,288	"	0.02%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Operating deposit	10,000	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Refundable Deposits	22,005	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Deposits and exchange	70,288	"	0.03%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Guarantee deposits received	2,005	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other revenue	8,661	"	0.11%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interest expenses	8,661	"	0.11%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other receivable	3	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Interests payable	3	"	-%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Stock agent income	720	"	0.01%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other general and administration expenses	720	"	0.01%

**JIH SUN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

December 31, 2009							
No <small>(Note1)</small>	Party	Counterparty	Relationship with party <small>(Note2)</small>	Transactions			percentage of consolidated operating revenue or consolidated total assets
				Account	Amount	Terms	
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Securities brokerage commissions	3,513	The same terms as for comparable transactions with non-related third parties	0.04%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Handling charge	3,513	"	0.04%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Income from Renting Operating Assets	10,530	"	0.13%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other general and administration expenses	10,530	"	0.13%
2	Jih Sun Securities Co., Ltd.	Jih Sun International Bank Ltd.	3	Other revenue	164,823	"	2.07%
1	Jih Sun International Bank Ltd.	Jih Sun Securities Co., Ltd.	3	Other general and administration expenses	164,823	"	2.07%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co., Ltd.	3	Deposits and exchange	5,869	"	-%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun International Bank Ltd.	3	Cash and cash equivalents	5,869	"	-%
3	Jih Sun International Insurance Agency Co. Ltd.	Jih Sun International Bank Ltd.	3	Interest incomes	7	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co., Ltd.	3	Interest expenses	7	"	-%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co., Ltd.	3	Banking fees revenue	4,316	"	0.05%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun International Bank Ltd.	3	Commission expense	4,316	"	0.05%
1	Jih Sun International Bank Ltd.	Jih Sun International Insurance Agency Co., Ltd.	3	Other receivable	446	"	-%
3	Jih Sun International Insurance Agency Co., Ltd.	Jih Sun International Bank Ltd.	3	Other payable	446	"	-%

Note 1: Serial number is determined as follows:

1. 0 represents parent company.
2. Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on company category.

Note2: With the transaction the relationship between person types is as follows

1. Parent company to Subsidiary
2. Subsidiary to parent company
3. Subsidiary to Subsidiary

**12. Business Segment Financial information: Refer to Note 10(B).**