

ASSETS
Current Assets

Amount **%**

Amount **%**

LIABILITIES AND STOCKHOLDERS' EQUITY
Current Liabilities

Amount **%**

Amount **%**

ties - non-curren

	Amount	%	Amount	%
Clearing and exchange fees: refinancing	629	-	-	-
Clearing and exchange fees: underwriting	7,729	-	1,151	-
Loss on sale of trading securities	-	-	6,320	-
Interest expense (Note 5)	794,877	9	158,106	3
Loss on unamortized borrowed securities and bonds with reverse sale agreements	-	13450	26	Interest expense (Note 5)

Capital stock	Capital surplus	Legal reserve	Retained earnings Special reserve	Unappropriated earnings	Cumulative translation adjustments	Total
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	2007	2006
Cash flows from operating activities:		
Net income	2,506,039	

	2007	2006
Cash flows from investing activities:		
Purchase of available-for-sale financial assets - non-current	-	

CAPITAL SECURITIES CORPORATION

CAPITAL

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

2

4. SUMMARY OF MAJOR ACCOUNTS

(1) Cash and Cash Equivalents

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Cash	\$ 2,375	2,445
Bank deposits		
Checking accounts	2,860	4,542
Demand deposits	41,503	41,753
Time deposits	-	15,000
Foreign currency deposits	327,382	239,036
Subtotal	<u>371,745</u>	<u>300,331</u>

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

2

(d) Held-to-maturity financial assets:

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

2

Since the capitals of Capital Insurance Advisory Corp. and Capital Insurance Agency Corp. only amounted to \$3,890 and \$7,400, respectively,

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

2

In 2007 and 2006, components of net pension cost were as follows:

	<u>2007</u>	<u>2006</u>
Service cost	15,589	16,392

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

2

(b) The Company's profit-seeking enterprise income tax rate is 25%. Commencing frnterpri)TJ1-

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

2

The proposal for earnings distribution for 2007 has yet to be presented in the board of directors' meeting. Information regardi

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

2

- (c) The fair value of the Company's financial assets and liabilities, which were based on quoted market price in active market or determined by using certain valuation techniques were as follows:

Quoted market

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

2

4. Presentation of financial derivatives

In 2007 and 2006, gain on index futures a

**CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

2

2007

2006

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

**CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

2

(d) Lease agreements

**CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

2

6. PLEDGED ASSETS

CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)

2

**CAPITAL SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONT'D)**

0	<p>poration</p> <p>CSC International Holdings Ltd.</p>	<p>Taipei ,Taiwan, R.O.C.</p> <p>British Virgin Island</p>	<p>Engaged in domestic and foreign futures business.</p> <p>Engaged for investment or to merge and</p>	<p>88</p>	<p>8</p>	<p>829</p>	<p>3.8%</p>	<p>85</p>	<p>185</p>	<p>18</p>	<p>Subsidiary</p>
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