Polaris Futures Co., Ltd. and Subsidiary

Consolidated Financial Statements for the

December 31, 2011

Independent Auditors' Report

(Stock Code: 6023)

Readers are advised that the original version of these financial statements is in Chinese. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

Polaris Futures Co., Ltd. And Subsidiary

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Polaris Futures Co., Ltd.

We have audited the accompanying balance sheet of Polaris Futures Co., Ltd. and subsidiary as of December 31, 2011 and the related statements of income, changes in shareholders' equity and cash flows for the the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the Company's investee, were not audited by us but by accountants of another firm, therefore the amounts of MF Global Futures Trust Co., Ltd. stated in these financial statements were based on the review reports issued by another accounting firm. As of December 31, 2011, the amount of long-term investment in MF Global Futures Trust Co., Ltd. was $79,760 thousands and held up to 0.41% of total assets. From January 1 to December 31, 2011, the investment loss to MF Global Futures Trust Co., Ltd. was $6,132 thousands and held up to (1.15%) of net income before tax.

We conducted our audits in accordance with generally accepted auditing standards in the Republic of China and Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants to plan and execute auditing tasks and reasonably believe there is no material misleading expressions of the related statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and other auditors' review report provide a reasonable basis for our opinion.

In our opinion, based on our audits and other auditor's review report, the financial statements referred to above present fairly, in all material respects, the financial position of Polaris Futures Co., Ltd. and subsidiary as of December 31, 2011, and the result of its operations and its cash flows for the period from January 1 to December 31, 2011 are in conformity with futures and financial reporting standards and generally accepted accounting principles in the Republic of China.

According to Note VII to Financial Statements, Polaris Futures Co., Ltd engaged in overseas futures trading as a consignee for MF Global Singapore Pte. Ltd. The amount of guarantee fund for futures trading held by the Company were as follows: Self guarantee fund of $96,494 thousand, client guarantee fund of $604,492 thousand and accounts receivable of $8,069 thousand. Furthermore, the manager of Polaris International Investment Trust Co., Ltd, the investee company of Polaris Futures Co., Ltd, had engaged Polaris-Propime Securities Investment Advisor Co., Ltd to perform overseas futures trading of Polaris Taiwan Equity Fund on his behalf. The relevant amount of guarantee fund held in Polaris-Propime Securities Investment Advisor Co., Ltd was $212,866 thousand. As Polaris-Propime Securities Investment Advisor Co., Ltd applied for receivership as at 1st November 2011 according to the relevant regulations in Singapore, this had lead to the temporary freezing of guarantee fund of both the Company and Polaris Taiwan Equity Fund that was either held in the Company itself or Taiwan branches of the Company. According to the Legal Comment Letter prepared by the lawyer, who was entrusted by the Chinese National Futures Association: 1) based on the announcement by the temporary liquidator of Polaris-Propime Securities Investment Advisor Co., Ltd, the liquidator had already obtained and secured around 83% of the client guarantee fund; 2) according to the relevant regulations in Singapore, the ordinary non-client debt holder did not have the right to claim the portion of the client guarantee fund (excluding the amount of around USD 20 million that was held in the accounts of Taiwan branches) not yet collected by the temporary liquidator; 3) according to Futures Trading Act Article 70 and Regulations Governing Futures Commission Merchants Article 45, the recoverability of the freezing client guarantee fund held in the Taiwan branches (approximately USD 20 million) should be certain; 4) Taiwan branches that have operating capital exceeding NTD 0.3 billion, have legal priority over the Singapore headquarter when claiming the debt that arose from the business operation.

The details and description of the financial statements of Polaris Futures Co., Ltd. And tis subsidiaries majorly provide support and analysis. We tested the data by method mentioned in second paragraph. As to our opinion, those details and descriptions of Polaris Futures Co., Ltd.'s financial statements were based on those mentioned in the third paragraph and present fairly the financial statement of Polaris Futures Co., Ltd. for the year ended December 31, 2011.

As stated in Note No.3, since January 1, 2011, Polaris Futures Co., Ltd. had adopted SFAS No. 34 Financial Instruments: Recognition and Measurement and also adopted SFAS 41 Operating Segments for the accounting treatment on its books.

First Crowe Horwath & Company, CPAs
Taipei, Taiwan
Republic of China
January 17, 2012

<u>Notice to Readers</u>

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices 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 financial statements and report of the independent accountants are not intended for use by those who are not informed about the accounting principles and auditing standards generally accepted in the Republic of China, and their applications in practice.

POLARIS FUTURES CO., LTD. and Subsidiary
Consolidated Balance Sheets
For The Year Ended December 31, 2011
(In Thousands of New Taiwan Dollars,Except Par Value)

ASSETS	Note	December 31,2011 Amount	%
CURRENT ASSETS		$ 19,001,716	97
Cash and cash equivalents	(II)-2, (IV)-1	2,063,375	11
Financial assets at fair value through profit or loss	(II)-3, (IV)-2	879,590	4
Margin deposits	(II)-8, (IV)-3, (V)	16,008,161	82
Futures trading margin receivable		-	-
Accounts Receivable-non-related parties	(II)-4	16,074	-
Accounts Receivable-related parties	(II)-4,(V)	9,705	-
Prepayment		3,842	-
Other Receivables		20,082	-
Other Receivables-Related Parties		31	0
Other current assets		856	-
FUNDS AND LONG-TERM INVESTMENTS	(IV)-4	115,262	1
Available for sale financial assets-noncurrent	(II)-5	35,502	-
Investments accounted for using equity method	(II)-6	79,760	1
FIXED ASSETS	(II)-9, (IV)-5	89,274	-
Equipments		91,977	-
Prepayment for equipments		8,820	-
Leasehold improvements		34,030	-
Less : accumulated depreciation		(45,553)	-
INTANGIBLE ASSETS		18,164	-
Deferred pension costs	(II)-16, (IV)-8	5,856	-
Other intangible assets	(II)-10	12,308	-
OTHER ASSETS	(IV)-6	412,863	2
Operations guarantee deposits	(II)-11	205,000	1
Clearing and settlement funds	(II)-12	184,000	1
Refundable deposits		9,270	-
Deferred income tax assets-non-current	(II)-18, (IV)-12	14,593	-
TOTAL ASSETS		$ 19,637,279	100

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	December 31,2011 Amount	%
CURRENT LIABILITIES		$ 16,240,485	83
Financial liabilities at fair value through profit or loss	(II)-3, (IX)	12,666	-
Futures traders' equity	(II)-12, (IV)-3, (V)	15,995,032	82
Accounts payable-non-related parties		43,953	-
Accounts payable-related parties	(V)	11,715	-
Other payables	(IV)-7	170,748	1
Other current liabilities		6,371	-
OTHER LIABILITIES		88,026	-
Accrued pension liabilities	(II)-16, (IV)-8	27,872	-
Reserve for bad debts losses	(II)-17	60,154	-
TOTAL LIABILITIES		16,328,511	83
Capital stock	(IV)-9	1,312,763	7
Common stock		1,312,763	7
Capital surplus		407,633	2
Premium from business merger		46,333	-
Premium from issuing stocks		361,300	2
Retained earnings		1,600,045	8
Legal reserve		310,230	2
Special reserve	(IV)-10	824,179	4
Unappropriated retained earnings	(IV)-11	465,636	2
Other stockholders' equity		(11,673)	-
Cumulative translation adjustments	(II)-6	(11,673)	-
TOTAL SHAREHOLDERS' EQUITY		3,308,768	17
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 19,637,279	100

Note: Please refer to the accompanying notes of the financial statements and the audit report signed by First Horwath & Company, CPAs on January 17, 2012.

POLARIS FUTURES CO., LTD. and Subsidiary
Consolidated Income Statements
For The Year Ended December 31, 2011
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Descriptions	Note	December 31,2011 Amount	%
REVENUES	(II)-19		
Brokerage		$ 1,440,159	27
Investment Income-Dividend		10,597	
Clearance fee from consignation		71,084	1
Gain on disposal of derivative financial instruments	(II)-3	3,654,552	68
Futures advisory revenues		1,723	-
Other operating revenues		7,024	-
Nonoperating revenues		226,471	4
Total Revenues		5,411,610	100
EXPENSES	(II)-19		
Brokerage fee		(189,907)	(4)
Dealer handling fee		(97,270)	(2)
Loss on Sale of Securities operating-self operating		(12,304)	-
Futures commission		(383,737)	(7)
Clearance fee		(253,986)	(5)
Loss on disposal of derivative financial instruments	(II)-3	(2,904,083)	(54)
Operating expenses		(1,022,380)	(19)
Nonoperating expenses and losses		(15,913)	-
Total Expenses		(4,879,580)	(91)
Net income before income tax		532,030	9
Income tax expenses	(II)-18, (IV)-12	(67,364)	(1)
Net income		$ 464,666	8
Earnings per share	(II)-22, (IV)-13		
Earnings before income tax		$ 464,666.00	
Income tax expense		(37,364.00)	
Consolidate Net Income		$ 427,302.00	
Attribatable to:			
Shareholders of the parent		$ 464,666	
Minority interest		-	
Comsolidate net income		$ 464,666	
Earnings per share			
Earning before income tax		$ 4.05	
Consolidate net income		$ 3.54	
Minority interest		-	
Shareholders of the parent		$ 3.54	

Note: Please refer to the accompanying notes of the financial statements and the audit report signed by First Horwath & Company, CPAs on January 17, 2012.

POLARIS FUTURES CO., LTD. and Subsidiary

Consolidated Statements of Changes in Shareholders' Equity

For The Year Ended December 31, 2011

(In Thousands of New Taiwan Dollars)

Item	Capital stock	Capital surplus	Retained Earnings			Cumulative translation adjustments	Total
			Legal reserve	Special reserve	Unappropriated retained earnings		
Balance, January 1, 2011	$ 1, 312, 763	$ 407, 633	$ 280, 486	$ 560, 973	$ 297, 620	$ -	$ 2, 859, 475
Appropriations of prior year's earnings							
Legal reserve	-	-	29, 744	-	(29, 744)	-	-
Special reserve	-	-	-	59, 489	(59, 489)	-	-
Cash dividends to shareholders	-	-	-	-	(207, 417)	-	(207, 417)
Transform Reserve for breach of contract losses and Reserve for trading losses to Special reserve	-	-	-	203, 717	-	-	203, 717
Adjustments of cumulative translation adiustments from equity investments accounted for under the equity method	-	-	-	-	-	(11, 673)	(11, 673)
Consolidated net income for the six months ended June30,2011	-	-	-	-	464, 666	-	239, 163
Balance, June 30, 2011	$ 1, 312, 763	$ 407, 633	$ 310, 230	$ 824, 179	$ 465, 636	($ 11, 673)	$ 3, 083, 265

Note: Please refer to the accompanying notes of the financial statements and the audit report signed by First Horwath & Company, CPAs on January 17, 2012.

POLARIS FUTURES CO., LTD. And Subsidiary
Consolidated Statements of Cash Flows
For The Year Ended December 31, 2011
(In Thousands of New Taiwan Dollars)

		December 31,2011
Cash flows from operating activities		
Net income	$	464,666
Adjustments		
Depreciation		49,234
Amortization		4,720
Equity in earnings of equity method investees,net		6,132
Loss on disposal of short term investments		8,428
Increas in call options		14,730
Decrease (Increase) in future trading margin - house fund	(	97,615)
Increasee in margin deposits		251,500
Increase in accounts receivable	(	12,630)
Increase in accounts receivable-related party	(	9,149)
Increase in other receivables	(	7,173)
Decrease in other receivables-related party	(	31)
Decrease in prepayments	(	303)
Decrease in deferred income tax assets		3,422
Decrease in put option liabilities	(	97,854)
Increase in futures traders' equity	(	246,508)
Increase in accounts payable-non-related party		6,045
Increase (decrease)e in accounts payable-related party	(	1,029)
Decrease in income tax payables		13,062
Decrease in other accounts payable	(	27,341)
Decrease in other current liabilities	(	2,208)
Increase in unearned receipts	(	40)
Increase in accrued pension liabilities		4,027
Net cash provided by operating activities		324,085

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Cash flows from investing activities	
Acquisition of fixed assets	(35,188)
Increase in intangible assets	(8,187)
Disposal of Financial Asset-Trading	7,444
Increase in deferred pension costs	(2,039)
Increase in operations guarantee deposits	(20,000)
Increase in clearing and settlement funds	25,000
Increase in refundable deposits	(1,144)
Net cash used in investing activities	(34,114)
Cash flows from financing activities	
Cash dividends to shareholders	(207,417)
Net cash provided by (used in) financing activities	(207,417)
Effect of inclusion or exclusion for consolidation of certain supsidlaries	181,646
Net increase (decrease) in cash and cash equivalents	264,200
Cash and cash equivalents at the beginning of the period	1,799,175
Cash and cash equivalents at the end of the period	$ 2,063,375
Supplemental Disclosures of cash flow information	
Interest paid	$ 10,219
Income tax paid	$ 54,562
Partial cash received in investing acttivities and financing activities：	
Cash dividends to shareholders	$ 207,417
Less： other payables in the end of the period	(207,417)
Net cash paid in the period	$ -
NONCASH INVESTING AND FINANCING	
Transform Reserve for breach of contract losses and Reserve for trading losses to Special reserve	$ 203,717

Note: Please refer to the accompanying notes of the financial statements and the audit report signed by First Horwath & Company, CPAs on January 17, 2012.

POLARIS FUTURES CO., LTD. and Subsidiary
Notes to Financial Statements
For the year ended December 31, 2011
(Amounts expressed in thousands of New Taiwan dollars,
except where otherwise specified, per share, and par value)

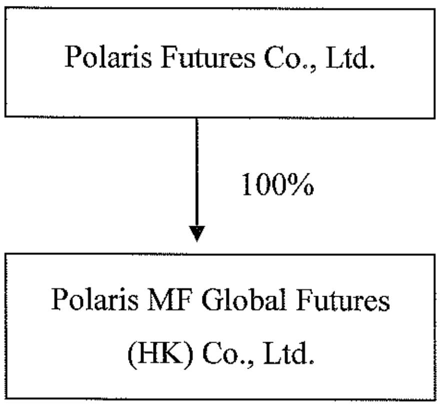
I. History and Organization

1.(1) Polaris Futures Co., Ltd. (hereinafter referred to as "the Company") was officially incorporated on April 9, 1997 under the Company Law and other relevant regulations in the Republic of China ("R.O.C."). The Company was formerly known as "Polaris Futures Co., Ltd.". In order to expand its business scale and upgrade its operating efficiency, the Company merged with "Refco Taiwan Co., Ltd." on September 1, 2003 and was renamed as "Polaris Refco Futures Co., Ltd.". In the end of 2005, in the account of the changes of foreign shareholders, the extraordinary shareholders' meeting was held on February 15, 2006, and resolved to change its name to "Polaris Man Financial Futures Co., Ltd." approved by the Ministry of Economics. As of December 31, 2011, the Company has established five branches.

(2) Polaris MF Global Futures (HK) Co., Ltd. was set up in January 2011, engaging in financial services.

2. Status of the consolidation

As of December 31, 2011, the status of shareholding of subsidiaries by the Company is shown below:



3. Changes to subsidiaries that are included in the consolidated group financial reports for the current year:

The Company set up a wholly-owned company - Polaris Futures (HK) Co., Limited in December 2010 and completed the relevant company registration in 2011. This entity accordingly has been included in the consolidated group financial reports of the Company for the current year.

4. Names, shareholding percentages and reasons for being excluded from being consolidated of those subsidiaries which are not consolidated: None.

(1) Where the Company directly or indirectly does not own >50% of the voting shares but treat the investee as a subsidiary: Nil.

(2) Where the Company directly or indirectly owns >50% of the voting (or potential voting) shares but does not control the subsidiary: Nil.

(3) Where the fiscal year of the subsidiary differs from that of the Company, the accounting treatments/adjustments: Nil.

(4) The specific business risks faced by the foreign subsidiaries: Nil.

(5) Where there is significant limitation on amount of funds transferred by the subsidiary to the Company: Nil.

(6) Where subsidiaries hold the shares of the Company, the details of such shares: Nil.

(7) Where the subsidiaries issue convertible bonds or new shares, the details of which: Nil.

(8) The SFAS No. 25 Business Combinations is to be followed for consolidation purpose when the considerations given by the Company to acquire the subsidiary was greater or less than the net value of the subsidiary at the time of acquisition.

II. Summary of important accounting policies

The financial statements and the important accounting policies are presented in conformity with the Criteria Governing the Preparation of Financial Reports by Futures and accounting principles generally accepted in R.O.C.

The important accounting policies are summarized as follows:

1. Principles for preparing consolidated financial statements

(1) If the entity holds more than 50% of shares with voting rights in an investee company in its long-term equity investment; or if the aforementioned shares do not exceed 50%, but when combined with the shareholding with its subsidiaries, the total shares with voting rights in the investee company exceeds 50%; or if the entity has controlling and supervision power over the investee company's policies in the areas of finance, operations and human resources, then the financial statements of the investee company should be included in the consolidated financial statements. All the inter-company transactions should have already been offset and cleared in the consolidated financial statements. Refer to Appendix 17 for details of offset.

(2) Unrealized gains or losses with associated companies and other related assets and liabilities should be offset with each other when preparing consolidated financial statements.

(3) Currency conversion basis for financial statements of overseas subsidiaries:

Financial statements of overseas subsidiaries should be converted to New Taiwan Dollar as follows: All assets and liabilities are converted using the exchange rate on the balance date; shareholders' equity is converted using the historical exchange rate; profit and loss accounts are converted using the average exchange rate of the current year. The resulting exchange gain or loss is netted and listed under the heading of shareholders' equity as a separate item.

2. Cash and cash equivalents

Cash and cash equivalents shall include cash in hand, demand deposit, revolving funds and short-term investment, and highly current investment that simultaneously possess the following attributes:

(1) They can be converted into a certain amount of cash at any time.

(2) They will become due soon (normally due within three months from the day of investment) while change in the interest rate will have little influence on the value.

3. Financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss include financial assets or liabilities held for trading and those at the time initially recognized at fair value through profit or loss. When initially recognized, financial instruments are initially measured by the fair value and transaction cost (or measured by the fair value and transaction cost incurred as expenses), and subsequently measured at fair value and changes in fair value are recognized in profit or loss.

A regular way purchase or sale of financial assets is accounted for using trade date accounting which is the date decided by the Company for purchase or sale of financial assets. Regular way purchase or sale of financial assets is transferred within the duration of time by the regular way of market of governed regulations.

The Company's financial instruments and important accounting policies are summarized as follows:

(1) Financial assets at fair value through profit or loss - current: which consist of one of the followings:

A. Financial assets for trading.

B. Financial assets except for those that designated as hedged items in hedge accounting, which at the time of initial recognition were designated as assets to be measured at fair value through profit or loss.

The following financial instruments shall be classified as financial assets held for trading:

A. Instruments acquired primarily for the purpose of sale in the near term.

B. Assets that are part of a group of distinct financial product portfolios under comprehensive management, where there is evidence that in the near term the group is in fact being managed for short-term profit.

C. Derivative financial assets, except those that are designated and effective hedging instruments.

Financial assets for trading shall be stated under their respective categories, according to trading purpose, such as securities, open-end funds, monetary market instruments held through a brokerage, call option contracts, or future trading margins-house funds.

Future trading margins–house funds refer to the guarantee deposits and premiums collected from futures dealer merchants and the spread calculated based on the market prices everyday.

Call options for futures commission merchant is the premium paid for purchasing call option contracts or futures option contracts.

(2) Financial liabilities at fair value through profit or loss - current: which consist of one of the followings:

A. Financial liabilities for trading.

B. Financial liabilities, except for those designated as hedged items in hedge accounting, which at the time of initial recognition were designated as assets to be measured at fair value through profit or loss.

The following financial instruments shall be classified as financial liabilities held for trading:

A. Liabilities incurred primarily for the purpose of repurchase in the near term.

B. Liabilities that are part of a group of distinct financial product portfolios under comprehensive management, where there is evidence that in the near term the group is in fact being managed for short-term profit.

C. Derivative financial liabilities, except for those that are designated and effective hedging instruments.

Put option liabilities means a futures commission merchant collects a premium for selling option contracts or futures option contracts at fair value.

(3) Financial assets or liabilities at fair value through profit of loss are measured at fair value with the changes in fair value recognized in current income. Except for that the emerging stocks are measured at cost, the publicly traded stocks are measured by the closing price on balance sheet date. The open-end funds are measured by the net assets value on balance sheet date.

(4) Financial instruments at fair value through profit or loss shall be classified according to liquidity as current or non-current. Those that are non-current shall be reclassified as "financial assets at fair value through profit or loss – non-current" under "funds and the investment" and "financial liabilities at fair value through profit or loss – non-current" under "long-term liabilities".

(5)Financial instruments initially recognized with those at fair value through profit or loss cannot be reclassified into other categories; the financial instruments not initially recognized as those at fair value through profit or loss cannot be reclassified into that category, either.

4. The allowance for bad debts of Accounts Receivables

Before 1st Jan 2011, allowances for bad debts are accrued based on the past years' experience of the occurrence of actual bad debts, also based on the recoverability taking reference to the conditions of aging of AR.

After 1st Jan 2011, for each individual significant AR item, the impairment is recorded based on events or changes in circumstances that indicate the carrying amount may not be recoverable. Once determined not recoverable, a corresponding individual impairment loss shall be recorded. For non-significant AR items for which impairment is indicated, and also for the AR items for which no impairment is indicated, they are to be grouped into categories based on similarity of credit risk, then, each category is to be determined to see if there is impairment.

5. Available-for-sale financial assets

Regulations required otherwise, available-for-sale financial assets shall be measured at fair value, and the changes of gain or loss are recognized in shareholders' equity. Fair values for beneficiary certificates of open-end funds and publicly traded stocks are determined using the net assets value and the closing-price at the balance sheet date, respectively. OTC stocks with immaterial influence are valued at cost in the end of the period.

6. Long-term investments at equity

(1) Long-term investments at equity held directly or indirectly to the investee with the voting rights of shares of over 50%, or can be benefited from the economic activities, which has the main control of other individual financial, operational and human resource plans over the investee, and should be included in the consolidated financial statements.

(2) Equity method should be adopted if one of the below status applies to the long-term investments at equity:

A. Has the control over the investee.

B. Holds the voting rights of shares of over 20% and has no control, however it is not limited to one has the evidence showing no significant impact to the investee.

C. Holds the voting rights of shares of less than 20% but has the significant impact to the investee.

(3) The Company complies with accounting principles of the long-term investments at equity, and the investee's annual loss is recognized rationally according to the shareholding ratio. Cash dividends are recognized as long-term investment loss. Share dividend are noted as share number increment and not recognized as costs or investment revenue. Sale or disposal adopts the moving average method for calculating the costs and profit or loss.

(4) Once equity is obtained or equity method is adopted for the first time, the difference between the investment costs and net value of equity are evenly amortized for 5 to 20 years. According to the revised SFAS on January 1, 2006, the investment costs should be analyzed and the part where the investment costs exceed the fair value of recognizable net assets is recognized as goodwill. Goodwill can not be amortized but can annually be tested for

impairment. If goodwill is impaired by some specific matters or changes in environment, impairment tests should be performed. If fair value of net assets is recognized to be over the investment costs, the difference should be reduced in apportioning according to the fair value of each non-current asset, any remaining difference is recognized as extraordinary gain or loss.

Except for financial assets by non equity evaluation, assets yet to be disposed, deferred income tax assets and prepaid pension or other pension payable, since January 1 2006, the unamortized remaining amount of former long-term investments at equity is the investment costs that exceed the net equity value; it can not be amortized following the precedent of goodwill. The difference between the original investment costs and net equity value belongs to the deferred credit, which is to be amortized according to the remaining amortization life.

(5) Overseas Investments

The Equity Method is used for the investees of which the Company owns 20% or more of the voting shares and has significant influence.

When Equity Method is used, the accounting treatment is detailed below:

A. The original investment costs: recorded using the exchange rate at which the New Taiwan Dollar was converted.

B. Gains or Losses of the investment: to be recorded via application of equity method for annual profit/loss of the investees and the application of annual weighted average of exchange rate.

C. Long term Investments at date of balance sheet are valued by the ratios of shareholding of net values (after translation of financial statements into New Taiwan Dollar) of the investees. The difference between the carrying amounts and these newly valued amounts will be recognized directly in Shareholders' Equity. If the fiscal year of an investee differs from that of the Company, the above said treatment would also apply.

D. The methods for the translation of the financial statements of the investees:
In accordance with SFAS No. 14: The Effects of Changes in Foreign Exchange Rates.

7. Held to maturity financial assets

Held to maturity financial assets are those non-derivate financial assets classified as having fixed or determinable receivable and maturity date and are willing and capable to be held till maturity date. The cost of held to maturity financial assets are valued by interest method (while the difference is minor, straight-line method is adopted) after amortization. For initially recognized, the cost includes trading costs for acquisition and issuance and recognize profit or loss after deleting, value impairment, or amortization. A regular way purchase or sale of financial assets is accounted for using trade date accounting and recognize profit or loss if applicable. If the impairment amount decreases and obviously related to consequences after impairment loss, it is reversed and classified as profit in current period. Such reversed amount should not make the book value greater than amortization cost before recognizing impairment loss.

8. Margin deposits

Margin deposits refers to the guarantee deposits and premiums collected from the futures customer and the spread calculated based on the market prices every day. Under Article 71 of the Futures Trading Law, a futures commission merchant shall not withdraw any funds from the segregated customer margin account, unless one of the following situations occurs:

(1) Instructions from the futures customer to deliver the excess margins or premiums;

(2) Payment for the futures customer of the margins/premiums due and/or settlement balance to foreign futures trading houses;

(3) Payment for the futures customer of brokerage commissions, interests, or other transaction fees payable to the futures commission merchant; or

(4) Other items being approved by the competent authorities.

Margin deposits consist of

A. Cash in bank: which is the balance of the margin deposit account that a futures commission merchant opens as exclusive customer margin/premium account in a banking institution, and deposits its futures customers' margins or premiums into such an exclusive account.

B. Closing balance in the clearinghouse: which is the clearing balance that a futures commission merchant with qualified clearing membership transfers its customers' margins or premiums to the clearinghouse.

C. Closing balance in other qualified futures commission merchants: which is the clearing balance that a futures commission merchant without qualified clearing membership transfers its customers' margins or premiums to qualified futures commission merchants.

9. Fixed assets

Fixed Assets were initially recorded at cost. Major improvements, renewal and additions by which the service life of fixed assets can be extended are capitalized as fixed assets. The ordinary repair/maintenance is to be expensed. The accrual by S/L depreciation is applied as follows: computer/telecommunication equipments: 3~5years; office equipments: 5 years; transportation equipment: 5~6 years; leasehold improvement: 3~5 years; While assets are continually in use after the expiration of its service lives, the residual values and service lives are estimated and depreciated accordingly.

The gain or loss on disposal of assets is recognized as non-operating revenue or expense in the period of sale or disposal.

10. Other intangible assets

Other intangible assets are stated in cost basis and use straight-line method for amortization. The cost of computer software is amortized by using the three-year or five-year straight-line method.

11. Operations guarantee deposits

Under Article 14 of Rules Governing Futures Commission Merchants, a futures broker shall, after completing incorporation registration, lodge NT$50 million in a financial institution designated by the competent authority. An additional amount of NT$10 million shall be lodged for each branch established. The Company has so far set up five branches. Under the same article, a futures proprietary merchant shall lodge additional NT$10 million in the same financial institution. Besides, under Article 11 of Rules Governing Futures Consultation Enterprise, the Company shall lodge NT$10 million for operating futures consultation to the financial institution mention above. Also, under Article 11 Rules Governing Futures Managerial Enterprise, the Company shall lodge NT$25 millions for operating futures managerial: Furthermore,under article of Securities and Exchange Law, a securities firm shall deposit NT 25 million to the finance institude.And confirming to Regulations Governing , the Operation of Futures Introducing Broker Business by Securities Firms,the operation bond to be deposited by a futures introducing broker under the preceding paragraph shall be NT$10 million; the operation bond for each branch office is NT$5 million.

12. Clearing and settlement funds

Under Article 4, Paragraph 3 of Taiwan Futures Exchange Corporation Criteria for Clearing Membership, before carrying out clearing and settlement operations, the clearing member shall make a deposit to the clearing and settlement fund equal to 20% of its paid-in capital or designated operating funds, but of an amount no more than NT$40 million. After carrying out clearing and settlement operations, the clearing member shall make deposits to the clearing and settlement fund by the method and in the amount prescribed by the Taiwan Futures Exchange Corporation constantly. Under the same regulation, each time the clearing member consigns an introducing broker or each time such an introducing broker establishes an additional branch, the clearing member shall make an additional clearing and settlement fund deposit of NT$1 million with the Taiwan Futures Exchange Corporation.And confirming to" Regulations Governing Securities Firms", before the commencement of business operation, a securities firm trading securities for its own account on the centralized securities exchange shall deposit a settlement/clearing fund of NT$10 million in a lump sum with the Stock Exchange.Furthermore,according to "Gre Tai Securities Market Supplemental Regulations Governing Trading Market Joint Responsibility In Payment Settlement Clearing Funds ", securities firms should Deposited to the OTC Fund for NT $4 million.

13. Futures traders' equity

Futures traders' equity is the trading deposits/premiums deposited by customers and the difference of close-market balance everyday. It can not be cancelled out except for the same customer with the same category of accounts. If payable to customer does occur, it should be classified as futures trading deposit receivable and regain from the customer.

14. Reserve for breach of contact losses

Before January 1st 2011, under Rules Governing Futures Commission Merchants, as the Company engages in futures brokerage business, the Company shall set aside 2% of the futures brokerage commission income as reserve for breach of contract losses monthly. The reserve shall not be used except for the purpose of covering the losses arising from customers' futures trading or for the purposes approved by the competent authority. When the accumulated reserve for breach of contract losses reaches either the amount of minimum paid-in capital, or operation funds, or working capital required by law, no additional reserve for breach of contract losses is required to be set aside.

After January 1st 2011, under a directive (with issuance number:10000002891) issued by the directive Financial Supervisory Commission, Executive Yuan, both reserve for trading losses and reserve for breach of contract losses shall be transferred to a special reserve, (concurrently with the amendment of Rules Governing Futures Commission Merchants). The special reserve shall not be used for purposes other than covering the losses of the Company or, when the special reserve reaches 50% of the amount of paid-in capital, half of it may be capitalized.

15. Reserve for trading losses

Before January 1st 2011, under Rules Governing Futures Commission Merchants, as Company engages in futures dealer business shall, on a monthly basis, the Company shall set aside 10% from the realized net profit as the reserve for trading losses. The reserve for trading losses shall not be used for purposes other than covering the trading loss amount in excess of the trading profit amount. When the accumulated trading loss reserve reaches NT$200 million, no additional reserve for trading losses is required to be set aside.

After January 1st 2011, under a directive (with issuance number:10000002891) issued by the directive Financial Supervisory Commission, Executive Yuan, both reserve for trading losses and reserve for breach of contract losses shall be transferred to a special reserve, (concurrently with the amendment of Rules Governing Futures Commission Merchants). The special reserve shall not be used for purposes other than covering the losses of the Company or, when the special reserve reaches 50% of the amount of paid-in capital, half of it may be capitalized.

16. Pension

The Company complies with SFAS No.18 "Accounting for pensions" to conduct the actuarial calculation. The portion of accumulated obligation payment exceeds fair value of pension fund assets, the Company states it as minimum pension liability in statement of balance sheet. The Company commenced to recognize the pension cost effective from January 1, 1999, and since October 1998, the Company has made monthly contributions, 2% of salaries, to a pension fund in accordance with the Labor Law. The fund is administered by a pension plan committee and under its name in the Central Trust of China.

Labor Pension Act has been enforced as of July 1, 2005 and applied the defined-contribution scheme. Upon enforcement of the Act, employees may choose to apply the retirement plan referred to in the "Labor Standard Law", or to apply the pension system referred to in the Act and retain the seniority record. To the applicable employees, the Company shall make monthly contributions to the employees' individual pension accounts on a basis of no less than 6% of the employees' monthly wages.

17. Reserve for bad debts losses

According to the related regulations prescribed by the competent authority, futures commission merchants shall make appropriate provisions, within 4 years starting from July 1, 1999 for bad debt at 3% of sales turnover of the principal lines on a monthly basis. In the event of no bad debt available for offset in a month, the sum shall be converted into "reserve for loss in bad debts" at the end of the month. The Company has not needed to appropriate allowance for bad debts since July 1, 2003.

In case of debit balance occurred by Futures traders' equity (i.e., Futures traders' equity appear to be negative, with excessive loss), it shall be entered as "receivables from deposits with other futures brokers" and the reserve for bad debts shall be amortized in full. In the event a futures trader defaults and the company completes the procedures required under "Guidelines for Futures commission Merchants in Reporting Default by Principals", the allowance shall be taken to directly offset the reserve for bad debts after the case is referred to the board of directors and informed to the supervisors. In the event the offset dead credit is retrieved after being entered as loss, the retrieved amount shall be entered as gain in the year of retrieval.

18. Income tax

In accordance with SFAS No.22 "Accounting for income tax" for inter-period and intra-period allocation for its income tax. The effect of income tax from taxable temperate difference is classified as deferred income tax liability and the income from deductible temperate difference, allowance for losses, and deduction for income tax are classified as deferred income tax assets. After analyzing the feasibility of income tax assets, recognize the allowance for reserve amount.

The Company applies an inter-period allocation for its income tax whereby deferred income tax assets and liabilities are recognized for the tax effects of temporary differences and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Adjustments of prior years' tax liabilities are added to or deducted from the current period's tax provision.

Income tax on unappropriated earnings at a rate of 10% is expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

The R.O.C. government enacted the Alternative Minimum Tax Act (AMT Act), which became effective on January 1, 2006. The alternative minimum tax (AMT) imposed under the AMT Act is a supplemental tax levied at a rate of 10% which is payable if the income tax payable determined pursuant to the Income Tax Law is below the minimum amount prescribed under the AMT Act. The taxable income for calculating the AMT includes most of the tax-exempt income under various laws and statutes. The Company has considered the impact of the AMT Act in the determination of its tax liabilities.

19. Revenue, cost, and expense

Revenue is recognized when it is realized or realizable and earned; the relevant costs match with the revenue and recognized as occurred. Expense accounted by accrual basis shall be recognized as expense in the current period when it occurs.

20. Accounting estimates

Preparing the Company's financial statements in conformity with the R.O.C. generally accepted accounting principles requires the management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amount of revenues and expenses during the reporting period. Actual results may differ from those estimates.

21. Distinguish between current and non-current assets and liabilities

The Company only engages in futures business. Assets or liabilities are expected to be converted into cash or to be repaid within 12-month operating period are classified as current and the others are non-current.

22. Earning per common share

The calculation of earning per common share was based on the weighted-average number of the Company's common shares outstanding during the applicable periods. The shares increased by unallocated earnings or capital reserve are calculated through retroactive adjustment.

23. Impairment of assets

The Company adopted SFAS No.35 "Accounting for Asset Impairment". According to SFAS No.35, the Company assesses at each balance sheet date whether there is any indications that an asset （individual asset or cash generation units） other than goodwill may have been impaired and estimate its recoverable amount. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount of the asset should be reduced to its recoverable amount, and the reduction should be recognized as impairment loss.

The accumulated impairment loss of an asset (other than goodwill) recognized in prior years should be reversed if, subsequently, it may no longer exist or may have decreased. The carrying amount of an asset （other than goodwill） after the reversal of impairment loss should not exceed the carrying amount that would have been determined net of depreciation or amortization had no impairment loss been recognized for the asset in the prior year.

If the recoverable value of the unit where the goodwill belongs to is less then the carrying value of the unit, on an annual test basis, the Company shall recognize an impairment loss.

24. Bonus paid to employees, directors and supervisors

According to ARDF Interpretation 2007-052, "Accounting for Bonuses to Employees, Directors and Supervisors", possesses with the lawful and uncertain obligations and the amounts are reasonably estimated, that the item should be classified as expense and liability. Also the item should be classified as operating cost and expense. If a difference occurs between the shareholders resolution and financial report, it will be classified as estimated changes and will be the current profits or losses.

25. Foreign currency transactions and translations of foreign currency financial statements

The translation of the financial statements of all foreign operation and overseas subsidiaries is as follows: assets and liabilities are translated at the current exchange rate prevailing at the balance sheet date. Shareholders' equity is translated at the historical rate with exception of the beginning retained earnings, which are brought forward. Dividends are translated at the exchange rate prevailing at the declaration date. Income statements accounts are translated at the weighted average exchange rate for the year. The foreign currency translation from Exchange differences arising from the translation of the financial statements of foreign operations are recognized as a separate component of shareholders' equity. Such exchange differences are recognized in profit or loss in the year in which the foreign operations are disposed of.

Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognized in profit or loss.

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:

(1) Recognized in shareholders' equity if the changes in fair value are recognized in shareholders' equity;

(2) Recognized in profit and loss if the changes in fair value is recognized in profit or loss.

Foreign-currency nonmonetary assets and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

The spot rate on the date of the Balance Sheet is used above.

26. Operating segments

An operating segment is a component of an entity:

(1) That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(2) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(3) For which discrete financial information is available.

The Company decided that the operating segments would only be disclosed in consolidated financial statements.

III. Accounting changes:

1. From January 1st, 2011, the Company and its subsidiaries has remeasured the existing lendings and receivables in accordance with and by adoption of the third version of SFAS No. 34, "Financial Instruments: Recognition and Measurement". The changes of the accounting principles cause no effect on financial statements of the Company as of January 1st 2011.

2. From January 1st 2011, the disclosure of operating segments of SFAS No. 41, "Operating segments" in replacement of SFAS No. 20, "Segment Reporting".

IV. Explanations on major accounts

1. Cash and cash equivalents

	December 31, 2011
Cash	$ 200
Checking account deposit	1,280
Demand deposit	207,144
Time deposit	1,793,700
Foreign currency deposit	61,051
Total	$ 2,063,375

Note: The aforementioned items have been free of any restriction in disbursement.

As of 31st December 2011, the balance of the Company's futures trading guarantee fund held in Polaris-Propime Securities Investment Advisor Co., Ltd (including the Singapore headquarter and Taiwan branches; Polaris-Propime, hereafter) was $96,494. For significant financial matters and their impact in relation to MF Global Holding, MF Global hereafter, please refer to Note VII Significant commitments and contingencies.

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

		December 31, 2011
Financial assets held for trading		
Call option contracts	$	33,758
Futures trading margins - house funds		845,832
Total	$	879,590

(1) Future trading margins-house funds were the operating fund of futures trading business.

(2) As of December 31, 2011, the above financial assets were provided to be free of any pledges or collateral.

3. Margin deposits

		December 31, 2011
Customer margin deposit-Cash at banks	$	13,204,124
Customer margin deposit-Clearinghouse		1,454,135
Customer margin deposit-Other FCMs		1,349,902
Total	$	16,008,161

Differences between margin deposits and futures traders' equity are described as follows:

		December 31, 2011
Balance of margin deposits	$	16,008,161
Minus:		
Accrued service charge	(	6,797)
Futures trading tax	(	2,044)
Incorrect desposits from customers	(	4,288)
Total	$	15,995,032

Note: As of 31st December 2011, the balance of the Company's client guarantee fund held in Polaris-Propime was $604,492. Also, according to the directive (with issuance number: 1000055081) by Financial Supervisory Commission, Executive Yuan, ROC, on event that the client guarantee fund held by Polaris-Propime is frozen, the self guarantee fund of the Company is permitted to be used as a temporary substitute, so that the impact of significant financial matters caused by MF Global on the futures traders in ROC is minimised. This substitute is then reclassified as current assets – accounts receivable. As of 31st December 2011, $8,069 had been reclassified as accounts receivable by the Company accordingly.

4. Funds and long-term investments

(1) Available for sale financial assets-non-current

Investees	December 31, 2011		
	Shares (thousands)	Amount	% of shareholding
Taiwan Futures Exchange Corporation	4,621	$35,502	1.70%

Note: The Company has no material influences on Taiwan Futures Exchange Corporation which is not a listed company and the carrying amount of the assets is valued at cost.

(2) Long-term investments at equity

Investees	December 31, 2011		
	Shares (thousands)	Amount	% of shareholding
MF Global Futures Trust Co., Ltd.	9,999	$79,760	33.33%

(3) Investment income (loss) from equity investments accounted for under the equity method for the year end December 31,2011 was as follow：

Investees	December 31, 2011
MF Global Futures Trust Co., Ltd.	($ 6,132)

Note：Profits/Losses in Investments are recognized by the review reports issued by other auditors.

(4) Polaris Futures Trust Co., Ltd

The Company has a new investment of 9,999 thousand shares of Polaris Futures Trust Co., Ltd. and holds 33,33% in May, 2009,therefore adopts the equity method for evaluation.

(5) The aforementioned items have been free of any restriction in disbursement.

5. Fixed assets

(1) As of December 31, 2011

	Cost	Accumulated depreciation	Balance
Computer communication equipments	$ 75,142	$ 28,529	$ 46,613
Office equipments	14,802	4,799	10,003
Transportation equipments	2,033	141	1,892
Leasehold improvement	34,030	12,084	21,946
Prepayment for equipments	8,820	-	8,820
Total	$ 134,827	$ 45,553	$ 89,274

(2) Insurance

Insurance	December 31, 2011	Remark
Computer and office equipment	241,370	fire insurace (including comprehensive insurance)
Leasehold improvement	72,600	fire insurace (including comprehensive insurance)
Total	$ 313,970	

A. The comprehensive insurances for the first six months of 2011 consisted of explosion insurance, earthquake insurance, flood insurance and suspended operation insurance, smoke insurance, automatic fire-fighting equipment leakage insurance and strike, riot, civil disturbance and intentional deterioration insurances.

B. The Company is covered by the public accidental liability insurance as of the first six months of 2011 and 2010.

6. Other assets

	December 31, 2011
Operations guarantee deposits	$ 205,000
Clearing and settlement funds	184,000
Refundable deposits	9,270
Deferred income tax assets - noncurrent	14,593
Total	$ 412,863

7. Other payables

	December 31, 2011
Salary payable	$ 13,399
Bonus payable	109,575
Interest payable	12,800
Professional fees payable	2,216
Labor and health insurance payable	4,061
Director Bonus payable	330
Employee Bonus payable	3,220
Other expense payable	3,583
Pension payable	2,223
Income tax payable	13,062
Meal expense payable	583
Other payables	5,696
Total	$ 170,748

8. Accrued pension liabilities

(1) The Company has recognized the pensions cost in accordance with the SFAS No.18 "Accounting for Pensions" since January 1, 1999. The Company recognized pension cost of $3,074 for the years 2011. As of December 31, 2011, the balance of pension account in Central Trust of China was $16,631.

(2) Labor Pension Act (the "Act") has been enforced as of July 1, 2005 and adopts the defined-contribution scheme. The net pension cost contributed and recognized by the Company according to the Act for the year ended December 31, 2011 were $12,677.

9. Capital

Date	Registered capital	Paid-in capital	Par value	Remarks
Apr. 9, 1997	$200,000	$200,000	$10	Initial capital upon founding
Feb. 9, 1998	500,000	500,000	10	Capital increased in cash 30,000,000 shares
May 27, 1998	600,000	600,000	10	Capital increased in cash 10,000,000 shares
Jul. 22, 1999	615,000	615,000	10	Capital increased in cash 1,500,000 shares
Aug. 26, 2000	630,000	630,000	10	Capital increased in cash 1,500,000 shares
Sep. 1, 2003	1,095,800	1,095,800	10	Capital increased 46,580,000 shares due to business merger
Nov. 19, 2003	645,000	645,000	10	Retirement of stock capital 45,080,000 shares
Aug. 31, 2005	722,400	722,400	10	Earnings converted for capital increase by 7,740,000 shares
Sep. 11, 2006	801,864	801,864	10	Earnings converted for capital increase by 7,946,000 shares
Oct. 5, 2007	974,826	974,826	10	Capitalization of employee bonus and earnings 17,296,000 shares
Nov. 27, 2007	1,096,726	1,096,726	10	Capital increase in cash 12,190,000 shares
Jul. 30, 2008	1,312,763	1,312,763	10	Capitalization of employee bonus and earnings 21,604,000 shares

10. Special reserve

Under Article 18 of Rules Governing Futures Commission Merchants issued by FSC of the Financial Supervisory Commission, Executive Yuan, the futures commission merchants shall set aside an amount equal to 20% of its after-tax net income as special reserve, provided that this shall not be required if the accumulated amount reaches the paid-in capital amount. The special reserve shall not be used for purposes other than covering the losses of the Company or, when the special reserve reaches 50% of the amount of paid-in capital, half of it may be capitalized.

11. Distribution of unappropriated earnings

(1) According to the Company's Articles of Incorporation, the after-tax net income shall first be used to offset the accumulated deficits, then 10% is set aside as a legal reserve and 20% is set aside as a special reserve, the remaining amount after deducting the above from the current year's earnings with the prior years' unappropriated earnings shall be distributed in the following order：

A. Set aside 0.1%~2% as directors' and supervisors' remuneration; and

B. Set aside 0.1%~10% as employees' bonus; and

C. The remaining balance shall be distributed as dividends to shareholders.

(2) The policy of the Company's dividend distribution, is to maintain the long-term financial planning and continuous development and steady operation growth as to maximize the profit of shareholders, complies with：

A. As least 50% of current year's unappropriated earnings shall be distributed as shareholders' dividends annually.

B. Dividends are distributed based on the current year's profitability and the future needs of the Company. This principle is applied for the stability of the Company's operations and financing requirements. At least 30% of the dividend distributed must be in the form of cash.

(3) The employee bonus and directors and supervisors payable for 2011 is estimated based on the Company's Articles of Incorporation, past experience, and current period earning. The accrual payable for 2011 is $3,550.

If the board modified the estimates significantly in the subsequent periods during the year, the company will recognize the change as an adjustment to current expense. Moreover, if the amounts were modified by the shareholders' resolution, the adjustment will be regarded as a change of accounting estimate and will be reflected in the statement in the resolution year.

(4) After the imputation system enforced in 1998, the Company's earnings are not distributed is subject to additional 10% income tax. There will be no more levy imposed if the earnings are not distributed in subsequent years.

(5) The retained earnings distributed as employees' bonus and directors' bonus are disclosed detailed as following:

	(in thousand) Policy of Earnings Distrbution	Divdends per Share
Leagle Reserve	$ 29,744	$ -
Special Reserve	59,489	-
Cash Dividend	207,417	1.58
Employee bonus-cash dividend	23,072	-
Bonus to Directors and Supervisor	231	-

There is no material difference between the $23,303 of the employees' bonuses and remunerations of the directors passed by resolution of shareholders' meeting this year and the $23,303,000 of the employees' bonuses and remunerations of the directors passed by resolution of shareholders' meeting in year 2010.

12. Income tax

(1) The Company's income tax returns through 2009 and inclusive have been assessed by the National Tax Administration (NTA).

(2) The Company already filed its corporate income tax return for the years 2010 on time which is under reviewed by the NTA.

(3) Estimated income tax for the first half of 2011:

Items	December 31, 2011	
Net profit before tax, at tax rate according to income tax law, ROC	$	90,445
Permanent differences:		
Investment loss recognized under equity method		1,061
Exemption of cash dividends	(	2,960)
Loss or gains on Securities transaction exempted from tax under Article 4-1 of Income Tax Law, ROC		1,433
Loss or gains on futures transaction exempted from tax under Article 4-2 of Income Tax Law, ROC	(	23,828)
Gains on futures transaction which is unrealized in the prior year and closed in the current year	(	468)
Losses on option contracts which is unrealized in the prior year and closed in the current year	(	227)
Losses on undearned futures trading in current period	(	43)
Losses on undearned options trading in current period		135
Income tax expenses in the current period		65,548
Adjustment for prior income tax expenses		1,737
Additional 10% of unappropriated retained earnings		79
Incom tax expenses		67,364
Adjustment of temporary differences:		
Unrealized gains on foreign exchange in the prior period	(	4,616)
Unrealized Loss on foreign exchange in the current period		856
Differences in pension cost and appropriation		338
Adjustment of prior income tax	(	1,737)
Income tax prepayment	(	49,143)
Income tax payable	$	13,062

(4) Effect of deferred income tax

A. Deferred income tax assets and liabilities were as follows:

		December 31, 2011
(A)	Total deferred income tax assets	$ 15,449
(B)	Total deferred income tax liabilities	-
(C)	Temporary differences (tax) arising from deferred income tax assets or liabilities	
	Deductible provisional difference incurred by recognition of unrealized gains in foreign exchange	856
	Deductible provisional differences incurred by recognition of unrealized bad debts losses	10,507
	Deductible provisional difference incurred by recognition of pension cost under ROC SFAS No.18	4,086

B. Deferred income tax assets (liability)

	December 31, 2011	
Items	Current	Noncurrent
Deferred income tax assets	$ 856	$ 14,593
Deferred income tax liabilities	-	-
Net deferred income tax assets	$ 856	$ 14,593

(5) Information related to imputation credit account ("ICA")

	December 31, 2011
Expected (actual) available ICA	$ 105,358
Expected (actual) ratio of ICA	20.54%

(6) Information of unappropriated retained earnings:

	December 31, 2011
Before 1997	$ 21
After 1998	465,615
Total	$ 465,636

13. Earnings per share

	December 31, 2011
Net income after tax	$ 464,666
Outstanding (thousand shares)- retroactive upon adjustment	131,276
Weighted-average number of common shares (thousand shares)	131,276
EPS (in dollars)-retroactive upon adjustment	$ 3.54

14. Expenses relating to employment, depreciation, and amortization for the year ended December 31, 2011 disclosed by function were as follow:

Function / Character	December 31, 2011		
	Operating cost	Operating expense	Total
Employment			
Payroll	$ -	$ 362,331	$ 362,331
Labor and health insurance	-	19,945	19,945
Pension fund	-	15,751	15,751
Others	-	10,653	10,653
Depreciation	-	49,234	49,234
Amortization	-	4,720	4,720

15. The Information for foreign-currency financial assets and liabilities with significance is shown below:

	2011. 12. 31		
	Foreign currency	exchange rate	NT
Financial Assets			
USD	$ 253,465	30.2750	$ 7,673,645
JPY	192,642	0.3906	75,246
HKD	75,499	3.8970	294,219
EUR	1,486	39.1800	58,280
GBP	564	46.7300	26,318
AUD	1,187	30.7350	36,483
SGD	42	23.3100	964
Financial Liabilities			
USD	236,182	30.2750	7,150,401
JPY	105,578	0.3906	41,238
HKD	62,962	3.8970	245,362
EUR	593	39.1800	23,219
GBP	315	46.7300	14,723
AUD	1,187	30.7350	36,483
SGD	11	23.3100	261

V. Transactions with related parties

1. Names and relationships of related parties

Names of related parties	Relationship with the Company
Polaris Securities Co., Ltd.	The Company's parent company
Apex International Financial Engineering Res. & Tech. Co., Ltd.	Substantial related party
Polaris International Investment Trust Co., Ltd. -Polaris 2001 fund	Substantial related party
Polaris International Investment Trust Co., Ltd. -Polaris/p – shares Taiwan Gre Tai 50 ETE	Substantial related party
Polaris International Investment Trust Co., Ltd. -Polaris Small Medium Cap Fund	Substantial related party
Polaris International Investment Trust Co., Ltd. -Polaris Taiwan Top 50 Tracker Fund	Substantial related party
Polaris International Investment Trust Co., Ltd. -Polaris Taiwan Stock Exchange Capitalization Weighted Stock Index Fund	Substantial related party
Polaris International Investment Trust Co., Ltd. -Polaris/P - Sh TSEC Taiwan Non-Tech 50 ETF	Substantial related party
Polaris Securities (Hong Kong) Limited (Polaris Securities Hong Kong)	Substantial related party
Polaris International Investment Trust Co., Ltd. -Polaris Russell Greater China L/C Valdx	Substantial related party
Polaris International Investment Trust Co., Ltd. -Polaris/P-shares MSCI India Index Fund.	Substantial related party
Polaris International Investment Trust Co., Ltd. -Polaris Gold Futures Trust Fund.	Substantial related party
Polaris International Investment Trust Co., Ltd. -Polaris Taiwan equity Fund.	Substantial related party
MF Global Futures Trust Co.,Ltd. (MF Global Futures Trust)	Invested company accounted for equity method
MF Global Futures Trust Co.,Ltd. -MF Multi-Income Future Trust Fund	Substantial related party
MF Global UK Limited (MF Global UK)	Substantial related party
MF Global Inc, Foreign Customer Secured (MF Global Foreign)	Substantial related party
MF Global Hong Kong Limited(MF Global Hong Kong)	Substantial related party
MF Global Singapore Pte. Limited Taiwan Branch	Substantial related party
Polaris-Propime Securities Investment Advisor Co., Ltd.	Substantial related party
Yoing Investment Co., Ltd.	Substantial related party
Ho, Ming-Yu	Substantial related party
Ho, Ming-Hong	The Chairman of the company
Ho, Xi-Jing	Substantial related party
Pai, Che-Yu	Substantial related party
Wei, Ming-Chuen	Substantial related party
Polaris International Investment Trust Co., Ltd. –Polaris Emerging Asia Leader Fund	Substantial related party
W.I.S.E Polaris CSI 300 Securities Investment Trust Fund	Substantial related party
Polaris/P-shares S & P GSCI Reduced Energy Index Futures Trust Fund	Substantial related party

2. Transactions with the related parties

(1) Brokerage Revenue

	Year ended December 31		
	2011		
Name of related party	Amount		%
Others	$	11,115	0.77

There is no significant difference between related parties and non-related parties on brokerage.

(2) Futures introducing broker commissions and re-consigned foreign futures trading commissions paid by the Company to related parties as follows:

	Year ended December 31		
	2011		
Name of related party	Amount		%
Polaris Securities Co., Ltd.	$	179,680	46.82
MF Global Singapore Pte Ltd Taiwan Branch		110,564	28.81
Polaris Securities Hong Kong		484	0.13
Total	$	290,728	75.76

There is no significant difference between related parties and non-related parties on futures broker commissions and re-consigned foreign futures trading commissions paid by the Company.

(3) Leasehold properties

Lessor	Premises in leasehold	Deposits	Rent expense for the year ended December 31 2011
Polaris Securities Co., Ltd.	5F-1, 151, Chongcheng 4th Rd., Kaohsiun	$ 150	$ 518
	B1, 69, Sec. 2, Dun-hua S. Rd., Taipei (parking included)	100	690
	10F, 65, 67, 71 and 69, Sec. 2, Dun-hua S. Rd., Taipei (parking included)	3,270	13,524
		$ 3,520	$ 14,732

Lease between the Company and associated parties, rentals have been set at general market rates and paid on a monthly basis. The transaction condition makes no difference for third parties.

(4) Credits and liabilities:

Items	Name of related party	December 31, 2011	%
Margin deposits - USD	MF Global Singapore Pte Ltd Taiwan Branch	$ 527,335	3.29
Margin deposits - JPY	MF Global Singapore Pte Ltd Taiwan Branch	18,954	0.12
Margin deposits - GBP	MF Global Singapore Pte Ltd Taiwan Branch	7,022	0.04
Margin deposits - EUR	MF Global Singapore Pte Ltd Taiwan Branch	18,542	0.12
Margin deposits - HKD	MF Global Singapore Pte Ltd Taiwan Branch	32,561	0.20
Margin deposits - SGD	MF Global Singapore Pte Ltd Taiwan Branch	78	-
Margin deposits - HKD	Polaris Securities Hong Kong	55,644	0.35
Total		$ 660,136	4.12
Futures trading margins-USD	MF Global Singapore Pte Ltd Taiwan Branch	$ 48,890	5.78
Futures trading margins-JPY	MF Global Singapore Pte Ltd Taiwan Branch	13,727	1.62
Futures trading margins-GBP	MF Global Singapore Pte Ltd Taiwan Branch	9,135	1.08
Futures trading margins-EUR	MF Global Singapore Pte Ltd Taiwan Branch	24,742	2.93
Total		$ 96,494	11.41
Accounts receivable	Polaris Securities Co., Ltd.	$ 1,528	5.93
	MF Multi - Income Future Trust Fund	102	0.40
	MF Global Futures Trust	6	0.02
	MF Global Singapore Pte Ltd Taiwan Branch	8,069	31.30
Total		$ 9,705	37.65
Futures trading equity	Polaris 2001 Fund	$ 6,687	0.04
	Apex International Financial Engineering Res. & Tech. Co., Ltd.	7,388	0.05
	Polaris Securities Co., Ltd.	341,498	2.14
	MF Global HONG KONG	14,144	0.09
	Small Medium Cap Fund	18,846	0.12
	Top 50 Tracker Fund	24,771	0.15
	Polaris Securities Co., Ltd. - Certificate hedge	76,458	0.48
	Polaris Securities Co., Ltd. - Structure hedge	10,668	0.07
	Ho Ming - Hong	15	-
	Ho Ming - Yu	233,275	1.46
	Polaris/P - Sh TSEC Taiwan Non-Tech 50 ETF	2,242	0.01
	Polaris Rusell Greater China L/C Valdx	3,053	0.02
	MF Global UK	138	-
	MF Global Foreign	6,061	0.04
	MF Multi-Income Future Trust Fund	6,765	0.04
	Polaris/P-shares MSCI India Index Fund	5,279	0.03
	Polaris Gold Futures Trust Fund	57,640	0.36
	Polaris/P - shares Taiwan Gre Tai 50 ETE	10,461	0.07
	Wei, Ming-Chiuen	7	-
	Polaris Emerging Asia Leader Fund	22,599	0.14
	Polaris CSI 300 Fund	13,847	0.09
	Polaris/P -share S&P GSCI Recluced Energy Index Futures Trust Fund	71,959	0.45
Total		$ 933,801	5.85
Accounts payable	Polaris Securities Co., Ltd.	$ 11,266	20.24
	MF Global Singapore Pte Ltd Taiwan Branch	449	0.81
Total		$ 11,715	21.05
Other payable	Polaris Securities Co., Ltd.	$ 720	0.42

(5) Others

A. The handling fees paid by the Company for placing the order by the house trading department with Polaris Securities Co., Ltd. For the year ended 2011 were $58. The transaction condition makes no different for third parties.

B. Others

Items	Name of related party	Year Ended December 31 2011 Amount	%
Computing information fee	Apex International Financial Engineering Res. & Tech. Co., Ltd.	$ 50	0.98
	Polaris Securities Co., Ltd.	139	0.25
Interest income	MF Global Singapore Pte Ltd Taiwan Branch	457	0.24
	Polaris Securities Co., Ltd.	60	0.03
Professional fee	Polaris Securities Co., Ltd.	600	6.98
Micellaneous	Apex International Financial Engineering Res. & Tech. Co., Ltd.	270	8.77
Office equipment	Apex International Financial Engineering Res. & Tech. Co., Ltd.	250	6.26
Interest Expense	Polaris Securities Co., Ltd.	250	2.63
	MF Multi - Income Future Trust Fund	1,373	14.44
Other Operating Income	Polaris Securities Co., Ltd.	4,323	61.55
	MF Global Futures Trust	1,969	28.03
	MF Multi - Income Future Trust Fund	239	3.40
Rent Expenditure-Deposit Interest Imputed	Polaris Securities Co., Ltd.	38	-

VI. Pledge of Assets: Nil.

VII. Significant Commitments and contingencies:

1. The Company adopted "Taiwan Futures Exchange Corporation Guidelines for Use of Irrevocable Standby Letters Of Credit by Futures Commission Merchants in Emergency Measures against Insufficient Adjusted Net Capital" amended on March 14, 2008 and acquired credit line for $300 million with Chinatrust Commercial Bank and First Commercial Bank, respectively. There is no active in the credit facilities as of June 30, 2011.
2. The Company engaged in overseas futures trading as a consignee for MF Global Singapore Pte. Ltd. The amount of guarantee fund for futures trading held by the Company were as follows: Self guarantee fund of $96,494 thousand, client guarantee fund of $604,492 thousand and accounts receivable of $8,069 thousand. Furthermore, the manager of Polaris International Investment Trust Co., Ltd, the investee company of Polaris Futures Co., Ltd, had engaged Polaris-Propime Securities Investment Advisor Co., Ltd to perform overseas futures trading of Polaris Taiwan Equity Fund on his behalf. The relevant amount of guarantee fund held in Polaris-Propime Securities Investment Advisor Co., Ltd was $212,866 thousand. As MF Global Holdings Limited, the ultimate parent company of Polaris-Propime Securities Investment Advisor Co., Ltd filed for bankruptcy protection in US as at 31st October 2011, Polaris-Propime Securities Investment Advisor Co., Ltd also applied for receivership as at 1st November 2011 according to the relevant regulations in Singapore. This had lead to the temporary freezing of guarantee fund of both the Company and Polaris Taiwan Equity Fund that was either held in the Company itself or Taiwan branches of the Company. According to the announcement made by the temporary liquidator on the website of MF Global Singapore Pte. Ltd as of 16th December 2011, the

temporary liquidator had already obtained and secured around 83% of the client guarantee fund. As for the remaining uncollected portion, most of it were held in separated accounts, and the temporary liquidator would continue making best efforts collecting the remaining. Furthermore, the client guarantee fund can only be returned to the client upon approval by the Singapore Court.

According to the Legal Comment Letter prepared by the lawyer, who was entrusted by the Chinese National Futures Association: 1) based on the announcement by the temporary liquidator of Polaris-Propime Securities Investment Advisor Co., Ltd, the liquidator had already obtained and secured around 83% of the client guarantee fund; 2) according to the relevant regulations in Singapore, the ordinary non-client debt holder did not have the right to claim the portion of the client guarantee fund (excluding the amount of around USD 20 million that was held in the accounts of Taiwan branches) not yet collected by the temporary liquidator; 3) according to Futures Trading Act Article 70 and Regulations Governing Futures Commission Merchants Article 45, the recoverability of the freezing client guarantee fund held in the Taiwan branches (approximately USD 20 million) should be certain; 4) Taiwan branches that have operating capital exceeding NTD 0.3 billion, have legal priority over the Singapore headquarter when claiming the debt that arose from the business operation.

VIII. Significant losses due to major disasters: Nil.

IX. Disclosure of information as related to investment in derivative financial instruments

1. As of December 31, 2011 the unexpired futures and option contracts are shown as follows:
As of December 31, 2011

		Open position		Amount paid for (received from)	
Items	Trading category	Buy / Sell	Number of contracts	premium	Fair value
Futures contract (Domestic)	MTX	Sell	148	52,393	52,089
	TF	Buy	2	1,566	1,566
	TE	Buy	10	10,424	10,382
	TX	Buy	170	239,297	239,297
	Single Stock Furures	Buy	427	17,831	17,700
		Sell	99	5,246	5,176
Futures contract (Domestic)	Agriculture Futures	Buy	5	4,341	4,438
		Sell	10	4,465	4,490
	Index Futures	Sell	18	13,825	13,814
	Foreign exchange Futures	Sell	1	4,868	4,923
Option contract (Domestic)	TFO Call	Buy	1	2	3
		Sell	20	142	150
	TXO Call	Buy	1,244	15,831	17,537
		Sell	1,648	9,906	10,476
	TXO Put	Buy	1,320	18,335	16,218
		Sell	502	2,247	2,037
	TED Put	Sell	2	3	3

2. Fair value of financial assets and liabilities

Non-derivative instruments	December 31, 2011 Book value	Fair value
Financial assets		
Cash and cash equivalents	$1,882,075	$1,882,075
Financial assets at fair value through profit or loss - current		
Derivative financial instruments	879,590	879,590
Available for sale financial assets- Non-current	35,502	35,502
Refundable Deposits	9,270	9,270
Financial liabilities		
Financial liabilities at fair value through profit or loss-current derivative financial instrument	12,666	12,666
Derivative instruments		
Futures trading margins-house funds	845,832	845,832
Call Options – non-hedging	33,758	33,758
Put Option Liabilities	12,666	12,666

The methods and assumptions used to evaluate the fair value of each class of financial instruments are as follows:

(1) Short-term financial instruments are stated at their carrying value on the balance sheet date. Because the maturity date of these instruments is very close to the balance sheet date, it is reasonable that their carrying amounts are equal to their fair values. Those in such category include cash and cash equivalents, notes and accounts receivable, margin deposits, other receivable operations guarantee deposits, clearing and settlement funds, refundable deposits, futures traders' equity, notes and accounts payable, income tax payable, other payables and accrued pension liabilities.

(2) Quoted market prices, if available, are utilized as estimates of the fair value of financial assets and liabilities. If no quoted market prices available for the financial instruments, the fair value has been derived based on pricing models. A pricing model incorporates all factors that market participants would consider in setting a price. The Company uses discount rates equal to the prevailing rates of return for financial instruments with similar characteristics. The characteristics involve debtor's credit standing, residual period of contracted fixed interest rates, residual period of principal repayment and currency of payment.

(3) The methods for valuations of the fair values of the various financial instruments are shown as follows:

A. Equity securities:

Except to those securities valued by cost as required by relevant laws and regulations, equity securities shall be adjusted to fair value which is the closing price at stock exchange.

B. Debt securities:

For government bonds and corporate bonds, the valuation is based on the market price calculated by average yield rate published by OTC. The derivatives related to bonds are valued by the valuation models which take the yield rates stated above or the prices of the bonds as parameters; if there is no active market for the bond, such bond will be valued by the valuation models which take the yield rates published by OTC as parameters.

C. Foreign exchanges instruments:

Shall be valued taking reference to foreign exchange rates published by the designated banks, the applied exchange rate will be the average of the buy and sell exchange rates.

D. Interest rates instruments:

For instruments like IRS, sources for parameters for interest rates will be obtained from authoritative price reporting systems (for example, Reuters), markets for commercial papers of the approximately the same period, and the buy and sell interest rates published at fixed times during the day. Other parameters will also be brought into valuation models.

3. As of December 31, 2011, the fair value of the financial instruments, which were based on quoted market value in active market or pricing model, were as follows:

	December 31, 2011	
Financial assets	Quoted Market Value in active market	Pricing model
Financial assets at fair value throuth profit or loss-current		
Derivative financial instruments		
Call option contracts	$ 33,758	$ -
Future trading margins-house funds	-	845,832
Total	$ 33,758	$ 845,832
Financial liabilities		
Financial liabilities at fair value throuth profit or loss-current		
Derivative financial instruments		
Put option liabilities	$ 12,666	$ -

4. All the financial assets are not pledged as of December 31, 2011.

5. Financial Risk Information

(1) Market risk

The major risk of the futures, options and shares trading undertaken by the Company is the market risk arising from the fluctuations in the market prices of the underlying securities. All the trading are evaluated at the fair market price enhance with the hedging policy to reduce the risk exposures. Trading strategies consist of the market diversification in order to avoid a single market risk.

(2) Credit risk

All the Company's house trading including futures, options and stocks were traded in the official exchanges through daily settlement mechanism. No significant credit risk is expected to arise.

(3) Liquidity risk

The Company is primary engaged in the public standardized transactions and the liquidity risk is assessed to be remote except for market making purpose.

As a market maker, cash settlement is usually adopted which permits the long and short to pay the net cash value of the position on the delivery date such as index option and avoid all risk by utilizing the put-call parity theory and hold up to the contract expiration.

If a physical delivery is required, the stop-loss mechanism has been established to control the risk at minimum level.

6. The significant information of credit risk

The Company's trading positions are widely diversified not only the counterparties but also the markets. Complied with the applicable regulations and strict self-disciplines to monitor the margin and control the risk on a daily basis.

X. Restrictions and enforcement of the Company's various financial ratios under ROC Futures Trading Law:

Art.	Calculation formula	Current period		Enforcement
		Calculation	Ratio	
17	Shareholders' equity / Total liabilities – Futures traders' equity – Reserve for trading losses – Reserve for breach of contract losses	3,308,768 / 16,328,455 – 15,995,032 – 0 –0	992.36%	Satisfactory to requirements
17	Current assets / Current liabilities	18,820,126 / 16,240,429	115.88%	Satisfactory to requirements
22	Shareholders' equity / Minimum paid-in capital	3,308,768 / 1,205,000	274.59%	Satisfactory to requirements
22	Post-adjustment net capital / Total customer margin deposits required for futures traders, not yet offset	2,817,569 / 1,400,854	201.13%	Satisfactory to requirements

XI. Unique risks to FCM's services:

1. Specific risk of futures brokerage business

   The Company's business lines include brokerage business in acting as an agent for trading of futures contracts and futures option contracts. The Company, when consigned to proceed the futures trading, should collect the trading margin deposits from clients. When trading margin deposits is not enough to pay off the loss, the Company runs the risk of significant out-of-account financing risks. As a countermeasure, the Company, in line with trading of individual customers, is closely watchful of the margin deposits to maintain a certain level and, as necessary, requests that the customers pay additional margin deposits or reduce trading values so as to control such risks.

2. Specific risk of futures dealer business

   The Company's future dealer business is to trade futures or option contracts using the house fund. The major risk is the market risk for the open position. Supervising the leverage level, evaluating the open positions, and real-time electronic programming monitory are implemented to control the risks under the tolerable limitation.

   When dealing with foreign futures, the company shall face the exchange rate risk for the foreign currency security deposit. But the exchange rate risk is not significant compared to the return from the investment, the foreign currencies are held for the long run for trading. The foreign currencies are not exchanged physically every day. If the special condition makes the rate change significantly, the company hedges with foreign futures.

XII. Segments information

1. Departmental information

(1) For the Year 2011

Items	Futures Brokerage Business		Futures Dealer Business		Total	
	Amount	%	Amount	%	Amount	%
Profit or loss contributed by segment						
Segment revenues						
Brokerage	$ 1,440,159	83	$ -	-	$ 1,440,159	27
Dividend Revenue	-	-	10,597	-	10,597	-
Clearance fee from consignation	71,084	4	-	-	71,084	1
Gain on derivative financial instrument	-	-	3,654,552	100	3,654,552	68
Advisory revenues	1,723	-	-	-	1,723	-
Other operating revenues	7,024	-	-	-	7,024	-
Nonoperating revenues	222,007	13	4,027	-	226,034	4
Total	1,741,997	100	3,669,176	100	5,411,173	100
Segment expenses						
Brokerage	(189,907)	(11)	(97,270)	(3)	(287,177)	(5)
Futures commission	(374,831)	(22)	(8,906)	-	(383,737)	(7)
Clearance fee	(188,512)	(11)	(65,474)	(2)	(253,986)	(5)
Loss on derivative financial instruments	-	-	(2,904,083)	(79)	(2,904,083)	(54)
Loss on sale of securities	-	-	(12,304)	-	(12,304)	-
Payroll	(254,797)	(15)	(84,752)	(2)	(339,549)	(6)
Depreciation and amortization	(30,015)	(2)	(7,990)	-	(38,005)	(1)
Other operating expenses	(249,757)	(14)	(343,436)	(9)	(593,193)	(11)
Nonoperating expenses and losses	(9,510)	-	(271)	-	(9,781)	-
Total	(1,297,329)	(75)	(3,524,486)	(95)	(4,821,815)	(89)
Profit for each segment	444,668	25	144,690	5	589,358	11
Revenues and expenses were indirectly occurred by each segment						
Various revenues					(6,245)	-
Administrative expenses					(51,083)	(1)
Total					(57,328)	(1)
Income before income tax					532,030	10
Income tax expense					(67,364)	(1)
Net income					$ 464,666	9

2. Products and services from which each reportable segment derives its revenues The Company have two reportable segments: i.e. broker department and dealer department.

Broker department (a reportable segment): This business of the department consist of futures dealing, futures consulting, security trading, holding seminars on topics of futures, and the promotional activities for the growth of the Companies.

Dealer department(a reportable segment): This businesses of the department consist of buying and selling of futures and securities to the extent the department is permitted to do or in accordance with the company's strategies, and doing business in future markets and market makers.

The operating results are regularly reviewed by the enterprise's "Chief Operating Decision Maker" to make decisions about resources to be allocated to the segments and assess its performance. The performance is measured by the operating profit (or loss) of a segment.

And the measurement of the reportable segments' profits or losses is consistent with that of the Company's consolidated income. Items such as general corporate revenues and general corporate expense and income taxes are not allocated to the reportable segments as those items are incurred at enterprise-wide level. Transactions between the segments of an enterprise (i.e. the Company) are not eliminated as in consolidation between the parent company and subsidiaries and these transactions are recorded at arm-length.

3. Identifying factors for reportable segments

The reportables segments are identified as they are strategic-level business units. And each unit requires different combination of technical and marketing strategies.

4. Determination of measurement for profit/loss, assets and liabilities of the reportable segments

Revenues and associated costs allocable to segments:

The revenues and associated costs that are allocable to the segments that those that are directly traceable or reasonably allocable to the specific segments.

Assets and liabilities assigned to the reportable segments:

Assets of the reportable segment refer to all operating assets used or owned by that segment. These assets mainly consist of net amounts of operating accounts receivables, prepaid and net amounts of fixed assets. Operating expenditures consist of the fixed assets of that segment. The liabilities of a segment consist of accounts payables and payable expenses.

Transaction between the reportable segments:

Transactions between the segments of an enterprise (i.e. the Company) are not eliminated as in consolidation between the parent company and subsidiaries and these transactions are recorded at arm-length.

5. Information of revenues of the reportable segments:

December 31, 2011

	Broker Department	Dearler Department	Other Department	Adjustment And Department	Total
Revenue :					
Revenue from External Customers	$ 1,512,966	$ 3,665,149	$ 45,786	$ -	$ 5,223,901
Inter-segment Revenue	-	-	-	-	-
Interest Income	-	-	187,709	-	187,709
Investment Income on Equity-Method Investees	-	-	-	-	-
Total revenue	$ 1,512,966	$ 3,665,149	$ 233,495	$ -	$ 5,411,610
Interest expense	$ 9,510	$ -	$ -	$ -	$ 9,510
Depreciation And Amortizations	41,963	11,991	-	-	53,954
Investment Losses	-	-	-	-	-
Investment Losses on Equity-Method Investees	-	-	6,132	-	6,132
Other significant non-cash accounts	-	-	-	(26,031)	(26,031)
Unappropriated earnings	-	-	-		-
Segement Revenue (Loss)	$ 445,105	$ 144,690	($ 9,851)	($ 83,115)	$ 496,829
Asset :					
Long-term investments at equity	$ 79,760	$ -	$ -	$ -	$ 79,760
Capital expenditure of non-current asset	35,188	-	-	-	35,188
Unappropriated earnings	-	-	-	-	-
Asset of Segement	$ 16,191,475	$ 398,678	$ 3,025,821	$ 21,305	$ 19,637,279
Liability :					
Liability of Segement	$ 16,044,023	$ 4,601	$ 23,895	$ 40,934	$ 19,328,511

Note 1: Segment profit or loss does not include impairment to goodwill, income tax expenses and pension costs (as shown under the Adjustment and Offset column above).

Note 2: Segment assets do not include goodwill, deferred pension costs and deferred income tax assets (as shown under the Adjustment and Offset column above).

Note 3: Segment liabilities do not include deferred income tax liabilities, income tax payable and accrued pension (as shown under the Adjustment and Offset column above).

Information by Product

	Futures - broker	Futures - self	Others	Total
Revenue from external customers	$1,512,966	$3,665,149	$45,786	$5,223,901

Information by Location: Nil.

Note: Disclosure shall be made in regard to revenue sourced from a single foreign country or when a significant amount of assets is held in a single foreign country.

Information about Key Customers: Nil.

Note: Separate disclosure shall be made for revenue derived from a single customer that exceeds 10% of the total revenue of the Company.

XIII. Significant subsequent events: Nil.

XIV. Significant transactions events:

1. Loan to others: Nil.
2. Guaranteed for others: Nil.
3. Acquisition of fixed assets up to one hundred million or 20% of paid-in capital: Nil.
4. Disposal of fixed assets up to one hundred million or 20% of paid-in capital: Nil.
5. Handling fee discount to related parties summed up to five million: Nil.
6. Accounts receivable – related parties up to one hundred million or 20% of paid-in capital: Nil.

XV. Re-investment information

1.

Investor	Investee	Location	Principal activity	Original investment amount		Ending balance			Investee's (loss) income of current period	Investment (loss) income recognized in current period
				Ending balance of current period	Ending balance of prior period	No. of shares (thousands)	Ratio	Book value		
Polaris Futures Co., Ltd.	MF Global Futures Trust Co., Ltd.	Taiwan	Raise the futures trust fund by issuing beneficiary certificates and use the futures trust fund for trading futures and related investments.	$ 99,990	$ 99,990	9,999	33.33%	$ 79,760	($18,399)	($6,132)

2. Loan to others: Nil.
3. Guaranteed for others: Nil.
4. Acquisition of fixed assets up to one hundred million or 20% of paid-in capital: Nil.
5. Disposal of fixed assets up to one hundred million or 20% of paid-in capital: Nil.
6. Handling fee discount to related parties summed up to five million: Nil.
7. Accounts receivable – related parties up to one hundred million or 20% of paid-in capital: Nil.

XVI. Investment in Mainland China: Nil.

XVII. Business relationship and material transactions between the parent company and subsidiaries :Nil.

XVIII. Others:

The Company's internal auditor conducts internal auditing on weekly basis which includes all consignment orders, related procedures, and certificates and put into records as well. All documents mentioned above were audited and completed by CPAs.