

Polaris MF Global Futures Co., Ltd

Financial Statements for the

Years Ended December 31, 2010 and 2009 and

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 MF Global Futures Co., Ltd

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Polaris MF Global Futures Co., Ltd. as of December 31, 2010 and 2009 and the related statements of income, changes in shareholders' equity and cash flows for the years 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, MF Global Futures Trust Co., Ltd., were not audited by us but by other independent accountants, 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, 2010 and 2009, the amount of long-term investment in MF Global Futures Trust Co., Ltd. was \$85,892 thousand and \$95,373 thousand respectively and held up to 0.43% and 0.49% of total assets value, respectively. From January 1 to December 31, 2010 and 2009, the investment loss to MF Global Futures Trust Co., Ltd. was \$9,480 thousands and \$4,617 thousands respectively and held up to (2.59%) and (1.06%) of net income before tax, respectively.

We conducted our audits in accordance with generally accepted auditing standards in the Republic of China and "Rules Governing the Examination of Financial Statements by Certified Public Accountants." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and other auditors' review provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Polaris MF Global Futures Co., Ltd. as of December 31, 2010 and 2009, and the result of its operations and cash flows for the period started January 1 to December 31, 2010 and 2009, in conformity with "Rules Governing the Preparation of

Financial Reports by Futures Commission Merchants” Regulations Governing Managed Futures Enterprises and generally accepted accounting principles in the Republic of China.

The detailed breakdown schedules to the Polaris MF Global Futures Co., Ltd.’s financial statements were primarily for the purpose of supplementary analysis. We had audited those data by adopting the procedures mentioned in second paragraph. In our opinion, those detailed breakdown schedules to the Polaris MF Global Futures Co., Ltd.’s financial statements were prepared based on the rules and standards mentioned in the third paragraph and present fairly the detailed information to the financial statement of Polaris MF Global Futures Co., Ltd. for the year ended December 31, 2010.

First Crowe Horwath & Company, CPAs

Taipei, Taiwan

Republic of China

January 18, 2011

Notice to Readers

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 MF GLOBAL FUTURES CO., LTD.

Balance Sheets

December 31, 2010 and 2009

(In Thousands of New Taiwan Dollars)

ASSETS	Note	2010		2009		LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2010		2009	
		Amount	%	Amount	%			Amount	%	Amount	%
CURRENT ASSETS		\$ 18,898,125	96	\$ 18,929,120	97	CURRENT LIABILITIES		\$ 16,596,358	84	\$ 16,489,912	84
Cash and cash equivalents		1,799,175	9	1,944,890	10	Financial liabilities at fair value through profit or loss		110,520	1	3,158	-
Financial assets at fair value through profit or loss		812,577	4	762,698	4	Futures traders' equity		16,241,540	82	16,176,211	83
Margin deposits		16,259,661	83	16,196,685	83	Accounts payable-non-related parties		37,908	-	36,499	-
Accounts Receivable-non-related parties		5,093	-	1,212	-	Accounts payable-related parties		12,744	-	11,585	-
Accounts Receivable-related parties		556	-	7	-	Unearned Receipts		40	-	2	-
Prepayment		3,539	-	3,705	-	Other payables		185,027	1	254,997	1
Other Receivable		12,908	-	10,866	-	Other current liabilities		8,579	-	7,460	-
Other Receivable-related parties		-	-	5,263	-	OTHER LIABILITIES		331,090	1	275,651	1
Other current assets		4,616	-	3,794	-	Reserve for breach of contract losses		200,000	1	192,570	1
FUNDS AND LONG-TERM INVESTMENTS		314,714	2	130,883	1	Reserve for trading losses		45,442	-	2,920	-
Available for sale financial assets-noncurrent		35,502	-	35,510	-	Accrued pension liabilities		23,845	-	18,358	-
Investments accounted for using equity method		85,893	1	95,373	1	Reserve for bad debts losses		61,803	-	61,803	-
Other financial assets-noncurrent		193,319	1	-	-	TOTAL LIABILITIES		16,927,448	85	16,765,563	85
FIXED ASSETS		107,731	-	117,461	-						
Equipments		257,161	1	238,318	1						
Prepayment for equipments		26,295	-	20,022	-						
Leasehold improvements		67,718	-	67,138	-	Capital stock		1,312,763	7	1,312,763	7
Less : accumulated depreciation		(243,443)	(1)	(208,017)	(1)	Common stock		1,312,763	7	1,312,763	7
INTANGIBLE ASSETS		8,247	-	5,348	-	Capital surplus		407,633	2	407,633	2
Deferred pension costs		3,817	-	-	-	Premium from business merger		46,333	-	46,333	-
Other intangible assets		4,430	-	5,348	-	Premium from issuing stocks		361,300	2	361,300	2
OTHER ASSETS		458,106	2	385,019	2	Retained earnings		1,139,079	6	1,081,872	6
Operations guarantee deposits		185,000	1	155,000	1	Legal reserve		280,486	1	249,847	1
Clearing and settlement funds		209,000	1	166,000	1	Special reserve		560,973	3	499,694	3
Refundable deposits		8,126	-	8,484	-	Unappropriated retained earnings		297,620	2	332,331	2
Deferred income tax assets-non-current		55,980	-	55,535	-	TOTAL SHAREHOLDERS' EQUITY		2,859,475	15	2,802,268	15
TOTAL ASSETS		\$ 19,786,923	100	\$ 19,567,831	100	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 19,786,923	100	\$ 19,567,831	100

Note : Please refer to the accompanying notes of the financial statements and the audit report signed by First Horwath & Company, CPAs on January 18, 2011.

POLARIS MF GLOBAL FUTURES CO., LTD.
Income Statements
For The Years Ended December 31, 2010 and 2009
(In Thousands of New Taiwan Dollars)

Descriptions	Note	December 31,2010		December 31,2009	
		Amount	%	Amount	%
REVENUES					
Brokerage		\$ 1,381,236	50	\$ 1,369,142	43
Future trading margin-securities valuation		-	-	45	-
Revenue from Sale of Securities operating-self operating		626	-	-	-
Dividend Revenue		315	-	-	-
Clearance fee from consignment		49,665	2	20,210	1
Gain on disposal of derivative financial instruments		1,152,830	41	1,393,505	44
Managed futures revenues		-	-	1,130	-
Futures advisory revenues		702	-	542	-
Other operating revenues		4,435	-	26,452	1
Nonoperating revenues		203,059	7	360,359	11
Total Revenues		<u>2,792,868</u>	<u>100</u>	<u>3,171,385</u>	<u>100</u>
EXPENSES					
Brokerage fee		(159,816)	(6)	(146,838)	(5)
Dealer handling fee		(58,003)	(2)	(25,041)	(1)
Futures trading margin-securitied valuation loss		-	-	(7,656)	-
Futures commission fee		(391,733)	(14)	(397,160)	(13)
Clearance fee		(187,421)	(7)	(131,808)	(3)
Loss on disposal of derivative financial instruments		(733,687)	(26)	(1,270,800)	(40)
Managed futures fee		-	-	(44)	-
Operating expenses		(847,788)	(30)	(717,503)	(23)
Nonoperating expenses and losses		(48,958)	(2)	(37,064)	(1)
Total Expenses		<u>(2,427,406)</u>	<u>(87)</u>	<u>(2,733,914)</u>	<u>(86)</u>
Net income before income tax		365,462	13	437,471	14
Income tax expenses		(68,018)	(2)	(131,075)	(4)
Net income		<u>\$ 297,444</u>	<u>11</u>	<u>\$ 306,396</u>	<u>10</u>
Earnings per share					
Earnings before income tax		\$ 2.78		\$ 3.33	
Income tax expense		(0.52)		(1.00)	
Net earnings after tax		<u>\$ 2.26</u>		<u>\$ 2.33</u>	

Note : Please refer to the accompanying notes of the financial statements and the audit report signed by First Horwath & Company, CPAs on January 18, 2011.

POLARIS MF GLOBAL FUTURES CO., LTD.

Statements of Changes in Shareholders' Equity

For The Years Ended December 31, 2010 and 2009

(In Thousands of New Taiwan Dollars)

Item	Capital stock	Capital surplus	Retained Earnings			Total
			Legal reserve	Special reserve	Unappropriated retained	
Balance, January 1, 2009	\$ 1,312,763	\$ 407,633	\$ 189,884	\$ 379,767	\$ 599,654	\$ 2,889,701
Appropriations of prior year's earnings						
Legal reserve	-	-	59,963	-	(59,963)	-
Special reserve	-	-	-	119,927	(119,927)	-
Cash dividends to shareholders	-	-	-	-	(393,829)	(393,829)
Net Income in 2009	-	-	-	-	306,396	306,396
Balance, December 31, 2009	1,312,763	407,633	249,847	499,694	332,331	2,802,268
Appropriations of prior year's earnings						
Legal reserve	-	-	30,639	-	(30,639)	-
Special reserve	-	-	-	61,279	(61,279)	-
Cash dividends to shareholders	-	-	-	-	(240,237)	(240,237)
Net Income in 2009	-	-	-	-	297,444	297,444
Balance, December 31, 2010	\$ 1,312,763	\$ 407,633	\$ 280,486	\$ 560,973	\$ 297,620	\$ 2,859,475

Note: Please refer to the accompanying notes of the financial statements and the audit report signed by First Horwath & Company, CPAs on January 18, 2011.

POLARIS MF GLOBAL FUTURES CO., LTD.
Statements of Cash Flows
For The Years Ended December 31, 2010 and 2009
(In Thousands of New Taiwan Dollars)

	2010	2009
Cash flows from operating activities		
Net income	\$ 297,444	\$ 306,396
Adjustments		
Depreciation	35,942	33,767
Amortization	3,242	5,458
Equity in earnings of equity method investees, net	9,480	4,617
Valuation loss on financial assets	587	6,268
Loss on disposal of short term investments	1,362	(12,959)
Reserve for breach of contract losses	7,430	27,787
Reserve for trading losses	42,522	(22,828)
Gain on reversal of trading losses reserve	-	(485)
Loss on disposal of fixed assets	16	80
Increase in call options	(43,053)	(2,849)
Decrease (Increase) in future trading margin - house fund	(101,417)	540,025
Decrease in future trading margin - securities	-	154,899
Increase in margin deposits	(62,976)	(4,175)
Decrease in securities borrowed guarantee deposits	-	11,362
Increase in accounts receivable	(3,881)	(293)
Increase in accounts receivable-related party	(549)	(4)
Decrease in other receivables	3,221	14,896
Decrease in prepayments	166	733
Decrease (Increase) in deferred income tax assets (net)	(1,358)	8,605
Decrease (Increase) in other current assets	90	(26)
Increase (decrease) in put option liabilities	107,361	(30,546)
Increase (decrease) in futures traders' equity	65,330	(3,442)
Increase in accounts payable-non-related party	1,409	1,715
Increase (decrease) in accounts payable-related party	1,159	(6,181)
Decrease in income tax payables	(22,109)	(67,513)
Decrease in other accounts payable	(47,861)	(64,326)
Increase (decrease) in other current liabilities	1,119	(2,249)
Increase in unearned receipts	38	2
Increase in accrued pension liabilities	5,487	982
Net cash provided by operating activities	300,201	899,716

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Cash flows from investing activities		
Decrease (Increase) in open fund and monetary market tools	92,643	(100,541)
Decrease in Held-to-Maturity financial asset	8	-
Acquisition of fixed assets	(26,898)	(60,928)
Disposal of fixed assets	-	1,546
Acquisition of investments accounted for using equity method	-	(59,990)
Increase in intangible assets	(1,654)	(2,198)
Decrease (Increase) in deferred pension costs	(3,817)	842
Increase in operations guarantee deposits	(30,000)	(10,000)
Increase in clearing and settlement funds	(43,000)	(10,000)
(Increase) decrease in refundable deposits	358	(637)
Increase in prepaid long-term investments	(193,319)	-
Net cash provided by (used in) investing activities	(205,679)	(241,906)
Cash flows from financing activities		
Cash dividends to shareholders	(240,237)	(393,829)
Net cash provided by (used in) financing activities	(240,237)	(393,829)
Net increase (decrease) in cash and cash equivalents	(145,715)	263,981
Cash and cash equivalents at the beginning of the period	1,944,890	1,680,909
Cash and cash equivalents at the end of the period	<u>\$ 1,799,175</u>	<u>\$ 1,944,890</u>
Supplemental Disclosures of cash flow information		
Interest paid	<u>\$ 6,033</u>	<u>\$ 4,499</u>
Income tax paid	<u>\$ 91,987</u>	<u>\$ 169,301</u>

Note: Please refer to the accompanying notes of the financial statements and the audit report signed by

First Horwath & Company, CPAs issued on January 18, 2011.

POLARIS MF GLOBAL FUTURES CO., LTD.

Notes to Financial Statements

For the year ended December 31, 2010 and 2009

(Amounts expressed in thousands of New Taiwan dollars,
except where otherwise specified, per share, and par value)

I. General

Polaris MF Global 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, 2010, the Company has established five branches.

The Company is a futures dealer primarily engaging in the following business:

1. H401011 Futures commission;
2. H405011 Futures advisory enterprise;
3. H407011 Futures managerial enterprise;
4. H301011 Securities commission.

As of December 31, 2010 and 2009, the Company had 327 and 317 employees, respectively.

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. 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.

2. 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.

3. 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.

4. 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. 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.

6. 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.

7. 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 capitalised as fixed assets. The ordinary repair/maintenance is to be expensed. The accrual by S/L depreciation is applied as follows: computer/telecommunication equipments: 3~5 years; 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.

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

Acquired from the dissolved Company Refco Taiwan's business rights due to business merger. The residual lives is amortized by using the straight-line method.

9. 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. Furthermore, 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. Also, under Securities and Exchange Law, a securities proprietary merchant shall lodge NT\$10 million in the above mentioned financial institution.

10. 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.

11. 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.

12. Reserve for breach of contract losses

Under Rules Governing Futures Commission Merchants, the Company engages in futures brokerage business shall, on a monthly basis, set aside 2% of the futures brokerage commission income as reserve for breach of contract losses. 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 the amount of minimum paid-in capital, operation funds, or working capital required by law, no additional reserve for each breach of contract losses is required to be set aside.

13. Reserve for trading losses

Under Rules Governing Futures Commission Merchants, the Company engages in futures dealer business shall, on a monthly basis, 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\$2 hundred million, no additional reserve for trading losses is required to be set aside.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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 indication 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 than the carrying value of the unit, on an annual test basis, the Company shall recognize an impairment loss.

22. 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.

23. 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:

- a. Recognized in shareholders' equity if the changes in fair value are recognized in shareholders' equity;
- b. 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.

III. Accounting changes : Nil

IV. Explanations on major accounts

1. Cash and cash equivalents

	Dec. 31, 2010	Dec. 31, 2009
Cash	\$ 200	\$ 200
Checking account deposit	844	130
Demand deposit	232,523	232,174
Term deposit	1,509,200	1,642,800
Foreign currency deposit	56,408	69,586
Rpurchase agreements collateralized by bonds	-	-
Total	<u>\$ 1,799,175</u>	<u>\$ 1,944,890</u>

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

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

	Dec. 31, 2010	Dec. 31, 2009
Financial assets held for trading		
Securities	\$ 15,872	\$ 110,464
Call option - non-hedging	48,488	5,434
Futures trading margins - house funds	748,217	646,800
Total	<u>\$ 812,577</u>	<u>\$ 762,698</u>

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

(2) The above financial assets were provided to be free of any pledges or collateral.

3. Margin deposits

	Dec. 31, 2010	Dec. 31, 2009
Customer margin deposit - Cash at banks	\$ 13,565,505	\$ 14,491,372
Customer margin deposit - Clearinghouse	1,882,508	879,684
Customer margin deposit - Other FCMs	811,648	800,692
Customer margin deposit - Quoted securities	-	24,937
Total	<u>\$ 16,259,661</u>	<u>\$ 16,196,685</u>

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

	Dec. 31, 2010	Dec. 31, 2009
Balance of margin deposits	\$ 16,259,661	\$ 16,196,685
Minus:		
Accrued service charge & Accrued interest income	(10,825)	(16,818)
Futures trading tax	(1,857)	(1,283)
Incorrect desposits from customers	(5,439)	(2,373)
Total	<u>\$ 16,241,540</u>	<u>\$ 16,176,211</u>

4. Funds and long-term investments

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

Investees	Dec. 31, 2010			Dec. 31, 2009		
	Shares (thousands)	Amount	% of shareholding	Shares (thousands)	Amount	% of shareholding
Taiwan Futures Exchange Corporation	4,544	<u>\$35,502</u>	1.70%	4,259	<u>\$35,510</u>	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	Dec. 31, 2010			Dec. 31, 2009		
	Shares (thousands)	Amount	% of shareholding	Shares (thousands)	Amount	% of shareholding
MF Global Futures Co.,Ltd.	9,999	<u>\$85,893</u>	33.33%	9,999	<u>\$95,373</u>	33.33%

Note: The Company has a new investment of 9,999 thousand shares of MF Global Futures Co.,Ltd. and holds 33.33% shareholding, therefore adopts the equity method for evaluation. The accounting period of MF Global Futures Co.,Ltd. starts from April. After its financial statements of 2010 and 2009 are reviewed by accountant, the investment loss for the year of 2010 and 2009 were \$9,480 and \$4,617

(3) Other Financial Assets — Non-current

Other Financial Assets as of 31st Dec 2010--- Upon application, approval letter (No.:0990055943) by Securities and Future Bureau, Financial Supervisory Commission, Executive Yuan was issued allowing the investment of USD\$6,000 thousands(equivalent to NTD\$193,319 thousands) into the subsidiary located in Hong Kong.

(4) As of December 31, 2010 and 2009, the above financial assets were provided to be free of any pledges or collateral.

5. Fixed assets

(1) As of December 31, 2010

	Cost	Accumulated depreciation	Balance
Computer communication equipments	\$ 228,296	\$ 179,258	\$ 49,038
Office equipments	23,066	13,802	9,264
Transportation equipments	5,799	4,826	973
Leasehold improvement	67,718	45,557	22,161
Prepayment for equipments	26,295	-	26,295
Total	<u>\$ 351,174</u>	<u>\$ 243,443</u>	<u>\$ 107,731</u>

(2) As of December 31, 2009

	Cost	Accumulated depreciation	Balance
Computer communication equipments	\$ 210,251	\$ 159,012	\$ 51,239
Office equipments	22,268	11,148	11,120
Transportation equipments	5,799	4,118	1,681
Leasehold improvement	67,138	33,739	33,399
Prepayment for equipments	20,022	-	20,022
Total	<u>\$ 325,478</u>	<u>\$ 208,017</u>	<u>\$ 117,461</u>

(3) Insurance

Insurance	Dec. 31, 2010	Dec. 31, 2009	Remark
Computer and office equipment	\$ 227,510	\$ 232,510	December 31, 2010 and 2009 fire insurance (including comprehensive insurance)
Leasehold improvement	63,570	68,570	December 31, 2010 and 2009 fire insurance (including comprehensive insurance)
Total	<u>\$ 291,080</u>	<u>\$ 301,080</u>	

A. The comprehensive insurances for the years of 2010 and 2009 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 for the years of 2010 and 2009.

6. Other assets

	Dec. 31, 2010	Dec. 31, 2009
Operations guarantee deposits	\$ 185,000	\$ 155,000
Clearing and settlement funds	209,000	166,000
Refundable deposits	8,126	8,484
Deferred income tax assets - noncurrent	55,980	55,535
Total	<u>\$ 458,106</u>	<u>\$ 385,019</u>

7. Other payables

	Dec. 31, 2010	Dec. 31, 2009
Salary payable	\$ 12,723	\$ 12,472
Bonus payable	101,876	98,443
Rent payable	-	10
Interest payable	13,509	15,506
Labor and health insurance payable	3,898	3,706
Professional fees payable	6,745	7,117
Marketing expenses payables	1,555	21,850
Other expenses payable	9,564	36,211
Pension payable	2,087	2,074
Meal expenses payable	584	564
Income tax payable	-	22,109
Other payables	32,486	34,935
Total	<u>\$ 185,027</u>	<u>\$ 254,997</u>

8. Accrued pension liabilities

The Company has recognized the pensions cost in accordance with the SFAS No.18 "Accounting for Pensions" since January 1, 1999. According to the Statement, the Company discloses the relevant information about assets and liabilities as following:

(1) Reconciliation of plan funded status to balance sheet amounts

	Dec. 31, 2010	Dec. 31, 2009
Benefit obligation		
Vested benefit obligation	\$ 2,578	\$ 2,433
Non-vested benefit obligation	37,867	30,611
Accumulated benefit obligation	40,445	33,044
Additional benefits based on future salaries	24,723	21,323
Projected benefit obligation	65,168	54,367
Fair value of pension fund asset	(16,600)	(15,197)
Funded status	48,568	39,170
Unrecognized transitional benefit obligation	(111)	(148)
Unrecognized prior service cost	(7,430)	(7,960)
Unrecognized net pension gains or losses	(20,999)	(12,704)
Additional minimum pension liability	3817	-
Accrued pension liabilities (prior system)	\$ 23,845	\$ 18,358

(2) Components of net periodic pension costs as specified as follows:

	Dec. 31, 2010	Dec. 31, 2009
Service cost	\$ 827	\$ 690
Interest cost	1,223	1,456
Expected return on pension fund asset	(342)	(203)
Amortization of net transition obligation	37	37
Amortization of prior service cost	531	531
Amortization of pension gains or losses	559	686
Total	\$ 2,835	\$ 3,197

(3) As of December 31, 2010 and 2009, the vested benefits were \$2,614 and \$2,443, respectively.

- (4) The assumptions for Years 2010 and 2009 with respect to calculation of benefit obligation and expected rate of return on pension fund assets:

	2010	2009
Discount rate	1.75%	2.25%
Rate of increase in compensation	3.00%	3.00%
Expected rate of return on pension fund assets	1.75%	2.25%

- (5) As of December 31, 2010 and 2009, the balances of pension benefits deposit with the Central Trust of China were \$16,600 and \$15,197, respectively.

- (6) Labor Pension Act (the "Act") has been enforced on July 1, 2005 and adopts the defined-contribution scheme. The net pension cost contributed and recognized by the Company according to the Act as of December 31, 2010 and 2009 were \$11,920 and \$12,082.

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 the years of 2010 and 2009 is estimated based on the Company's Articles of Incorporation, past experience, and current period earning. The accrual payable for the years of 2010 and 2009 are \$23,303 thousand and \$26,990 thousand, respectively.

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: (as for the detail of proposed distribution, refer to market Observation Post System of Taiwan Stock Exchange)

	Policy of Earnings Distribution	(in thousand) Dividends per Share
Leagle Reserve	30,640	\$ -
Special Ressrve	61,279	-
Cash Dividend	240,236	1.83
Employee bonus – cash dividend	26,723	
Bonuts to Directors and Supervisor	267	-

12. Income tax

- (1) The Company's income tax returns through 2008 and inclusive have been assessed by the National Tax Administration (NTA).
- (2) The Company already filed its corporate income tax return for the years 2009 on time which is under reviewed by the NTA.
- (3) Estimated income tax for the years of 2010 and 2009:

Items	2010	2009
Net profit before tax, at tax rate according to income tax law, ROC	\$ 62,129	\$ 109,358
Permanent differences:		
Bill interest levied separately	-	(20)
Investment loss recognized under equity method	1,612	1,154
Adjustment complied with tax regulations	(3,641)	144
Loss (gains) on Securities transaction exempted from tax under Article 4-1 of Income Tax Law, ROC	125	(3,240)
Loss (gains) on futures transaction exempted from tax under Article 4-2 of Income Tax Law, ROC	(9,783)	13,622
Exemption of cash dividends	(778)	(1,002)
Valuation (gains) loss on financial assets	99	1,567
Gains on futures transaction which is unrealized in the prior year and closed in the current year	(477)	500
Losses on option contracts which is unrealized in the prior year and closed in the current year	699	(136)
Losses (gains) on uncleared futures trading in current period	468	702
Losses (gains) on uncleared options trading in current period	227	(1,029)
Income tax expenses in the current period	50,680	121,620
Additional 10% of unappropriated retained earnings	-	2,591
Adjustment for fluctuations of income tax rate	8,886	13,569
Adjustment for prior income tax expenses	8,452	(6,705)
Income tax expenses	68,018	131,075
Adjustment of temporary differences:		
Unrealized gains on foreign exchange in the prior period	(3,148)	5,202
Unrealized losses (gains) on foreign exchange in the current period	4,616	3,704
Unrealized trading losses	7,229	(4,565)
Unrealized breach of contract losses	1,263	5,557
Unrealized bad debt losses	-	(97)
Differences in pension cost and appropriation	284	365
Adjustment of prior income tax	(8,452)	6,705
Adjustment for fluctuations of income tax rate	(8,886)	(13,569)
Income tax prepayment	(61,426)	(112,268)
Income tax payable (Note)	(\$ 502)	\$ 22,109

(4) Effect of deferred income tax

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

	Dec. 31, 2010	Dec. 31, 2009
(A) Total deferred income tax assets	\$ 60,596	\$ 59,239
(B) Total deferred income tax liabilities	-	-
(C) Temporary differences (tax) arising from deferred income tax assets or liabilities		
(Taxable) deductible provisional difference incurred by recognition of unrealized (gains) losses in foreign exchange	4,616	3,704
Deductible provisional differences incurred by recognition of unrealized trading losses	7,725	584
Deductible provisional differences incurred by recognition of unrealized losses on breach of contract	34,000	38,514
Deductible provisional differences incurred by recognition of unrealized bad debts losses	10,507	12,361
Deductible provisional difference incurred by recognition of pension cost under ROC SFAS No.18	3,748	4,076

B. Deferred income tax assets (liability)

	Dec. 31, 2010		Dec. 31, 2009	
Items	Current	Noncurrent	Current	Noncurrent
Deferred income tax assets	\$4,616	\$55,980	\$3,704	\$55,535
Deferred income tax liabilities	-	-	-	-
Net deferred income tax assets (liabilities)	\$4,616	\$55,980	\$3,704	\$55,535

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

	Dec. 31, 2010	Dec. 31, 2009
Expected (actual) available ICA	\$ 99,776	\$ 121,352
Expected (actual) ratio of ICA	20.49%	34.48%

(6) Information of unappropriated retained earnings:

	Dec. 31, 2010	Dec. 31, 2009
Before 1997	\$ 21	\$ 21
After 1998	297,599	332,310
Total	\$ 297,620	\$ 332,331

13. Earnings per share

	Dec. 31, 2010	Dec. 31, 2009
Net income after tax	\$ 297,444	\$ 306,396
Outstanding (thousand shares)-retroactive upon adjustment	131,276	131,276
Weighted-average number of common shares (thousand)	131,276	131,276
EPS (in dollars)-retroactive upon adjustment	\$ 2.26	\$ 2.33

14. Expenses relating to employment, depreciation, and amortization for the years ended December 31, 2010 and 2009 disclosed by function were as follow:

Function Character	Dec. 31, 2010			Dec. 31, 2009		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employment						
Payroll	\$ -	\$ 304,207	\$ 304,207	\$ -	\$ 281,715	\$ 281,715
Labor and health insurance	-	17,993	17,993	-	17,542	17,542
Pension fund	-	14,755	14,755	-	15,279	15,279
Others	-	9,498	9,498	-	9,477	9,477
Depreciation	-	35,942	35,942	-	33,767	33,767
Amortization	-	3,242	3,242	-	5,458	5,458

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

Year ended December 31							
2010				2009			
	Foreign currency	exchange rate	NT	Foreign currency	exchange rate	NT	
<u>Financial Assets</u>							
USD	\$	253,328	29.17	\$	258,822	32.1480	\$ 8,320,678
JPY		453,608	0.3579		431,554	0.3478	150,093
HKD		57,672	3.7509		44,152	4.1455	183,036
EUR		1,816	38.7961		1,457	46.1919	67,291
GBP		420	45.0443		458	51.6843	23,638
AUD		2,506	29.6601		45	28.8191	1,302
SGD		4	22.67				
<u>Financial Liabilities</u>							
USD		249,133	29.17		246,765	32.1480	7,932,993
JPY		251,154	0.3579		245,295	0.3478	85,315
HKD		47,101	3.7509		35,959	4.1455	149,069
EUR		688	38.7961		433	46.1919	20,021
GBP		117	45.0443		146	51.6843	7,552
AUD		2,500	29.6601		45	28.8191	1,289
SGD		3	22.67		-	-	-

V. Transactions with related parties

1. Names and relationships of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
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.-Small Medium Cap Fund	Substantial related party
Polaris International Investment Trust Co., Ltd.-Top 50 Tracker Fund	Substantial related party
Polaris International Investment Trust Co., Ltd.-TSE Capitalization weighted stock Index Fund	Substantial related party
Polaris International Investment Trust Co., Ltd.-Polaris Russell Greater China/LC Valdx	Substantial related party
Polaris International Investment Trust Co., Ltd.-Polaris PMAX equity Fund	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 UK LIMITED (MF GLOBAL UK)	Substantial related party
MF GLOBAL HONG KONG LIMITED (MF GLOBAL HONG KONG)	Substantial related party
MF Global Futures Trust Co.,Ltd-MF Multi-Income Future Trust Fund	Substantial related party
MF Global Futures Trust Co.,Ltd(MF Global Futures Trust)	Invested Company accounted For equity method
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
Pai, Chieh -Yu	Substantial related party

2. Transactions with the related parties

(1) Brokerage

<u>Name of related party</u>	<u>Year ended December 31</u>			
	<u>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Others	<u>\$ 19,598</u>	<u>1.42%</u>	<u>\$ 10,227</u>	<u>0.75%</u>

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:

Name of related party	Year ended December 31			
	2010		2009	
	Amount	%	Amount	%
Polaris Securities Co., Ltd.	\$ 167,766	42.83%	\$ 169,546	42.69%
MF Global Singapore Pte Ltd Taiwan Branch	132,907	33.93%	135,362	34.08%
Polaris Securities (Hong Kong) Limited	-	-	-	-
Total	<u>\$ 300,673</u>	<u>76.76%</u>	<u>\$ 304,908</u>	<u>76.77%</u>

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) Error account revenues received by the Company from related parties as follows:

Name of related party	Year ended December 31			
	2010		2009	
	Amount	%	Amount	%
Polaris Securities Co., Ltd.	<u>\$ 6</u>	<u>1.07%</u>	<u>\$ 10</u>	<u>1.42%</u>

- (4) Trading of assets: Nil.

- (5) Leasehold properties

Lessor	Premises in leasehold	Deposits	Rent expense for the year ended December 31	
			2010	2009
Polaris Securities Co., Ltd.	5F-1, 151, Chongcheng 4th Rd., Kaohsiun	\$ 150	\$ 538	\$ 538
	B1, 69, Sec. 2, Dun-hua S. Rd., Taipei (parking included)	100	704	744
	10F, 65, 67, 71 and 69, Sec. 2, Dun-hua S. Rd., Taipei (parking included)	<u>3,270</u>	<u>13,515</u>	<u>13,515</u>
		<u>\$ 3,520</u>	<u>\$ 14,757</u>	<u>\$ 14,797</u>

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.

(6) Credits and liabilities:

Items	Name of related party	December 31, 2010		December 31, 2009	
		Amount	%	Amount	%
Margin deposits - USD	MF Global Singapore Pte Ltd Taiwan Branch	\$ 654,464	4.03%	\$ 581,869	3.59%
Margin deposits - JPY	MF Global Singapore Pte Ltd Taiwan Branch	71,113	0.44%	27,874	0.17%
Margin deposits - GBP	MF Global Singapore Pte Ltd Taiwan Branch	3,539	0.02%	6,569	0.04%
Margin deposits - EUR	MF Global Singapore Pte Ltd Taiwan Branch	18,165	0.11%	14,509	0.09%
Margin deposits - HKD	MF Global Singapore Pte Ltd Taiwan Branch	37,632	0.23%	113,046	0.70%
Margin deposits - SGD	MF Global Singapore Pte Ltd Taiwan Branch	79	-	-	-
		<u>\$ 784,992</u>	<u>4.83%</u>	<u>\$ 743,867</u>	<u>4.59%</u>
Futures trading margins house fund-USD	MF Global Singapore Pte Ltd Taiwan Branch	\$ 96,166	12.85%	\$ 277,016	42.83%
Futures trading margins-house funds -	MF Global Singapore Pte Ltd Taiwan Branch	22,114	2.96%	20,898	3.23%
Futures trading margins-house funds -	MF Global Singapore Pte Ltd Taiwan Branch	27,482	3.67%	29,194	4.51%
Futures trading margins-house funds -	MF Global Singapore Pte Ltd Taiwan Branch	7,740	1.03%	15,088	2.33%
res trading margins-house funds - EUR	MF Global Singapore Pte Ltd Taiwan Branch	29,102	3.89%	46,422	7.18%
		<u>\$ 182,604</u>	<u>24.40%</u>	<u>\$ 388,618</u>	<u>60.08%</u>
Accounts receivable	Polaris Securities Co., Ltd.	\$ 405	7.17%	\$ 7	0.58%
Other receivables	MF GLOBAL HONG KONG	\$ -	-	\$ 5,263	32.63%
Futures traders' equity	TSE Capitalization Weighted stock Index Fund	\$ -	-	\$ 22,316	0.14%
	Apex International Financial Engineering Res. &	-	-	3,011	0.02%
	Polaris Securities Co., Ltd.	160,063	0.99%	57,029	0.35%
	MF Global HONG KONG	13,270	0.08%	15,478	0.10%
	Small Medium Cap Fund	875	0.01%	29,821	0.18%
	Top 50 Tracker Fund	93,040	0.57%	7	-
	Polaris Securities Co., Ltd. - warrant hedge	22,122	0.14%	13,274	0.08%
	Polaris Securities Co., Ltd. - structure hedge	10,656	0.07%	10,643	0.07%
	Yoing Investment Co., Ltd.	5,945	0.04%	10,393	0.06%
	Ho Ming - Hong	15	-	150,648	0.93%
	Ho Ming - Yu	446,210	2.75%	133,794	0.83%
	Polaris PMAX Equity Fund	-	-	1,804	0.01%
	Polaris Russell Greater China Llc Valdx	12,403	0.08%	11,856	0.07%
	Pai Che - Yu	1	-	1	-
	MF Global Overseas Limited, England	136,808	0.84%	1,607	0.01%
	MF Taiwan equity Fund.	3	-	-	-
	MF Multi - Income Futures Ttust Fund	420,536	2.59%	-	-
	Polaris / P - shares MSCI India Index Fund	3,222	0.02%	-	-
		229,505	1.41%	-	-
		<u>\$ 1,554,674</u>	<u>9.59%</u>	<u>\$ 461,682</u>	<u>2.85%</u>
Accounts payable	Polaris Securities Co., Ltd.	\$ 12,338	24.36%	\$ 11,178	23.25%
		406	0.80%	407	0.85%
	MF Global Singapore Pte Ltd Taiwan Branch	\$ 12,744	25.16%	\$ 11,585	24.10%
Other payable	Polaris Securities Co., Ltd.	\$ 1,552	0.81%	\$ 720	3.45%

(7) Others

- A. The handling fees paid by the Company for placing the order by the house trading department with Polaris Securities Co., Ltd. in the years of 2009 and 2008 were \$89 and \$430, respectively. The transaction condition makes no different for third parties.

B. Others

Items	Name of related party	2011		2010	
		Amount	%	Amount	%
Computing information fee	Apex International Financial	\$ 628	1.51%	\$ 631	0.87%
Interest Income	MF Global Singapore Pte Ltd Taiwan Branch	528	0.33%	530	0.22%
	Polaris Securities Co., Ltd.	28	-	-	-
Professional fee	Polaris Securities Co., Ltd.	615	18.01%	740	12.52%
Miscellaneous	Apex International Financial	-	-	1	-
Stationery & Printing	Polaris Securities Co., Ltd.	4,320	10.90%	2,520	6.46%
Securities borrowed fee	Polaris Securities Co., Ltd.	-	-	1	-
	Top 50 Tracker Fund	-	-	7	-
Others fee	Polaris Securities Co., Ltd.	-	-	2	-
Advertising costs - Marketing advertisement	Apex International Financial	100	2.50%	-	-
Computing information fee	Polaris Securities Co., Ltd.	832	2.00%	-	-
Repair & Maintenance	Apex International Financial	160	1.75%	-	-
Interest Expense	MF Multi - Income Futures Trust Fund	595	14.74%	-	-
	Polaris Securities Co., Ltd.	70	1.73%	-	-
Other Operating Revenues	MF Global Futures Trust	2,269	58.54%	-	-
	MF Multi - Income Futures Trust Fund	487	12.57%	-	-
	Polaris Securities Co., Ltd.	1,120	28.89%	-	-
Rent Expense Deposit Interest Imputed	Polaris Securities Co., Ltd.	27	-	-	-

C. Compensation paid to the directors, supervisors, general managers, vice general managers and other major management levels in the years of 2010 and 2009 were \$29,220 thousand and \$44,173 thousand, respectively. Please refer to the Company's Shareholder's Annual Meeting Report for detailed information.

VI. Pledge of Assets: Nil.

VII. Significant Commitments and contingencies:

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 and \$100 million with Chinatrust Commercial Bank and First Commercial Bank, respectively. There is no active in the credit facilities as of December 31, 2010.

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, 2010 and 2009 the unexpired futures and option contracts are shown as follows:

A. As of December 31, 2010

Items	Trading category	Open position		Amount paid for (received from) premium	Fair value
		Buy / Sell	Number of contracts		
Futures contract (Domestic)	MTX	Buy	51	\$ 22,685	\$ 22,788
		Sell	150	67,339	67,361
	TF				
		Sell	117	120,847	121,914
	TE				
		Sell	274	372,549	374,503
	TX	Buy	508	908,811	912,420
		Sell	5	8,860	8,869
	XIF	Buy	8	9,330	9,473
		Sell	218	254,330	258,161
Futures contract (Abroad)	Single Stack Futures	Buy	21	1,576	1,626
		Sell	2	129	134
	GDF	Buy	1	4,053	4,110
	Index Futures	Buy	52	105,345	105,446
		Sell	121	158,119	158,400
	Precious metal Futures	Buy	105	243,286	248,304
		Sell	274	252,264	253,015
	Foreign exchange Futures	Sell	44	193,873	197,784
Option contract (Domestic)	Equity Options call	Buy	5	4	15
	Equity Options put	Buy	20	-	-
	TXO call	Buy	10,063	27,332	32,944
		Sell	10,513	59,820	73,922
	TXO put	Buy	18,879	18,000	13,442
		Sell	17,509	47,527	36,260
	TEO call				
		Sell	44	159	158
Option contract (Domestic)	TEO put	Buy	44	334	348
	TFO call	Buy	108	1,369	1,739
		Buy	20	-	-
Option contract (Domestic)	TFO put	Sell	128	227	180

B. As of December, 2010

Items	Trading category	Open position		Amount paid for (received from) premium	Fair value
		Buy / Sell	Number of contracts		
Futures contract (Domestic)	MTX	Sell	24	8,828	9,360
	TE	Sell	65	87,696	88,855
	TX	Buy	10	16,146	16,372
		Sell	6	8,802	9,360
	TGF	Buy	9	3,757	3,884
		Sell	9	3,433	3,884
	Index Futures	Buy	54	118,761	118,482
		Sell	14	89,636	91,252
	Precious metal Futures	Buy	26	49,659	49,956
		Sell	44	33,483	33,522
Futures contract (Abroad)	Foreign exchange Futures	Sell	18	86,056	84,907
	Light merchandise	Buy	8	16,292	16,268
	Agriculture Futures	Buy	3	4,989	5,056
		Sell	1	633	666
	Bonds Futures	Sell	2	7,372	7,354
	AMO put	Buy	125	5	3
	TXO call	Buy	108	1,301	2,479
		Sell	80	1,301	2,479
	TXO put	Buy	183	448	188
		Sell	103	64	26
Option contract (Domestic)	TEO call	Buy	260	1,749	4,437
	XIO put	Sell	190	5	1
	TEO put	Sell	335	3,147	652

2. Fair value of financial assets and liabilities

Non-derivative instruments	December 31, 2010		December 31, 2009	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	\$ 1,799,175	\$ 1,799,175	\$ 1,944,890	\$ 1,944,890
Financial assets at fair value through profit or loss - current				
Securities	15,872	15,872	110,464	110,464
Derivative financial instruments	796,705	796,705	652,234	652,234
Available for sale financial assets-	35,502	35,502	35,510	35,510
Non-current				
Refundable Deposits	8,126	8,126	8,484	8,484
Financial liabilities				
Financial liabilities at fair value through profit or loss-current				
Derivative financial instrument	110,520	110,520	3,158	3,158
Derivative instruments				
Futures trading margins-house funds	748,217	748,217	646,800	646,800
Call Options – non-hedging	48,488	48,488	5,434	5,434
Put Option Liabilities	110,520	110,520	3,158	3,158

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. As of December 31, 2010 and 2009, 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, 2010		December 31, 2009	
	Quoted Market Value		Quoted Market Value	
	in active market	Pricing model	in active market	Pricing model
Financial assets				
Financial assets at fair value through profit or loss-current				
Securities	\$ 15,872	\$ -	\$ 110,464	-
Derivative financial instruments				
Call option - non-hedging	48,488	-	5,434	-
Future trading margins-house funds	-	748,217	-	646,800
Total	<u>\$ 64,360</u>	<u>\$ 748,217</u>	<u>\$ 115,898</u>	<u>\$ 646,800</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss-current				
Derivative financial instruments				
Put option liabilities	<u>\$ 110,520</u>	<u>\$ -</u>	<u>\$ 3,158</u>	<u>\$ -</u>

4. All the financial assets are not pledged as of December 31, 2010 and 2009.

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 tradings 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		Prior period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Shareholders' equity Total liabilities – Futures traders' equity – Reserve for trading losses – Reserve for breach of contract losses	2,859,475 16,927,448 – 16,241,540 – 45,442 – 200,000	649.20%	2,802,268 16,765,563 – 16,176,211 – 2,920 – 192,570	711.48%	≥ 100%	Satisfactory to requirements
17	Current assets Current liabilities	18,898,125 16,596,358	113.87%	18,929,120 16,489,912	114.79%	≥ 100%	Satisfactory to requirements
22	Shareholders' equity Minimum paid-in capital	2,859,475 1,175,000	243.36%	2,802,268 1,175,000	238.49%	≥ 60% ≥ 40%	Satisfactory to requirements
22	Post-adjustment net capital Total customer margin deposits required for futures traders, not yet offset	2,474,586 2,043,524	121.09%	2,686,040 1,079,772	248.76%	≥ 20% ≥ 15%	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 monitor 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. Segment information:

1. Departmental information

(1) For the Year 2010

Items	Futures Brokerage Business		Futures Dealer Business		Total	
	Amount	%	Amount	%	Amount	%
Profit or loss contributed by segment						
Segment revenues						
Brokerage	\$ 1,381,236	85	\$ -	-	\$ 1,381,236	50
Clearance fee from consignment	49,665	3	-	-	49,665	2
Gain on derivative financial instrument	-	-	1,152,830	99	1,152,830	41
Revenue from sale of securities operating- she operating	-	-	941	-	941	-
Futures advisory fees	702	-	-	-	702	-
Other operating revenues	4,435	-	-	-	4,435	-
Nonoperating revenues	189,957	12	13,102	1	203,059	7
Total	1,625,995	100	1,166,873	100	2,792,868	100
Segment expenses						
Brokerage	(159,816)	(10)	(58,003)	(5)	(217,819)	(8)
Futures commission	(382,768)	(24)	(8,965)	(1)	(391,733)	(14)
Clearance fee	(149,899)	(9)	(37,522)	(3)	(187,421)	(7)
Loss on derivative financial instruments	-	-	(733,687)	(63)	(733,687)	(26)
Futures administrative	-	-	-	-	-	-
Payroll	(227,259)	(14)	(55,335)	(4)	(282,594)	(10)
Depreciation and amortization	(28,599)	(2)	(7,071)	(1)	(35,670)	(1)
Other operating expenses	(214,425)	(13)	(279,221)	(24)	(493,646)	(18)
Nonoperating expenses and losses	(33,474)	(2)	(15,484)	(1)	(48,958)	(1)
Total	(1,196,240)	(74)	(1,195,288)	(102)	(2,391,528)	(85)
Profit for each segment	429,755	26	(28,415)	(2)	401,340	15
Revenues and expenses were indirectly occurred by each segment						
Various revenues					-	-
Administrative expenses					(35,878)	(1)
Total					(35,878)	(1)
Income before income tax					365,462	14
Income tax expense					(68,018)	(3)
Net income					\$ 297,444	11

(2) For the Year 2009

Items	Futures Brokerage Business		Futures Dealer Business		Total	
	Amount	%	Amount	%	Amount	%
Profit or loss contributed by segment						
Segment revenues						
Brokerage	\$ 1,369,142	82	\$ -	-	\$ 1,369,142	43
Gain on futures trading margins	-	-	45	-	45	-
- securities valuation	-	-	-	-	-	-
Clearance fee from consignment	20,210	1	-	-	20,210	1
Gain on derivative financial instrument	-	-	1,393,505	93	1,393,505	44
Managerial revenues	1,130	-	-	-	1,130	-
Advisory revenues	542	-	-	-	542	-
Other operating revenues	704	-	25,748	2	26,452	1
Nonoperating revenues	277,531	17	82,828	5	360,359	11
Total	1,669,259	100	1,502,126	100	3,171,385	100
Segment expenses						
Brokerage	(146,838)	(9)	(25,041)	(2)	(171,879)	(5)
Loss on futures trading margins	-	-	(7,656)	-	(7,656)	-
- securities Valuation	-	-	-	-	-	-
Futures commission	(383,922)	(23)	(13,238)	(1)	(397,160)	(13)
Clearance fee	(115,674)	(7)	(16,134)	(1)	(131,808)	(4)
Loss on derivative financial instruments	-	-	(1,270,800)	(85)	(1,270,800)	(40)
Futures administrative	(2)	-	(42)	-	(44)	-
Payroll	(209,972)	(13)	(34,312)	(2)	(244,284)	(8)
Depreciation and amortization	(24,912)	(2)	(4,148)	-	(29,060)	(1)
Other operating expenses	(275,522)	(16)	(113,981)	(8)	(389,503)	(12)
Nonoperating expenses and losses	(35,312)	(2)	(1,752)	-	(37,064)	(1)
Total	(1,192,154)	(72)	(1,487,104)	(99)	(2,679,258)	(84)
Profit for each segment	477,105	28	15,022	1	492,127	16
Revenues and expenses were indirectly occurred by each segment						
Various revenues					-	-
Administrative expenses					(54,656)	(2)
Total					(54,656)	(2)
Income before income tax					437,471	14
Income tax expense					(131,075)	(4)
Net income					\$ 306,396	10

2. Territorial information

The Company does not have the foreign operation department.

3. Foreign sale information

The Company does not gain the revenue from foreign sale.

4. Important customers' information

The Company did not have any single customer from whom the Company received more than 10% of the revenue referred to in the comparable income statement for 2010 and 2009.

XIII. Significant subsequent events: Nil.

XIV. Others

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: I

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 MF Global Futures Co., Ltd.	MF Global Futures 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%	\$ 85,893	(\$ 28,445)	(\$ 9,480)

XVI. Investment in Mainland China: Nil

XVII. 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 by CPAs completely.