



Annual Report 2009

TAIWAN SMEG



Small & Medium Enterprise Credit Guarantee Fund of Taiwan
(Taiwan SMEG)

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Taiwan
SMEG



Po - Por Wang

Po-por Wang
Chairman



Yih-yaw Jan

Yih-yaw Jan
President

2009 was a tough year for Taiwan. In addition to suffering acutely from the impact of the financial Tsunami, Southern Taiwan was devastated by Typhoon Morakot. Under the circumstances, we continued to carry out various credit guarantee business to help enterprises obtain needed financing, and to conduct the "Special Guarantee Programs to Tackle Global Economic Crisis" according to the government's Three-Pillars-of-Support Policy, which implies that the government supports banks first, and the banks can then aggressively support enterprises so the enterprises can support their employees. In line with the government's post-disaster reconstruction policies, we also initiated various credit guarantees to assist disaster-stricken enterprises and victims in securing rehabilitation funds.

With the cooperation of all contracted financial institutions (CFIs), both the loan amount backed up by credit guarantees and the amount guaranteed reached the highest records last year. In regard to credit guarantee business in the year 2009, we approved credit guarantees to 254,807 cases helping 139,755 clients obtain NT\$631.2 billion of loans, of which NT\$475.2 billion were the amount guaranteed. The default rate hit a 20-year low as the world economic situation went stable at the end of 2009. All our efforts made great contributions to the stability of domestic enterprises' operation, employment promotion and post-disaster help.

To ease the impact of the financial tsunami on enterprises, we have implemented a series of the

above-mentioned "Special Guarantee Programs" since the end of 2008 and received full support from all CFIs. Accordingly, the amount guaranteed kept surging every month since the beginning of 2009. Benefiting from the needed funds during the year, the guaranteed enterprises greatly appreciate the initiatives launched by the government and the Taiwan SMEG. To continue supporting the development of SMEs, the deadlines for some of the Special Guarantee Programs were further extended to the end of June 2010.

We have continuously provided SMEs with diversified and comprehensive services over the past 35 years. Besides the unprecedented performance in the amount guaranteed, the guaranteed clients made brilliant achievements in winning national awards in 2009. For instance, 10 out of 12 winners of the National Award of SMEs and all 13 winners of the Rising Star Award were either our current or previous guaranteed clients. The above results not only manifest the hard work of award-winning clients, but also prove the effect of credit guarantee mechanism in terms of fostering the development of SMEs.

Looking into the future, all of us at the Taiwan SMEG will keep improving our services to SMEs and CFIs in more rational, innovative and active ways to realize government's policy toward SMEs. We will also keep rendering efficient assistance to SMEs, and helping enhance resilience of SMEs and the domestic economy.

Objectives

The objective of the Taiwan SMEG is to provide credit guarantees to those small and medium enterprises in normal operation but short of collateral for external financing. With guarantees provision, the Taiwan SMEG helps these enterprises to smoothly secure financing from financial institutions. Essentially the operation of the Taiwan SMEG is in line with the government's financial and economic policies to assist small and medium enterprises.

Establishment

The small and medium enterprises play an extremely important role in the economic structure of our country. In early 1970's a great number of small and medium enterprises suffered from the recession and inflation brought up by the oil crisis. At that time the financial institutions turned to be conservative and requested very stringent collateral requirements on small and medium enterprises' loan applications. Small and medium enterprises thus encountered great difficulties in obtaining financing. To cope with these situations, the Taiwan SMEG was established in 1974 to strengthen the financing assistance to small and medium enterprises.

Sources of Paid-in Capital

Paid-in capital of the Taiwan SMEG comes from donations made by the central government, local governments, contracted financial institutions and other agencies, yet not on a continuous basis. Up to the end of 2009 donations received have totaled NT\$88.60 billion (including separate funds for special guarantee programs), 79.11% of which are from the central and local governments, 18.52% the contracted financial institutions, and 2.37% other agencies. As of the end of 2009 its net worth totaled NT\$30.60 billion (including separate funds for special guarantee programs).



A group photo of "The 13th KODIT-Taiwan SMEG Working-Level Council."

TAIWAN SMEG

1974	The Taiwan SMEG was established as a non-profit organization.
1975	The Authorized Approach was introduced, whereby banks are authorized to extend the guaranteed loans before referring the case to the Taiwan SMEG for post-ratification if such lending is within certain guidelines set by the Taiwan SMEG.
2002	The introduction of the "Internet Credit Guarantee Operational System."
2003	<ol style="list-style-type: none"> 1. Change in the supervising agency of the Taiwan SMEG from the Ministry of Finance to the Ministry of Economic Affairs. 2. The introduction of the Package Credit Guarantee.
2004	The introduction of the Direct Credit Guarantee.
2005	Establishment of the Torchbearer Institute.
2006	The introduction of the project of the Firefly Counterpart Guarantee Fund.
2007	Renamed as the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG).
2008	<ol style="list-style-type: none"> 1. The introduction of Credit Guarantees for "Start-up Loans for the Rehabilitated" and "Natural Disasters Reconstruction Loans." 2. Launch of "Special Guarantee Programs to Tackle Global Economic Crisis."
2009	<ol style="list-style-type: none"> 1. The introduction of Credit Guarantees for "Micro Loans Sponsored by Kaohsiung City Government," "Micro Start-up Loans Sponsored by Taipei County Government," "SME Loans Sponsored by Taipei City Government," "Non-SME Loans for Revitalizing Economy," "Preferential Loans for Purchasing Energy-saving Equipment," "Loans for Travel Agencies," "The Typhoon Moracot Reconstruction Loans," "Loans for the Enterprises Suffering from the Typhoon Moracot" and "Loans for the Tourism Industry Suffering from the Typhoon Moracot." 2. Extension of the deadline of "Special Guarantee Programs to Tackle Global Economic Crisis" till the end of June 2010.

I. For Credit Guarantee Programs Supported by SME Fund

1. Enterprises

Type of Business	Max. Capital	Max. Annual Sales	Employees	Length of Time in Business
Manufacturing Enterprises (including Construction Industry)	NT\$80 million --	-- --	-- less than 200	6 months or longer
Non-manufacturing Enterprises	-- --	NT\$100 million --	-- less than 100	1 year or longer

Notes:

1. If the capital, annual sales, or employees of a manufacturing/non-manufacturing enterprise exceed the maximum limit, it is still eligible for credit guarantee from the Taiwan SMEG for 2 years after the expansion and for 3 years after a merger.
2. If the capital, annual sales, or employees of a manufacturing/non-manufacturing enterprise that used to be the Taiwan SMEG's client exceed the maximum limit, it is still eligible for Credit Guarantee for Policy-oriented Loans used in purchasing automation equipment, antipollution equipment, and related factory buildings and land.

2. Business Start-up Individuals

Credit Guarantee for Youth Business Start-up Loans

This program is designed to provide assistance to those start-up young entrepreneurs, aged 20-45, whose businesses have been operated less than 5 years, and their loan applications have been pre-approved by the authorized financial institutions.

II. For Credit Guarantee Programs Supported by Separate Funds

Item of Credit Guarantee	Purpose & Eligible Client
1. Own Brand International Promotion Loans	To help enterprises promote products carrying their own brand names in the international market. Eligible clients for this program are those SMEs approved for "Own Brand International Promotion Loans" by the Ministry of Economic Affairs. Notably, this program is available to SMEs as well as large firms.
2. Student Loans	To help students in senior high schools or higher educational institutes obtain financing for education.
3. Studying-abroad Student Loans	To help low- and medium-income graduate students obtain financing for studying abroad to earn master's or doctoral degrees.
4. Youth Experiencing-abroad Loans	To help young students aged 20-30 who have been engaged in social services for more than 30 hours obtain financing for experiencing overseas living through individual travel, studying, or doing part-time jobs abroad. The applications of young students from low- and medium-income families take priority for handling.

5. International Patent Rights Lawsuit Loans	To help domestic private enterprises obtain financing to cope with international patent rights lawsuit.
6. Firefly Counterpart Fund	To help the production/supply chains (SMEs) of the donating companies of the Firefly Counterpart Fund obtain financing especially for R&D from financial institutions.
7. Non-SME Loans for Revitalizing Economy	To help enterprises obtain operating funds from financial institutions during the economic recession.
8. Natural Disasters Reconstruction Loans	To assist victims (individuals) suffering from natural disasters in reconstructing their homes.
9. Micro Loans Sponsored by Kaohsiung City Government	To promote commerce and development of small-scale enterprises in Kaohsiung City. It helps Kaohsiung citizens aged 20-65 who have stall permits, or actually run businesses in the city with business licenses obtain financing.
10. Start-up Loans for the Rehabilitated	To provide credit guarantees to discharged prisoners, aged 20-65, who have received business permits to start their new businesses.
11. Micro Start-up Loans Sponsored by Taipei County Government	To help low- or mid-income disadvantaged citizens in Taipei County aged 20-65 obtain start-up financing to get rid of poverty.
12. Micro/Women Start-up Loans	To provide women aged 20-65 and nationals aged 45-65, whose micro-businesses hiring less than 5 employees have been operated less than 2 years, with needed financing.
13. SME Loans Sponsored by Taipei City Government	To revitalize the economy of Taipei City and development of SMEs. It helps SMEs in Taipei City obtain financing with referential conditions.
14. Loans for Travel Agencies	To help travel agencies obtain working capital from financial institutions.
15. Typhoon Moracot Reconstruction Loans	To help victims of the Typhoon Moracot obtain loans to rebuild, repurchase or repair their houses.
16. Loans for the Enterprises Suffering from the Typhoon Moracot	To help the enterprises that suffered damage in the Typhoon Moracot obtain needed bank loans for resuming operations and running business.
17. Loans for the Tourism Industry Suffering from the Typhoon Moracot	To help the tourist hotels, hotels and home stay facilities suffering from the Typhoon Moracot obtain financing with referential conditions.

Credit Guarantees

I. For Credit Guarantee Programs Supported by SME Fund

Item of Credit Guarantee	Eligible Client	Max. Guarantee Coverage Percentage for the Authorized Approach (note 1)	Guarantee Fee Per Annum (as % of Amount Guaranteed) (note 2)	
1. General Purpose Loans	SMEs (Manufacturing and non-manufacturing enterprises)	80%	0.75~1.5%	
2. Guarantees on Issuing Commercial Papers				
3. Export Loans				
4. Loans for Raw Materials				
5. Guarantees on Contract Performance				
6. Small-amount Handy Loans				0.85~1.6%
7. Policy-oriented Loans				0.75~1.5%
8. Loans under Package Credit Guarantee		100%	0.25~1.25%	
9. Preferential Loans for Establishing R&D Environment	SMEs & large firms approved by review committee	90%	0.75~1.5%	
10. Research and Development Promotion Loans				
11. Loans for Knowledge-based Enterprises	SMEs which meet certain requirements	80%	0.75~1.5%	
12. Natural Disaster Reconstruction Loans for SMEs	SMEs	90%	0	
13. Youth Business Start-up Loans	Prospective young entrepreneurs aged 20-45	80%	0.75%	
14. Loans for Assisting SMEs with Investment in Friendly Countries	SMEs	50% 60% 70% 80%	1.75% 1.50% 1.25% 1%	
15. Preferential Loans for Film Industry and TV Program Supply Industry	Film industry and TV program supply industry approved by review committee	90%	0.5~3.5%	
16. Preferential Loans for Purchasing Energy-saving Equipment				SMEs

II. For Credit Guarantee Programs Supported by Separate Funds

Item of Credit Guarantee	Eligible Client	Max. Guarantee Coverage Percentage for the Authorized Approach (note 1)	Guarantee Fee Per Annum (as % of Amount Guaranteed)
1. Own Brand International Promotion Loans	Enterprises approved by MOEA (note 3)	80%	0.75%
2. Student Loans	Students in senior high schools or higher educational institutes		0 (note 4)
3. Studying-abroad Student Loans	Graduate students who are permitted to study abroad		0 (note 5)
4. Youth Experiencing-abroad Loans	Youth aged 20-30, having been engaged in social services over 30 hours		
5. International Patent Rights Lawsuit Loans	Domestic private enterprises approved by deliberating committee	70% 80% 90%	0.75% 1% 1.25%
6. Firefly Counterpart Fund	SMEs recommended by the donating enterprises	95%	0.395~0.75%
7. Non-SME Loans for Revitalizing Economy	Enterprises beyond the scale of SMEs defined by the SMEA (note 6)	70%	0.75%
8. Natural Disasters Reconstruction Loans	Victims (individuals) of natural disasters	80%	0.3%
9. Micro Loans Sponsored by Kaohsiung City Government	Kaohsiung citizens aged 20-65 with stall permits, or running businesses in Kaohsiung City with business licenses	90%	0.5%
10. Micro/Women Start-up Loans	Women aged 20-65 & nationals aged 45-65 whose businesses have been operated less than 2 years	95%	
11. Start-up Loans for the Rehabilitated	Protected discharged prisoners, aged 20-65, who have received business permits to start their new businesses	90%	
12. Micro Start-up Loans Sponsored by Taipei County Government	Low- or mid-income disadvantaged citizens in Taipei County aged 20-65 whose small-scale businesses have been operated less than 2 years	95%	0 (note 7)
13. SME Loans Sponsored by Taipei City Government	SMEs in Taipei City		
14. Loans for Travel Agencies	Travel Agencies	90%	0 (note 8)
15. The Typhoon Moracot Reconstruction Loans	Victims of the Typhoon Moracot	100%	
16. Loans for the Enterprises Suffering from the Typhoon Moracot	Enterprises Suffering from the Typhoon Moracot	90%	0 (note 9)
17. Loans for the Tourism Industry Suffering from the Typhoon Moracot	Tourist hotels, hotels and home stay facilities Suffering from the Typhoon Moracot		0 (note 9)

Notes:

- The Taiwan SMEG's credit guarantee is provided on a risk-sharing basis. The credit risk beyond the Taiwan SMEG's guarantee coverage percentage shall be assumed by financial institutions. Apart from some items of credit guarantee, the maximum amount of guaranteed loans for a single enterprise is normally NT\$100 million (NT\$120 million for the period of Nov. 7, 2008 to Jun. 30, 2010) under the Authorized Approach, the Normal Approach and the Direct Credit Guarantee.
- Except for the basic guarantee fee rate (0.75%), a differential rate is charged based on the applicant's credit status, operation, financial & guarantee conditions, and intangible asset.
- MOEA: Ministry of Economic Affairs.
- The guarantee fee is paid by the Ministry of Education.
- The guarantee fee is paid by the National Youth Commission (NYC) under the Executive Yuan (the Cabinet).
- SMEA: Small and Medium Enterprise Administration, MOEA.
- The guarantee fee is paid by the Ministry of Interior.
- The guarantee fee is paid by the Ministry of Economic Affairs.
- The guarantee fee is paid by the Tourism Bureau.

1. The Authorized Approach

If the application involves an amount below the limit set for the guarantee item and meets the requirements for the Authorized Approach set by the Taiwan SMEG, the financial institution may extend loan before referring the case to the Taiwan SMEG for post-ratification (see Chart 1).

2. The Normal Approach

If the application does not meet the amount and requirements under the Authorized Approach, the financial institution is required to refer the case to the Taiwan SMEG for examination. It should not extend loan until the Taiwan SMEG grants its guarantee on the case (see Chart 2).

3. The Package Credit Guarantee

It is designed to help SMEs obtain financing and simplify banks' processing procedures. Any contracted financial institution (FI) may apply for extending loans under package credit guarantee to the Taiwan SMEG. Based on certain payment rate, there is no amount or term limit of the credit line for the applications. This project aims at reinforcing the self-reliant management and risk control of the FIs (see Chart 3).

4. The Direct Guarantee

To help SMEs engaged in knowledge-based industries, the Taiwan SMEG sometimes grants guarantees to applicants directly. SMEs may apply for such direct guarantee services in certain cases, and the Taiwan SMEG will issue a letter of commitment to the company directly. The SMEs can then apply to banks for loans with their credit guaranteed (see Chart 4).

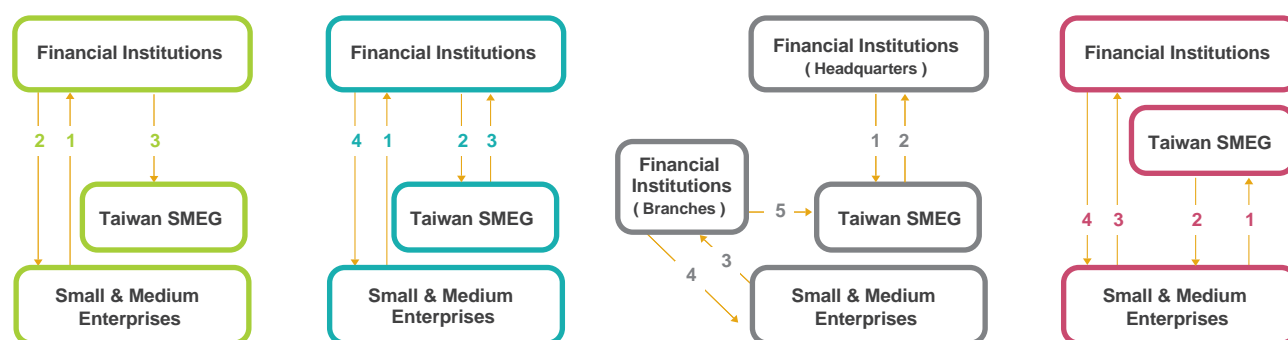


Chart 1	Chart 2	Chart 3	Chart 4
The Authorized Approach	The Normal Approach	The Package Credit Guarantee	The Direct Guarantee
<ol style="list-style-type: none"> 1. Apply for loan 2. Extend loan 3. Post-ratification of guarantee 	<ol style="list-style-type: none"> 1. Apply for loan 2. Apply for guarantee 3. Notification of guarantee approval 4. Extend loan 	<ol style="list-style-type: none"> 1. Apply for package credit guarantee 2. Open an on-line operating account 3. Apply for loan 4. Extend loan 5. Post-ratification of guarantee 	<ol style="list-style-type: none"> 1. Apply for credit guarantee 2. Issuance of a letter of commitment 3. Apply for loan 4. Extend loan

Accomplishment

From its inauguration in 1974 to the end of 2009, the Taiwan SMEG has offered credit guarantees on 3.9 million cases, which is NT\$4,750.54 billion in amount. With the credit guarantees, the Taiwan SMEG's clients have obtained a total of NT\$7,006.46 billion in various forms of credit from financial institutions. The outstanding credit covered by guarantees posted NT\$394 billion as of the end of 2009. The outstanding credit supported by credit guarantees for SMEs accounted for 15.77% of the outstanding credit for SMEs offered by all the financial institutions as of the end of 2009.

Guarantee Performance by Items of Guarantees

In terms of outstanding credit covered by guarantees, Credit Guarantees for General Purpose Loans occupied 45.87%, ranking the first among all items of credit guarantees in 2009. The Package Credit Guarantees and Credit Guarantees for Expanding Comprehensive Credit Line, ranking the second and the third, accounted for 14.38% and 11.43% of all credit guarantees.

Guarantee Performance by Industry

As of the end of 2009, outstanding credit covered by guarantees for the trade industry occupied 39.02%, ranking the first among all types of business. The manufacturing industry (excluding the construction industry) accounted for 36.75%, ranking the second. The wholesale building materials industry accounted for 7.78%, ranking the first among the trade industry. The fabricated metal products manufacturing industry represented 7.22%, ranking the first among the manufacturing industry.

Table 1 Credit Guarantee Service Statistics

Amount unit: NT\$ million

Year	No. of Cases	Amount Guaranteed	Total Amount Supported	Outstanding Credit Covered by Guarantees	Outstanding Credit Supported	Net Worth
2005	271,401	333,020	538,947	372,808	569,030	18,119
2006	261,824	319,604	530,459	401,168	608,312	19,552
2007	238,801	290,611	495,257	358,998	554,129	22,374
2008	237,446	330,757	523,151	328,988	501,395	27,959
2009	254,807	475,248	631,207	393,928	532,439	30,596



Table 2 Guarantee Performance by Item in 2009

Amount unit: NT\$1,000

Item of Credit Guarantee	No. of Cases	Amount Guaranteed	Outstanding Credit Covered by Guarantee	Percentage
General Purpose Loans	121,696	223,855,075	180,705,987	45.87
Loans under Package Credit Guarantee	13,054	65,492,135	56,662,575	14.38
Expanding Comprehensive Credit Line	37,379	58,304,621	45,010,046	11.43
Loans for Raw Materials	57,098	83,011,634	42,148,537	10.70
Policy-oriented Loans	908	4,003,188	15,031,593	3.82
Small-amount Handy Loans	4,038	2,544,975	10,778,680	2.74
Guarantees on Contract Performance	6,143	9,698,127	9,907,452	2.52
Non-SME Loans for Revitalizing Economy	1,532	8,515,795	5,410,990	1.37
Loans for SMEs' Participating in Public Construction	495	6,043,612	4,446,272	1.13
Youth Business Start-up Loans	956	627,113	4,129,725	1.05
Expanding Loans for Raw Materials	4,451	4,573,475	2,364,255	0.60
Research and Development Promotion Loans	58	441,445	1,982,127	0.50
Micro-business Start-up Loans	17	8,540	1,911,512	0.49
Export Loans	1,813	2,446,754	981,048	0.25
SME Loans Sponsored by Taipei City Government	1,081	934,969	933,170	0.24
Loans for Quasi Large Enterprises	144	854,781	865,227	0.22
Firefly Counterpart Guarantee	2,366	1,831,860	771,233	0.20
Women Start-up Loans	859	416,045	529,333	0.13
Natural Disaster Reconstruction Loans for SMEs	143	343,738	331,487	0.08
Loans for SMEs' Obtaining Domestic Investment Capital	25	307,785	296,249	0.08
Loans for the Enterprises Suffering from the Typhoon Moracot	59	226,845	226,845	0.06
Own Brand International Promotion Loans	7	64,544	204,920	0.05
Bank's Guarantees on SMEs' Commercial Paper Issuing	86	336,548	178,389	0.05
Preferential Loans for Film Industry and TV Program Supply Industry	4	91,946	125,327	0.03
Loans for Knowledge-based Enterprises	22	67,727	124,326	0.03
Micro Loans Sponsored by Kaohsiung City Government	286	92,880	91,664	0.02
The Typhoon Moracot Reconstruction Loans	47	63,960	63,947	0.02
Sustainable Development Loans for Offshore Islands	1	25,500	49,938	0.01
Micro Start-up Loans Sponsored by Taipei County Government	30	16,103	16,052	0.00
Natural Disaster Reconstruction Loans for Individuals	7	3,520	3,520	0.00
Preferential Loans for Purchasing Energy-saving Equipment	1	1,800	1,800	0.00
Start-up Loans for the Rehabilitated	1	475	855	0.00
Total	254,807	475,247,514	393,928,121	100.00

Notes:

The Taiwan SMEG approved 800,809 cases and credit guarantees of NT\$23.9 billion for the Student Loans; 744 cases and credit guarantees of NT\$705 million for the Studying-abroad Student Loans; 153 cases and credit guarantees of NT\$14.2 million for the Youth Experiencing-abroad Loans.

Taiwan SMEG is one of the members of the Asian Credit Supplementation Institution Confederation (ACSIC) which was established in October 1988. The objective of the ACSIC is to promote the sound development of the credit supplementation system for small businesses through exchange of information, discussions and interchange of personnel among small business credit supplementation institutions in Asia.



Speech by Guest of Honor,
Mr. Francis Kuo-hsin Liang,
Vice Minister of the MOEA.



Keynote Speech by
Dr. Robert Sun-quae Lai,
Director General of the SMEA, MOEA.



Opening Address by
Mr. Po-por Wang,
Chairman of the Taiwan SMEG.

"The 22nd ACSIC Conference" was successfully hosted by the Taiwan SMEG during November 9-13, 2009. The delegates, totaling 97, came from 15 institutions of 10 ACSIC member countries and 5 non-ACSIC member institutions from Portugal, Italy, Singapore, Japan and Taiwan.

The theme of the Conference was "The Measures Taken by Credit Guarantee/Insurance Systems to Exert the SME-Assistance Functions during the Global Financial Crisis." Mr. Francis Kuo-hsin Liang, Vice Minister of the Ministry of Economic Affairs (MOEA) gave a speech as the Guest of Honor, and the keynote speech was delivered by Dr. Robert Sun-quae Lai, Director General of the Small & Medium Enterprise Administration (SMEA) under the MOEA. In addition, 8 impressive presentations, followed by active discussions, were made. The thought-provoking presentations and discussions inspired all participants to further come up with better measures to help the SMEs tide over the difficulties caused by the financial tsunami.



A group photo of the chief delegates.

The Taiwan SMEG has constantly taken all necessary steps to prop up almost all kinds of industries over the past 35 years. Since the establishment of the Taiwan SMEG in 1974, a total of more than 290,572 SMEs have benefited from the services of the Taiwan SMEG. Out of the figure, 2,506 enterprises successfully grew and became large firms as of the end of 2009. Of them, 272 firms (account for 36.12% of the total listed companies) were listed on the stock market, and 332 enterprises (account for 60.92% of the total OTC companies) on the over-the-counter (OTC) market.



Guaranteed clients attend seminar hosted by the Taiwan SMEG.



Successful guaranteed client shares experience with others.

Several awards are bestowed to honor successful SMEs domestically. The National Award of SMEs is to honor those SMEs which have accomplished outstanding growth and success. Besides, the National Quality Award, the Small and Medium Enterprise Innovation Research Award, and the Rising Star Award are all designed for successful SMEs. Clients of Taiwan SMEG take significant lion's share in the winners of all of the awards. Statistics show that 65% of the winners of these awards used to be or still are the recipients of the Taiwan SMEG's credit guarantees. During the year of 2009, 10 out of 12 winners of the National Award of SMEs and all 13 winners of the Rising Star Award were either the Taiwan SMEG's current or previous guaranteed clients. The achievements of the Taiwan SMEG's clients are really praiseworthy.

The above-mentioned prominent guaranteed clients are commonly invited to share their managerial knowledge, experiences and secrets of success with all guaranteed clients in various activities held by the Torchbearer Institute (TI) nationwide. The TI has been an information exchange platform for successful entrepreneurs, scholars, government, financial sector and SMEs since its inception in 2005. The Taiwan SMEG will continue to play the role as the bridge between guaranteed clients and all related sectors.

Balance Sheet of Dec. 31, 2009	Unit: NT\$1,000
Assets	
Current Assets	55,144,642
Cash & Cash Equivalents	48,805,004
Financial Assets in Available-for-sale—Current	278,639
Accounts Receivable	928
Restricted Current Assets	5,802,114
Other Current Assets	257,957
Funds, Long-term Investments & Other Receivables	4,094,823
Capital Funds	333,958
Financial Assets in Available-for-sale—Noncurrent	3,760,865
Fixed Assets	311,946
Intangible Assets	30,523
Other Assets	1,887
Total Assets	59,583,821
Guarantee Assets	380,647,083
Liabilities & Net Worth	
Liabilities	28,987,835
Current Liabilities	444,398
Accrued Expenses	136,875
Unearned Receipts	294,817
Other Current Liabilities	12,706
Reserve for Losses on Guarantee	22,737,472
Other Liabilities	5,805,965
Net Worth	30,595,986
Capital Funds	333,958
Other Funds	88,266,636
Surplus (Loss)	(58,356,803)
Equity Adjustments	
Unrealized Gain on Financial Instruments	352,195
Total Liabilities & Net Worth	59,583,821
Guarantee Liabilities	380,647,083

Income Statement for the Year Ended Dec. 31, 2009	Unit: NT\$1,000
Revenues	
Guarantee Fee Revenue	1,778,563
Recovery of Bad Debts	1,046,425
Interest Revenue	747,081
Gain on Investment	18,514
Donated Revenue	4,714
Miscellaneous Revenue	19,878
Total Revenues	3,615,175
Expenses	
Provision for Losses on Guarantee	8,320,972
Business & Administrative Expenses	670,203
Interest Expense	1,817
Loss on Disposal of Fixed Assets	243
Miscellaneous Expenses	2,862
Total Expenses	8,996,097
Net Surplus (Net Loss)	(5,380,922)

Table 3 Major Economic Indicators

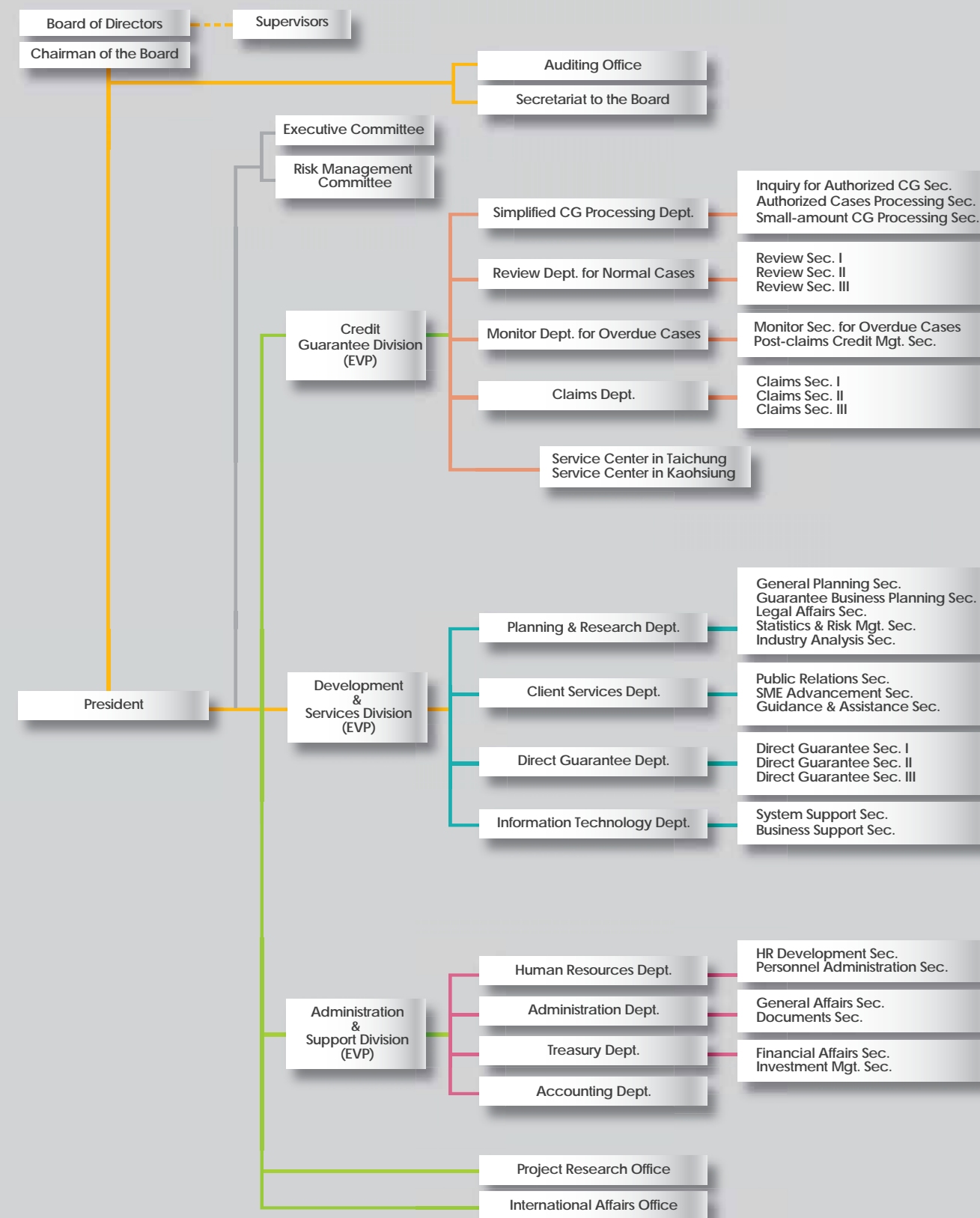
Indicator	Year	2004	2005	2006	2007	2008	2009
	*Economic growth rate (%)		6.19	4.70	5.44	5.98	0.73
Per capita GNP (US\$)		15,156	16,113	16,532	17,596	17,941	16,997
GNP (NT\$ billion)		11,438	11,746	12,229	13,243	13,013	12,951
GDP (NT\$ billion)		11,090	11,612	12,243	12,976	13,071	12,827
Wholesale price index		94.09	94.67	100.00	106.47	111.95	102.17
Consumer price index		97.17	99.41	100.00	101.80	105.39	104.47
Unemployment rate (%)		4.44	4.13	3.91	3.91	4.14	5.85
Balance of trade (NT\$ billion)		89	227	749	1,318	1,613	1,806
Exports of goods and services (NT\$ billion)		6,934	7,473	8,326	9,121	9,172	8,327
Imports of goods and services (NT\$ billion)		7,023	7,246	7,577	7,803	7,559	6,521
Exchange rate (end of period) (NT\$/US\$)		31.9	32.9	32.6	32.4	32.9	32.0
Rediscount rate of Central Bank (end of period) (%)		1.75	2.25	2.75	3.37	2.00	1.25

Sources:
<http://www.dgbas.gov.tw/mp.asp?mp=1>, Directorate-general of Budget, Accounting and Statistics, Executive Yuan, R.O.C. (Taiwan), February 2010;
<http://www.cbc.gov.tw/ct.asp?xItem=975&ctNode=523&mp=1>, Central Bank of the Republic of China (Taiwan).
 * The economic growth rate was measured by the change rate of real GDP.

Table 4 Recent Status of SMEs

Indicator	Year	2006	2007	2008
	SMEs/All enterprises (%)			
Number of enterprises		97.77	97.68	97.70
Number of employment sustained		76.66	77.12	76.58
Sales value		29.84	29.21	29.69
Direct export		17.89	17.06	17.36
Credit to SMEs/Credit to all enterprises (%)		17.16	18.21	18.19

Sources:
 White Paper on Small and Medium Enterprises in Taiwan, 2009, Small & Medium Enterprise Administration, Ministry of Economic Affairs.





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