PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

MARCH 31, 2018 AND 2017

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR18000216

To the Board of Directors and Shareholders of President Securities Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of President Securities Corporation and subsidiaries as at March 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(12), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method were not reviewed by independent accountants. Those statements reflect total assets of $4,050,082 thousand and $4,079,970 thousand, constituting 4.69% and 4.53% of the consolidated total assets, and total liabilities of $1,353,406 thousand and $1,355,659 thousand, constituting 2.25% and 2.04% of the consolidated total liabilities as at March 31, 2018 and 2017, and total comprehensive income of $22,423 thousand and $14,312 thousand, constituting 37.88% and 2.58% of the consolidated total comprehensive income for the three months then ended. Balance of such investments accounted for under equity method as at March 31 2018 and 2017 were $560,403 thousand and $498,344 thousand, respectively; President Securities Corporation and subsidiaries' share of comprehensive income of associates and joint ventures accounted for under equity method, including share of profit or loss of associates and joint ventures accounted for under equity method and share of other comprehensive income of associates and joint ventures accounted for under equity method for the three months then ended were $24,642 thousand and $14,986 thousand, constituting 41.63% and 2.70% of total consolidated comprehensive income, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of President Securities Corporation and subsidiaries as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Lin, Se-Kai   Hsiao, Chin-Mu

PricewaterhouseCoopers, Taiwan
May 4, 2018

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2018 and 2017 are reviewed, not audited)

	Assets	Notes	March 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%	March 31, 2017 AMOUNT	%
110000	**Current assets**							
111100	Cash and cash equivalents	6(1)	$ 6,572,611	8	$ 6,463,345	8	$ 7,198,411	8
112000	Financial assets at fair value through profit or loss - current	6(2)	33,235,485	38	38,692,385	45	36,511,723	41
113200	Financial assets at fair value through other comprehensive income - current	6(3)	1,547,010	2	-	-	-	-
113400	Available-for-sale financial assets - current		-	-	1,044,031	1	1,301,812	1
114010	Bonds purchased under resale agreements	6(4)	14,912	-	-	-	827,421	1
114030	Margin loans receivable	6(5)	11,832,886	14	11,415,870	13	9,601,677	11
114040	Refinancing security deposits		9,850	-	79,350	-	2,611	-
114050	Receivables from refinance guaranty		8,585	-	67,160	-	2,006	-
114070	Customer margin account	6(6)	12,265,704	14	9,918,089	11	10,627,618	12
114090	Receivables from security lending		28,848	-	88,318	-	69,057	-
114100	Security lending deposits		652,737	1	745,882	1	283,365	-
114110	Notes receivable		533	-	1,471	-	682	-
114130	Accounts receivable	6(7)	12,935,029	15	11,154,566	13	16,439,888	18
114150	Prepayments		32,855	-	30,749	-	53,514	-
114170	Other receivables	6(8)	137,095	-	66,900	-	28,180	-
114600	Current tax assets		216	-	584	-	430	-
119000	Other current assets	6(9)	1,638,778	2	1,792,864	2	2,345,391	3
110000	**Total current assets**		80,913,134	94	81,561,564	94	85,293,786	95
120000	**Noncurrent assets**							
122000	Financial assets at fair value through profit or loss - noncurrent	6(2)	67,021	-	50,342	-	50,548	-
123100	Financial assets at cost - noncurrent		-	-	40,173	-	40,173	-
123200	Financial assets at fair value through other comprehensive income - noncurrent		580,270	1	-	-	-	-
123400	Available-for-sale financial assets - noncurrent		-	-	-	-	72,065	-
124100	Investments accounted for under equity method	6(12)	560,403	1	496,497	1	498,344	1
125000	Property and equipment, net	6(13)	2,438,000	3	2,434,389	3	2,459,205	3
126000	Investment property	6(14)	276,278	-	276,803	-	278,378	-
127000	Intangible assets	6(15)	108,070	-	112,096	-	123,520	-
128000	Deferred tax assets	6(46)	161,020	-	140,740	-	65,316	-
129000	Other assets - noncurrent	6(16)	1,235,910	1	1,199,090	2	1,225,332	1
120000	**Total noncurrent assets**		5,426,972	6	4,750,130	6	4,812,881	5
906001	**Total Assets**		$ 86,340,106	100	$ 86,311,694	100	$ 90,106,667	100

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PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2018 and 2017 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%	March 31, 2017 AMOUNT	%
210000	**Current liabilities**							
211100	Short-term loans	6(17)	$ 4,405,782	5	$ 6,445,318	8	$ 5,423,676	6
211200	Commercial papers payable	6(18)	6,698,766	8	3,649,631	4	7,398,352	8
212000	Financial liabilities at fair value through profit or loss - current	6(19)	1,073,451	1	1,206,401	1	2,408,996	3
214010	Bonds sold under repurchase agreements	6(20)	15,402,179	18	20,911,658	24	21,992,295	24
214040	Deposits on short sales		924,006	1	1,861,947	2	859,046	1
214050	Short sale proceeds payable		1,108,228	1	2,197,656	3	964,646	1
214070	Guarantee deposit received on borrowed securities		15,850	-	225,395	-	20,543	-
214080	Futures traders' equity	6(6)	12,243,498	14	9,892,808	12	10,619,277	12
214130	Accounts payable	6(21)	12,382,309	14	9,280,487	11	13,444,325	15
214150	Advance receipts		3,452	-	955	-	1,249	-
214160	Collections on behalf of third parties		435,516	1	439,578	1	454,768	1
214170	Other payables	6(22)	883,745	1	1,185,207	1	782,029	1
214200	Other financial liabilities - current	6(23)	4,278,063	5	3,199,298	4	1,799,822	2
214600	Current tax liability		323,669	1	292,629	-	164,487	-
219000	Other current liabilities		18,539	-	11,952	-	5,206	-
210000	**Total current liabilities**		60,197,053	70	60,800,920	71	66,338,717	74
220000	**Noncurrent liabilities**							
228000	Deferred tax liability	6(46)	11,306	-	15,939	-	70,565	-
229000	Other liabilities-noncurrent	6(24)	51,051	-	59,873	-	12,570	-
220000	**Total noncurrent liabilities**		62,357	-	75,812	-	83,135	-
906003	**Total Liabilities**		60,259,410	70	60,876,732	71	66,421,852	74
300000	**Equity attributable to owners of the parent company**							
301000	**Capital**							
301010	Common stock	6(26)	13,904,281	16	13,904,281	16	13,356,658	15
302000	**Capital reserve**		142,702	-	142,702	-	142,702	-
304000	**Retained earnings**	6(26)						
304010	Legal reserve		2,503,765	3	2,503,765	3	2,423,914	2
304020	Special reserve		6,373,559	7	6,373,559	7	6,209,865	7
304040	Unappropriated earnings		2,661,859	3	2,519,721	3	1,520,290	2
305000	**Other equity interest**		429,418	1	(58,374)	-	(17,296)	-
300000	**Total**		26,015,584	30	25,385,654	29	23,636,133	26
306000	**Non-controlling interests**		65,112	-	49,308	-	48,682	-
906004	**Total Equity**		26,080,696	30	25,434,962	29	23,684,815	26
906002	**Total liabilities and equity**		$ 86,340,106	100	$ 86,311,694	100	$ 90,106,667	100

The accompanying notes are an integral part of these consolidated financial statements.

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

			Three months ended March 31			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
400000	**Revenues**					
401000	Securities brokerage fees	6(28)	$ 672,565	53	$ 478,739	24
404000	Underwriting fees	6(29)	20,851	2	11,737	1
406000	Net income of wealth management		4,563	-	2,189	-
410000	Gains on trading of securities	6(30)	29,059	2	883,076	45
421100	Stock custodian income		17,032	1	16,919	1
421200	Interest income	6(31)	344,425	27	360,315	18
421300	Dividend income		3,261	-	3,072	-
421500	Gains (losses) on valuation of trading securities	6(32)	70,380	6	(123,702)	(6)
421600	Gains (losses) on short covering and trading securities - RS financing covering	6(33)	24,244	2	(70,548)	(4)
421610	(Losses) gains on valuation of borrowed securities and bonds with resale agreements-short sales	6(34)	(3,255)	-	17,511	1
421750	Realised losses on financial assets at fair value through other comprehensive income-bonds	6(35)	(4,165)	-	-	-
422200	Gains on warrants issuance	6(36)	206,861	16	730	-
424400	Gains on derivative financial instruments	6(37)	50,441	4	198,207	10
425300	Impairment loss	6(38)	(10,760)	(1)	-	-
428000	Other operating (loss) income	6(39)	(149,656)	(12)	203,346	10
	Total revenues		1,275,846	100	1,981,591	100
500000	**Expenses**					
501000	Handling charges	6(40)	(127,336)	(10)	(82,624)	(4)
521200	Interest expense	6(41)	(98,234)	(8)	(105,654)	(5)
524100	Futures commission expense		(23,369)	(2)	(24,034)	(1)
524300	Clearing charges		(31,435)	(2)	(23,173)	(1)
528000	Other operating costs		(3)	-	(4)	-
531000	Employee benefits	6(42)	(557,579)	(44)	(591,699)	(30)
532000	Depreciation and amortization	6(43)	(25,607)	(2)	(27,623)	(2)
533000	Other operating expenses	6(44)	(360,044)	(28)	(350,212)	(18)
	Total expenditures and expenses		(1,223,607)	(96)	(1,205,023)	(61)
	Operating profit		52,239	4	776,568	39
601000	Share of the profit or loss of associates and joint ventures accounted for under the equity method	6(12)	23,643	2	14,986	1
602000	Other gains and losses	6(45)	60,125	5	53,199	2
902001	**Profit before tax**		136,007	11	844,753	42
701000	Income tax expense	6(46)	(21,122)	(2)	(122,910)	(6)
902005	**Net income**		$ 114,885	9	$ 721,843	36

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PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

	Items	Notes	Three months ended March 31 2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
805540	Unrealised gains from investments in equity instruments at fair value through other comprehensive income		$ 12,963	1	$ -	-
805550	Other comprehensive gain of associates and joint ventures accounted for under equity method		999	-	-	-
805599	Income tax benefit relating to components of other comprehensive income		11,886	1	-	-
	Items may be reclassified to profit of loss subsequently					
805610	Translation loss on the financial statements of foreign operating entities		(72,157)	(5)	(192,076)	(9)
805615	Unrealised losses from investments in debt instruments at fair value through other comprehensive income		(9,386)	(1)	-	-
805620	Unrealised gain on financial instruments		-	-	25,419	1
	Current other comprehensive income (post-tax)		(55,695)	(4)	(166,657)	(8)
902006	**Total current comprehensive income**		$ 59,190	5	$ 555,186	28
	Income attributable to:					
913100	Parent company		$ 112,714	9	$ 721,783	36
913200	Non-controlling interest		$ 2,171	-	$ 60	-
	Current comprehensive income attributable to:					
914100	Parent company		$ 56,679	4	$ 555,203	28
914200	Non-controlling interests		$ 2,511	-	($ 17)	-
	Earnings per share	6(47)				
975000	**Basic earnings per share (in dollars)**		$ 0.08		$ 0.52	
985000	**Diluted earnings per share (in dollars)**		$ 0.08		$ 0.52	

The accompanying notes are an integral part of these consolidated financial statements.

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent										
				Retained earnings			Other equity interest					
	Notes	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealised gain or loss on financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity
For the three months ended March 31, 2017												
Balance at January 1, 2017		$ 13,356,658	$ 142,702	$ 2,423,914	$ 6,209,865	$ 798,507	$ 147,621	$ -	$ 1,663	$ 23,080,930	$ 48,699	$ 23,129,629
Net income for the three months ended March 31, 2017		-	-	-	-	721,783	-	-	-	721,783	60	721,843
Other comprehensive (loss) income for the three months ended March 31, 2017		-	-	-	-	-	(192,076)	-	25,496	(166,580)	(77)	(166,657)
Total comprehensive income for the three months ended March 31, 2017		-	-	-	-	721,783	(192,076)	-	25,496	555,203	(17)	555,186
Balance at March 31, 2017		$ 13,356,658	$ 142,702	$ 2,423,914	$ 6,209,865	$ 1,520,290	($ 44,455)	$ -	$ 27,159	$ 23,636,133	$ 48,682	$ 23,684,815
For the three months ended March 31, 2018												
Balance at January 1, 2018		$ 13,904,281	$ 142,702	$ 2,503,765	$ 6,373,559	$ 2,519,721	($ 66,091)	$ -	$ 7,717	$ 25,385,654	$ 49,308	$ 25,434,962
Effects of retrospective application and retrospective restatement		-	-	-	-	17,538	-	563,430	(7,717)	573,251	13,293	586,544
Balance at January 1, 2018 after adjustments		13,904,281	142,702	2,503,765	6,373,559	2,537,259	(66,091)	563,430	-	25,958,905	62,601	26,021,506
Net income for the three months ended March 31, 2018		-	-	-	-	112,714	-	-	-	112,714	2,171	114,885
Other comprehensive (loss) income for the three months ended March 31, 2018		-	-	-	-	11,886	(72,157)	4,236	-	(56,035)	340	(55,695)
Total comprehensive income for the three months ended March 31, 2018		-	-	-	-	124,600	(72,157)	4,236	-	56,679	2,511	59,190
Balance at March 31, 2018		$ 13,904,281	$ 142,702	$ 2,503,765	$ 6,373,559	$ 2,661,859	($ 138,248)	$ 567,666	$ -	$ 26,015,584	$ 65,112	$ 26,080,696

The accompanying notes are an integral part of these consolidated financial statements.

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three months ended March 31 2018	Three months ended March 31 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 136,007	$ 844,753
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(43)	17,566	19,308
Amortization	6(43)	8,041	8,315
Write-off of bad debts classified as income	6(16)	-	(1,690)
Provision for bad debts	6(7)(16)	-	2,071
Impairment loss		10,781	-
(Gain) loss on valuation of trading securities	6(32)	(70,380)	123,702
Loss (gain) on valuation of borrowed securities and bonds with resale agreements	6(34)	3,255	(17,511)
Financial expense	6(41)	98,234	105,654
Interest income (including financial income)	6(31)(45)	(377,609)	(392,125)
Dividend income		(3,261)	(3,357)
Share of the profit of associates and joint ventures accounted for under the equity method	6(12)	(23,643)	(14,986)
Loss on disposal of investments(financial assets measured at cost)		-	280
Loss (gain) on valuation of non-operating financial instrument	6(45)	10,508	(726)
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		5,400,257	4,887,333
Financial assets at fair value through comprehensive income - current		(513,956)	-
Available-for-sale financial assets - current		-	58,719
Bonds purchased under resale agreements		(14,912)	1,266,077
Margin loans receivable		(367,945)	(911,584)
Refinancing security deposits		69,500	16,083
Receivables from refinance guaranty		58,575	31,375
Customer margin account		(2,347,615)	1,472,827
Receivables from security lending		59,470	88,718
Security lending deposits		93,145	(22,229)
Notes receivable		938	398
Accounts receivable		(1,889,726)	(10,234,404)
Prepayments		(2,106)	(8,997)
Other receivables		35,920	27,733
Other current assets		154,086	(405,491)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss - current		(136,205)	7,401
Bonds sold under repurchase agreements		(5,509,479)	(1,092,967)
Deposits on short sales		(937,941)	(427,543)
Short sale proceeds payable		(1,089,428)	(552,149)
Guarantee deposit received on borrowed securities		(209,545)	(38,653)
Futures traders' equity		2,350,690	(1,471,360)
Accounts payable		3,112,263	6,957,149
Advance receipts		2,497	(168)
Collections on behalf of third parties		(4,062)	41,277
Other payables		(303,025)	38,300
Other financial liabilities - current		1,078,765	407,525
Other current liabilities		6,587	(331)

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PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three months ended March 31 2018	Three months ended March 31 2017
Cash (outflow) inflow generated from operations		($ 1,093,753)	$ 808,727
Dividends received		3,223	4,681
Interest received		442,515	482,706
Income tax paid		(2,741)	(4,754)
Net cash flows (used in) from operating activities		(650,756)	1,291,360
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at cost		-	1,128
Acquisition of property and equipment	6(13)	(12,302)	(10,825)
Acquisition of intangible assets		(2,263)	(602)
Decrease in other non-current assets		(41,236)	6,413
Increase in prepayment for equipment		(5,686)	(531)
Acquisition of investments accounted for under equity method		-	(42,682)
Net cash flows used in investing activities		(61,487)	(47,099)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans		(2,039,536)	(1,756,874)
Increase in commercial papers payable		3,050,000	1,100,000
Decrease in other non-current liabilities		(8,822)	(540)
Interest paid		(107,977)	(105,829)
Net cash flows from (used in) financing activities		893,665	(763,243)
Effect of exchange rate changes		(72,156)	(192,076)
Net increase in cash and cash equivalents		109,266	288,942
Cash and cash equivalents at beginning of period		6,463,345	6,909,469
Cash and cash equivalents at end of period		$ 6,572,611	$ 7,198,411

The accompanying notes are an integral part of these consolidated financial statements.

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars)

(Unaudited)

1. HISTORY AND ORGANIZATION

1) President Securities Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 17, 1988, and was renamed as President Securities Corporation on March 4, 1989. The Company started commercial operations on April 3, 1989. As of December 31, 2017, the Company had 36 operating branches (including the Head Office), and established Offshore Securities Unit in July 2014.

2) The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in underwriting of securities, dealing or brokerage business of securities at the securities exchange markets and business premises, registration and transfer agency service for securities, margin loans and short sales business of securities, securities lending and borrowing business, futures introducing brokerage services, futures dealing, issuance of call (put) warrants, new financial instrument transactions, wealth management business, and trust business.

3) The Company's shares are listed on the Taiwan Stock Exchange.

4) The number of employees of the Group was 1,712 and 1,739 as of March 31, 2018 and 2017, respectively.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on May 4, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15, Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1,' First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28,' Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, "Financial instruments"

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortized cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses ('ECL') or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance).

(c) The amended general hedge accounting requirements align hedge accounting more closely with an entity's risk management strategy. Risk components of non-financial items and a group of items can be designated as hedged items. The standard relaxes the requirements for hedge effectiveness, removing the 80-125% bright line, and introduces the concept of 'rebalancing'; while its risk management objective remains unchanged, an entity shall rebalance the hedged item or the hedging instrument for the purpose of maintaining the hedge ratio.

When adopting the new standards endorsed by the FSC effective from 2018, the

Group will apply the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. The significant effects of applying the new standards as of January 1, 2018 are summarized below:

Consolidated balance sheet Affected items	2017 version IFRSs amount	Effect of adoption of new standards	2018 version IFRSs amount	Remark
January 1, 2018				
Financial assets at fair value through profit or loss	$ 38,742,727	$ 20,146	$ 38,762,873	(b)
Available-for-sale financial	1,044,031	(1,044,031)	-	
Financial asssets at fair value through other comprehensive	-	1,611,338	1,611,338	(a)
Financial assets at cost	40,173	(40,173)	-	(a)~(b)
Investments accounted for under the equity method	496,497	39,264	535,761	(c)
Total affected assets	$ 40,323,428	$ 586,544	$ 40,909,972	
Unappropriated earnings	$ 2,519,721	$ 17,538	$ 2,537,259	(b)
Other equity interest	(58,374)	555,713	497,339	(a)、(c)
Non-controlling interest	49,308	13,293	62,601	(d)
Total affected equity	2,510,655	586,544	3,097,199	
Total affect liabilities and equity	$ 2,510,655	$ 586,544	$ 3,097,199	

(a) In accordance with IFRS 9, the Group expects to reclassify financial assets at cost in the amounts of $37,565, and make an irrevocable election at initial recognition on equity instruments not held for dealing or trading purpose, by increasing financial assets at fair value through other comprehensive income and other equity interest in the amounts of $567,307 and $516,449, respectively.

(b) In accordance with IFRS 9, the Group expects to reclassify financial assets at cost in the amounts of $2,608, by increasing financial assets at fair value through profit or loss and increasing retained earnings in the amounts of $20,146 and $17,538, respectively.

(c) In accordance with IFRS 9, the Group expects to increase $39,264 for both investments accounted for under equity method and other equity interest by share of other comprehensive income of associates accounted for under equity method.

(d) In accordance with IFRS 9, the Group expects to increase non-controlling interests in the amount of $13,293 by share of book value of subsidiaries' other equity attributable to non-controlling interests.

Please refer to Note 12(2) for detailed information on the credit risk related to the adoption of IFRS 9 on January 1, 2018; Please refer to Note 12(11) for detailed information on the credit risk related to the adoption of IAS 39 for the periods before December 31, 2017.

The initial adpotion of IFRS 9 uses the modified retrospective approach. In Note 6, only information pertaining to March 31, 2018 and the three months ended March 31, 2018 is disclosed. For information pertaining to December 31, 2017, March 31, 2017, and the three months ended March 31, 2017, please refer to Note 12(11).

2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC effective are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 16, ‘Leases’	January 1, 2019
IFRS 17, ‘Insurance contracts’	January 1, 2021
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, “Leases”

IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognize a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Group will adopt the modified retrospective transitional provisions of IFRS 16 ‘Lease’, and classify the effects on the lease contract of lessee to January 1, 2019 in accordance with IFRS 16.

In the first quarter of 2018, the Group reported to the Board of Directors that the impact of IFRS 16 on the Group’s consolidated financial statements is immaterial.

4. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

The Group's significant accounting policies are described below:

1) <u>Compliance statement</u>

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants", and the International Accounting Standards No. 34, 'Interim financial reporting' as endorsed by the FSC.

2) <u>Basis of preparation</u>

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(B) Financial assets at fair value through other comprehensive income/Available-for-sale financial assets measured at fair value.

(C) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretation as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. In adopting IFRS 9 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 and the first quarter were not restated. The financial statements for the year ended December 31, 2017 and the first quarter were prepared in compliance with International Accounting Standard 39 ('IAS 39') and related financial reporting interpretations. Please refer to Note 12(11) for details of significant accounting policies.

3) <u>Basis of consolidation</u>

A. Basis for preparation of consolidated financial statements:

(A) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) control by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidated of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(B) Intercompany transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(C) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(E) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(Blank below)

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2018	Ownership (%) December 31, 2017
The Company	President Futures Corp. (President Futures)	Futures brokerage	96.69%	96.69%
〃	President Capital Management Corp. (President Capital Management)	Securities investment consulting	100%	100%
〃	President Securities (HK) Ltd.(President Securities (HK)) (Note 1)	Securities dealer, brokerage, underwriting and consulting	5.19%	5.19%
〃	President Securities (BVI) Ltd.(President Securities (BVI))	Securities investment and holding company	100%	100%
〃	President Insurance Agency Corp. (President Insurance Agency)	Insurance Agent	100%	100%
〃	PSC Venture Capital Investment Company Limited (President Venture Capital)	Consultation of investment management and venture capital; other unprohibited or unrestricted businesses beyond the permit	100%	100%
President Securities (BVI)	President Securities (HK) Ltd. (Note 1)	Securities dealer, brokerage, underwriting and consulting	94.81%	94.81%
〃	President Wealth Management (HK) Ltd.(President Wealth Management (HK))	Wealth management	100%	100%
〃	President Securities (Nominee) Ltd. (President Securities (Nominee))	Nominee Service	100%	100%

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) March 31, 2017
The Company	President Futures Corp. (President Futures)	Futures brokerage	96.69%
〃	President Capital Management Corp. (President Capital Management)	Securities investment consulting	100%
〃	President Securities (HK) Ltd.(President Securities (HK)) (Note 1)	Securities dealer, brokerage, underwriting and consulting	5.19%
〃	President Securities (BVI) Ltd.(President Securities (BVI))	Securities investment and holding company	100%
〃	President Insurance Agency Corp. (President Insurance	Insurance Agent	100%
〃	PSC Venture Capital Investment Company Limited (President Venture Capital)	Consultation of investment management and venture capital; other unprohibited or unrestricted businesses beyond the permit	100%
President Securities (BVI)	President Securities (HK) Ltd. (Note 1)	Securities dealer, brokerage, underwriting and consulting	94.81%
〃	President Wealth Management (HK) Ltd.(President Wealth Management (HK))	Wealth management	100%
〃	President Securities (Nominee) Ltd. (President Securities (Nominee))	Nominee Service	100%

Note 1: The Company holds all the shares of President Securities (HK) with President Securities (BVI).

Note 2: Except for President Futures' financial statements for the three months ended March 31, 2018 and 2017 that were reviewed by independent accountants, the above-listed subsidiaries included in the consolidated financial statements for the three months ended March 31, 2018 and 2017, were not reviewed by independent accountants.

4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

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

(B) Assets held mainly for trading purposes;

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

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

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(A) Liabilities that are expected to be paid off within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be paid off within twelve months from the balance sheet date;

(D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

5) Translation of foreign currency transactions

A. Foreign currency translation and presentation

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). Functional currency and bookkeeping currency of the Company and its domestic subsidiaries are all New Taiwan Dollars; functional currency and bookkeeping currency of overseas subsidiaries-President Securities (HK), President Wealth Management (HK), and President Securities (Nominee) are Hong Kong Dollars; and functional currency and bookkeeping currency of President Securities (BVI) are US Dollars. The consolidated financial statements are presented in New Taiwan Dollars.

B. Foreign currency transactions and balances

Foreign currency transactions denominated in a foreign currency or required to settle in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Assets and liabilities denominated in foreign currency are translated by the closing exchange rate at balance sheet date. The closing exchange rate is determined by the market exchange rate. Non-monetary assets and liabilities denominated in foreign currencies which are carried at historical cost are re-translated at the exchange rates prevailing at the original transaction date. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income.

C. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(A) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(B) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(C) All resulting exchange differences are recognized in other comprehensive income.

6) Cash and cash equivalents

A. In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

B. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

7) Financial assets and financial liabilities at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a)The objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b)The assets’ contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a)The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b)Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instrumentsare taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

9) Accounts and notes receivable, other receivables and margin loans receivable

A. Accounts and notes receivable and margin loans receivables entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

10) Bonds sold under repurchase agreements and bonds purchased under resale agreements

Bond transactions under repurchase or resale agreements are stated at the amount of actual payment or receipt. When transactions of bonds with a condition of resale agreements occur, the actual payment or receipt shall be recognized in 'bonds purchased under resale agreements' under current assets. When transactions of bonds with a condition of repurchase agreements occur, the actual payment or receipt shall be recognized in 'bonds sold under repurchase agreements' under current liabilities. Any difference between the actual payment/receipt and predetermined redemption (repurchase) price is recognized in interest income or interest expense.

11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not containa significant financing component, the Group recognises the impairment provision for lifetime ECLs.

12) Derecognition of financial instruments

A. Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

(A) The contractual rights to receive cash flows from the financial asset expire.

(B) The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

(C) The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

B. Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

13) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

14) Investments accounted for under the equity method

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognizes its share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When there are objective evidences of impairment, at balance sheet date, the Group considers the whole investment carrying amount as single asset, and compares its recoverable amount (value in use or fair value less costs of disposal) with the carrying amount, to test its impairment. Value in use is determined by the present value of the Group's share of the expected future cash flow from the associates. If the recoverable amount is less than its carrying amount, an impairment loss should be recognized. The loss will not be allocated to any of the components (including goodwill), which comprise the carrying amount of the investment. An impairment loss recognized in prior periods shall be reversed if circumstances of impairment no longer exist or have decreased.

15) Property and equipment

A. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property and equipment are subsequently measured using the cost model and depreciated using the straight-line method to allocate their cost over their estimated useful lives.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property and equipment are as follows:

	Useful lives
Buildings	5~50 years
Furniture and fixtures	4~10 years
Computer equipment	3~5 years
Electrical equipment	3~10 years
Leasehold improvements	5 years

E. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in current operations.

16) Investment property
   A. Investment property of the Group is the property held either to earn long-term rental income or for capital appreciation or for both.
   B. Part of the property may be held by the Group for self-use purpose and the remaining are used to generate rental income or capital appreciation. If the property held by the Group can be sold individually, then the accounting treatment should be made respectively. If each part of the property cannot be sold individually and the self-use proportion is not material, then the property is deemed as investment property in its entirety.
   C. When the future economic benefit related to the investment property is highly likely to flow into the Group and the costs can be reliably measured, the investment property shall be recognized as assets. When the future economic benefit generated from subsequent costs is highly likely to flow into the entity and the costs can be reliably measured, the subsequent expenses of the assets shall be capitalized. All maintenance cost are recognized in profit or loss as incurred.
   D. Investment property is subsequently measured using the cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment.

17) Intangible assets
   A. The cost of computer software is amortized using the straight-line method over the useful lives based on acquisition cost, with an amortization period of 4 years.
   B. Customer relationships is amortized evenly over its estimated useful life of 3.6 years.
   C. Membership in a foreign futures exchange is stated at acquisition cost and has an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. It is not amortized, but is tested annually for impairment.
   D. In accordance with IFRS 3 'Business combinations' as endorsed by FSC, goodwill arises when the acquisition cost exceeds the fair value of identifiable assets and liabilities of the consolidated subsidiary on the consolidation date. The goodwill arising from the consolidated subsidiary is included in the intangible asset. Goodwill is tested annually for impairment and any impairment loss will be recognized when impairment occurs. Impairment losses on goodwill are not reversed.

18) Impairment of non-financial assets
   A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
   B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
   C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the business combination. Each unit or group

of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

19) Financial liabilities at fair value through profit or loss

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

20) Contingent liabilities

Contingent liability is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Or it could be a present obligation as a result of past event but the payment is not probable or the amount cannot be measured reliably. The Group did not recognize any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employee. The Group recognized expense as it can no longer withdraw an offer of termination benefit or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

C. Pensions

(A) Defined contribution plans

Effective July 1, 2005, the Group established the defined contribution plan for employees of R.O.C. nationality. The employees have the option to participate in the New Plan. Under the New Plan, the Company contributes monthly an amount equivalent to 6% of employees' salaries to the employees' personal pension accounts with the "Bureau of Labor Insurance". Benefits accrued under the New Plan are portable upon termination of employment. Net defined benefit asset can only be recognized when there is a cash refund or elimination in the future accrued pension liabilities.

(B) Defined benefit plans

a. In a defined benefit plan, the pension paid is determined based on the amount that an employee shall receive upon retirement, which could vary with age, work seniority and salary compensations. The Group recognizes the accrued pension obligations in the consolidated balance sheet based on the net amount of actuarial present value of defined benefit obligation less the fair value of fund, which is adjusted with the net of past service cost recognized as liabilities. Defined benefit obligation is assessed annually using projected unit credit method by the actuary. The present value of the defined benefit obligation is determined using the market yield of government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.

b. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

c. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

D. Employees' remuneration and directors' remuneration

Employees' and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

22) Revenues and expenses

The Group's revenues and expenses are recognized as incurred, which mainly include:

A. Gains (losses) on sale of securities, securities brokerage fees, and commissions on brokerage and trading are recognized on the transaction date.

B. Underwriting fees and related service charges: application fees are recognized upon collection; underwriting fees and service charges are recognized when the contract is completed.

C. Gains (losses) on futures contracts: The margin of futures transaction is recognized as cost. Costs and expenses are recognized as incurred.

D. Operating expenses: operating expenses refer to required expenses invested in the Group's operations, which primarily include employee benefit expense, depreciation and amortization, and other business and administrative expenses.

23) Income tax

A. Current income tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where a company operates and generates taxable income. Except for the transactions or other matters directly recognized in other comprehensive income or equity, in which cases the related income taxes in the period are recognized in other comprehensive income or directly derecognized from equity, all the others should be recognized as income or expense for the period.

B. Deferred income tax

Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amounts and temporary differences of assets and liabilities included in the consolidated balance sheet are calculated using the liability method and recognised as deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss). Deferred income tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. If the future taxable income is probable to provide unused loss carryforwards or deferred income tax credit which can be realized in the future, the proportion of realization is deemed as deferred income tax asset.

C. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions for income tax liabilities where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

D. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

E. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

F. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

24) Share capital

A. Incremental costs directly attributable to the issuance of new shares are shown as a deduction, net of tax, from equity. Dividends from common stocks are recognized as equity in the financial period in which they are approved by the Company’s shareholders. If the date of dividends declared is later than the consolidated balance sheet date, common stocks are disclosed in the subsequent events.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

25) Earnings per share

A. Earnings per share is calculated by dividing net income by the weighted average number of shares outstanding during the year after taking into consideration the retroactive effect of stock dividends and capital reserve capitalized.

B. When the Group calculates earnings per share, basic earnings per share and diluted earnings per share for all potential ordinary shares shall all be disclosed in accordance with IAS 33 “Earnings per share”.

26) Operating segments

The Group’s operating segments are reported in a manner consistent with the internal reports provided to the Chief Operating Decision-Maker. The Group’s performance of segment profit (loss) is assessed based on the profit (loss) before tax, but not segment income, assets and liabilities. The Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

1) As the consolidated financial statements of the Group may be affected by the adoption of accounting policy, accounting estimate and assumption, the Group's management shall properly exercise its professional judgement, estimates, and assumptions on the information of the key risks that is obtained from other resources and could affect the carrying amounts of financial assets and liabilities in the next fiscal year while adopting critical accounting policies as stated in Note 4. Estimates and assumptions of the Group are the best estimates made in compliance with IFRSs as endorsed by the FSC. Estimates and assumptions are made based on past experience and other factors deemed relevant; however, the actual results may differ from the estimates. The Group evaluates the estimates and assumptions on an ongoing basis and recognizes the adjustment of the estimates only in the period which is affected by the adjustment. If the adjustment simultaneously affects both the current and future periods, it should be recognized in both periods.
2) Relevant information on key assumptions to be made in the future, key sources of assumption uncertainty made at balance sheet date, and assumptions and estimates that may cause key risks that could affect the carrying amounts of financial assets and liabilities are as follows:

A. Fair value of financial instruments

Financial instruments with no active market or quoted price use valuation technique to determine the fair value. Under such condition, fair value is assessed through the observable information or models of similar financial instruments. If there is no observable input available in a market, the fair value of financial instrument is assessed through appropriate assumptions. When valuation models are adopted to determine the fair value, all the models should be calibrated to ensure that the output can actually reflect actual information and market price. Models should try to take only observable information as much as possible.

B. Expected credit losses

For financial assets, the measurement of expected credit losses uses complex models and multiple assumptions. These models and assumptions take into account future macro-economic conditions and credit behaviors of borrowers (e.g. probability of customer default and loss). Please refer to Note 12(2) for detailed information on parameters, assumptions, and estimation methods used in measuring expected credit losses and disclosure of the sensitivity of credit loss to the aforementioned factors.

The measurement of expected credit losses according to applicable accounting rules involves significant judgement in several areas, for example:

(A) The criteria used to judge whether there is significant increase in credit risk.

(B) The selection of appropriate models and assumptions for measuring expected credit losses.

For judgements and estimations of the above expected credit losses, please refer to Note 12(2).

C. Impairment assessment on investment accounted for under equity method

When there are impairment indicators that show the investments accounted for under equity method are impaired and the carrying amount can no longer be recovered, the Group will assess the impairment of the investment. The Group assesses its share of the recoverable amount which is based on the discounted value of expected cash flow, and assess the reasonableness of relevant assumptions, including revenue growth rate, operating profit margin, net profit margin, financial forecast, and discount rate.

D. Impairment assessment of goodwill

Impairment assessment of goodwill includes allocation of assets, liabilities, and goodwill to brokerage segment, and determines the recoverable amount based on brokerage segment's present value of expected future cash flow. The assessment also analyzes reasonableness of relevant assumptions, including expected future trading volumes, market share, segment's operating profit margin, and discount rates.

6. DETAILS OF SIGNIFICANT ACCOUNTS

1) Cash and cash equivalents

	March 31, 2018	December 31, 2017
Petty Cash	$ 1,991	$ 169
Checking deposits	769,116	697,155
Current deposits:		
Deposits denominated in NTD	235,810	477,200
Deposits denominated in foreign currencies	1,922,570	1,718,591
Time deposits	3,643,124	3,570,230
Total	$ 6,572,611	$ 6,463,345

	March 31, 2017
Petty Cash	$ 2,046
Checking deposits	581,216
Current deposits:	
Deposits denominated in NTD	315,378
Deposits denominated in foreign currencies	2,965,670
Time deposits	3,334,101
Total	$ 7,198,411

As of March 31, 2018, December 31, 2017 and March 31, 2017, the annual interest rates of time deposits, including foreign time deposits were 0.04%~3.93%, 0.04%~3.72% and 0.04%~3.95%, respectively.

2) Financial assets at fair value through profit or loss

		March 31, 2018
Current items:		
Financial assets mandatorily measured at fair value through profit or loss:		
Open-ended funds and money market instruments and securities investment by brokers		
Open-ended mutual funds beneficiary certificates	$	142,642
Listed (TSE and OTC) stocks		148,440
Subtotal		291,082
Adjustment of open-ended funds and money market instruments and securities investment by brokers	(	4,959)
Total		286,123
Trading securities - dealer		
Listed (TSE and OTC) stocks		5,437,429
Government bonds		2,538,309
Corporate bonds		4,278,665
Convertible corporate bonds		170,639
Emerging stocks		94,565
Overseas stocks		12,652,798
Exchange-traded funds		1,779,527
Unlisted stocks		50,924
Subtotal		27,002,856
Adjustment of trading securities - dealer		56,314
Total		27,059,170
Trading securities - underwriter		
Listed (TSE and OTC) stocks		664,479
Convertible corporate bonds		346,200
Subtotal		1,010,679
Adjustment of trading securities - underwriter		150,988
Total		1,161,667
Trading securities - hedging		
Listed (TSE and OTC) stocks		1,548,357
Convertible corporate bonds		4,632
Warrants		53,485
Overseas stocks		29,097
Exchange traded funds		375,807
Subtotal		2,011,378
Adjustment of trading securities - hedging	(	15,753)
Total		1,995,625

		March 31, 2018
Options bought - futures	$	39,385
Futures guarantee deposits receivable		2,663,586
Derivative financial instrument assets - OTC		29,929
Total	$	33,235,485
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss:		
Trading securities - dealer - government bonds	$	50,053
Unlisted stocks		2,608
Adjustment of trading securities		14,360
Total	$	67,021

a. For the three months ended March 31, 2018, net realised and unrealised gains on financial assets and liabilities at fair value through profit or loss amounted to $377,730.

b. Details of the Group’s financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.

c. Information relating to credit risk is provided in Note 12(2).

d. Information on December 31, 2017, March 31, 2017 and for the three months ended March 31, 2017 are provided in Note 12(11).

3) Financial assets at fair value through other comprehensive income

		March 31, 2018
Current items:		
Debt instruments		
Trading securities - dealer		
Overseas bonds	$	1,543,640
Adjustment of trading securities - dealer		3,370
Total	$	1,547,010
Non-current items:		
Equity instruments		
Unlisted stocks	$	37,565
Adjustment of trading securities		542,705
Total	$	580,270

a. The Group has elected to classify unlisted stocks that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments is $580,270 as at March 31, 2018.

b. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Equity instruments at fair value through other comprehensive income	March 31, 2018
Fair value change recognised in other comprehensive income	$ 12,623
Fair value change recognised in other comprehensive income - non-controlling interest	340
	$ 12,963

Debt instruments at fair value through other comprehensive income	
Fair value change recognised in other comprehensive income	($ 13,551)
Cumulative other comprehensive income reclassified to profit or loss	
Due to derecognition	$ 4,165
Interest income recognised in profit or loss	$ 4,189

c. Details of the Group’s financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

d. Information relating to credit risk is provided in Note 12(2).

e. Information on December 31, 2017, March 31, 2017 and for the three months ended March 31, 2017 are provided in Note 12(11).

4) Bonds purchased under resale agreements

	March 31, 2018	December 31, 2017
Overseas bonds	$ 14,912	$ -

	March 31, 2017
Government bonds	$ 602,557
Overseas bonds	224,864
Total	$ 827,421

The above bonds purchased under resale agreements as of March 31, 2018, December 31, 2017 and March 31, 2017 were due within one year and were contracted to be resold at the agreed-upon price plus interest charge on the specific date after transaction. The total resale amounts were $14,949, $0 and $826,704, respectively. The annual interest rates of every currency were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
NTD	-	-	-0.5%~-0.2%
Foreign currencies (Note)	1.00%	-	-1.375%~-1.25%

(Note)：Foreign currencies include USD and EUR.

5) Margin loans receivable

Margin loans receivable were secured by the securities purchased by customers under margin loans. The annual interest rate was 6.4%.

6) Customer margin account

	March 31, 2018	December 31, 2017
Bank deposit	$ 9,011,386	$ 7,159,942
Futures clearing house	1,543,243	1,726,793
Other futures commission merchant	1,710,796	1,027,317
Securities	279	4,037
Total	$ 12,265,704	$ 9,918,089

	March 31, 2017
Bank deposit	$ 7,980,199
Futures clearing house	1,468,239
Other futures commission merchant	1,173,398
Securities	5,782
Total	$ 10,627,618

The difference between the customer margin deposits accounts and futures traders' equity as of March 31, 2018, December 31, 2017 and March 31, 2017 were outlined below:

	March 31, 2018	December 31, 2017
Customer margin deposits accounts	$ 12,265,704	$ 9,918,089
Add: Early customer margin deposits	2,665	8,647
Loss on error trading	-	2
Futures exchanges margins receivable	-	23
Less: Service fee income pending for transfer	(21,620)	(25,087)
Futures exchange tax pending for transfer	(227)	(695)
Net interest income pending for transfer	(1,810)	(916)
Temporary receipts	(1,214)	(7,255)
Futures traders' equity	$ 12,243,498	$ 9,892,808

	March 31, 2017
Customer margin deposits accounts	$ 10,627,618
Add: Early customer margin deposits	2,607
Less: Service fee income pending for transfer	(8,042)
Futures exchange tax pending for transfer	(388)
Net interest income pending for transfer	(651)
Temporary receipts	(1,867)
Futures traders' equity	$ 10,619,277

7) Accounts receivable

	March 31, 2018	December 31, 2017
Accounts receivable - non related parties		
Settlement price receivable-brokers	$ 7,553,578	$ 7,308,697
Settlement price receivable-dealer	1,080,327	293,630
Accounts receivable-international bonds	-	591,328
Accounts receivable-foreign bonds	2,743,516	1,742,322
Interest receivable	312,004	372,205
Settlement price	1,171,850	789,062
Others	73,774	61,681
	12,935,049	11,158,925
Less: Allowance for uncollectable accounts	(20)	(4,359)
Total	$ 12,935,029	$ 11,154,566

	March 31, 2017
Accounts receivable - non related parties	
Settlement price receivable-brokers	$ 6,123,798
Settlement price receivable-dealer	1,204,282
Accounts receivable-international bonds	444,391
Accounts receivable-foreign bonds	7,092,434
Spot exchange receivable, foreign currencies	347,904
Interest receivable	318,551
Settlement price	837,850
Others	70,678
Total	$ 16,439,888

Information relating to credit risk is provided in Note 12(2).

8) Other receivables

	March 31, 2018	December 31, 2017
Dividends receivable	$ -	$ 277
Interest receivable	9,236	10,302
Others	138,334	56,321
Subtotal	147,570	66,900
Less: Allowance for uncollectable accounts	(10,475)	-
Total	$ 137,095	$ 66,900

	March 31, 2017
Dividends receivable	$ 553
Interest receivable	12,571
Others	15,056
Total	$ 28,180

Information relating to credit risk is provided in Note 12(2).

9) Other current assets

	March 31, 2018	December 31, 2017
Pending settlements	$ 935,437	$ 815,110
Pledged time deposits	633,636	639,815
Deposits-in for foreign currency securities	2,250	228,016
Underwriting share proceeds collected on behalf of customers	63,935	108,673
Temporary payments	2,610	357
Others	910	893
Total	$ 1,638,778	$ 1,792,864

	March 31, 2017
Pending settlements	$ 980,785
Pledged time deposits	1,220,794
Deposits-in for foreign currency securities	6,188
Underwriting share proceeds collected on behalf of customers	8,700
Temporary payments	127,014
Others	1,910
Total	$ 2,345,391

10) Transfer of financial assets

A. During the Group's activities, the transferred financial assets that do not meet derecognition conditions are mainly debt instruments with purchase agreements or debt instruments lent out in accordance with securities borrowing and lending agreement. The cash flow of the contract has been transferred and related liabilities of transferred financial assets that will be repurchased at a fixed price in the future have been reflected. The Group may not use, sell or pledge the transferred financial assets during the valid period of the transaction. The financial assets were not derecognized as the Group is still exposed to interest rate risk and credit risk.

B. Financial assets that do not meet the derecognition conditions and related financial liabilities are analysed below:

March 31, 2018				
Financial assets category		Carrying amount of transferred financial assets		Carrying amount of related financial liabilities
Financial assets measured at fair value through profit or loss				
Repurchase agreement	$	14,666,519	$	13,875,536
Available-for-sale financial assets				
Repurchase agreement		1,403,099		1,526,643

December 31, 2017				
Financial assets category		Carrying amount of transferred financial assets		Carrying amount of related financial liabilities
Financial assets measured at fair value through profit or loss				
Repurchase agreement	$	22,148,171	$	19,879,319
Available-for-sale financial assets				
Repurchase agreement		1,044,031		1,032,339

March 31, 2017				
Financial assets category		Carrying amount of transferred financial assets		Carrying amount of related financial liabilities
Financial assets measured at fair value through profit or loss				
Repurchase agreement	$	22,052,482	$	20,799,357
Available-for-sale financial assets				
Repurchase agreement		1,063,668		1,192,938

11) <u>Offsetting financial assets and financial liabilities</u>

A. The Group has transactions that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria, i.e. derivative financial instruments, resale and repurchase agreements. If one party breaches the contract, the counterparty can choose to use net settlement for the above transactions.

B. The offsetting of financial assets and financial liabilities are set as follows:

(1) Financial assets

March 31, 2018

Description	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Not set off in the balance sheet: Financial instruments	Not set off in the balance sheet: Cash collateral received	Net amount
Derivative financial instruments	$ 29,929	$ -	$ 29,929	$ 29,929	$ -	$ -
Bonds purchased under resale agreements	14,912	-	14,912	14,437	-	475
Total	$ 44,841	$ -	$ 44,841	$ 44,366	$ -	$ 475

December 31, 2017

Description	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Not set off in the balance sheet: Financial instruments	Not set off in the balance sheet: Cash collateral received	Net amount
Derivative financial instruments	$ 19,982	$ -	$ 19,982	$ 19,982	$ -	$ -
Total	$ 19,982	$ -	$ 19,982	$ 19,982	$ -	$ -

March 31, 2017

Description	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Not set off in the balance sheet: Financial instruments	Not set off in the balance sheet: Cash collateral received	Net amount
Derivative financial instruments	$ 201,176	$ -	$ 201,176	$ 13,613	$ -	$ 187,563
Bonds purchased under resale agreements	224,864	-	224,864	222,041	-	2,823
Total	$ 426,040	$ -	$ 426,040	$ 235,654	$ -	$ 190,386

(2) Financial liabilities

March 31, 2018						
Description	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Not set off in the balance sheet Financial instruments	Cash collateral received	Net amount
Derivative financial instruments	$ 143,473	$ -	$ 143,473	$ 29,929	$ -	$ 113,544
Bonds sold and repurchase agreements	10,325,929	-	10,325,929	10,325,929	-	-
Total	$ 10,469,402	$ -	$ 10,469,402	$ 10,355,858	$ -	$ 113,544

December 31, 2017						
Description	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Not set off in the balance sheet Financial instruments	Cash collateral received	Net amount
Derivative financial instruments	$ 205,841	$ -	$ 205,841	$ 19,982	$ -	$ 185,859
Bonds sold and repurchase agreements	17,974,440	-	17,974,440	17,974,440	-	-
Total	$ 18,180,281	$ -	$ 18,180,281	$ 17,994,422	$ -	$ 185,859

March 31, 2017						
Description	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Not set off in the balance sheet Financial instruments	Cash collateral received	Net amount
Derivative financial instruments	$ 13,613	$ -	$ 13,613	$ 13,613	$ -	$ -
Bonds sold and repurchase agreements	14,231,572	-	14,231,572	14,231,572	-	-
Total	$ 14,245,185	$ -	$ 14,245,185	$ 14,245,185	$ -	$ -

12) Investments accounted for under the equity method

	March 31, 2018	December 31, 2017
Uni-President Asset Management Corp.	$ 560,403	$ 496,497

	March 31, 2017
Uni-President Asset Management Corp.	$ 498,344

A. The Group’s share of its associates’ profits or losses recognized in long-term equity investment accounted for under the equity method for the three month ended March 31, 2018 and 2017 were $23,643 and $14,986, respectively.

B. On March 31, 2017, the Company acquired 1,333,800 shares of Uni-President Asset Management Corp. for a cash consideration of $42,682.

C. The financial information of the Group’s principal associates is summarized as follows:

(a)The basic information of the joint ventures that are material to the Group is as follows:

Company name	Princial place of businesss	Shareholding ratio	Nature of relationship	Methods of measurement
		March 31, 2018		
Uni-President Asset Management Corp.	Taipei city	42.49%	Associate	Equity method
		December 31, 2017		
Uni-President Asset Management Corp.	Taipei city	42.49%	Associate	Equity method
		March 31, 2017		
Uni-President Asset Management Corp.	Taipei city	42.49%	Associate	Equity method

(b)The summarized financial information of the joint ventures that are material to the Group is as follows:

Balance sheet

	Uni-President Asset Management Corp.		
	March 31, 2018(Note)	December 31, 2017	March 31, 2017(Note)
Current assets	$ 501,735	$ 466,401	$ 408,449
Non-current assets	541,296	441,397	465,940
Current liabilities	(113,334)	(128,739)	(90,322)
Non-current liabilities	(33,453)	(33,530)	(33,779)
Total net assets	$ 896,244	$ 745,529	$ 750,288
Share in joint venture's net assets	$ 380,881	$ 316,831	$ 318,854
Goodwill and others	179,522	179,666	179,490
Carrying amount of the joint venture	$ 560,403	$ 496,497	$ 498,344

Statement of comprehensive income

	Uni-President Asset Management Corp.	
	Three months ended March 31, 2018(Note)	Three months ended March 31, 2017(Note)
Revenue	$ 184,342	$ 144,916
Profit for the period from continuing operations	$ 55,973	$ 38,648
Other comprehensive income - net of tax	2,350	-
Total comprehensive income	$ 58,323	$ 38,648
Dividends received from associates	$ -	$ -

Note: The financial statements that are concurrent with the reporting period were not reviewed by independent accountants.

(Blank below)

13) Property and equipment

January 1, 2018	Land	Buildings	Equipment	Leasehold improvements	Total
Cost	$ 1,680,129	$ 1,052,401	$ 212,645	$ 60,419	$ 3,005,594
Accumulated depreciation and impairment	-	(387,713)	(140,857)	(42,635)	(571,205)
Total	$ 1,680,129	$ 664,688	$ 71,788	$ 17,784	$ 2,434,389

For the three months ended March 31, 2018					
January 1, 2018	$ 1,680,129	$ 664,688	$ 71,788	$ 17,784	$ 2,434,389
Additions	-	-	11,782	520	12,302
Reclassifications	-	-	1,003	7,347	8,350
Depreciation	-	(6,057)	(8,595)	(2,389)	(17,041)
March 31, 2018	$ 1,680,129	$ 658,631	$ 75,978	$ 23,262	$ 2,438,000

March 31, 2018	Land	Buildings	Equipment	Leasehold improvements	Total
Cost	$ 1,680,129	$ 1,050,713	$ 201,065	$ 63,421	$ 2,995,328
Accumulated depreciation and impairment	-	(392,082)	(125,087)	(40,159)	(557,328)
Total	$ 1,680,129	$ 658,631	$ 75,978	$ 23,262	$ 2,438,000

January 1, 2017	Land	Buildings	Equipment	Leasehold improvements	Total
Cost	$ 1,680,129	$ 1,054,964	$ 221,249	$ 102,769	$ 3,059,111
Accumulated depreciation and impairment	-	(373,896)	(145,977)	(72,075)	(591,948)
Total	$ 1,680,129	$ 681,068	$ 75,272	$ 30,694	$ 2,467,163

For the three months ended March 31, 2017					
January 1, 2017	$ 1,680,129	$ 681,068	$ 75,272	$ 30,694	$ 2,467,163
Additions	-	-	10,825	-	10,825
Depreciation	-	(5,921)	(9,019)	(3,843)	(18,783)
March 31, 2017	$ 1,680,129	$ 675,147	$ 77,078	$ 26,851	$ 2,459,205

March 31, 2017	Land	Buildings	Equipment	Leasehold improvements	Total
Cost	$ 1,680,129	$ 1,047,071	$ 221,254	$ 91,045	$ 3,039,499
Accumulated depreciation and impairment	-	(371,924)	(144,176)	(64,194)	(580,294)
Total	$ 1,680,129	$ 675,147	$ 77,078	$ 26,851	$ 2,459,205

A. No interest was capitalized for property and equipment for the three momths ended March 31, 2018 and 2017.

B. The information on property and equipment pledged or restricted as of March 31, 2018, December 31, 2017 and March 31, 2017 is described in Note 8.

14) Investment property

January 1, 2018	Land	Buildings	Total
Cost	$ 198,099	$ 107,076	$ 305,175
Accumulated depreciation and impairment	-	(28,372)	(28,372)
Total	$ 198,099	$ 78,704	$ 276,803

For the three months ended March 31, 2018			
January 1, 2018	$ 198,099	$ 78,704	$ 276,803
Depreciation	-	(525)	(525)
March 31, 2018	$ 198,099	$ 78,179	$ 276,278

March 31, 2018	Land	Buildings	Total
Cost	$ 198,099	$ 107,076	$ 305,175
Accumulated depreciation and impairment	-	(28,897)	(28,897)
Total	$ 198,099	$ 78,179	$ 276,278

January 1, 2017	Land	Buildings	Total
Cost	$ 198,099	$ 107,076	$ 305,175
Accumulated depreciation and impairment	-	(26,272)	(26,272)
Total	$ 198,099	$ 80,804	$ 278,903

For the three months ended March 31, 2017			
January 1, 2017	$ 198,099	$ 80,804	$ 278,903
Depreciation	-	(525)	(525)
March 31, 2017	$ 198,099	$ 80,279	$ 278,378

March 31, 2017	Land	Buildings	Total
Cost	$ 198,099	$ 107,076	$ 305,175
Accumulated depreciation and impairment	-	(26,797)	(26,797)
Total	$ 198,099	$ 80,279	$ 278,378

A. For the three months ended March 31, 2018 and 2017, rental income from the lease of the investment property were $4,413 and $4,351, respectively, and direct operating expenses arising from the investment property were $906 and $914, respectively.

B. Details of fair value of investment property are provided in Note 12(5).

C. Information about the investment property that was pledged to others as collaterals is provided in Note 8.

15) Intangible assets

January 1, 2018	Computer software		Goodwill		Customer relationships and others		Total	
Cost	$	121,650	$	42,004	$	89,829	$	253,483
Accumulated depreciation and impairment	(	92,265)		-	(	49,122)	(	141,387)
Total	$	29,385	$	42,004	$	40,707	$	112,096
For the three months ended March 31, 2018								
January 1, 2018	$	29,385	$	42,004	$	40,707	$	112,096
Additions		2,263		-		-		2,263
Reclassifications		1,597		-		-		1,597
Depreciation	(	4,107)		-	(	3,779)	(	7,886)
March 31, 2018	$	29,138	$	42,004	$	36,928	$	108,070

March 31, 2018	Computer software		Goodwill		Customer relationships and others		Total	
Cost	$	117,421	$	42,004	$	40,707	$	200,132
Accumulated depreciation and impairment	(	88,283)		-	(	3,779)	(	92,062)
Total	$	29,138	$	42,004	$	36,928	$	108,070

January 1, 2017	Computer sofware		Goodwill		Customer relationships and others		Total	
Cost	$	122,313	$	42,004	$	89,829	$	254,146
Accumulated depreciation and impairment	(	90,367)		-	(	34,008)	(	124,375)
Total	$	31,946	$	42,004	$	55,821	$	129,771
For the three months ended March 31, 2017								
January 1, 2017	$	31,946	$	42,004	$	55,821	$	129,771
Additions		602		-		-		602
Reclassifications		1,288		-		-		1,288
Depreciation	(	4,362)		-	(	3,779)	(	8,141)
March 31, 2017	$	29,474	$	42,004	$	52,042	$	123,520

March 31, 2017	Computer software		Goodwill		Customer relationships and others		Total	
Cost	$	120,993	$	42,004	$	89,829	$	252,826
Accumulated depreciation and impairment	(	91,519)		-	(	37,787)	(	129,306)
Total	$	29,474	$	42,004	$	52,042	$	123,520

A. No interest was capitalized for intangible assets for the three months ended March 31, 2018 and 2017.

B. Goodwill and customer relationships were acquired through acceptance of transfer of the securities brokerage business of Standard Chartered (Taiwan) Bank's retail banking business, and were all allocated to the Group's brokerage segment.

C. The recoverable amount of goodwill was determined based on its value in use. Calculations of value in use after-tax cash flow projections are based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The recoverable amount calculated based on the value in use exceeded the carrying amount, thus the goodwill was not impaired. The key assumptions used for calculation of value in use are as follows:

	Brokerage Segment
	2017
Growth rate	0.00%
Discount rate	17.49%

Management determined the growth rate based on past performance and its expectations of market development. The discount rates were based on the weighted average financing cost rates determined by the Company's capital asset pricing model. The discount rates also reflect specific risks related to relevant operating segments.

16) Other noncurrent assets

	March 31, 2018	December 31, 2017
Operation guaranteed deposits	$ 682,000	$ 682,000
Clearing and settlement fund	326,557	321,962
Refundable deposits	197,016	159,977
Deferred expenses	15,861	16,414
Prepaid pension expenses	22	22
Prepayment for equipment	14,274	18,535
Delinquent accounts	190,158	136,443
Others	180	180
Subtotal	1,426,068	1,335,533
Less: Allowance for uncollectible accounts-overdue receivables	(190,158)	(136,443)
Total	$ 1,235,910	$ 1,199,090

	March 31, 2017
Operation guaranteed deposits	$ 692,000
Clearing and settlement fund	320,839
Refundable deposits	130,474
Deferred expenses	17,195
Prepaid pension expenses	53,148
Prepayment for equipment	11,496
Delinquent accounts	156,012
Others	180
Subtotal	1,381,344
Less: Allowance for uncollectible accounts-overdue receivables	(156,012)
Total	$ 1,225,332

17) Short-term loans

	March 31, 2018	December 31, 2017
Secured loans	$ 766,240	$ 1,021,140
Unsecured loans	3,639,542	5,424,178
Total	$ 4,405,782	$ 6,445,318
Interest rates	0.70%~2.90%	0.70%~3.25%

	March 31, 2017
Secured loans	$ 4,369,576
Unsecured loans	1,054,100
Total	$ 5,423,676
Interest rates	0.70%~4.64%

18) Commercial papers payable

	March 31, 2018	December 31, 2017
Face value	$ 6,700,000	$ 3,650,000
Less: discount on commercial papers payable	(1,234)	(369)
Total	$ 6,698,766	$ 3,649,631
Interest rates	0.32%~0.48%	0.370%~0.485%

	March 31, 2017
Face value	$ 7,400,000
Less: discount on commercial papers payable	(1,648)
Total	$ 7,398,352
Interest rates	0.40%~0.50%

19) Financial liabilities at fair value through profit or loss - current

	March 31, 2018	December 31, 2017
Financial liabilities held for trading:		
Liabilities on sale of borrowed securities - hedged	$ 57,767	$ 151,745
Valuation adjustment on liabilities on sale of borrowed securities - hedged	(1,577)	(10,481)
Liabilities on sale of borrowed securities - non-hedged	320,016	207,280
Valuation adjustment on liabilities on sale of borrowed securities - non-hedged	(2,597)	1,982
Subtotal	373,609	350,526
Issuance of call (put) warrants	13,111,240	12,851,599
Gain on price fluctuation	(5,829,330)	(5,599,183)
Market value (A)	7,281,910	7,252,416
Warrants redeemed	(9,768,420)	(9,460,551)
Loss on price fluctuation	2,966,544	2,813,270
Market value (B)	(6,801,876)	(6,647,281)
Warrants - net (A+B)	480,034	605,135
Options sold - TAIFEX	26,902	4,112
Derivative financial liabilities - OTC	192,906	246,628
Total	$ 1,073,451	$ 1,206,401

	March 31, 2017
Financial liabilities held for trading:	
Investments in bonds under resale agreements - short sales	$ 1,577,182
Valuation adjustment of financial assets held for trading	2,821
Subtotal	1,580,003
Liabilities on sale of borrowed securities - hedged	469,292
Valuation adjustment on liabilities on sale of borrowed securities - hedged	(23,267)
Subtotal	446,025

	March 31, 2017
Issuance of call (put) warrants	$ 11,412,629
Gain on price fluctuation	(3,909,800)
Market value (A)	7,502,829
Warrants redeemed	(9,075,293)
Loss on price fluctuation	1,907,045
Market value (B)	(7,168,248)
Warrants - net (A+B)	334,581
Options sold - TAIFEX	12,948
Derivative financial liabilities - OTC	35,439
Total	$ 2,408,996

Among the warrants issued by the Group, except for contract-based warrants which are European-style warrants, all other warrants are American-style warrants. Warrants are stated as liabilities for issuance of warrants at issuance price prior to expiration. Upon repurchase of warrants after issuance, the repurchased amounts are recognised as warrants repurchase and charged as a deduction to liabilities for issuance of warrants. The warrants have six to nine months exercise period from the date of issuance. The issuer has the option to settle either by cash or stock delivery.

20) Bonds sold under repurchase agreements

	March 31, 2018	December 31, 2017
Government bonds	$ 2,453,721	$ 1,684,569
Corporate bonds	-	400,139
Bank debentures	1,500,000	-
International bonds	1,122,529	852,510
Foreign bonds	10,325,929	17,974,440
Total	$ 15,402,179	$ 20,911,658

	March 31, 2017
Government bonds	$ 2,602,785
Corporate bonds	2,596,449
International bonds	2,561,489
Foreign bonds	14,231,572
Total	$ 21,992,295

The above bonds sold under repurchase agreements as of March 31, 2018, December 31, 2017 and March 31, 2017 were due within one year and were contracted to be repurchased at the agreed-upon price plus interest charge on the specific date after the transaction. The total repurchase amounts were $15,458,761, $20,984,849 and $22,063,075, respectively, and the annual interest rates in every currency were shown as follows:

Currency	March 31, 2018	December 31, 2017	March 31, 2017
NTD	0.30%~0.42%	0.24%~0.43%	0.33%~0.45%
Foreign currencies (Note)	-0.30%~4.30%	-0.30%~4.30%	-0.28%~4.80%

(Note)：Foreign currencies include AUD, Euro, USD and RMB.

21) Accounts payable

	March 31, 2018	December 31, 2017
Settlement accounts payable - brokered trading	$ 8,634,093	$ 7,716,481
Settlement proceeds	505,568	660,024
Settlement accounts payable - operating	105,673	407,612
Accounts payable - foreign bonds	3,037,156	395,809
Others	99,819	100,561
Total	$ 12,382,309	$ 9,280,487

	March 31, 2017
Settlement accounts payable - brokered trading	$ 6,573,349
Settlement proceeds	627,015
Settlement accounts payable - operating	43,743
Accounts payable - foreign bonds	5,325,009
Accounts payable - international bonds	441,743
Spot exchange payable, foreign currencies	347,883
Others	85,583
Total	$ 13,444,325

22) Other payables

	March 31, 2018	December 31, 2017
Salary and bonus payable	$ 380,522	$ 659,644
Employees' and directors' remuneration payable	130,922	122,415
Others	372,301	403,148
Total	$ 883,745	$ 1,185,207

	March 31, 2017
Salary and bonus payable	$ 400,123
Employees' and directors' remuneration payable	81,188
Others	300,718
Total	$ 782,029

23) Other financial liabilities - current

	March 31, 2018	December 31, 2017
Equity-linked notes (ELN) - Options	$ -	$ 3,000
Principal guaranteed notes (PGN) - fixed income	4,278,063	3,196,298
Total	$ 4,278,063	$ 3,199,298

	March 31, 2017
Principal guaranteed notes (PGN) - fixed income	$ 1,799,822
Total	$ 1,799,822

The Group deals in equity-linked products and combines fixed income instruments with call or put options. These products are categorized into ELN (Equity-Linked Notes) and PGN (Principal Guaranteed Notes). On trade date, the contracted amounts are collected in full from the counterparties. The payout amount on maturity will depend on the price fluctuation of the instruments linked to these contracts and be calculated as trading price less option strike price on maturity. All the linked products are financial instruments under the supervision of the SFB (Securities and Futures Bureau).

24) Other liabilities-non-current

	March 31, 2018	December 31, 2017
Net defined benefit obligation	$ 46,217	$ 55,177
Guarantee deposits received	4,834	4,696
Total	$ 51,051	$ 59,873

	March 31, 2017
Net defined benefit obligation	$ 7,885
Guarantee deposits received	4,685
Total	$ 12,570

25) Pension plan

A. Defined benefit plans

(A) The Group has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. The Group contributes monthly an amount which ranges between 2.0% and 7.2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the supervisory committee of workers' retirement reserve fund, and with Cathay United Bank, under the name of the management committee of employees’ retirement fund. Also, the Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Group will make contributions to cover the deficit by next March.

(B) Under the defined benefit pension plan, the Group recognized the pension costs for the three months ended March 31, 2018 and 2017 in the statement of comprehensive income in the amount of $1,559, and $1,158, respectively.

(C) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 amounts to $36,949.

B. Defined contribution plans:

Effective from July 1, 2005, the Group established a defined contribution plan pursuant to the "Labor Pension Act", which covers employees with R.O.C. nationality and those who chose or are required to apply the "Labor Pension Act". The contributions are made monthly based on not less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The payment of pension benefits is based on the employees' individual pension fund accounts and the cumulative profit in such accounts. The employees can choose to receive such pension benefits monthly or in lump sum. The pension costs under defined contribution pension plans of the Group for the three months ended March 31, 2018 and 2017 were $16,384 and $14,335, respectively.

C. President Securities (HK), President Wealth Management (HK), and President Securities (Nominee) have defined benefit pension plans in accordance with local laws, and recognised the current pension expenses by contributing to the accrued pension assets. President Securities (HK) recognised pension expenses of $453 and $617, respectively, for the three months ended March 30, 2018 and 2017.

26) Equity

A. Common stock

(A) As of March 31, 2018, the Company's authorized capital was $15,000,000 with a par value of $10 (in dollars) per share. As of March 31, 2018, December 31, 2017 and March 31, 2017, the common stocks issued were 1,390,428, 1,390,428 and 1,335,666 thousand shares, respectively, and the outstanding common stocks were 1,390,428, 1,390,428 and 1,335,666 thousand shares, respectively.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(Expressed in thousands)

	Three months ended March 31, 2018	Three months ended March 31, 2017
March 31, 2018 (As January 1, 2018)	1,390,428	1,335,666

B. Capital reserve

	Share premium	Treasury share transactions	Expired stock options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Total
January 1, 2018	$ 24,986	$ 116,793	$ 483	$ 440	$ 142,702
March 31, 2018	$ 24,986	$ 116,793	$ 483	$ 440	$ 142,702
March 31, 2017	$ 24,986	$ 116,793	$ 483	$ 440	$ 142,702

Pursuant to the R.O.C. Company Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided it should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

C. Legal reserve

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. Special reserve

According to the "Rules Governing the Administration of Securities Firms", 20% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. The special reserve shall be used exclusively to cover accumulated deficit or to increase capital and shall not be used for any other purpose. Such capitalization shall not be permitted unless the Company had already accumulated a special reserve of at least 25% of its paid-in capital stock and only quarter of such special reserve may be capitalized.

In accordance with the regulations, the Company shall set aside an equivalent amount of special reserve from accumulated unappropriated retained earnings of the current year based on the decreased amount of equity. If there is any subsequent reversal of the decrease in equity, the earnings may be distributed based on the reversal proportion.

According to Jing-Guan-Zheng-Chuan Letter No. 10500278285, from fiscal year 2016 to 2018, securities firm shall provide 0.5% to 1% of profit after tax as special reserve before distributing earnings. According to Jin-Guan-Zheng-Chuan Letter No. 1060005703, special provision shall be provided after the accumulated deficit is covered. From fiscal year 2017, the amount of employees' training for transition, transfer or arrangement expenditure arising from financial technology development can be reversed up to the amount of the abovementioned special reserve.

27) Unappropriated earnings and dividends policy

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be used to pay all taxes and offset prior years' operating losses first, and then set aside as legal reserve, accounted for as 10% of the remaining amount, and special reserve, accounted for as 20% of the remaining amount. Upon provision or reversal of special reserve in accordance with the law, any remaining amount together with unappropriated earnings at beginning of the period shall be distributed according to the following resolution adopted at the stockholders' meeting: Distribution shall not be made if the balance of distributable earnings is less than 5% of paid-in capital.

B. In addition, the total amount of dividends declared every year shall be at least 70% of distributable earnings, of which stock dividends shall be at least 50% and cash dividends shall be lower than 50%.

C. The Company may determine a better proportion of cash and stock dividends distribution based on its actual operating conditions and capital utilization plan for the following year.

D. The earnings distribution for 2017 as resolved by the Board of Directors on March 26, 2018； the appropriation of 2016 earnings was resolved by the shareholders on June 22, 2017. Details are as follows:

	For the year ended December 31, 2017		For the year ended December 31, 2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 251,972		$ 79,851	
Special reserve	503,944		159,701	
Special reserve(Note 1)	12,599		3,993	
Reversal special reserve(Note 1)	(3,023)		-	
Special reserve(Note 2)	58,374		-	
Cash dividends	1,668,514	$ 1.20	-	$ -
Stock diviends	-	-	547,623	0.41
	$ 2,492,380		$ 791,168	

Note 1 ： Special reserve was provided for employees' transition for financial technology development based on Jin-Guan-Zheng-Chuan Letter No. 10500278285 and Jin-Guan-Zheng-Qi-Chuan Letter No. 1060005703, and can be reversed for employees' transition. The Board of Directors of the Company resolved to provide 0.5% as special reserve on March 26, 2018.

Note 2 ： Special reserve shall be set aside in the same amount of net debit amount of other equity interest recorded in current year from the profit or loss of current year and the accumulated unappropriated earnings pursuant to paragraph 1 of Article 41 of Securities and Exchange Act and Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865.

E. For details on employees' remuneration and directors' remuneration, please refer to Note 6 (42).

28) Brokerage handling fee revenue

	Three months ended March 31, 2018	Three months ended March 31, 2017
Revenues from brokered trading - TWSE	$ 302,196	$ 212,051
Revenues from brokered trading - OTC	115,933	92,400
Revenues from brokered trading - Futures	194,662	142,044
Others	59,774	32,244
Total	$ 672,565	$ 478,739

29) Revenues from underwriting business

	Three months ended March 31, 2018	Three months ended March 31, 2017
Revenues from underwriting securities on a firm	$ 7,467	$ 6,855
Others	13,384	4,882
Total	$ 20,851	$ 11,737

30) Gain on trading of securities

	Three months ended March 31, 2018	Three months ended March 31, 2017
Dealers:		
-TAIEX	$ 249,412	$ 305,411
-OTC	(124,938)	242,086
-Overseas trading	66,427	195,460
Subtotal	190,901	742,957
Underwriters:		
-TAIEX	12,656	4,889
-OTC	4,916	1,082
Subtotal	17,572	5,971
Hedging:		
-TAIEX	(143,063)	94,735
-OTC	(22,806)	41,281
-Overseas trading	(13,545)	(1,868)
Subtotal	(179,414)	134,148
Total	$ 29,059	$ 883,076

31) Interest income

	Three months ended March 31, 2018	Three months ended March 31, 2017
Interest income from margin loans	$ 174,371	$ 141,121
Interest income from bonds	169,148	218,480
Others	906	714
Total	$ 344,425	$ 360,315

32) Gain (loss) on valuation of securities

	Three months ended March 31, 2018	Three months ended March 31, 2017
Loss on sale of securities - dealer	($ 5,097)	($ 144,745)
Gain on sale of securities - underwriting	13,425	23,613
Gain (loss) on sale of securities - hedging	62,052	(2,570)
Total	$ 70,380	($ 123,702)

33) Gain (loss) on covering of borrowed securities and bonds with resale agreements - short sales

	Three months ended March 31, 2018	Three months ended March 31, 2017
Gain (loss) from the bond investments under resale agreements	$ 25,211	($ 57,994)
Loss from securities borrowing transactions - warrants	-	(479)
Gain (loss) from covering - warrants	8,638	(11,184)
Loss from securities borrowing transactions - dealer	(9,605)	(891)
Total	$ 24,244	($ 70,548)

34) (Losses) gains on valuation of borrowed securities and bonds with resale agreements

	Three months ended March 31, 2018	Three months ended March 31, 2017
Valuation (losses) gains from the bond investments under resale agreements	($ 1,608)	$ 7,635
Valuation gains from securities borrowing transactions - dealer	5,649	30,354
Valuation gains from securities borrowing transactions - warrants	-	422
Valuation losses from covering - warrants	(7,296)	(20,900)
Total	($ 3,255)	$ 17,511

35) Realised loss on financial assets measured at fair value through other comprehensive income

	Three months ended March 31, 2018	Three months ended March 31, 2017
Foreign bonds	($ 4,165)	$ -

36) Gain on warrants issuance

	Three months ended March 31, 2018	Three months ended March 31, 2017
Gain on changes in fair value of call (put) warrant liabilities and redemption	$ 237,728	$ 29,358
Loss on exercise of call (put) warrants before maturity	(10,385)	(12,716)
Expenses arising out of issuance of call (put) warrants	(20,482)	(15,912)
Total	$ 206,861	$ 730

37) Gains on derivative financial instruments

	Three months ended March 31, 2018	Three months ended March 31, 2017
Futures contract gain	$ 109,447	$ 35,158
Option trading gain	51,508	46,167
(Losses) gains from asset swap options	(89,719)	127,924
Others	(20,795)	(11,042)
Total	$ 50,441	$ 198,207

38) Impairment loss

	Three months ended March 31, 2018	Three months ended March 31, 2017
Provision for impairment	$ 10,781	$ -
Reversal of impairment loss	(21)	-
Total	$ 10,760	$ -

39) Other operating (loss) income

	Three months ended March 31, 2018	Three months ended March 31, 2017
Income from securities lending	$ 22,067	$ 16,807
Net currency exchange (loss) gain	(200,213)	142,199
Handling fee revenues from funds	11,247	9,424
Others	17,243	34,916
Total	($ 149,656)	$ 203,346

40) Handling charges

	Three months ended March 31, 2018	Three months ended March 31, 2017
Brokerage handling fee expense	$ 72,702	$ 52,443
Dealer handling fee expense	54,219	29,897
Refinancing processing fee expense	415	284
Total	$ 127,336	$ 82,624

41) Financial expenses

	Three months ended March 31, 2018	Three months ended March 31, 2017
Interest expense from repurchase agreements	$ 60,732	$ 68,964
Loans interest expense	33,733	33,853
Other interest expense	3,769	2,837
Total	$ 98,234	$ 105,654

42) Employee benefits

	Three months ended March 31, 2018	Three months ended March 31, 2017
Salaries	$ 471,139	$ 517,189
Labor and health insurance	36,682	30,016
Pension	18,396	16,110
Other employee benefits	31,362	28,384
Total	$ 557,579	$ 591,699

A. In accordance to the Company's Article of Incorporation, the remainder of the year-end income before taxes less income before appropriating employees' compensation and directors' remuneration, if any, shall appropriate an employees' compensation of no less than 1.6% and directors' remuneration of no more than 2%. However, when the Company has an accumulated deficit, earnings to cover the deficit shall first be retained before appropriating employees' compensation and directors' remuneration.

B. For the three months ended March 31, 2018 and 2017, employees' compensation was accrued at $2,583 and $17,499, respectively; directors' remuneration was accrued at $2,583 and $17,499, respectively. The aforementioned amounts were recognised in salary expenses.

C. For the three months ended March 31, 2018, employees' compensation was estimated at 2% and directors' remuneration at 2%, based on the period-end income before taxes less income before appropriating employees' compensation and directors' remuneration.

D. The actual distributed amount of employees' and directors' remuneration for 2017 as resolved by the Board of Directors was in agreement with the estimate in the 2017 financial statements.

E. Information on the appropriation of the Company's earnings as resolved by the Board of Directors would be posted in the "Market Observation Post System" on the Taiwan Stock Exchange official website.

43) Depreciation and amortization

	Three months ended March 31, 2018	Three months ended March 31, 2017
Depreciation	$ 17,566	$ 19,308
Amortization	8,041	8,315
Total	$ 25,607	$ 27,623

44) Other operating expenses

	Three months ended March 31, 2018	Three months ended March 31, 2017
Rentals	$ 28,488	$ 30,027
Taxes	184,359	166,004
Computer information expenses	40,745	39,442
Postage	17,043	17,393
Bad debt expenses	-	2,071
Others	89,409	95,275
Total	$ 360,044	$ 350,212

45) Other gains and losses

	Three months ended March 31, 2018	Three months ended March 31, 2017
Financial income	$ 33,208	$ 31,821
Loss on disposal of investments	(1,788)	-
(Loss) gain on valuation of open-ended funds and money-market instruments	(10,508)	726
Net currency exchange loss	(2,014)	(12,071)
Other non-operating revenues	41,227	32,723
Total	$ 60,125	$ 53,199

46) Income tax

A. Income tax expense

(a)Components of income tax expense:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Current tax:		
Current tax on profits for the periods	$ 34,099	$ 88,803
Prior year income tax underestimation	52	-
Total current tax	34,151	88,803
Deferred taxes:		
Origination and reversal of temporary	(3,527)	34,107
Impact of change in tax rate	(9,502)	-
Total deferred taxes	(13,029)	34,107
Income tax expense	$ 21,122	$ 122,910

(b)The income tax expense relating to components of other comprehensive income is as follows：

	Three months ended March 31, 2018	Three months ended March 31, 2017
Impact of change in tax rate	($ 11,886)	$ -

B. As of March 31, 2018, the Company’s income tax returns through 2013 and 2015 have been assessed by the National Tax Authority. The income tax returns through 2016 of President Futures, President Capital Management, President Venture Capital, President Personal Insurance Agency and President Insurance Agency have also been assessed.

C. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

47) Earnings per share

	Three months ended March 31, 2018		
	Amount after tax	Weighted-average outstanding common shares (In thousands)	Earnings per share (In dollars)
Basic earnings per share			
Net income attributable to common shareholders	$ 112,714	1,390,428	$ 0.08
Dilutive effect of common stock equivalents			
Employee bonus	-	173	
	$ 112,714	1,390,601	$ 0.08

	Three months ended March 31, 2017		
	Amount after tax	Weighted-average outstanding common shares (In thousands)	Earnings per share (In dollars)
Basic earnings per share			
Net income attributable to common shareholders	$ 721,783	1,390,428	$ 0.52
Dilutive effect of common stock equivalents			
Employee bonus	-	1,311	
	$ 721,783	1,391,739	$ 0.52

7. RELATED PARTY TRANSACTIONS

1) Names and relationships of related parties

Names of related parties	Relationship with the Company
Uni-President Enterprises Corp.	Entity having significant influence on the Company
Uni-President Asset Management Corp.	Associate
President Chain Store Corp. (PCSC)	Other related party
Ton Yi Industrial Corp.	Other related party
President Tokyo Co., LTD	Other related party
CAYMAN PRESIDENT HOLDINGS LIMITED	Other related party

2) Significant related party transactions and balances

A. Accounts receivable

	March 31, 2018	December 31, 2017
Entity having significant influence on the company:		
Uni-President Enterprises Corp.	$ 304	$ 304
Associate:		
Uni-President Assets Management Corp.	10	-
Other related party:		
Others	830	583
Total	$ 1,144	$ 887

	March 31, 2017
Entity having significant influence on the company:	
Uni-President Enterprises Corp.	$ 286
Associate:	
Uni-President Assets Management Corp.	10
Other related party:	
Others	702
Total	$ 998

B. Other receivables

	March 31, 2018	December 31, 2017
Other related party:		
Others	$ 9	$ 9

	March 31, 2017
Other related party:	
Others	$ 18

C. Guarantee deposit received

	March 31, 2018	December 31, 2017
Associate:		
Uni-President Assets Management Corp.	$ 530	$ 530
Other related party:		
President Tokyo Co., Ltd.	1,393	1,393
Total	$ 1,923	$ 1,923

	March 31, 2017
Associate:	
Uni-President Assets Management Corp.	$ 531
Other related party:	
Others	1,393
Total	$ 1,924

D. Income of wealth management - trust income from sales of funds

	Three months ended March 31, 2018	Three months ended March 31, 2017
Associates:		
Uni-President Assets Management Corp.	$ 2,017	$ 986

The revenues were collected on a monthly basis in accordance with contract terms.

E. Other operating revenue - handling charge revenue

	Three months ended March 31, 2018	Three months ended March 31, 2017
Associates:		
Uni-President Assets Management Corp.	$ 10,893	$ 9,192

The revenues were collected on a monthly basis in accordance with contract terms.

F. Rent income

	Period	Deposit	Three months ended March 31, 2018	Three months ended March 31, 2017
Associates:				
Uni-President Assets Management Corp.	2016.05.01~2019.04.30	$ 530	$ 1,771	$ 1,780
Other related party:				
President Tokyo Co., Ltd.	2015.04.01~2019.03.31	1,393	2,355	2,293
Others		-	105	99
			$ 4,231	$ 4,172

Rental income mentioned above is derived from leasing part of the Group’s office space and business premises to various related parties and calculated as agreed by both parties. Lease payments are collected on schedule in accordance with the terms of the lease contracts.

G. Stock custodian income

	Three months ended March 31, 2018	Three months ended March 31, 2017
Entity having significant influence on the company:		
Uni-President Enterprises Corp.	$ 912	$ 858
Associate:		
Uni-President Assets Management Corp.	37	38
Other related party:		
Ton Yi Industrial Corp.	308	308
President Chain Store Corp. (PCSC)	410	389
Others	686	666
	$ 2,353	$ 2,259

H. Gains on derivative financial instruments

	Three months ended March 31, 2018	Three months ended March 31, 2017
Other related party:		
CAYMAN PRESIDENT HOLDINGS LIMITED	($ 2,006)	$ -
	($ 2,006)	$ -

I. Other operating expenses - equipment rental and copy expense

	Three months ended March 31, 2018	Three months ended March 31, 2017
Other related party:		
President Tokyo Co., Ltd.	$ 1,847	$ 1,684
Others	297	346
	$ 2,144	$ 2,030

J. Purchases of trading securities – dealer

	March 31, 2018		Three months ended March 31, 2018
	Ending Shares	Balance	Gain (loss)
Entity having significant influence on the company:			
Uni-President Enterprises Corp.	287	$ 19,803	($ 520)
Other related parties:			
Ton Yi Industrial Corp.	-	-	12
President Chain Store Corp.	7	2,058	(13)
		$ 21,861	($ 521)

	December 31, 2017		Year ended December 31, 2017
	Ending Shares	Balance	Gain (loss)
Entity having significant influence on the company:			
Uni-President Enterprises Corp.	127	$ 8,382	$ 208
Other related parties:			
Ton Yi Industrial Corp.	171	2,385	(33)
President Chain Store Corp.	-	-	136
		$ 10,767	$ 311

	March 31, 2017		Three months ended March 31, 2017
	Ending Shares	Ending	Gain (loss)
Entity having significant influence on the company:			
Uni-President Enterprises Corp.	-	$ -	$ -
Other related parties:			
Ton Yi Industrial Corp.	-	-	-
President Chain Store Corp.	4	1,000	31
		$ 1,000	$ 31

K. Compensation of key management personnel

The compensation of key management such as directors, general managers, vice general managers were as follows:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Salary and short-term employee benefits	$ 33,042	$ 25,823
Retirement benefits	416	442
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
Total	$ 33,458	$ 26,265

(Blank below)

8. PLEDGED ASSETS

The Company's assets pledged or restricted for use were as follows:

Assets	March 31, 2018	December 31, 2017	Purposes
Financial assets at fair value through profit or loss - current:			
Trading securities (par value)			
- Corporate bonds	$ -	$ 400,000	Securities for bonds sold under repurchase agreements
- Government bonds	2,428,900	1,683,000	Securities for bonds sold under repurchase agreements
- Overseas bonds	9,672,461	18,999,562	Securities for bonds sold under repurchase agreements
- International bonds	1,224,605	920,297	Securities for bonds sold under repurchase agreements
- Bank debentures	1,500,000	-	Securities for bonds sold under repurchase agreements
Financial assets at fair value through other comprehensive income - current			
- Overseas bonds (par value)	1,577,865	-	Securities for bonds sold under repurchase agreements
Available-for-sale financial assets - current			
- Overseas bonds (par value)	-	1,071,360	Securities for bonds sold under repurchase agreements
Restricted assets:			
- Demand deposits	64,845	109,566	Collections on behalf of third parties and reimbursement for wages and stocks
- Pledged time deposits	633,636	639,815	Securities for short-term loans and guarantees for issuance of commercial papers
Financial assets at fair value through profit or loss - non-current:			
- Government bonds (par value)	50,000	50,000	Trust fund deposit-out
Property and equipment			
- Land and buildings (book value)	1,257,106	1,259,648	Securities for short-term loans and guarantees for issuance of commercial papers
Pledged time deposits			
- Operating guarantee deposits	682,000	682,000	Security deposits
- Refundable deposits	2,000	2,000	Security deposits

Assets	March 31, 2017	Purposes
Financial assets at fair value through profit or loss - current:		
Trading securities (par value)		
- Corporate bonds	$ 2,600,000	Securities for bonds sold under repurchase agreements
- Government bonds	2,572,300	Securities for bonds sold under repurchase agreements
- Overseas bonds	14,394,037	Securities for bonds sold under repurchase agreements
- International bonds	2,625,371	Securities for bonds sold under repurchase agreements
Available-for-sale financial assets - current		
- Overseas bonds (par value)	1,243,530	Securities for bonds sold under repurchase agreements
Restricted assets:		
- Demand deposits	10,611	Collections on behalf of third parties and reimbursement for wages and stocks
- Pledged time deposits	1,220,794	Securities for short-term loans and guarantees for issuance of commercial papers
Financial assets at fair value through profit or loss - non-current:		
- Government bonds (par value)	50,000	Trust fund deposit-out
Property and equipment		
- Land and buildings (book value)	1,295,633	Securities for short-term loans and guarantees for issuance of commercial papers
Investment property		
- Land and buildings (book value)	37,149	Securities for short-term loans and guarantees for issuance of commercial papers
Pledged time deposits		
- Operating guarantee deposits	692,000	Security deposits
- Refundable deposits	400	Security deposits

9. SIGNIFICANT COMMITMENTS

None.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12. OTHER

1) Management objective and policy of financial risks

A. Risk management objective

The Group continually strengthens risk culture to every employee and makes sure that the Group can actively develop various businesses under a healthy and effective risk management system. At the same time, by creating value of an entity and continually increasing profit, profit maximization may be achieved within appropriate risk tolerance.

B. Risk management system

In order to ensure the completeness of risk management system, run the balancing mechanism of risk management, and improve the division efficiency of risk management, the Group sets up "Risk Management Policy". Such policy aims to establish internal system compliance and the guiding tools for policies communication within the Group and enable every layer of the Group engaged in different tasks to identify, evaluate, monitor, and control various risks with establishment of consistent compliance rules for risks of each business so that the risks can be controlled within the limits set in advance.

The Group's risk management system covers risks incurred from businesses in and off the balance sheet, such as market risk, credit risk, liquidity risk, operating risk, legal risk, model risk which are all included in the risk management.

C. Risk management organization

Risk management organization: Board of Directors, Risk Management Committee, Risk Control Office, Business units and other related segments (such as Office of Auditing, Office of General Manager, Compliance segment, Legal segment and Finance segment) are in charge of planning, supervising and execution.

(A) The Board of Directors should ensure the effectiveness of risk management and be responsible for the ultimate result and the following duties:
   a. To establish proper risk management system, operating process, and risk management culture in the Group with allocation of necessary resource for better execution and operation.
   b. Policy of risk management review
   c. Review and approval of business application, transaction authorization and risk limit.

(B) The Risk Management Committee reports to the Board of Directors and is responsible for the following:
   a. Review risk management policy
   b. Review the highest risk tolerance
   c. Submit regular reports to the Board of Directors in relation to the risk management status of the whole Group

(C) The General Manager supervises daily risk management of the entire Group and is responsible for the following:
   a. Supervise and monitor daily risk management of the entire Group
   b. Approval of management exceptions

(D) Assets and Liabilities Committee reports to the General Manager and is responsible for the following:
   a. Set up the ultimate guidelines for assets and liabilities management of the entire Group
   b. Analyze and control the entire Group's assets and liabilities portfolio
   c. Approval of various businesses' quotas
   d. Gather and analyze information on domestic and offshore interest rate, exchange rate, prosperity fluctuation, political and economic environmental changes, and predict the financial trend in the future

(E) Risk Control Office implements risk management policy and related regulations and reports to the Risk Management Committee. Risk Control Office also reports daily risk management to the General Manager and is responsible for the following:
   a. Establish Risk Management Policy of the entire Group
   b. Develop effective method for measurement and risk management in an entity
   c. Review risk management system of business units
   d. Generate risk report through information gathering and consolidation
   e. Analyze various business risks and report to the General Manager

f. Report the risk management situation to the Risk Management Committee according to a meeting's nature and needs

g. Carry out duties as designated by the Risk Management Committee and control risks of business units

(F) Auditing Office is responsible for the following:

a. Execute operating risk control

b. Include the risk management system into internal audit program and carry out the daily audit schedule.

c. Assess the effectiveness of internal control and verify the executed result.

(G) Compliance segment and legal segment under the Office of General Manager are responsible for the following:

a. Compliance segment should make sure that the business operation and risk management system are in compliance with relevant regulations.

b. Legal segment is responsible for legal risk control

(H) Finance segment is responsible for the following:

a. Verify the correctness of position information and reasonability of profit and loss calculation.

b. Control and analyze self-owned capital adequacy ratio.

c. Analyze the appropriateness of structures of the assets and liabilities.

(I) Business units are responsible for the following:

a. Set up risk management details of various businesses according to the risk management policy and other related regulations.

b. Provide sufficient position information and risk control information to the Risk Control Office.

(J) Settlement division is responsible for:

a. Clearing and settlement; risk control and management of margin purchase and short sale of securities.

b. Risk control and management of trading middle office and enforcement of rules governing risk management of business segments.

D. Risk management policy

In order to ensure the completeness of risk management system, run the balancing mechanism of risk management, and improve the division efficiency of risk management, the Group sets up "Risk Management Policy". Such policy aims to establish internal system compliance and the guiding tools for policies communication within the Group and enable every layer of the Group engaged in different tasks to identify, evaluate, monitor, and control various risks with establishment of consistent compliance rules for risks of each business so that the risks can be controlled within the limits set in advance.

Risk management processes include risk identification, risk evaluation, risk supervision and various risk control. Each kind of risk evaluations and responding strategies are described as follows:

(A) Market risk management

The Group has implemented risk management information system (Risk Manager) in relation to market risk control. All trading positions of the Group have been included in the daily risk control system for the calculation of Value at Risk (VaR). Limit exceeding indicators are mainly the nominal principal, stop-loss, sensitivity (Greeks) and VaR. The risk management report is presented on a daily basis for implementation of regular control and limit exceeding handling procedures.

(B) Credit risk management

In relation to risk control, the quantitative model of default rate adopts KMV model to calculate the default rate of issuers with credit exposure of the issuing company and the trading counterparties, and credit risk of securities disclosed in the report. The credit exposure is mitigated through regular review of credit status.

(C) Fund liquidity risk

Unit in charge of fund procurement regularly predicts future fund demand and supply, and consolidates company guarantee or endorsement and capital lending businesses to monitor the condition of fund procurement on a daily basis.

E. Hedging and risk-offsetting strategy

(A) Policies of hedging and risk mitigating are parts of the Group's risk management policies, and the hedging position and hedged trading position are supposed to be one portfolio, of which the gain and loss and risk information are measured on a consolidated basis.

(B) The overall position (hedging position and trading position) is included in the daily risk management system to calculate Value at Risk and other relevant information. Limit exceeding indicators mainly include nominal principal, stop-loss point, price sensitivity and VaR. With the presentation of daily risk management report, routine control and limit exceeding treatment can be executed.

(C) The continued effectiveness of hedging and risk-offsetting strategy is measured by the gain and loss of overall position (hedging position and trading position), in order to track reasonableness of the profit or loss of hedging position and the offsetting relationship with the profit or loss of trading position, and to control them within a reasonable range.

2) <u>Credit risk</u>

A. Source and definition of credit risk

The credit risk exposure of the Group as a result of engagement in financial transactions include issuer's credit risk, credit risk of counterparty and credit risk of underlying assets:

(A) Credit risk of the issuer refers to the issuers of financial debt instruments held by the Group failing to repay its obligation due to the fact that the issuer breaches the contract resulting in the risk of financial loss to the Group.

(B) Credit risk of counterparty refers to risk of financial loss to the Group arising from default by the counterparty of financial instruments on the settlement or payment obligation.

(C) Credit risk of the underlying assets happens when the credit rating of the underlying assets linked to the financial instrument is downgraded by the rating agency or when the losses occur as a result of contract default.

The financial assets held by the Group which could result in credit risk include bank deposit, debt securities, derivatives transactions in OTC, bonds purchased/sold under resale/repurchase agreements, refundable deposit of securities lending, futures trade margins, other refundable deposits and receivables.

B. Maximum credit risk exposure and credit risk concentration

The maximum exposure to credit risk of financial assets in the consolidated balance sheet, without consideration of the collateral or other credit enhancements, is equivalent to the carrying amount. In Taiwan, the sources of credit risk of the Group are primarily resulting from cash deposited with banks or other financial institutions, debt securities issued or guaranteed by a bank, derivative instruments transaction underwritten by the Group, and all counterparties of customer margin deposits accounts being financial institutions. Credit risks of various financial assets are as follows:

(A) Cash and cash equivalents

Cash and cash equivalents include time deposit, demand deposits and checking deposits. Correspondent institutions are mainly domestic financial institutions.

(B) Financial assets at fair value through profit and loss -current

a. Fund

The funds held by the Group are bond funds. As the positions held are not significant, credit risk is deemed low.

b. Debt securities

Debt securities are mainly positions like government bonds, convertible corporate bonds and foreign bonds and the issuers are primarily R.O.C. government, domestic and foreign legal entities. 28% of convertible corporate bond is guaranteed by banks. Details are as follows:

(a)Bonds

The bonds held by the Group are mostly government bonds (inclusive of central and local government). As a whole, the credit risk of the bonds held by the Group is low.

(b) Corporate bonds

The corporate bonds held by the Group are mainly underlying investment with good credit rating and those with rating above (S&P BB).

(c)Convertible corporate bond

The convertible corporate bonds held by the Group are mostly issued by the domestic legal entities. The Group mitigates highly risky credit exposure of the issuers by control through Taiwan Corporate Credit Risk Index (TCRI).

(d)Foreign bonds

The foreign bonds held by the Group are mainly underlying investment with good credit rating and those with rating above (S&P BB).

(C) Financial assets at fair value through other comprehensive income - current

The foreign government bonds held by the Group are classified as debt instruments at fair value through other comprehensive income. In general, the bonds held by the Group are with lower credit risk.

(D) Derivatives- futures trade margin

When engaging in futures trades in stock exchange market, the Group needs to deposit margin into a margin deposit account of a financial institution designated by the futures merchants as a guarantee to fulfil contractual obligation in the future. As a result, the credit risk is low.

(E) Derivatives-OTC

The Group signs International Swaps and Derivatives Association (ISDA) agreements with each counterparty when engaging in OTC derivatives as an agreement regarding such transactions for both parties. In the agreement, it provides a fundamental contractual model for OTC derivative transactions. If any party breaches the contract or terminates the transactions early, then all the open interest covered in the agreement should be settled by net amount as bound in the contract. When the ISDA agreement is signed, the Credit Support Annex (CSA) is also signed. According to the CSA, collateral will be transferred from a party to the other during transaction process to mitigate the risk of counterparty in open interest. Please refer to Note 6(11).

Types of OTC derivative transactions in which the Group is engaged include swap transaction. The counterparties are all from financial service industry and mainly located in Taiwan and United Kingdom.

(F) Bonds investment under a resale agreement

Bonds sold under a resale agreement are the bonds that the client sold to the Group at a price, interest rate, length of period as agreed by two parties and the client shall repurchase the bonds at the specified price upon maturity. The Group needs to assume credit risk from counterparties when underwriting such business, as the payment being delivered to the other party. With consideration of good collateral obtained, the net of credit risk exposure from counterparties can be effectively reduced. As all the counterparties are financial institutions with good credit rating, the credit risks from counterparties are extremely low. Please refer to Note 6(11).

(G) Margin loans receivable

Margin loans receivable are the loans provided to the client in order to process businesses of margin trading and short sale using the securities purchased through financing as collateral. The Group monitors the clients' margin ratio through information system on a daily basis. As the margin ratio of margin trading is set at 130% according to Regulations Governing the Conduct of Securities Trading Margin Purchase and Short Sale Operations by Securities Firms, the credit risk is extremely low.

(H) Guaranteed price for securities lending

Guaranteed price for securities lending is the sale price of the Group's securities sold by other securities firms through margin trading after deduction of securities transactions tax and service fee, which is deposited in other securities firms as collateral. As all the counterparties are financial institutions with good credit rating, the credit risk from counterparties is extremely low.

(I) Refundable deposits for securities lending

Refundable deposits for securities lending are the margins deposited in other securities firm as collateral when the Group's securities are sold. As all the counterparties are financial institutions with good credit, the credit risk from counterparties is extremely low.

(J) Receivables

Receivables are the credit rights arising from the securities business including settlement receivables of consignment trading, settlement receivables of operating securities sold, financing interest receivables of self-operating credit transaction, receivables of consignment trading for securities, and receivables from banks' underwriting on foreign exchange transactions and foreign fund demand. As the majority of the Group's receivables from the consignment businesses and self-operating businesses are settlement of securities from OCT or TWSE, the credit risk is extremely low. As the foreign exchange transactions are simply the receipt or payment of different currencies and the correspondent banks are of good credit rating, the credit risk is extremely low.

(K) Other current assets

Other current assets are mainly the collateral deposited in the bank for application for short-term debt limit and guarantee for application for issuance of commercial papers. As the correspondent banks are all financial institutions with good credit rating, the credit risk is extremely low.

(L) Financial assets at fair value through profit and loss – non-current

In order to underwrite trust business, the Group deposits central government bonds in the Central Bank as collateral. Regardless of the bonds themselves or the financial institutions where the bonds deposited, the credit risk is extremely low.

(M) Other non-current assets

Other non-current assets mainly comprise operating guarantee deposits, settlement funds, and refundable deposits. Operating guarantee deposits are mainly deposited in domestic banks with good credit rating. Settlement funds are deposited in securities exchange. Settlement funds are used as compensation when a party to a marketable securities transaction fails to fulfil the settlement obligation. The credit risks from the institutions where these two assets are deposited are extremely low. The refundable deposits refer to cash or other assets which are deposited externally by the Group and can be used as refundable deposits. Because deposits are placed in various financial institutions and each deposit amount is small, the credit risk is dispersed and the credit exposure of overall refundable deposit is extremely low.

C. Expected credit loss assessment

In the assessment of impairment and calculation of expected credit losses, the Group considers reasonable and supporting information about past events, current conditions and future economic conditions. The Group determines at the balance sheet date whether there has been a significant increase in credit risk since initial recognition or whether credit impairment has occurred, and recognises expected credit loss according to which stage the asset belongs: no significant increase in credit risk or low credit risk at balance sheet date (Stage 1), significant increase in credit risk (Stage 2), and credit impaired (Stage 3). 12-month expected credit losses are recognised for assets in Stage 1, and lifetime expected credit loses are recognised for assets in Stage 2 and Stage 3.

The definition of and expected credit losses recognised for each stage are as follows:

Item	Stage 1	Stage 2	Stage 3
Definition	No significant deterioration of credit quality of the financial asset since initial recognition, or the financial asset is considered low-risk at the balance sheet date.	Significant deterioration of credit quality of the financial asset since initial recognition, but the asset is not yet credit impaired.	The financial asset is credit impaired at the financial reporting date.
Expected credit losses recognition	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

(A) Judgements of the significant increase in credit risk since initial recognition

Judgements and assumptions used to determine whether the credit risk has a significant increase since initial recognition when the Group calculates expected credit loss under IFRS 9 are as follows:

a. If contractual payments are over 30 days past due according to the payment terms, the financial asset is considered to have significant increase in credit risk since initial recognition.

b. There is significant increase in credit risk at the reporting date if the credit rating of the issuer has been downgraded by more than 2 grades and the final external credit rating at the reporting date is non-investment grade, if the interest payments are over 30 days past due, or if there has been a default in the past.

(B) Definition of default and credit-impaired financial assets

According to the definition of credit impairment set by IFRS 9, a financial asset is credit-impaired when one or more events that have occurred and have a significant impact on the expected future cash flows of the financial asset. The criteria used to judge whether a financial asset is credit-impaired since initial recognition includes but is not limited to the following:

a. Contractual payments or principal or interest payments on bonds are over 3 months (90 days) past due.

b. Bond investment is rated as “in default” by external credit rating agencies.

c. Bond issuer has filed for bankruptcy, restructure, or other debt clearance procedures.

d. Issuer or counterparty has financial difficulties.

(C) Writing-off policy

If any of the following condition applies, the Group will write off the non-recoverable portion of the overdue receivables as bad debt.

a. Debt cannot be fully or partially recovered due to dissolution of, disappearance of, settlement with, bankruptcy declaration by the debtor, or any other reason.

b. The collateral and the assets of the primary and secondary debtors could not be auctioned off after multiple attempts and multiple price discounts, and the Company has not received any real benefits in assuming the collateral.

c. Payments are over two years past due and could not be recovered after attempts to collect.

(D) Measurement of expected credit losses

The Group considers reasonable supporting information which shows significant increase in credit risk since initial recognition when calculating expected credit losses. Main indexes include: internal/external credit rating, information of past due, credit spread, other market information in relation to the borrower, issuer or counterparty, and significant increase in credit risk of other financial instrument of the same borrower.

a. Investments in bills and bonds

(a)Probability of default was based on external credit rating, which include forward-looking information.

(b)Loss given default was based on the average loss given default of external credit rating of investment position and counterparties.

(c)Exposure at default

Stage 1, Stage 2 and Stage 3: Total carrying amount (including interest receivable).

(E)Consideration of forward-looking information

Historical loss rate (based on the historical experience in the past 3 to 5 years) as obtained and compared with economic environment in the past, nowadays and future (forward-looking factor) to see whether there is any significant change, and then to properly adjust future loss rate standards. If any significant default event occurs, the loss rate in the current year will be included in the calculation of future loss rate standard.

D. Table of movements in loss provision of the Group

(A) The movements in loss provision of debt instruments at fair value through other comprehensive income recognised by the Group are as follows:

	March 31, 2018			
	Stage 1	Stage 2	Stage 3	
	12 months	Significant increase in credit risk	Credit impaired	Total
At January 1_IAS 39	$ -	$ -	$ -	$ -
Adjustments under new standards	-	-	-	-
At January 1_IFRS 9	-	-	-	-
Provision for impairment	-	-	-	-
Reversal of impairment loss	-	-	-	-
At March 31	$ -	$ -	$ -	$ -

(B) The movements in loss provision of marginal receivables, accounts receivable, other receivable-others and other non-current assets-overdue receivables of the Group are as follows:

	March 31, 2018			
	Stage 1	Stage 2	Stage 3	
	12 months	Sigificant increase in credit risk	Credit impaired	Total
At January 1_IAS 39	$ 33,673	$ -	$ 191,222	$ 224,895
Adjustments under new standards	-	-	-	-
At January 1_IFRS 9	33,673	-	191,222	224,895
Provision for impairment	1,349	-	9,432	10,781
At March 31	$ 35,022	$ -	$ 200,654	$ 235,676

E. Credit risk information as of December 31, 2017 and March 31, 2017 are provided in Note 12(11).

3) Liquidity risk

A. Definition and source of liquidity risk

Liquidity risk refers to possible financial losses arising from the inability to realize the asset or to obtain sufficient fund to fulfil the financial liabilities soon to be matured. Above situations may weaken the sources of cash from the Group's trading and investment activities.

B. Liquidity risk management procedure and stimulation test

In order to prevent operational crisis as a result of liquidity risk, the Group has established responding crisis process with regular monitoring over liquidity gap of fund.

(A) Procedure

In addition to the operating capital for various business and long-term investment, the Group needs to maintain revolving funds at a certain level for daily operation. The use of remaining fund shall avoid high concentration and should be based on the principle of holding sound earning assets with high liquidity and treated in compliance with policies of the Group.

The responsive unit for fund procurement adjusts the liquidity gap to ensure proper liquidity according to the daily volume and movement in the market.

(B) Stimulation test

a. The Group reviews fund liquidity risk from a perspective of supply and demand of fund every month with simulation analysis of available fund for emergency including scenario analysis of cash, funding limit of financial institutions, margin loans and short sale, and value of disposal of position in order to compute maximum available fund and fund demand. Finally, safety stock of fund is reviewed to monitor liquidity risk.

b. Above liquidity risk is generally reviewed monthly. However, if the available limit of increment banking credit risk in financing limit of a financial institution is lower than a certain amount (that is, the amount may be timely adjusted according to the fund liquidity in the market and the actual fund demand and supply in an entity), the safety stock will be reviewed weekly. After the early warning report for fund is submitted, the head of finance segment will call for a fund control meeting.

c. Other than individual funding liquidity risk of an entity, stress test of minimization funding supply and maximization funding demand in the event of significant crisis is simulated, including:

(a) When there is a significant crisis in the market, the financing limit of the financial institutions and the value of disposal of position can be deemed the minimized ratio of fund supply which is then adjusted according to actual condition to compute the total fund supply under maximum stress.

(b) Except for the operating expense, the stock concept is adopted for the calculation of total fund demand under maximum stress.

(c) The Group should conduct a review to see whether the total minimized fund supply is more than maximized total fund demand. The Group should further review how long (by month) the difference may cover the operating expenses so that the safety stock of fund (by month) under stress test can be computed.

(d) The minimum safety stock of fund under stress test (by month) may be adjusted according to the crisis itself and only operating expense for at least 6 months under a normal stimulation can be deemed safe.

C. Maturity analysis for the financial assets and financial liabilities held for liquidity risk management

(A) The Group holds cash and sound earning assets with high liquidity in order to fulfil the payment obligation and potential emergency fund demand in the market. Financial assets held for liquidity risk management are mainly cash and cash equivalents, among which, all time deposits mature within a year. Financial assets at fair value through profit and loss are mainly listed stocks, convertible bonds and debt securities. As all of them have positions in active market, the liquidity risk is deemed low.

(B) Maturity analysis for the financial liabilities is as follows:

(Blank below)

	March 31, 2018				
	Immediately	Less than 3 months	3-12 months	1-5 years	Total
Short-term loans	$ 2,567,417	$ 1,838,365	$ -	$ -	$ 4,405,782
Commercial papers payable	600,000	6,100,000	-	-	6,700,000
Financial liabilities at fair value through profit or loss-current					
Non-derivative financial liabilities	373,609	-	-	-	373,609
Derivative financial liabilities	699,842	-	-	-	699,842
Bonds sold under repurchase agreements	-	15,458,761	-	-	15,458,761
Deposits on short sales	924,006	-	-	-	924,006
Deposits payable for securities financing	1,108,228	-	-	-	1,108,228
Securities lending refundable deposits	-	13,600	2,250	-	15,850
Futures traders' equity	12,243,498	-	-	-	12,243,498
Accounts payable (includes notes payable)	12,337,300	45,009	-	-	12,382,309
Collections on behalf of third parties	340,160	5,917	-	89,439	435,516
Other payables	-	212,595	671,110	40	883,745
Other financial liabilities -current	-	3,777,833	500,230	-	4,278,063
Total	$ 31,194,060	$ 27,452,080	$ 1,173,590	$ 89,479	$ 59,909,209

	December 31, 2017									
	Immediately		Less than 3 months		3-12 months		1-5 years		Total	
Short-term loans	$	3,814,864	$	2,630,454	$	-	$	-	$	6,445,318
Commercial papers payable		650,000		3,000,000		-		-		3,650,000
Financial liabilities at fair value through profit or loss-current										
Non-derivative financial liabilities		350,526		-		-		-		350,526
Derivative financial liabilities		855,875		-		-		-		855,875
Bonds sold under repurchase agreements		-		20,984,849		-		-		20,984,849
Deposits on short sales		1,861,947		-		-		-		1,861,947
Deposits payable for securities financing		2,197,656		-		-		-		2,197,656
Securities lending refundable deposits		-		224,317		1,078		-		225,395
Futures traders' equity		9,892,808		-		-		-		9,892,808
Accounts payable (includes notes payable)		9,226,922		53,565		-		-		9,280,487
Collections on behalf of third parties		340,746		9,363		-		89,469		439,578
Other payables		-		225,489		959,718		-		1,185,207
Other financial liabilities -current		-		1,745,075		1,454,223		-		3,199,298
Total	$	29,191,344	$	28,873,112	$	2,415,019	$	89,469	$	60,568,944

	March 31, 2017				
	Immediately	Less than 3 months	3-12 months	1-5 years	Total
Short-term loans	$ -	$ 5,423,676	$ -	$ -	$ 5,423,676
Commercial papers payable	-	7,400,000	-	-	7,400,000
Financial liabilities at fair value through profit or loss-current					
Non-derivative financial liabilities	2,026,028	-	-	-	2,026,028
Derivative financial liabilities	382,321	960	467	-	383,748
Bonds sold under repurchase agreements	-	22,063,075	-	-	22,063,075
Deposits on short sales	859,046	-	-	-	859,046
Deposits payable for securities financing	964,646	-	-	-	964,646
Securities lending refundable deposits	-	19,955	588	-	20,543
Futures traders' equity	10,619,277	-	-	-	10,619,277
Accounts payable (includes notes payable)	13,401,931	42,394	-	-	13,444,325
Collections on behalf of third parties	360,648	5,815	-	88,305	454,768
Other payables	-	183,765	598,264	-	782,029
Other financial liabilities -current	-	1,799,822	-	-	1,799,822
Total	$ 28,613,897	$ 36,939,462	$ 599,319	$ 88,305	$ 66,240,983

D. Maturity analysis for lease contracts and capital expenditures

Operating lease commitment is the total minimum lease payments that the Group should make as a lessee or minimum lease income as lessor under an operating lease term which is not cancelable. The capital expenditure commitment is the contract commitment signed for acquisition of capital expenditure of construction and equipment.

The following table illustrates maturity analysis for lease contract and capital expenditure commitment of the Group:

March 31, 2018	Operating leases expenditures (Lessee)	Operating leases income (Lessor)
Not later than one year	$ 92,743	$ 20,124
Later than one year but not later than five years	127,486	2,607
Over five years	3,765	-
Total	$ 223,994	$ 22,731

December 31, 2017	Operating leases expenditures (Lessee)	Operating leases income (Lessor)
Not later than one year	$ 97,785	$ 19,867
Later than one year but not later than five years	187,215	5,654
Over five years	3,402	-
Total	$ 288,402	$ 25,521

March 31, 2017	Operating leases expenditures (Lessee)	Operating leases income (Lessor)
Not later than one year	$ 108,901	$ 21,471
Later than one year but not later than five years	185,004	20,387
Over five years	4,620	-
Total	$ 298,525	$ 41,858

4) Market risk

A. Definition of market risk

Market risk refers to the risk of decrease in the Group’s revenue or value of investment portfolio as a result of the changes in exchange rate, commodity price, interest rate, and stock price or other market risk factors.

The Group continually exercises risk management tools such as sensitivity analysis, Value at Risk, stress test and so on to completely and effectively measure, monitor and manage market risk.

B. Value at Risk (VaR)

Value at Risk is used to measure the possible maximum potential losses in investment portfolio as a result of movement in market risk factor in a specified period and confidence level. The Group currently uses confidence level of 95% to calculate Value at Risk of one day.

A VaR model must reasonably, completely and accurately measure the maximum potential risks of financial instruments or investment portfolio before being adopted as a risk management model by the Group. The VaR model used in risk management is continually certified and retrospectively tested to demonstrate that the model can reasonably and effectively measure the maximum potential risks of financial instruments or investment portfolios.

Statistical table for one-day VaR of transactions

Three months ended March 31, 2018	Amount
March 31, 2018	$ 172,306
VaR Maximum	229,435
VaR Average	146,632
VaR Minimum	98,305

Statistical table for one-day VaR of transactions

Three months ended March 31, 2017	Amount
March 31, 2017	$ 59,748
VaR Maximum	131,308
VaR Average	90,284
VaR Minimum	59,748

Statistical table for VaR of various risk indicators of transactions

Three months ended March 31, 2018	Foreign exchange	Interest	Share ownership
March 31, 2018	$ 12,525	$ 21,593	$ 166,476
VaR Maximum	39,655	29,217	231,768
VaR Average	17,771	18,949	147,278
VaR Minimum	7,045	10,677	93,398

Three months ended March 31, 2017	Foreign exchange	Interest	Share ownership
March 31, 2017	$ 8,550	$ 31,960	$ 47,045
VaR Maximum	44,575	47,511	12,788
VaR Average	24,227	30,759	81,844
VaR Minimum	7,627	13,656	47,045

C. Information on gap of foreign exchange risk

The following table summarizes financial instruments of foreign assets or liabilities by currency and the foreign exchange exposure presented by book value as of March 31, 2018, December 31, 2017 and March 31, 2017：

	March 31, 2018						
	USD	EUR	AUD	RMB	HKD	Others	Total
Financial assets in foreign currencies							
Cash and cash equivalents	$ 1,443,819	$ 27,602	$ 2,392	$ 855,412	$ 977,262	$ 140,851	$ 3,447,338
Financial assets at fair value through profit or loss	8,478,830	2,868,354	484,572	2,935,142	573,501	8,134	15,348,533
Financial assets at fair value through comprehensive income - current	1,411,547	-	135,463	-	-	-	1,547,010
Bonds purchased under resale agreements	14,912	-	-	-	-	-	14,912
Others	6,291,138	99,858	225,584	44,125	2,166,166	162,141	8,989,012
Financial liabilities in foreign currencies							
Short-term loans	3,117,062	-	-	-	333,721	-	3,450,783
Financial liabilities at fair value through profit or loss	36,696	-	-	182,273	-	-	218,969
Bonds sold under repurchase agreements	7,496,492	2,386,245	708,411	857,310	-	-	11,448,458
Others	7,720,968	121,336	46,950	761,713	1,053,695	65,995	9,770,657

Note: As of March 31, 2018, foreign exchange rates of the above currencies to TWD were 1 USD = 29.105 TWD; 1 EUR= 35.870 TWD; 1 AUD= 22.345 TWD; 1 RMB= 4.647 TWD; and 1 HKD= 3.708TWD, respectively.

	December 31, 2017						
	USD	EUR	AUD	RMB	HKD	Others	Total
Financial assets in foreign currencies							
Cash and cash equivalents	$ 2,037,145	$ 62,713	$ 2,541	$ 302,247	$ 849,364	$ 107,898	$ 3,361,908
Financial assets at fair value through profit or loss	12,739,390	5,627,013	2,007,103	3,993,940	380,856	50,751	24,799,053
Available-for-sale financial assets - current	1,044,031	-	-	-	-	-	1,044,031
Others	5,219,360	173,275	53,706	130,839	1,459,687	51,654	7,088,521
Financial liabilities in foreign currencies							
Short-term loans	5,404,143	-	-	-	95,175	-	5,499,318
Financial liabilities at fair value through profit or loss	67,793	6,105	2,206	230,014	115	1,155	307,388
Bonds sold under repurchase agreements	11,692,454	4,963,725	1,819,404	351,367	-	-	18,826,950
Others	4,312,745	157,394	50,254	696,610	844,253	53,974	6,115,230

Note: As of December 31, 2017, foreign exchange rates of the above currencies to TWD were 1 USD = 29.760 TWD; 1 EUR= 35.570 TWD; 1 AUD= 23.185 TWD; 1 RMB= 4.565 TWD; and 1 HKD= 3.807TWD, respectively.

	March 31, 2017													
		USD		EUR		AUD		RMB		HKD		Others		Total
Financial assets in foreign currencies														
Cash and cash equivalents	$	2,155,720	$	21,560	$	3,431	$	915,465	$	1,071,096	$	18,936	$	4,186,208
Financial assets at fair value through profit or loss		15,401,100		2,794,031		170,002		3,776,417		196,336		69,422		22,407,308
Available-for-sale financial assets - current		1,067,263		-		-		-		-		-		1,067,263
Bonds purchased under resale agreements		-		224,864		-		-		-		-		224,864
Available-for-sale financial assets - non current		72,065		-		-		-		-		-		72,065
Others		9,946,441		1,571,516		1,350		166,984		2,327,078		246,160		14,259,529
Financial liabilities in foreign currencies														
Short-term loans		3,277,018		-		-		540,298		351,359		-		4,168,675
Financial liabilities at fair value through profit or loss		827,090		518,249		-		29,331		13		1,003		1,375,686
Bonds sold under repurchase agreements		13,413,774		2,596,021		161,218		622,048		-		-		16,793,061
Others		9,341,284		1,031,050		443		629,313		1,061,788		195,879		12,259,757

Note: As of March 31, 2017, foreign exchange rates of the above currencies to TWD were 1 USD =30.330 TWD; 1 EUR=32.430TWD; 1 AUD=23.225TWD; 1 RMB=4.407TWD; and 1 HKD=3.904 TWD, respectively.

D. The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2018 and 2017, amounted to ($202,227) and $130,128 respectively.

5) Information on the fair values and hierarchy of the financial instruments

A. Financial instruments and non-financial instruments not measured at fair value.

Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, bonds purchased under resale agreements, margin loans receivable, refinancing guaranty deposits, guaranteed proceeds receivable from refinancing, guaranteed price deposits for security borrowing, security borrowing deposits, customer margin deposit account, notes and accounts receivable, other receivables, short-term loans, commercial paper payable, bonds sold under repurchase agreements, guarantee deposit received from short sales, guaranteed price deposits received from securities borrowers, security borrowing deposits, equity of futures traders, accounts payable, collection for others, and other payables) approximate their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(5)3.

	March 31, 2018			
Asset items	Total	Quoted prices of the same assets in active markets (level 1)	Other significant observable inputs (level 2)	Significant non-observable inputs (level 3)
Non-financial assets				
Investment property	$ 674,854	$ -	$ 674,854	$ -

	December 31, 2017			
Asset items	Total	Quoted prices of the same assets in active markets (level 1)	Other significant observable inputs (level 2)	Significant non-observable inputs (level 3)
Non-financial assets				
Investment property	$ 674,449	$ -	$ 674,449	$ -

	March 31, 2017			
Asset items	Total	Quoted prices of the same assets in active markets (level 1)	Other significant observable inputs (level 2)	Significant non-observable inputs (level 3)
Non-financial assets				
Investment property	$ 612,492	$ -	$ 612,492	$ -

The fair value of investment property held by the Group was assessed by external valuation experts using comparison approach and income approach, or the fair value can be assessed based on the market price of the area adjacent to the location where the Group's investment property is located.

B. Valuation techniques

(A) For financial instruments held for trading purposes which are classified as non-derivative instruments, their fair values are based on their quoted prices in an active market. If there is no quoted market price for reference, a valuation technique will be adopted to measure the fair value. Estimates and assumptions of valuation technique adopted by the Group are in agreement with the information of estimates and assumptions adopted by market users for financial instrument pricing and the said information shall be accessible to the Group. For those classified as derivative instruments, their fair values are based on their market prices if their quoted prices are available from an active market. If quoted market prices in an active market are not available, SWAP and IRS are valued at the discounted cash flow method, and options are valued at the Black-Scholes model.

(B) When available-for-sale financial assets have quoted market prices available in an active market, the fair value is determined using the market price.

C. Fair value hierarchy of the financial instruments

(A) Definitions for the hierarchy classifications of financial instruments measured at fair value

a. Level 1

Level 1, are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. An active market has to satisfy all the following conditions: a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group’s investments in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices, are deemed as level 1.

b. Level 2

Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Investments of the Group such as off-the-run issue of government bonds, corporate bonds, bank debentures, convertible corporate bonds, currency swaps, interest rate swaps, options, asset swaps, and most derivatives are all classified within level 2. For the three months ended March 31, 2018 and 2017, there was no significant transfer of financial instruments between Level 1 and Level 2.

c. Level 3

Unobservable inputs for the assets or liability. The fair value of the Group’s investment in equity investment without active market is included in Level 3.

(B)Hierarchy of fair value estimation of financial instruments

Financial instrument items measured at fair value	March 31, 2018			
	Total	Level 1	Level 2	Level 3
Recurring fair value				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss-current				
Stock investments	$ 9,517,045	$ 9,436,664	$ 60,069	$ 20,312
Bond investments	18,589,452	1,619,608	16,969,844	-
Others	2,396,088	2,396,088	-	-
Financial assets at fair value through comprehensive income-current				
Bond investments	1,547,010	1,547,010	-	-
Financial assets at fair value through profit or loss - noncurrent	67,021	-	50,221	16,800
Financial assets at fair value through comprehensive income-noncurrent				
Stock investments	580,270	-	-	580,270
Liabilities				
Financial liabilities at fair value through profit or loss -current	373,609	373,609	-	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss-current	2,732,900	2,702,971	29,929	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	699,842	506,936	192,906	-

Financial instrument items measured at fair value	December 31, 2017			
	Total	Level 1	Level 2	Level 3
Recurring fair value				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss-current				
Stock investments	$ 6,200,330	$ 6,135,260	$ 65,070	$ -
Bond investments	27,153,502	746,714	26,406,788	-
Others	3,073,092	3,073,092	-	-
Available-for-sale financial assets-current				
Bond investments	1,044,031	1,044,031	-	-
Financial assets at fair value through profit or loss - noncurrent	50,342	-	50,342	-
Liabilities				
Financial liabilities at fair value through profit or loss -current	350,526	350,526	-	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss-current	2,265,460	2,245,417	20,043	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	855,875	609,247	246,628	-

Financial instrument items measured at fair value	March 31, 2017			
	Total	Level 1	Level 2	Level 3
Recurring fair value				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss-current				
Stock investments	$ 4,783,261	$ 4,643,556	$ 139,705	$ -
Bond investments	27,607,274	472,757	27,134,517	-
Others	2,027,615	2,027,615	-	-
Available-for-sale financial assets-current				
Stock investments	234,549	234,549	-	-
Bond investments	1,067,263	1,067,263	-	-
Financial assets at fair value through profit or loss - noncurrent	50,548	-	50,548	-
Available-for-sale financial assets-noncurrent				
Stock investments	72,065	72,065	-	-
Liabilities				
Financial liabilities at fair value through profit or loss -current	2,026,028	2,026,028	-	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss-current	2,093,573	1,892,397	201,176	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	382,968	347,529	35,439	-

(C) The following table is the movement of financial assets at Level 3 for the three months ended March 31, 2018:

	Three months ended March 31, 2018							
		Valuation amount		Increased		Decreased		
	January 1	Recorded in profit or loss	Recorded in other comprehensive income (loss)	Acquired/ Issued	Transfers into level 3	Sold/ Settled	Transfers out from level 3	March 31
Financial assets at fair value through profit or loss - current								
Equity investments	$ -	$ 1,562	$ -	$ 18,750	$ -	$ -	$ -	$ 20,312
Financial assets at fair value through profit or loss - non-current								
Equity investments	20,146	(3,346)	-	-	-	-	-	16,800
Financial assets at fair value through other comprehensive income - non-current								
Equity investments	567,307	-	12,963	-	-	-	-	580,270

(D) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

March 31, 2018	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at fair value through profit or loss - current					
Equity investments	$ 20,312	Market approach	Price to earnings ratio multiple	18.61~27.54	Price earnings ratios vary depending on different country, area, industry or market
			Discount for lack of marketability	25%	Unlisted stocks have low liquidity
Financial assets at fair value through profit or loss - non-current					
Equity investments	16,800	Net asset value	Not applicable	Not applicable	Not applicable
Financial assets at fair value through other comprehensive income - non-current					
Equity investments	580,270	Market approach	Price to earnings ratio multiple Discount for lack of marketability	1.08~2.51 30%	The higher the discount for lack of marketability, the lower the fair value

(E)Valuation process for fair value at Level 3

The parent company's risk management department is responsible for the verification of fair value categorised in Level 3. The department assesses the independence, reliability, consistency and representativeness of the source information, regularly verifies the valuation models and calibrates the parameters to ensure the valuation process and results are in compliance with IFRSs.

(F) For the fair value measurement of Level 3, the sensitivity analysis of the fair value to the reasonable alternative hypothesis shows that the fair value measurement of the financial assets by the Group is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the impact to profit or loss or to other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used in valuation models have changed up or down by 1%:

	Recognised in profit or loss		Recognised in other comprehensive income	
March 31, 2018	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets at fair value through profit or loss - current				
Equity investments	$ 203	($ 203)	$ -	$ -
Financial assets at fair value through profit or loss -non-current				
Equity investments	-	-	-	-
Financial assets at fair value through other comprehensive income - non-current				
Equity investments	-	-	5,803	(5,803)

6) Capital management

A. Objective of capital management

(A) The represented capital adequacy ratio basically shall not be lower than 200% in compliance with the warning standard addressed in the "Rules Governing Securities Firms".

(B) The Group includes all risks involved in the investment position as a part of risk management, such as market risk, credit risk, liquidity risk, operating risk, legal risk, and model risk and so on. Each risk management responsive unit should identify, evaluate, monitor and control various risks in order to enable the Group to defend impact from financial market, reflect the current operating strategies and make the investment portfolio applied to business planning and development.

B. Capital management policy and procedure

In order to secure the long-term and stable development of various businesses and effectively assume risks, the Group manages capital based on the business development, related regulations and financial market environment. Major capital evaluation processes include:

(A) Each segment should provide accurate and valid source of information to maintain calculation accuracy of capital adequacy ratio.

(B) After the reporting at the 10th of each month, capital adequacy ratio should be computed by the end of every month. If the result is close to the legal standard, every unit will be called to attend a meeting for discussion and strategic planning to ensure that the basic objective of capital adequacy ratio is not less than 200%.

(C) Both the risk limits and economic capital of the Group should be agreed by the Board of Directors. The Group should quarterly report details of risk control with disclosure of investment condition in order to assess whether the risk position exceeds the limit and whether the investment direction is in line with the market trend. Within the authorized risk limits, the Group is actively engaged in development of various businesses and continually increases profit, creates company value, and complies with the capital management objective.

The Group calculates and reports the capital adequacy ratio according to “Rules Governing Securities Firms”. According to Jin-Guan-Zeng-Chuan Letter No. 1010016685, from July 2012, advanced calculation method applied to capital adequacy ratio for securities firms is applicable to non-financial-holdings securities firms who file the report about information on capital adequacy ratio for June 2012. As of March 31, 2018, December 31, 2017 and March 31, 2017, the capital adequacy ratios were 447%, 417% and 434%, respectively, as required by the regulations.

7) <u>Assets and liabilities of trust accounts</u>

Pursuant to Article 17 of Enforcement Rules of the Trust Enterprise Act, balance sheet, income statement, and property list of trust accounts shall be disclosed in the consolidated financial statements on a semiannual basis.

(Blank below)

8) Status of the company in the limitations on financial ratios imposed by futures trading act, and the related implementation

The table below is prepared according to “Regulations Governing Futures Commission Merchants”.

Article	Calculation formula	March 31, 2018		March 31, 2017		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders’ equity / (Total liability－futures trader’s equity)	3,371,589 / 505,278	6.67	3,123,681 / 200,094	15.61	≧1	Met the requirement
17	Current assets / Current liabilities	3,861,199 / 111,899	34.51	3,304,968 / 28,430	116.25	≧1	Met the requirement
22	Stockholders’ equity / Minimum paid-in capital	3,371,589 / 400,000	842.90%	3,123,681 / 400,000	780.92%	≧60% ≧40%	Met the requirement
22	Adjusted net capital / Total amount of customer margins required for the open positions of futures traders	3,211,175 / 215,362	1491.06%	2,968,298 / 229,260	1294.73%	≧20% ≧15%	Met the requirement

9) Status of the subsidiary in the limitations on financial ratios imposed by the futures trading act and the related implementation

The table below is prepared according to “Regulations Governing Futures Commission Merchants”.

Article	Calculation formula	March 31, 2018		March 31, 2017		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders’ equity / (Total liability－futures trader’s equity)	1,960,555 / 183,737	10.67	1,463,749 / 141,300	10.36	≧1	Met the requirement
17	Current assets / Current liabilities	15,170,111 / 14,087,325	1.08	12,955,932 / 12,013,812	1.08	≧1	Met the requirement
22	Stockholders’ equity / Minimum paid-in capital	1,960,555 / 645,000	303.96%	1,463,749 / 645,000	226.94%	≧60% ≧40%	Met the requirement
22	Adjusted net capital / Total amount of customer margins required for the open positions of futures traders	1,646,596 / 2,094,943	78.60%	1,164,375 / 1,812,554	64.24%	≧20% ≧15%	Met the requirement

10) Prospective risk for futures trading

The main risk for futures merchants engaging in futures trading is credit risk, which could happen if the margin call cannot be made when it should have been made. While being consigned to conduct the futures trading, the Group pays attention to the individual margin account on a daily basis and request additional margin call or reduction in trading volume when necessary according to the condition of individual customer transactions in order to control the credit risk accordingly. The main risk faced by the Group while engaging in self-operating businesses is market price risk- that is risk of changes in market prices of futures or options contracts as a result of fluctuation in underlying investment index. Losses may occur if the market index price and underlying investment move adversely. However, the Group has set up stop-loss point to control such risk for reasons of risk management.

11) Effects on initial application of IFRS9

A.Summaries of adopting significant accounting policies in 2017

(A) Financial assets and financial liabilities at fair value through profit or loss

a. Financial assets and financial liabilities at fair value through profit or loss are financial assets and financial liabilities held for trading or financial assets and financial liabilities designated as at fair value through profit or loss on initial recognition. Financial assets and financial liabilities are classified in this category of held for trading if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also categorized as financial instruments held for trading unless they are designated as hedges.

b. On a regular way purchase or sale basis, financial assets held for trading are recognized and derecognized using trade date accounting.

c. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss. Derivative assets, that are linked to equity instruments which do not have a quoted market price in an active market and cannot be measured reliably at fair value, and that must be settled by delivery, of such unquoted equity instruments are presented in 'financial assets measured at cost', if their fair value cannot be reliably measured. Derivative liabilities that are linked to equity instruments which do not have a quoted market price in an active market and cannot be measured reliably at fair value, and that must be settled by delivery of such unquoted equity instruments are presented in 'financial liabilities measured at cost', if their fair value cannot be reliably measured.

(B)Available-for-sale financial assets

a.Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

b.On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

c.Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

d.If there has been objective evidence of impairment, the Group will account for impairment. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(C) Financial assets at cost – non-current

a. Financial assets measured at cost are initially recognized at fair value plus transaction costs of acquisition. On a regular way purchase or sale basis, financial assets measured at cost are recognized and derecognized using trade date accounting.

b.If the variability in the range of reasonable fair value estimate vary significantly, and the probabilities of the various estimates cannot be reasonably measured, the financial assets should be measured at cost.

c.With respect to impairment assessment of the said financial asset, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset directly.

(D) Impairment of financial assets

a.The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

b.The criteria that the Group uses to determine whether there is an objective evidence of an impairment loss is as follows:

(a)Significant financial difficulty of the issuer or debtor;

(b)A breach of contract, such as a default or delinquency in interest or principal payments;

(c)The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d)It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(e)The disappearance of an active market for that financial asset because of financial difficulties;

(f)Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g)Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

(h)A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

c.When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made in accordance with aforesaid accounting policies of various financial assets.

B. The reconciliations of carrying amount of financial assets transfered from December 31, 2017, IAS 39, to January 1,2018 , IFRS 9, were as follows:

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	IAS 39 December 31, 2017 Carrying amount	Reclassifications	Remeasurements	IFRS 9 January 1, 2018 Carrying amounts	Effects: January 1, 2018 Retained earnings	Effects: January 1, 2018 Other equity interest	Effects: January 1, 2018 Non-controlling interest
Financial assets at fair value through profit or loss - noncurrent	$ 50,342	$ -	$ -	$ 50,342	$ -	$ -	$ -
Add: Equity investments							
Transferred in from financial assets at cost (IAS 39)	-	2,608	17,538	20,146	17,538	-	-
	$ 50,342	$ 2,608	$ 17,538	$ 70,488	$ 17,538	$ -	$ -
Financial assets at fair value through other comprehensive income - current	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Add: Debt investments							
Transferred in from available-for-sale financial assets (IAS 39)	-	1,044,031	-	1,044,031	-	-	-
	$ -	$ 1,044,031	$ -	$ 1,044,031	$ -	$ -	$ -
Financial assets at fair value through other comprehensive income - noncurrent	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Add: Equity investments							
Transferred in from financial assets at cost (IAS39)	-	37,565	529,742	567,307	-	516,449	13,293
	$ -	$ 37,565	$ 529,742	$ 567,307	$ -	$ 516,449	$ 13,293

a. Debt instruments within "Available-for-sale" under IAS 39, which amounted to $1,044,031, were reclassified as "Financial assets at fair value through other comprehensive income (debt instruments)" at initial adoption of IFRS 9 as they met the condition that their cash flows are solely payments of principal and the interest on outstanding principal and the objective to hold them is to collect cash flow and to sell.

b. Equity instruments within "Financial assets at cost" under IAS 39 which amounted to $37,565 were elected by the Group to be reclassified as "Financial assets at fair value through other comprehensive income (equity instruments)" at initial adoption of IFRS 9 as they were not held for trading purposes. "Financial assets at fair value through other comprehensive income (equity instruments)" was increased by $567,307, other equity was increased by $516,449 and non-controlling interest was increased by $13,293.

c. Equity instruments within "Financial assets at cost" under IAS 39, which amounted to $2,608, were reclassified as "Financial assets at fair value through profit or loss (equity instruments)" in compliance with IFRS 9. "Financial assets at fair value through profit or loss (equity instruments)" was increased by $20,146 and retained earnings was increased by $17,538.

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C. The significant accounts as of December 31, 2017 and March 31, 2017 are as follows:

(A)Financial assets at fair value through profit or loss

	December 31, 2017	March 31, 2017
Current items:		
Open-ended funds and money market instruments and securities investment by brokers		
Open-ended mutual funds beneficiary certificates	$ 456,960	$ 80,000
Overseas stocks and funds	148,056	226,717
Listed (TSE and OTC) stocks	133,524	34,918
Subtotal	738,540	341,635
Adjustment of open-ended funds and money market instruments and securities investment by brokers	(23,649)	(55,116)
Total	714,891	286,519
Trading securities - dealer		
Listed (TSE and OTC) stocks	2,605,879	1,915,425
Government bonds	1,699,413	2,596,991
Corporate bonds	4,383,130	8,229,251
Convertible corporate bonds	441,134	704,655
Emerging stocks	98,271	115,639
Overseas stocks	20,659,710	16,067,751
Exchange-traded funds	1,976,561	1,737,505
Others	31,185	49,155
Subtotal	31,895,283	31,416,372
Adjustment of trading securities - dealer	156,608	236,518
Total	32,051,891	31,652,890
Trading securities - underwriter		
Listed (TSE and OTC) stocks	613,026	459,061
Convertible corporate bonds	327,788	190,300
Subtotal	940,814	649,361
Adjustment of trading securities - underwriter	137,563	89,623
Total	1,078,377	738,984

	December 31, 2017	March 31, 2017
Trading securities - hedging		
Listed (TSE and OTC) stocks	2,064,014	1,604,173
Convertible corporate bonds	13,182	-
Warrants	104,756	8,198
Exchange-traded funds	477,618	133,550
Subtotal	2,659,570	1,745,921
Adjustment of trading securities - hedging	(77,804)	(6,164)
Total	2,581,766	1,739,757
Options bought - futures	15,040	9,472
Futures guarantee deposits receivable	2,230,377	1,882,925
Derivative financial instrument assets - OTC	20,043	201,176
Total	$ 38,692,385	$ 36,511,723

	December 31, 2017	March 31, 2017
Non-current items:		
Trading securities - dealer - government bonds	$ 50,076	$ 50,150
Adjustment of trading securities	266	398
Total	$ 50,342	$ 50,548

(B)Available-for-sale financial assets

	December 31, 2017	March 31, 2017
Current items:		
Trading securities - dealer		
Listed (TSE and OTC) stocks	$ -	$ 236,868
Overseas bonds	1,036,521	1,063,668
Subtotal	1,036,521	1,300,536
Adjustment of trading securities - dealer	7,510	1,276
Total	$ 1,044,031	$ 1,301,812
Non-current items:		
Listed (TSE and OTC) stocks	$ -	$ 45,416
Adjustment of trading securities	-	26,649
Total	$ -	$ 72,065

(C)Financial assets at cost-non-current

	December 31, 2017	March 31, 2017
Taiwan Depository & Clearing Corp.	$ 2,450	$ 2,450
Taiwan Futures Exchange	35,115	35,115
Hua Liu Venture Capital Corporation	2,608	2,608
Total	$ 40,173	$ 40,173

a. Assets above are measured at cost as the variability in the range of reasonable fair value estimate could vary significantly and the probabilities of the various estimates cannot be reasonably measured.

b. In January 2017, the shareholders' meeting acknowledged that the liquidation of Cathay Venture Capital I had completed and reported to Taipei District Court. The Company had collected \$1,128 as remaining assets based on shareholding ratio.

(D)Gain on trading of securities

With respect to information shown in Note 6(30), amounts recognised for trading of securities generated from available-for-sale financial assets for the three months ended March 31, 2017 was \$1,873.

D.Credit risk for December 31, 2017 and March 31, 2017 were as follows:

(A) Source and definition of credit risk

The credit risk exposure of the Group as a result of engagement in financial transactions include issuer's credit risk, credit risk of counterparty and credit risk of underlying assets:

a.Credit risk of the issuer refers to the issuers of financial debt instruments held by the Group failing to repay its obligation due to the fact that the issuer breaches the contract resulting in the risk of financial loss to the Group.

b.Credit risk of counterparty refers to risk of financial loss to the Group arising from default by the counterparty of financial instruments on the settlement or payment obligation.

c.Credit risk of the underlying assets happens when the credit rating of the underlying assets linked to the financial instrument is downgraded by the rating agency or when the losses occur as a result of contract default.

The financial assets held by the Group which could result in credit risk include bank deposit, debt securities, derivatives transactions in OTC, bonds purchased/sold under resale/repurchase agreements, refundable deposit of securities lending, futures trade margins, other refundable deposits and receivables.

(B) Maximum credit risk exposure and credit risk concentration

The maximum exposure to credit risk of financial assets in the consolidated balance sheet, without consideration of the collateral or other credit enhancements, is equivalent to the carrying amount. In Taiwan, the sources of credit risk of the Group are primarily resulting from cash deposited with banks or other financial institutions, debt securities issued or guaranteed by a bank, derivative instruments transaction underwritten by the Group, and all counterparties of customer margin deposits accounts being financial institutions. Credit risks of various financial assets are as follows:

a.Cash and cash equivalents

Cash and cash equivalents include time deposit, demand deposits and checking deposits. Correspondent institutions are mainly domestic financial institutions.

b.Financial assets at fair value through profit and loss -current

(a)Fund

The funds held by the Group are bond funds. As the positions held are not significant, credit risk is deemed low.

(b)Debt securities

Debt securities are mainly positions like government bonds, convertible corporate bonds and foreign bonds and the issuers are primarily R.O.C. government, domestic and foreign legal entities. 57% and 63% of convertible corporate bond were guaranteed by banks at December 31, 2017 and March 31, 2017. Details are as follows:

i.Bonds

The bonds held by the Group are mostly government bonds (inclusive of central and local government). As a whole, the credit risk of the bonds held by the Group is low.

ii.Corporate bonds

The corporate bonds held by the Group are mainly underlying investment with good credit rating and those with rating above (S&P BB).

iii.Convertible corporate bond

The convertible corporate bonds held by the Group are mostly issued by the domestic legal entities. The Group mitigates highly risky credit exposure of the issuers by control through Taiwan Corporate Credit Risk Index (TCRI).

iiii.Foreign bonds

The foreign bonds held by the Group are mainly underlying investment with good credit rating and those with rating above (S&P BB).

c.Available-for-sale financial assets-current

The foreign bonds held by the Group are mainly underlying investment with good credit rating and those with rating above (S&P BB).

d.Derivatives- futures trade margin

When engaging in futures trades in stock exchange market, the Group needs to deposit margin into a margin deposit account of a financial institution designated by the futures merchants as a guarantee to fulfil contractual obligation in the future. As a result, the credit risk is low.

e.Derivatives-OTC

The Group signs International Swaps and Derivatives Association (ISDA) agreements with each counterparty when engaging in OTC derivatives as an agreement regarding such transactions for both parties. In the agreement, it provides a fundamental contractual model for OTC derivative transactions. If any party breaches the contract or terminates the transactions early, then all the open interest covered in the agreement should be settled by net amount as bound in the contract. When the ISDA agreement is signed, the Credit Support Annex (CSA) is also signed. According to the CSA, collateral will be transferred from a party to the other during transaction process to mitigate the risk of counterparty in open interest. Please refer to Note 6(11).

Types of OTC derivative transactions in which the Group is engaged include interest rate swap and swap transaction. The counterparties are all from financial service industry and mainly located in Taiwan.

f.Bonds investment under a resale agreement

Bonds sold under a resale agreement are the bonds that the client sold to the Group at a price, interest rate, length of period as agreed by two parties and the client shall repurchase the bonds at the specified price upon maturity. The Group needs to assume credit risk from counterparties when underwriting such business, as the payment being delivered to the other party. With consideration of good collateral obtained, the net of credit risk exposure from counterparties can be effectively reduced. As all the counterparties are financial institutions with good credit rating, the credit risks from counterparties are extremely low. Please refer to Note 6(11).

g.Margin loans receivable

Margin loans receivable are the loans provided to the client in order to process businesses of margin trading and short sale using the securities purchased through financing as collateral. The Group monitors the clients' margin ratio through information system on a daily basis. As the margin ratio of margin trading is set at 130% according to Regulations Governing the Conduct of Securities Trading Margin Purchase and Short Sale Operations by Securities Firms, the credit risk is extremely low.

h.Guaranteed price for securities lending

Guaranteed price for securities lending is the sale price of the Group's securities sold by other securities firms through margin trading after deduction of securities transactions tax and service fee, which is deposited in other securities firms as collateral. As all the counterparties are financial institutions with good credit rating, the credit risk from counterparties is extremely low.

i.Refundable deposits for securities lending

Refundable deposits for securities lending are the margins deposited in other securities firm as collateral when the Group's securities are sold. As all the counterparties are financial institutions with good credit, the credit risk from counterparties is extremely low.

j.Receivables

Receivables are the credit rights arising from the securities business including settlement receivables of consignment trading, settlement receivables of operating securities sold, financing interest receivables of self-operating credit transaction, receivables of consignment trading for securities, and receivables from banks' underwriting on foreign exchange transactions and foreign fund demand. As the majority of the Group's receivables from the consignment businesses and self-operating businesses are settlement of securities from OCT or TWSE, the credit risk is extremely low. As the foreign exchange transactions are simply the receipt or payment of different currencies and the correspondent banks are of good credit rating, the credit risk is extremely low.

k.Other current assets

Other current assets are mainly the collateral deposited in the bank for application for short-term debt limit and guarantee for application for issuance of commercial papers. As the correspondent banks are all financial institutions with good credit rating, the credit risk is extremely low.

l.Financial assets at fair value through profit and loss – non-current

In order to underwrite trust business, the Group deposits central government bonds in the Central Bank as collateral. Regardless of the bonds themselves or the financial institutions where the bonds deposited, the credit risk is extremely low.

m.Other non-current assets

Other non-current assets mainly comprise operating guarantee deposits, settlement funds, and refundable deposits. Operating guarantee deposits are mainly deposited in domestic banks with good credit rating. Settlement funds are deposited in securities exchange. Settlement funds are used as compensation when a party to a marketable securities transaction fails to fulfil the settlement obligation. The credit risks from the institutions where these two assets are deposited are extremely low. The refundable deposits refer to cash or other assets which are deposited externally by the Group and can be used as refundable deposits. Because deposits are placed in various financial institutions and each deposit amount is small, the credit risk is dispersed and the credit exposure of overall refundable deposit is extremely low.

(C) Credit quality rating

The Group's internal credit rating can be categorized into low risk, medium risk and high risk. Definition of each rating is as follows:

a.Low risk: a company or the underlying position is capable of fulfilling the financial commitment to a stable extent even when facing with a significant uncertain factor or being exposed to adverse condition.

b.Medium risk: a company or the underlying position's capability to fulfil the financial commitment is weak. Any adverse operation, financial or economic movement shall further weaken its ability to fulfil the financial commitment.

c.High risk: a company or the underlying position's capability to fulfil the financial commitment is uncertain. The capability to fulfil the financial commitment shall be determined by whether the operating environment and financial position are favorable.

d.Impairment: a company or the underlying position fails to fulfil its obligation and the potential impairment assessed has reached the standard for recognition.

The Group uses internal and external credit rating as specified in below table. In the table below, above-mentioned two credit ratings are not directly correlated. They are mainly used to represent the similarity of credit quality. The internal credit rating is based on credit rating of Taiwan Ratings and TCRI. Default rate of certain foreign bonds is calculated using bond pricing method. The credit risk classification and management are based on historical default rate (1 year).

Internal credit rating	Credit rating of Taiwan Ratings	Credit rating of TCRI	Historical default rate (1 year)
Low risk	twAAA ~twBBB-	1~4	0.03%~1.21%
Medium risk	twBB+ ~ twBB	5~6	1.21%~5.10%
High risk	twBB- ~ twC	7~9	5.10%~26.85%
Impairment	D	D	-

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The table of the credit quality of financial assets

As of December 31, 2017

Financial assets	Normal assets: Low risk	Normal assets: Medium risk	Normal assets: High risk	Impaired	Provisions	Total	Recognised losses	Net
Cash and cash equivalents	$ 6,463,056	$ 289	$ -	$ -	$ -	$ 6,463,345	$ -	$ 6,463,345
Financial assets at fair value through profit or loss-current								
Open-end mutual funds beneficiary certificates and money market instruments	332,494	-	-	-	-	332,494	-	332,494
Debt security investments	26,527,537	565,897	60,068	-	-	27,153,502	-	27,153,502
Buy Option-TAIFEX	15,040	-	-	-	-	15,040	-	15,040
Derivative instruments-Futures Margin	2,230,377	-	-	-	-	2,230,377	-	2,230,377
Derivative instruments-OTC	20,043	-	-	-	-	20,043	-	20,043
Available-for-sale financial assets-current		-	-					
Debt security investments	1,044,031	-	-	-	-	1,044,031	-	1,044,031
Margin loans receivable	11,449,543	-	-	-	50,420	11,499,963	84,093	11,415,870
Refinancing security deposits	79,350	-	-	-	-	79,350	-	79,350
Receivables from refinance guaranty	67,160	-	-	-	-	67,160	-	67,160
Customer margin account	9,918,089	-	-	-	-	9,918,089	-	9,918,089
Receivables from security lending	88,318	-	-	-	-	88,318	-	88,318
Security lending deposits	745,882	-	-	-	-	745,882	-	745,882
Notes receivable	1,471	-	-	-	-	1,471	-	1,471
Accounts receivable	11,154,566	-	-	-	4,359	11,158,925	4,359	11,154,566
Other receivables	66,900	-	-	-	-	66,900	-	66,900
Other current assets	1,792,864	-	-	-	-	1,792,864	-	1,792,864
Financial assets at fair value through profit or loss-non current	50,342	-	-	-	-	50,342	-	50,342
Other assets-non current	1,164,119	-	-	-	136,443	1,300,562	136,443	1,164,119
Total	$ 73,211,182	$ 566,186	$ 60,068	$ -	$ 191,222	$ 74,028,658	$ 224,895	$ 73,803,763

The table of the credit quality of financial assets

As of March 31, 2017

Financial assets	Normal assets			Impaired	Provisions	Total	Recognised losses	Net
	Low risk	Medium risk	High risk					
Cash and cash equivalents	$ 7,198,111	$ 300	$ -	$ -	$ -	$ 7,198,411	$ -	$ 7,198,411
Financial assets at fair value through profit or loss-current								
Open-end mutual funds beneficiary certificates and money market instruments	90,198	-	-	-	-	90,198	-	90,198
Debt security investments	26,380,263	1,165,431	61,580	-	-	27,607,274	-	27,607,274
Buy Option-TAIFEX	9,472	-	-	-	-	9,472	-	9,472
Derivative instruments-Futures Margin	1,882,925	-	-	-	-	1,882,925	-	1,882,925
Derivative instruments-OTC	201,176	-	-	-	-	201,176	-	201,176
Available-for-sale financial assets-current		-	-					
Debt security investments	1,067,263	-	-	-	-	1,067,263	-	1,067,263
Bonds purchased under resale agreements	827,421	-	-	-	-	827,421	-	827,421
Margin loans receivable	9,629,999	-	-	-	-	9,629,999	28,322	9,601,677
Refinancing security deposits	2,611	-	-	-	-	2,611	-	2,611
Receivables from refinance guaranty	2,006	-	-	-	-	2,006	-	2,006
Customer margin account	10,627,618	-	-	-	-	10,627,618	-	10,627,618
Receivables from security lending	69,057	-	-	-	-	69,057	-	69,057
Security lending deposits	283,365	-	-	-	-	283,365	-	283,365
Notes receivable	682	-	-	-	-	682	-	682
Accounts receivable	16,439,888	-	-	-	-	16,439,888	-	16,439,888
Other receivables	28,180	-	-	-	-	28,180	-	28,180
Other current assets	2,345,391	-	-	-	-	2,345,391	-	2,345,391
Financial assets at fair value through profit or loss-non current	50,548	-	-	-	-	50,548	-	50,548
Other assets-non current	1,143,493	-	-	-	156,012	1,299,505	156,012	1,143,493
Total	$ 78,279,667	$ 1,165,731	$ 61,580	$ -	$ 156,012	$ 79,662,990	$ 184,334	$ 79,478,656

13.OTHER DISCLOSURE ITEMS

1)Information about significant transactions

A. Lending to others: Excluding security margin trading and conditional bond trading business, there is no lending of funds to either the shareholders or other parties.

B. Endorsements and guarantees for others：None.

C. Acquisitions of real estate exceeding $300,000 or 20 percent of contributed capital：None.

D. Disposals of real estate exceeding $300,000 or 20 percent of contributed capital：None.

E. Purchases or sales transactions discount on brokers' charges with related parties in excess of $5,000：None.

F. Receivables from related parties exceeding $100,000 or 20 percent of contributed capital：None.

G. Significant transactions between parent company and subsidiaries

No.(Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
0	President Securities Corp.	President Futures Corp.	1	Futures Margin - Own Funds	$ 1,705,325	Note 4	1.98%
0	President Securities Corp.	President Futures Corp.	1	Deposit-out	39,000	Note 4	0.05%
0	President Securities Corp.	President Futures Corp.	1	Accounts receivable	6,057	Note 4	0.01%
0	President Securities Corp.	President Futures Corp.	1	Deposit-in	16,000	Note 4	0.02%
0	President Securities Corp.	President Futures Corp.	1	Other payables	2,158	Note 4	0.00%
0	President Securities Corp.	President Futures Corp.	1	Futures commission revenue	14,982	Note 4	1.17%
0	President Securities Corp.	President Futures Corp.	1	Clearing charges	5,066	Note 4	0.40%
0	President Securities Corp.	President Capital Management Corp.	1	Expense from investment advisory	9,000	Note 4	0.71%

Note 1：The numbers in the No. column are represented as follows:

1. The number zero is for parent company.
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2：There are three kinds of transactions between related parties and numbered from 1 to 3 were shown as follows (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

1. Parent company to subsidiaries.
2. Subsidiaries to parent company.
3. Subsidiaries to subsidiaries.

Note 3：The calculation basis of the trading amount accounting for the total consolidated net revenues or assets is that the account ending balance is divided by the total consolidated assets if it is attributed to the balance sheet accounts, and the accumulated trading amount of the interim period is divided by the total consolidated net revenues if it is attributed to the profit or loss accounts.

Note 4：All the prices of the service revenues and consulting service provided between related parties were traded by contracts.

Note 5：Based on materiality, only the amounts of the transactions that were above $1 million would be shown in the table.

2)Related information of investee companies

A. Related information of investee companies

(Blank below)

						Original investment		Ending Balance							
Name of the investor	Name of the investee company	Location	Date of registration	Reference number and the date of approval letter issued by FSC	Major operating activities	Balance on March 31, 2018	Balance on January 1, 2018	Shares	Percentage	Book vlaue	Revenue of investee company	Net income (loss) of investee company	Investment income (loss) recognised by the Company	Cash dividends	Notes
President Securities Corp.	President Futures Corp.	Taipei	1994.03.01	1994.03.01 Jing-Tou-Shen (83) Gong-Shang Letter No.1114 (Note 1)	Futures brokerage	$ 644,650	$ 644,650	63,817,303	96.69%	$ 1,895,717	$ 260,236	$ 65,649	$ 63,478	$ -	Subsidiary of the Company
	President Capital Management Corp.	Taipei	1997.04.15	1997.02.25 (86) Tai-Cai-Zheng (2) Letter No.17769	Securities investment consulting	200,000	200,000	17,400,000	100.00%	196,629	10,219	(269)	(269)	-	Subsidiary of the Company
	President Securities (HK) Ltd.	Hong Kong	1994.07.26	1993.11.4 (82) Tai-Cai-Zheng (2) Letter No.40913	Securities dealer, brokerage, underwriting and consulting	34,030	34,030	10,000,000	5.19%	68,080	62,258	21,141	1,097	-	Subsidiary of the Company
	President Securities (BVI) Ltd.	British Virgin Islands	1998.02.26	1997.10.27 (86) Tai-Cai-Zheng (2) Letter No.04840	Securities investment and holding company	2,264,573	2,264,573	67,746,000	100.00%	2,147,072	-	23,182	23,182	-	Subsidiary of the Company
	Uni-President Asset Management Corp.	Taipei	2000.08.18	2000.07.19 (89) Tai-Cai-Zheng (2) Letter No.56407	Investment Trust	667,622	667,622	14,904,630	42.46%	559,948	184,342	55,973	23,624	-	Associates
	President Insurance Agency Corp.	Taipei	2008.04.29	(Note2)	Insurance Agent	10,000	10,000	1,000,000	100.00%	37,524	14,414	5,496	5,496	-	Subsidiary of the Company
	PSC Venture Capital Investment Limited Company	Taipei	2013.10.29	2013.08.08 Jing-Guan-Zheng-Chuan Letter No.1020028529	Consultation of investment management and venture capital; other unprohibited or unrestricted businesses beyond the permit	300,000	300,000	30,000,000	100.00%	248,156	2,776	380	380	-	Subsidiary of the Company

						Original investment		Ending Balance							
Name of the investor	Name of the investee company	Location	Date of registration	Reference number and the date of approval letter issued by FSC	Major operating activities	Balance on March 31, 2018	Balance on January 1,2018	Shares	Percentage	Book vlaue	Revenue of investee company	Net income (loss) of investee company	Investment income (loss) recognised by the Company	Cash dividends	Notes
President Insurance Agency Corp.	Uni-President Asset Management Corp.	Taipei	2000.08.18	2000.07.19 (89) Tai-Cai-Zheng (2) Letter No.56407	Investment Trust	478	478	12,000	0.03%	455	184,342	55,973	19	-	Associates
President Securities (BVI) Ltd.	President Securities (HK) Ltd.	Hong Kong	1994.07.26	1993.11.4 (82) Tai-Cai-Zheng (2) Letter No.40913	Securities dealer, brokerage, underwriting and consulting	814,705	814,705	182,600,000	94.81%	1,243,679	62,258	21,141	20,044	-	Subsidiary of the Company
	President Wealth Management (HK) Ltd.	Hong Kong	2002.03.31	2001.12.11 (90) Tai-Cai-Zheng (2) Letter No.166728	Wealth management	92,091	92,091	23,400,000	100.00%	55,116	-	108	108	-	Indirect subsidiary of the Company
	President Securities (Nominee) Ltd.	Hong Kong	1999.08.06	1997.10.27 (86) Tai-Cai-Zheng (2) Letter No.04840	Nominee Service	3,403	3,403	1,000,000	100.00%	1,905	-	2	2	-	Indirect subsidiary of the Company

Note1：As FSC was established in July, 2004, President Futures Corp. was apporved by the Investment Commission, Ministry of Economic Affairs.

Note2：When securities corporations invest in domestic business within FSC's limitation, there is no need to obtain the approval from FSC in advance, according to Tai-Cai-Zheng (2) Letter No.0930000005. Therefore, there was no reference numbers for President Personal Insurance Agency Co., Ltd. and President Insurance Agency Corp.

B. Lending to others: Excluding security margin trading and conditional bond trading business, there is no lending of funds to either the shareholders or other parties.

C. Endorsements and guarantees for others：None.

D. Acquisitions of real estate exceeding $300 million or 20 percent of contributed capital：None.

E. Disposals of real estate exceeding $300 million or 20 percent of contributed capital：None.

F. Purchases or sales transactions discount on brokers' charges with related parties in excess of $5,000,000：None.

G. Receivables from related parties exceeding $100 million or 20 percent of contributed capital：None.

H. Accordance with Jin-Guan-Zheng-Quan-Zi Letter No. 10300375782, the Group is required to disclose details of businesses run by foreign enterprises that were incorporated in the countries identified as non-signatories to the IOSCO MMoU or have not obtained securities or futures license of signatories to the IOSCO MMoU：

3) Information of overseas branches and representative office

Overseas branches and representative office	Nationality	Date of registration	Reference number and the date of approval letter given by Securities and Futures Bureau of FSC	Main business activities	Operating income	(Loss) profit before tax (Note 1)	Assignment of working capital				Material transaction account with head office	Note
							Balance on January 1, 2018	Increase of working capital	Deduction of working capital	Balance on March 31, 2018		
Representative office of President Securities Corp. in Xiamen	Xiamen	2008.08.22	2008.01.21 Jing-Guan-Zheng-Chuan Letter No.0960073542	Non-operating activities of securities business consultation, contact, and market survey	-	($ 1,404)	-	-	-	-	-	-

Note 1: Operating expenses generated by the representative office.

4) Disclosure of investment in Mainland China：Not applicable

14.SEGMENTS INFORMATION

1) General information

Financial information by the Group’s segments is disclosed in accordance with IFRS 8. Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker (CODM) that are used to make strategic decisions. The Group’s operating segments are classified into Brokerage, Quantitative Trading, Proprietary Trading, Fixed Income and Reinvestment according to the sources of income. The remaining operating results which have not reached the threshold requirements are consolidated in ‘other operating segments’. Sources of income from products and services rendered by each segment are as follows:

A. Brokerage segment: consigned trading of the listed securities, margin trading and short sale, assistance in futures trading and other instruments trading as approved by the regulations.

B. Quantitative Trading segment: trading of futures and options listed on Taiwan Futures Exchange and overseas exchange as approved by competent authorities, spot/futures arbitrage.

C. Proprietary Trading segment: using the self-owned equity to conduct securities trading such as stocks and bonds trading, and futures and options hedging in Stock Exchange and OTC.

D. Fixed Income segment: bonds segment is engaged in central government bonds, ordinary corporate bonds, convertible corporate bonds, and bills and bonds under repurchase or resale agreements transactions in OTC.

E. Reinvestment segment: companies reinvested by the consolidated entities.

F. Other operating segments include Capital Market segment, Financial Product segment, and Shareholder Services segment.

2) Segments information

The accounting policies applied to the Group's operating segments and summary of accounting policies disclosed in the notes to the financial statements are consistent and identical. The operating gains and losses are measured by the amount before tax and used as basis for performance appraisal. Income and expense attributable to each operating segment are attributed to the segmental gains and losses. Non-attributable indirect expenses and expenses from logistic support segment are amortised to each operating segment based on reasonable calculation standards and the expense nature. Those that cannot be reasonably amortised are listed under "Others".

3) Profit or loss of segments information

	Three months ended March 31, 2018							
	Brokerage segment	Quantitative Trading segment	Proprietary Trading segment	Fixed Income segment	Reinvestment segment	Other operating segments	Others	Total
Segment revenues	$ 641,398	$ 261,462	($ 71,867)	($ 22,521)	$ 350,879	$ 10,665	$ 5,830	$ 1,175,846
Segment profit or loss	$ 167,612	$ 137,946	($ 191,739)	($ 96,713)	$ 107,530	$ 91	$ 11,280	$ 136,007

	Three months ended March 31, 2017							
	Brokerage segment	Quantitative Trading segment	Proprietary Trading segment	Fixed Income segment	Reinvestment segment	Other operating segments	Others	Total
Segment revenues	$ 470,175	$ 54,353	$ 714,165	$ 407,269	$ 222,814	$ 132,668	($ 19,853)	$ 1,981,591
Segment profit or loss	$ 38,206	$ 242	$ 577,939	$ 302,604	$ 8,293	$ 12,809	($ 95,340)	$ 844,753

Note 1: As operating income (loss) in total is consistent with consolidated statement of comprehensive income, there is no need for adjustment.

Note 2: The Company measures the performance of reportable operating segment based on specific performance indicators instead of assets and liabilities. The performance of reportable operating segment is regularly reviewed and assessed by the CODM as a reference for making resources allocation decision.