YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
(FORMERLY POLARIS MAN FINANCIAL FUTURES CO., LTD. AND SUBSIDIARIES)

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 2013 AND 2012

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR13001186

To the Board of Directors and Stockholders of Yuanta Futures Co., Ltd.：

We have reviewed the accompanying consolidated balance sheets of Yuanta Futures Co., Ltd. and its subsidiaries (formerly Polaris Man Financial Futures Co., Ltd. and subsidiaries) as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2013 and 2012, as well as the statements of changes in equity and of cash flows for the nine-month periods ended September 30, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a conclusion on these financial statements based on our reviews.

We conducted our reviews in accordance with the Statement on Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications or adjustments that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Regulations Governing the Preparation of the Financial Reports by Futures Commission Merchants", IAS 34, "Interim Financial Reporting" and IFRS 1, "First-time Adoption of International Financial Reporting Standards" as endorsed by the Financial Supervisory Commission.

Yuanta Futures Co., Ltd. re-consigned foreign futures trading business to MF Global Singapore Pte. Limited Taiwan Branch., and MF Global Futures Trust Co., Ltd., the investee of Yuanta Futures Co., Ltd. accounted for under the equity method, consigned trading business of MF Global Multi-Strategy Futures Trust Fund it managed to MF Global Singapore Pte. Limited that went into liquidation procedures in 2012 as described in Notes 6(2), 6(3) and 9(1).

As described in Notes 1(1), 6(12), and 20 to the consolidated financial statements, on October 6, 2011, the Board of Directors of the former Polaris Futures Co., Ltd. at their meeting resolved to merge with Yuanta Futures Co., Ltd. and set April 1, 2012 as the merger date by issuing new shares to increase capital based on a conversion ratio of 1 share of Yuanta Futures Co., Ltd. to 1.01 shares of Polaris Futures Co., Ltd. amounting to $1,010,000 with a par value of $10 (in dollar) per share and totaling 101,000 thousand shares. Polaris Futures Co., Ltd. has obtained the approval to change its name to "Yuanta Polaris Securities Co., Ltd.". Further, subsidiary—Polaris Futures (Hong Kong) Co., Ltd. was renamed Yuanta Futures (Hong Kong) Co., Ltd.. According to the regulations, for structure reorganization of the Group under joint control through business combination between subsidiaries within the Group in share swaps, it shall be assumed that the business combination had taken place on October 3, 2011 when preparing comparative consolidated financial statements, and prior years' consolidated financial statements shall be restated in accordance with R.O.C. GAAP. Therefore, the consolidated financial statements of the Company and its subsidiaries as of January 1, 2012 and for the first quarter, 2012 were restated based on consolidated financial statements of the former Polaris Futures Co., Ltd. and its subsidiaries and consolidated financial statements of Yuanta Futures Co., Ltd. and its subsidiaries for the corresponding period, which were audited by us. Retrospective application of IFRSs is applied when preparing the consolidated financial statements.

PricewaterhouseCoopers, Taiwan

October 31, 2013

Taipei, Taiwan

Republic of China

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES

(FORMERLY POLARIS MAN FINANCIAL FUTURES CO., LTD. AND SUBSIDIARIES)

CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(The consolidated balance sheet as of September 30,2013 and 2012 are reviewed, not audited)

		September 30, 2013		December 31, 2012		September 30, 2012		January 1, 2012	
Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets									
Cash and cash equivalents	6(1) and 7	$ 5,038,408	13	$ 5,002,915	13	$ 4,783,949	12	$ 5,082,263	13
Financial assets at fair value through profit or loss - current	6(2) and 11	25,547	-	31,620	-	29,257	-	40,829	-
Available-for-sale financial assets - current	6(5)	23,530	-	103,315	-	273,742	1	-	-
Held-to-maturity financial assets -current	6(6)	29,069	-	-	-	-	-	-	-
Margin deposit	6(3) and 7	31,704,067	82	32,222,749	83	32,709,216	83	33,976,856	83
Futures trading margin receivable		-	-	25	-	70	-	160	-
Accounts receivable - non-related parties		4,804	-	3,914	-	15,375	-	22,858	-
Accounts receivable - related parties	7	3,358	-	12,502	-	9,885	-	11,298	-
Prepayments		10,691	-	7,897	-	6,229	-	5,567	-
Other receivables - non-related parties	6(2)	48,376	-	54,143	-	46,869	-	24,914	-
Other receivables - related parties	6(2) and 7	5,332	-	9,804	-	34,380	-	130,633	-
Current income tax assets		366	-	112	-	963	-	3,750	-
Other current assets		16	-	20	-	27	-	-	-
Total Current Assets		36,893,564	95	37,449,016	96	37,909,962	96	39,299,128	96
Non-current assets									
Available-for-sale financial assets - noncurrent	6(5)	882,169	2	783,671	2	810,569	2	689,210	2
Investments accounted for under the equity method	6(4)	70,205	-	72,957	-	75,556	-	79,760	-
Property and equipment	6(9)	128,471	1	136,960	-	96,656	-	121,474	-
Intangible assets	6(10)	41,483	-	40,421	-	44,009	-	12,933	-
Deferred income tax assets	6(26)	19,344	-	21,980	-	12,946	-	13,399	-
Operations guarantee deposits	6(7) and 7	185,000	1	195,000	1	195,000	1	285,000	1
Clearing and settlement funds	6(8)	499,086	1	327,098	1	328,098	1	396,000	1
Refundable deposits		13,592	-	15,770	-	16,509	-	18,777	-
Deferred expenses		2,504	-	6,808	-	8,298	-	36,281	-
Prepayments for equipment		4,869	-	25,062	-	49,225	-	13,360	-
Total Non-current Assets		1,846,723	5	1,625,727	4	1,636,866	4	1,666,194	4
Total Assets		$ 38,740,287	100	$ 39,074,743	100	$ 39,546,828	100	$ 40,965,322	100

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES

(FORMERLY POLARIS MAN FINANCIAL FUTURES CO., LTD. AND SUBSIDIARIES)

CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(The consolidated balance sheet as of September 30,2013 and 2012 are reviewed, not audited)

		September 30, 2013		December 31, 2012		September 30, 2012		January 1, 2012	
Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities									
Financial liabilities at fair value through profit or loss - current	11	$ 7,581	-	$ 10,312	-	$ 5,175	-	$ 13,410	-
Futures traders' equity	6(3) and 7	31,602,934	82	32,106,544	82	32,637,498	83	33,876,957	83
Accounts payable – non-related parties		48,637	-	66,459	-	68,632	-	73,049	-
Accounts payable – related parties	7	17,538	-	24,423	-	20,455	-	26,225	-
Collection for third parties		5,245	-	5,415	-	6,453	-	4,497	-
Other payables – non-related parties		226,860	1	161,139	1	170,829	-	240,443	1
Other payables - related parties	7	255	-	-	-	56	-	811	-
Income tax payable		11,337	-	29,265	-	9,790	-	25,205	-
Provision -current		4,749	-	4,310	-	10,939	-	12,473	-
Total current liabilities		31,925,136	83	32,407,867	83	32,929,827	83	34,273,070	84
Non-current liabilities									
Provisions –non-current	6(11)	42,553	-	40,517	-	61,169	-	59,733	-
Deferred income tax liabilities		11	-	-	-	-	-	-	-
Total Non-current Liabilities		42,564	-	40,517	-	61,169	-	59,733	-
Total liabilities		31,967,700	83	32,448,384	83	32,990,996	83	34,332,803	84
Equity attributable to owners of the parent company									
Capital Stock	6(12)								
Common stock		2,322,763	6	2,322,763	6	2,322,763	6	1,312,763	3
Capital Reserve	6(13)								
Paid-in capital		1,940,976	5	1,999,045	5	2,050,238	5	407,633	1
Retained Earnings									
Legal reserve	6(15)	409,088	1	356,697	1	356,697	1	310,230	1
Special reserve	6(14)	1,090,016	3	977,083	3	978,713	3	874,107	2
Unappropriated earnings	6(15)	456,953	1	525,033	1	348,612	1	437,491	1
Other Equity									
Other equity		552,791	1	445,738	1	498,809	1	405,727	1
Prior interest under joint control		-	-	-	-	-	-	2,884,568	7
Total Equity		6,772,587	17	6,626,359	17	6,555,832	17	6,632,519	16
TOTAL LIABILITIES AND EQUITY		$ 38,740,287	100	$ 39,074,743	100	$ 39,546,828	100	$ 40,965,322	100

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

See report of independent accountants dated October 31, 2013.

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
(FORMERLY POLARIS MAN FINANCIAL FUTURES CO., LTD. AND SUBSIDIARIES)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

		For the three-month periods ended September 30,				For the nine-month periods ended September 30,			
		2013		2012		2013		2012	
	Notes	Amount	%	Amount	%	Amount	%	Amount	%
Revenues									
Brokerage	6(17) and 7	$ 560,406	92	$ 519,266	87	$ 1,712,249	91	$ 1,703,794	82
Net profit on sale of trading securities	6(18)	-	-	774	-	-	-	774	-
Dividend income		-	-	15,508	3	-	-	15,508	1
Gain on trading securities at fair value through profit or loss	6(2)	-	-	8	-	-	-	8	-
Securities commission revenue	7	647	-	780	-	1,899	-	2,562	-
Clearance fee from consignation	6(19) and 7	22,286	4	21,842	4	58,310	3	72,197	3
Gain on disposal of derivative financial instruments	6(20)	16,873	3	33,488	6	94,593	5	287,460	14
Futures administrative fee revenue		-	-	-	-	-	-	3	-
Futures management fee revenues		117	-	-	-	339	-	-	-
Futures advisory revenues		4,545	1	1,362	-	7,618	1	3,486	-
Other operating revenues		555	-	874	-	1,823	-	2,485	-
Total Revenues		605,429	100	593,902	100	1,876,831	100	2,088,277	100
Brokerage fee	6(21)	(87,983)	(14)	(85,912)	(14)	(267,399)	(14)	(293,351)	(14)
Dealer handling fee	6(21)	(4,732)	(1)	(12,452)	(2)	(15,480)	(1)	(43,718)	(2)
Financial cost		(5,696)	(1)	(6,585)	(1)	(17,596)	(1)	(20,564)	(1)
Futures commission	6(22) and 7	(118,031)	(19)	(114,647)	(19)	(369,323)	(20)	(384,889)	(18)
Clearance fee		(80,313)	(13)	(83,941)	(14)	(239,432)	(13)	(285,456)	(14)
Employee benefits fee	6(24)	(123,572)	(20)	(119,581)	(20)	(389,831)	(21)	(384,992)	(19)
Depreciation and amortization expense	6(23)	(21,968)	(4)	(21,152)	(4)	(67,615)	(4)	(64,989)	(3)
Other operating expenses	6(23) and 7	(100,197)	(17)	(121,630)	(21)	(326,577)	(17)	(441,224)	(21)
Total operating income		62,937	11	28,002	5	183,578	9	169,094	8
Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(4)	(949)	-	(1,684)	-	(2,752)	-	(4,204)	-
Other gains and losses	6(25)	123,114	20	104,536	17	372,356	20	353,148	17
Income before income tax		185,102	31	130,854	22	553,182	29	518,038	25
Income tax expense	6(26)	(28,500)	(5)	(23,692)	(4)	(98,233)	(5)	(82,006)	(4)
Net Income		156,602	26	107,162	18	454,949	24	436,032	21
Other comprehensive income	6(16)								
Exchange differences arising from translation of foreign operations		(3,081)	-	(3,299)	-	3,689	-	(5,261)	-
Unrealized gain on valuation of available-for-sale financial assets		25,660	4	30,366	5	103,364	6	98,343	4
Other comprehensive income for the period (net of tax)		22,579	4	27,067	5	107,053	6	93,082	4
Total comprehensive income for the period		$ 179,181	30	$ 134,229	23	$ 562,002	30	$ 529,114	25
Net income attributable to：									
Equity holders of the Company		$ 156,602	26	$ 107,162	18	$ 454,949	24	$ 376,732	18
Prior interest under joint control		-	-	-	-	-	-	59,300	3
		$ 156,602	26	$ 107,162	18	$ 454,949	24	$ 436,032	21
Total comprehensive income attributable to :									
Equity holders of the Company		$ 179,181	30	$ 134,229	23	$ 562,002	30	$ 469,814	22
Prior interest under joint control		-	-	-	-	-	-	59,300	3
		$ 179,181	30	$ 134,229	23	$ 562,002	30	$ 529,114	25
Earnings per Share (in dollars)	6(27)								
Basic Earnings per Share									
Equity holders of the Company		$	0.68	$	0.46	$	1.96	$	1.63
Prior interest under joint control			-		-		-		0.25
Total Basic Earnings per Share		$	0.68	$	0.46	$	1.96	$	1.88
Diluted Earnings per Share									
Equity holders of the Company		$	0.68	$	0.46	$	1.96	$	1.63
Prior interest under joint control			-		-		-		0.25
Total Diluted Earnings per Share		$	0.68	$	0.46	$	1.96	$	1.88

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated October 31, 2013.

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES

(FORMERLY POLARIS MAN FINANCIAL FUTURES CO., LTD. AND SUBSIDIARIES)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(UNAUDITED)

	Equity attributable to owners of the parent									
		Capital Reserves		Retained Earnings			Other Equity Interest			
	Common Stock	Paid-in capital in excess of par value	Paid-in capital from business merger	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences arising from translation of foreign operations	Unrealized gain (loss) on available-for-sale financial assets	Prior interest under joint control	Total equity
2012										
Balance as of January 1, 2012	$ 1,312,763	$ 361,300	$ 46,333	$ 310,230	$ 874,107	$ 437,491	($ 11,672)	$ 417,399	$ 2,884,568	$ 6,632,519
Appropriation of prior year's earnings										
Legal reserve	-	-	-	46,467	-	(46,467)	-	-	-	-
Special reserve	-	-	-	-	104,606	(104,606)	-	-	-	-
Cash dividends	-	-	-	-	-	(314,538)	-	-	-	(314,538)
Distribution of surplus by dissolving entity	-	-	-	-	-	-	-	-	(291,188)	(291,188)
Bad debts adjustments of the dissolved companies	-	-	-	-	-	-	-	-	(75)	(75)
Changes in other capital reserves										
New shares issuance on April 1, 2012 due to merger	1,010,000	1,642,605	-	-	-	-	-	-	(2,652,605)	-
Net income for the period	-	-	-	-	-	376,732	-	-	59,300	436,032
Other comprehensive income for the period	-	-	-	-	-	-	(5,261)	98,343	-	93,082
Balance at September 30, 2012	$ 2,322,763	$ 2,003,905	$ 46,333	$ 356,697	$ 978,713	$ 348,612	($ 16,933)	$ 515,742	$ -	$ 6,555,832
2013										
Balance as of January 1, 2013	$ 2,322,763	$ 1,952,712	$ 46,333	$ 356,697	$ 977,083	$ 525,033	($ 17,984)	$ 463,722	$ -	$ 6,626,359
Appropriation of prior year's earnings										
Legal reserve	-	-	-	52,391	-	(52,391)	-	-	-	-
Special reserve	-	-	-	-	112,933	(112,933)	-	-	-	-
Cash dividends	-	-	-	-	-	(357,705)	-	-	-	(357,705)
Changes in other capital reserves										
Distribution of capital reserves as cash dividends	-	(58,069)	-	-	-	-	-	-	-	(58,069)
Net income for the period	-	-	-	-	-	454,949	-	-	-	454,949
Other comprehensive income for the period	-	-	-	-	-	-	3,689	103,364	-	107,053
Balance at September 30, 2013	$ 2,322,763	$ 1,894,643	$ 46,333	$ 409,088	$ 1,090,016	$ 456,953	($ 14,295)	$ 567,086	$ -	$ 6,772,587

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated October 31, 2013.

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
(FORMERLY POLARIS MAN FINANCIAL FUTURES CO., LTD. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 553,182	$ 518,038
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Income and expenses having no effect on cash flows		
Write-off of bad debts	-	(75)
Depreciation	52,991	40,223
Amortization	14,624	24,766
Loss on disposal of equipment	-	4,601
Interest income	(304,262)	(323,339)
Interest expense	17,596	20,564
Amortization of discount or premium on held-to-maturity financial assets	(3)	-
Gain on valuation of financial assets at fair value through profit or loss	(67)	(8)
Loss on disposal of available-for –sale financial assets	814	-
Loss (gain) on disposal of investment	1,035	(774)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	2,752	4,204
Dividend income	(58,681)	(37,584)
Changes in assets/liabilities relating to operating activities		
Net changes in operating assets		
Financial assets at fair value through profit or loss - current	5,105	12,354
Margin deposits	518,682	1,267,640
Futures trading margin receivable	25	90
Accounts receivable - non-related parties	(890)	7,483
Accounts receivable - related parties	9,144	1,413
Prepayments	(2,794)	(662)
Other receivables - non-related parties	120	(24,267)
Other receivables - related parties	4,472	96,253
Other current assets	4	(27)
Net changes in liabilities relating to operating activities		
Financial liabilities at fair value through proft or loss - current	(2,731)	(8,235)
Futures traders' equity	(503,610)	(1,239,459)
Accounts payable- non-related parties	(17,822)	(4,417)
Accounts payable - related parties	(6,885)	(5,770)
Advance collections	(170)	1,956
Other payables - non-related parties	22,112	(136,371)
Other payables - related parties	255	(755)
Provision -current	(439	(1,534)
Provision –non-current	2,036	1,436
Cash generated from operations	307,473	217,744
Interest received	310,134	325,651
Dividend received	58,456	37,584
Income tax paid	(113,855)	(94,181)
Interest paid	(19,725)	(15,149)
Net cash provided by operating activities	542,483	471,649

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
(FORMERLY POLARIS MAN FINANCIAL FUTURES CO., LTD. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets - current	($ 10,178)	($ 319,455)
Proceeds from disposal of available-for-sale financial assets	94,015	22,697
Increase in held-to-maturity financial assets	(29,215)	-
Acquisition of equipment	(24,525)	(17,338)
Increase in prepayments for equipment	(10,651)	(40,610)
Increase in intangible assets	(100)	(26,014)
Decrease in operations guarantee deposits	10,000	90,000
Decrease (increase) in clearing and settlement funds	(171,988)	67,902
Decrease in refundable deposits	2,178	2,268
Net cash used in investing activities	(140,464)	(220,550)
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of cash dividends	(369,949)	(544,384)
Effect of change in foreign exchange rates	3,423	(5,029)
Net increase (decrease) in cash and cash equivalents	35,493	(298,314)
Cash and cash equivalents at beginning of period	5,002,915	5,082,263
Cash and cash equivalents at end of period	$ 5,038,408	$ 4,783,949

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated October 31, 2013.

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES

(FORMERLY POLARIS MAN FINANCIAL FUTURES CO., LTD. AND SUBSIDIARIES)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,

EXCEPT AS OTHERWISE INDICATED)

(UNAUDITED)

1. HISTORY AND ORGANIZATION

1) Yuanta Futures Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) and started its operations on April 9, 1997. The Company merged with "Refco Taiwan Co., Ltd." on September 1, 2003 and was renamed as "Polaris Refco Futures Co., Ltd.". As of 2005, on account of changes in foreign shareholders, an extraordinary shareholders' meeting was held on February 15, 2006, and resolved to change its name to "Polaris Man Financial Futures Co., Ltd." as approved by the Ministry of Economics.

   On October 6, 2011, the Board of Directors of Polaris Man Financial Futures Co., Ltd. decided to merge with Yuanta Futures Co., Ltd. In relation to the share conversion with Yuanta Futures Co., Ltd. in accordance with Gin-Gwen-Zheng-Qi Letter No. 1000052507, the Company can exchange its common shares using a ratio of 1.01 share to 1 share of Yuanta Futures common share. Both parties agreed to set April 1, 2012 as the merger date. The Company has also obtained the approval to change its name to "Yuanta Futures Co., Ltd."

2) The Company is primarily engaged in onshore and offshore futures brokerage business, futures dealing, futures consulting, futures business management, securities dealing, and a variety of futures related businesses approved by the competent authority. As of September 30, 2013, the Company had 5 branches.

3) As of September 30, 2013, the Company and its subsidiaries (collectively referred herein as the "Group") had approximately 383 employees.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on October 31, 2013.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

1) Effect of the adoption of new issuances of or amendments to International Financial Reporting

Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

Not applicable as it is the first-time adoption of IFRSs by the Group this year.

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

A. IFRS 9, 'Financial Instruments': Classification and measurement of financial instruments

a) The International Accounting Standards Board ("IASB") published IFRS 9, 'Financial Instruments', in November, 2009, which will take effect on January 1, 2015 with early application permitted. Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 ("IAS 39"), 'Financial Instruments: Recognition and Measurement' reissued in 2009.

b) IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Group.

c) The Group has not evaluated the overall effect of the IFRS 9 adoption. However, based on preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as 'available-for-sale financial assets' held by the Group, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be reported in other comprehensive income, and such amount that has been recognised in other comprehensive income should not be reclassified to profit or loss when such assets are derecognised. The Group recognised gain on equity instruments amounting to $103,364, in other comprehensive income for the nine-month period ended September 30, 2013.

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

The following are the assessment of new standards, interpretations and amendments issued by IASB that are effective but not yet endorsed by the FSC and have not been adopted by the Group (application of the new standards and amendments should follow the regulations of the FSC)：

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011
Disclosures—Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	January 1, 2015

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Mandatory effective date and transition disclosures (amendment to IFRS 7 and IFRS 9)	The mandatory effective date has been postponed to January 1, 2015.	January 1, 2015
Improvements to IFRSs 2009-2011	Amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013
IFRS 10, 'Consolidated financial statements'	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 12,'Disclosure of interests in other entities'	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit of loss instead of consolidating them.	January 1, 2014

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes—recovery of revalued non-depreciable assets'.	January 1, 2012
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
	recognised immediately in other comprehensive income. Past service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognised in other comprehensive income.	
IAS 27,'Separate financial statements' (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, 'Consolidated financial statements'.	January 1, 2013
IAS 28,'Investments in associates and joint ventures'(as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11 , 'Joint arrangements', IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendment clarifies criterion that an entity 'currently has a legally enforceable right to set off the recognised amounts' and gross settlement mechanisms with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 criterion in these instances.	January 1, 2014

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014
IFRIC 21, 'Levies'	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'.	January 1, 2014

The Group is assessing the potential impact of the new standards and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

1) Compliance statement

A. These consolidated financial statements are the first third-quarter consolidated financial statements prepared by the Group in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", IAS 34, 'Interim Financial Reporting', and IFRS 1, 'First-time Adoption of International Financial

Reporting Standards', as endorsed by the FSC.

B. In the preparation of the balance sheet of January 1, 2012, (the Group's date of transition to IFRSs) ("the opening IFRSs balance sheet''), the Group has adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to the International Financial Reporting Standards, International Accounting Standards, and Interpretations/bulletins as endorsed by the FSC (collectively referred herein as the "IFRSs") on the Group's financial position, operating results and cash flows.

2) Basis of preparation

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

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

b) Available-for-sale financial assets measured at fair value.

c) Liabilities on cash-settled share-based payment arrangements measured at fair value.

d) Defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised prior period's service cost and unrecognised actuarial losses, and less unrecognised actuarial gains and present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

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

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

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)		
Name of investor	Name of subsidiary	Main activity	September 30, 2013	December 31, 2013	Description
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Ltd.	Financial Services	100.00%	100.00%	Note 1
Yuanta Futures Co., Ltd.	SYF Information Co., Ltd	Information Technology Services	100.00%	100.00%	Note 2
SYF Information Co., Ltd.	SYF Information (SAMOA) Limited	Investment holdings	100.00%	100.00%	Note 2
SYF Information (SAMOA) Limited	SYF Information (shanghai) Limited	Information Technology Services	100.00%	-	Note 2

			Ownership(%)		
Name of investor	Name of subsidiary	Main activity	September 30, 2013	January 1, 2013	Description
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Ltd.	Financial Services	100.00%	100.00%	Note 1

Note 1: The Company merged with "Yuanta Futures Co., Ltd." on April 1, 2012 and

"Polaris Securities (Hong Kong) Co., Ltd." was renamed as "Yuanta Futures (Hong Kong) Ltd.".

Note 2: Main business activities have not started.

C. Subsidiaries not included in the consolidated financial statements and their changes: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Restrictions on fund remittance from subsidiaries to the parent company: None.

4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

d) Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within interest income. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

5) Classification of current and non-current items

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

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

b) Assets held mainly for trading purposes;

c) Assets that are expected to be realised within twelve months from the balance sheet date;

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

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

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

b) Liabilities arising mainly from trading activities;

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

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

6) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes petty cash, check deposits, demand deposit, and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition.

Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition：

a) Hybrid (combined) contracts; or

b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

B. On a regular way purchase or sale basis, financial assets held for trading are recognised and derecognised using trade date accounting. Financial assets designated as at fair value through profit or loss on initial recognition are recognised and derecognised using settlement date accounting.

C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

8) Available-for-sale financial assets

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

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

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

9) Held-to-maturity financial assets

A. Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables and those that are designated as at fair value through profit or loss or as available-for-sale on initial recognition.

B. On a regular way purchase or sale basis, held-to-maturity financial assets are recognised and derecognized using trade date accounting.

C. Held-to-maturity financial assets are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

10) Margin deposits

In accordance with the Rules Governing Futures Commission Merchants, margin deposits accounts refer to the guarantee deposits and premiums collected from the futures customers, and the spread is calculated based on daily market price.

11) Futures traders' equity/futures trading margin receivables

Futures traders' equity is the trading margin/premiums deposited by customers and the difference of daily close-market balance. Futures traders' equity is shown under current liabilities. It cannot be offset except for the same customer with the same category of accounts. If payable to customer does not occur, it should be classified as futures trading margin receivable.

12) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

13) Impairment of financial assets

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

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

a) Significant financial difficulty of the issuer or debtor;

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

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

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

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

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

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

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

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets：

a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

14) Derecognition of financial assets

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

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

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

C. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

15) Investments accounted for under the equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.

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

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

16) Property and equipment

A. Equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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

C. Equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of various assets are all 3~6 years.

17) Leased assets/ leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

18) Intangible assets

A. Intangible assets represent membership in a foreign Futures Exchange.

Trademark right—membership in a foreign Futures Exchange is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right—membership in a foreign Futures Exchange is not amortised, but is tested annually for impairment.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 3 years.

19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. Intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

20) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.

21) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition：

a) Hybrid (combined) contracts; or

b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

22) Derecognition of financial liabilities

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

23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

a) Defined contribution plans

For defined contribution plans, the Group pays fixed contributions to an independent, publicly or privately administered pension fund. The Group has no further legal or constructive obligations once the contributions have been paid. The contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

b) Defined benefit plans

i. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in such corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Actuarial gains and losses arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise.

iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Group to encourage voluntary termination of employment, the termination benefits are recognised as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

24) <u>Income tax</u>

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

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

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

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

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

25) Share capital

Ordinary shares are classified as equity.

26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

27) Revenue recognition

A. Brokerage fee income：Service fee income that is generated from futures merchants exercising futures transaction is recognized on the date of settlement.

B. Security commission revenue: Commission revenues that is generated from the operation of securities introducing broker business by futures commission merchants. These income are recognized on an accrual basis under the agreed terms.

C. Entrusted clearing settlement service fee：Service fee income that is generated by futures merchants who has the qualification of clearing membership while exercising clearing settlement transaction is recognized on the date of futures transaction.

D. Derivative instrument net income：

a) Futures contract gains or losses：The margin of futures trading is recognized at cost and measured through mark-to-market accounting. The gains or losses from mark-to-market, reversed futures trading or settled contracts are recognized as gains or losses in the current period；

b) Options trading：The deposit of options trading is recognized at cost and assessed monthly through mark-to-market valuation before the obligation is fulfilled. Any gain and loss occurring due to the option exercise is recognized as gain and loss in the period.

F. Futures management fees revenues, supervisory income and brokerage income：These income are recognized on an accrual basis under the agreed terms.

G. Interest income：Interest income is calculated through estimated cash income in the future discounted with the actual interest rate based on the estimated life of financial instruments on an accrual basis.

28) Business combination

The Accounting Research And Development Foundation (ARDF), ROC issued "IFRS 3 Questions on treatment of business combinations under common control" on IFRS Q&A on

January 8, 2013. The description indicates that IFRS 3 'Business Combination' has no clear regulation on treatment of business combinations under common control. Thus, these kinds of transaction shall follow the regulation in R.O.C.

The business combination between Company and its affiliates is classified as a reorganization in accordance with EITF 100-390 of the ARDF, R.O.C., and is recognized based on the carrying amount of the Company's long-term investments (the amount after impairment loss); the long-term investments should be reclassified as assets and liabilities when its affiliates are eliminated. Further, according to the ARDF Interpretations 95-141 and 101-301, this affiliated company was regarded as having been merged on October 3, 2011 and the prior years' consolidated financial statements were restated. Additionally, the prior interest in the dissolved company held by parent company was presented as "prior interest under joint control" in the consolidated financial statements. Polaris Securities Co., Ltd. was absorbed as a subsidiary of Yuanta Financial Holdings Co., Ltd. through share swaps on October 3, 2011. Polaris Futures Co., Ltd was formerly a subsidiary of Polaris Securities Co., Ltd.. Therefore, October 3, 2011 was regarded as the effective date of merger, in accordance with the ARDF Interpretation 101-301, the 100% interest in Yuanta Futures Co., Ltd. previously held by Yuanta Financial Holdings Co., Ltd. was presented as "prior interest under joint control" in the consolidated financial statements.

29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Judgements and estimates are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below：

1) Critical judgements in applying the Group's accounting policies

A. Financial assets—Impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible and intangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. Evaluation on impairment of membership in a foreign Futures Exchange

The process of evaluation on impairment of membership in a foreign Futures Exchange depends on subjective judgement and includes identifying cash generating units and determining related recoverable amounts of cash generating units.

C. Impairment assessment of investments accounted for under the equity method

The Group assesses the impairment of an investment accounted for under the equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Group assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Group's share of expected future cash flows of the investee, and analyzes the reasonableness of related assumptions.

D. Realisability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

E. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and expected rate of return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

F. Financial assets—fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 19(3) for the financial instruments fair value information.

As of September 30, 2013, the carrying amount of unlisted stocks was $816,621.

6. DETAILS OF SIGNIFICANT ACCOUNTS

1) Cash and cash equivalents

	September 30, 2013	December 31, 2012
Cash		
Petty cash	$ 107	$ 265
Check deposits	15	20
Futures margin	516,112	833,754
Demand deposits	211,240	156,518
Time deposits	3,166,566	3,453,244
Subtotal	3,894,040	4,443,801
Cash equivalents		
Commercial paper (expiring within three months)	1,144,368	559,114
Cash and cash equivalents as per consolidated cash flow statement	$ 5,038,408	$ 5,002,915

	September 30, 2012	January 1, 2012
Cash		
Petty cash	$ 190	$ 320
Check deposits	25	1,280
Futures margin	818,965	1,274,309
Demand deposits	238,802	325,966
Time deposits	3,051,466	3,160,700
Subtotal	4,109,448	4,762,575

	September 30, 2012	January 1, 2012
Cash equivalents		
Commercial paper (expiring within three months)	674,501	319,688
Cash and cash equivalents as per consolidated cash flow statement	$ 4,783,949	$ 5,082,263

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. The Group has no cash and cash equivalents pledged to others.

2) Financial assets at fair value through profit or loss

Items	September 30, 2013	December 31, 2012
Current items：		
Financial assets held for trading		
Listed stock	$ 3,107	$ -
Non-hedging derivatives	22,373	31,620
	25,480	31,620
Valuation adjustment of financial assets held for trading	67	-
	$ 25,547	$ 31,620

Items	September 30, 2012	January 1, 2012
Current items：		
Financial assets held for trading		
Listed stock	$ 1,180	$ -
Non-hedging derivatives	28,169	40,829
	29,249	40,829
Valuation adjustment of financial assets held for trading	8	-
	$ 29,257	$ 40,829

A. The Group recognised net gain of $16,873, $34,262, $94,593 and $288,234 on financial assets held for trading for the three-month and nine-month periods ended September 30, 2013 and 2012, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows：

Derivative Instruments	September 30, 2013	December 31, 2012
Current items：		
Futures transaction – futures contract	$ 15,231	$ 19,040
Futures transaction – options contract	7,142	12,580
	$ 22,373	$ 31,620

Derivative Instruments	September 30, 2012	January 1, 2012
Current items：		
Futures transaction – futures contract	$ 21,702	$ 6,197
Futures transaction – options contract	6,367	34,632
	$ 28,069	$ 40,829

C. Futures

The Group entered into futures contracts, which are futures contract and options contract, to earn the spread. As of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, margin deposits for these contracts were $531,342, $852,794, $840,667 and $1,280,506, respectively, with excess margin of $516,112, $833,754, $818,965 and $1,274,309, and recognized in ‘cash and cash equivalents’, respectively. Otherwise, as of September 30, 2013 , December 31, 2012, and September 30, 2012, the balance of excess margin that the Company deposited in the future account of MF Global Singapore Pte. Limited Taiwan Branch were $ 24,889, $24,443 and $24,658 and recognized in ‘other receivables-non-related parties’, respectively. As of January 1, 2012, the balance of excess margin that the Company deposited in the futures account of MF Global Singapore Pte. Limited Taiwan Branch was $127,413 and recognized in ‘other receivables- related parties’, respectively. For information on significant financial events and evaluation on possible effect of MF Global Holdings Ltd. (MF Global), please refer to Note 9 - Significant Contingent Liabilities and Unrecognized Contract Commitments.

D. The Group has no financial assets at fair value through profit or loss pledged to others.

3) Margin deposits/futures traders' equity

	September 30, 2013	December 31, 2012
Margin deposits by customers：		
Cash in banks	$ 25,890,111	$ 25,898,081
Clearing house	4,308,842	4,811,888
Other futures commission merchants	1,505,114	1,512,780
Total	31,704,067	32,222,749
Less: Fees of revenue pending for transfer	(89,953)	(108,114)
Futures exchange tax pending for transfer	(2,142)	(3,103)
Others	(9,038)	(4,988)
Futures trader' equity	$ 31,602,934	$ 32,106,544

	September 30, 2012	January 1, 2012
Margin deposits by customers：		
Cash in banks	$ 26,285,608	$ 26,730,946
Clearing house	5,257,466	5,593,883
Other futures commission merchants	1,166,142	1,652,027
Total	32,709,216	33,976,856
Less: Fees of revenue pending for transfer	(57,687)	(93,412)
Futures exchange tax pending for transfer	(2,912)	(2,044)
Others	(11,119)	(4,443)
Futures trader' equity	$ 32,637,498	$ 33,876,957

A. As of September 30, 2013, the Group's customer trading margin had a balance of $165,563 deposited in MF Global Singapore Pte. Limited Taiwan Branch. In accordance with the Executive Yuan, R.O.C., Gin-Gwen-Shun Rule No. 1000055081 of the Financial Supervisory Commission, to mitigate the impact on domestic futures traders' equity due to bankruptcy of U.S. MF Global Holdings Ltd., the Executive Yuan allowed futures commission merchants, whose customers' margin deposited in MF Global Singapore Pte, Limited Taiwan Branch was frozen and unable to be retrieved upon customers' requests or create a hedge position, to prepay with their own capital fund and recognize the amount as accounts receivable. As of September 30, 2013, the Company had a zero balance in its accounts receivable for such prepayments described above.

B. For details described above, please see Note 9 – Significant Contingent Liabilities and Unrecognized Contract Commitments.

4) Investments accounted for under the equity method

A. Investments for long-term equity are as follows：

	September 30, 2013		December 31, 2012	
Investee	Amount	Percentage of ownership	Amount	Percentage of ownership
MF Global Futures Trust Co., Ltd.	$ 70,205	33.33%	$ 72,957	33.33%

	September 30, 2012		January 1, 2012	
Investee	Amount	Percentage of ownership	Amount	Percentage of ownership
MF Global Futures Trust Co., Ltd.	$ 75,556	33.33%	$ 79,760	33.33%

B. The Group recognised net loss of $949, $1,684, $2,752 and $4,204 on investments accounted for under the equity method for the three-month and nine-month periods ended September 30, 2013 and 2012, respectively.

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

September 30, 2013

Company Name	Location	Assets	Liabilities	Revenue	Profit/(Loss)
MF Global Futures Trust Co., Ltd.	Taiwan	$ 225,675	$ 15,039	$ 26,372	($ 8,255)

December 31, 2012

Company Name	Location	Assets	Liabilities	Revenue	Profit/(Loss)
MF Global Futures Trust Co., Ltd.	Taiwan	$ 232,644	$ 13,752	$ 45,245	($ 20,412)

September 30, 2012

Company Name	Location	Assets	Liabilities	Revenue	Profit/(Loss)
MF Global Futures Trust Co., Ltd.	Taiwan	$ 235,801	$ 9,111	$ 34,988	($ 12,613)

January 1, 2012

Company Name	Location	Assets	Liabilities
MF Global Futures Trust Co., Ltd.	Taiwan	$ 247,541	$ 8,237

D. For information on significant financial events and evaluation on possible effect of MF Global Holdings Ltd. (MF Global) arising from consigned trading business of MF Global Multi-Strategy Futures Trust Fund it managed to MF Global Futures Trust Co., Ltd., please refer to Note 9 - Significant Contingent Liabilities and Unrecognized Contract Commitments.

5) Available-for-sale financial assets

Items	September 30, 2013	December 31, 2012
Current items：		
Listed stock	$ 25,547	$ 110,198
Valuation adjustment of available-for-sale financial assets	(2,017)	(6,883)
Total	$ 23,530	$ 103,315
Non-current items：		
Listed stock	$ 41,255	$ 41,255
Unlisted stock	271,811	271,811
Subtotal	313,066	313,066
Valuation adjustment of available-for-sale financial assets	569,103	470,605
Total	$ 882,169	$ 783,671

Items	September 30, 2012	January 1, 2012
Current items：		
Listed stock	$ 255,502	$ -
Valuation adjustment of available-for-sale financial assets	18,240	-
Total	$ 273,742	$ -
Non-current items：		
Listed stock	$ 41,255	$ -
Unlisted stock	271,811	271,811
Subtotal	313,066	271,811
Valuation adjustment of available-for-sale financial assets	497,503	417,399
Total	$ 810,569	$ 689,210

The Group recognised $25,660, $30,366, $103,364 and $98,343 in other comprehensive income for fair value change for the three-month and nine-month periods ended September 30, 2013 and 2012, respectively.

6) Held-to-maturity financial assets

Items	September 30, 2013	December 31, 2012
Current items：		
Financial bonds	$ 29,069	$ -

Items	September 30, 2012	January 1, 2012
Current items：		
Financial bonds	$ -	$ -

The Group recognised interest income of $3, $0, $3 and $0 for amortised cost in profit or loss for the three-month and nine-month periods ended September 30, 2013 and 2012, respectively.

7) Operations guarantee deposits

As of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the Company provided time deposits as operations guarantee deposits maturing within one-year in Yuanta Bank and Cathay United Bank with annual interest rate of 1.345% and 1.36% , respectively.

8) Clearing and settlement funds

The Company exercises clearing and settlement transactions in accordance with the criteria of clearing membership’s regulation of the Taiwan Futures Exchange. Before exercising clearing and settlement transaction, the Company should deposit $40,000. After one year, the amount that should be deposited could be decreased to $30,000 and the Company could deposit settlement and clearing fund through an appropriation method and an amount that is regulated by the Taiwan Futures Exchange. Every additional entrusting futures merchant performing settlement and clearing transaction, should deposit settlement and clearing fund of $3,000 before entrusting. Every branch established that performs futures transactions or every additional entrusting futures introducing broker by clearing member or every branch established by such futures introducing broker, should deposit another $1,000 settlement and clearing fund to the Taiwan Futures Exchange.

9) Property and equipment

	Equipment	Leasehold improvements	Others
At January 1, 2013			
Cost	$ 185,441	$ 99,302	$ 284,743
Accumulated depreciation and impairment	(104,796)	(42,987)	(147,783)
	$ 80,645	$ 56,315	$ 136,960
Nine-month period ended September 30, 2013			
Opening net book amount	$ 80,645	$ 56,315	$ 136,960
Additions	12,649	11,876	24,525
Reclassifications	5,956	14,038	19,994
Disposals (Cost)	(21,314)	-	(21,314)
Disposals (Accumulated depreciation)	21,314	-	21,314
Depreciation charge	(28,135)	(24,856)	(52,991)
Foreign currency valuation	(4)	(13)	(17)
Closing net book amount	$ 71,111	$ 57,360	$ 128,471
At September 30, 2013			
Cost	$ 204,046	$ 125,216	$ 329,262
Accumulated depreciation and impairment	(132,931)	(67,843)	(200,774)
Foreign currency valuation	(4)	(13)	(17)
	$ 71,111	$ 57,360	$ 128,471

	Equipment	Leasehold improvements	Others
At January 1, 2012			
Cost	$ 151,090	$ 72,200	$ 223,290
Accumulated depreciation and impairment	(67,680)	(34,136)	(101,816)
	$ 83,410	$ 38,064	$ 121,474
Nine-month period ended September 30, 2012			
Opening net book amount	$ 83,410	$ 38,064	$ 121,474
Additions	11,539	5,799	3,853
Reclassifications	2,668	-	2,668
Disposals (Cost)	(622)	(13,976)	(14,598)
Disposals (Accumulated depreciation)	622	9,375	9,997
Depreciation charge	(28,028)	(12,195)	(40,223)
Closing net book amount	$ 69,589	$ 27,067	$ 96,656
At September 30, 2012			
Cost	$ 164,675	$ 64,023	$ 228,698
Accumulated depreciation and impairment	(95,086)	(36,956)	(132,042)
	$ 69,589	$ 27,067	$ 96,656

10) Intangible assets

	Membership in a foreign Futures Exchange	Others	Total
At January 1, 2013			
Cost	$ 24,125	$ 87,931	$ 112,056
Accumulated amortisation	-	(71,195)	(71,195)
Foreign currency valuation	(440)	-	(440)
	$ 23,685	$ 16,736	$ 40,421
Nine-month period ended September 30, 2013			
Opening net book amount	$ 23,685	$ 16,736	$ 40,421
Additions-acquired separately	-	100	100
Reclassifications	-	10,850	10,850
Disposals (Cost)	-	(45,397)	(45,397)
Disposals (Accumulated depreciation)	-	45,397	45,397
Amortisation charge	-	(10,320)	(10,320)
Foreign currency valuation	432	-	432
Closing net book amount	$ 24,117	$ 17,336	$ 41,483
At September 30, 2013			
Cost	$ 24,125	$ 53,484	$ 77,609
Accumulated amortisation	-	(36,118)	(36,118)
Foreign currency valuation	(8)	-	(8)
	$ 24,117	$ 17,336	$ 41,483

	Membership in a foreign Futures Exchange	Others	Total
At January 1, 2012			
Cost	$ -	$ 18,027	$ 18,027
Accumulated amortisation	-	(5,094)	(5,094)
	$ -	$ 12,933	$ 12,933
Nine-month period ended September 30, 2012			
Opening net book amount	$ -	$ 12,933	$ 12,933
Additions-acquired separately	24,125	1,889	26,014
Reclassifications(Cost)	-	64,690	64,690
Reclassifications(Accumulated amortisation)	-	(39,368)	(39,368)
Amortisation charge	-	(20,028)	(20,028)
Foreign currency valuation	(232)	-	(232)
Closing net book amount	$ 23,893	$ 20,116	$ 44,009
At September 30, 2012			
Cost	$ 24, 125	$ 84,606	$ 108,731
Accumulated amortisation	-	(64,490)	(64,490)
Foreign currency valuation	(232)	-	(232)
	$ 23,893	$ 20,116	$ 44,009

11) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2012	January 1, 2012
Present value of funded obligations	$ 66,066	$ 93,293
Fair value of plan assets	(21,756)	(26,923)
	44,310	66,370
Unrecognised past service cost -	(6,368)	(6,899)
Net liability in the balance sheet	$ 37,942	$ 59,471

(c) The Group recognised pension expenses of $624, $870, $1,896 and $2,394 in the statement of comprehensive income for the three-month and nine-month periods ended September 30, 2013 and 2012, respectively.

(d) As of December 31, 2012 and January 1, 2012, cumulative actuarial losses recognised in other comprehensive income were $22,556 and $0, respectively.

(e) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of September 30, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government.

Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

(f) The principal actuarial assumptions used were as follows:

	2012	2011
Discount rate	1.50%	1.75%
Future salary increases	3.00%	2.00%~3.00%
Expected return on plan assets	1.50%	1.75%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

(g) Historical information of experience adjustments was as follows:

	2012
Present value of defined benefit obligation	$ 66,066
Fair value of plan assets	(21,756)
Deficit in the plan	$ 44,310
Experience adjustments on plan liabilities	($ 26,007)
Experience adjustments on plan assets	($ 233)

(h) Expected contributions to the defined benefit pension plans of the Group within one year from September 30, 2013 amounts $0.

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2013 and 2012 were $3,881, $4,401, $11,840 and $14,138, respectively.

12) Share capital

A. As of September 30, 2013, the Company's authorized capital was $2,500,000, and the paid-in capital was $2,322,763 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. On October 6, 2011, the Board of Directors of the Company at their meeting resolved to merge with Yuanta Futures Co., Ltd. and set April 1, 2012 as the merger date by issuing new shares amounting to $1,010,000 with a par value of $10 (in dollar) per share and totaling 101,000 thousand shares.

13) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and

Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

14) Special reserve

A. According to the “Rules Governing the Administration of Securities Firms”, 20% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. The special reserve shall be used exclusively to cover accumulated deficit or to increase capital and shall not be used for any other purpose. Such capitalization shall not be permitted unless the Company has already accumulated a special reserve of at least 50% of its paid-in capital and only half of such special reserve may be capitalized.

B. In accordance with the Gin-Guan-Zheng (1) Letter No. 095000507, effective January 1, 2007, special reserve shall be set aside up to an amount equal to the sum of “unrealized gain on available-for-sale financial assets” under equity.

C. The Company transferred provision on bad debt loss that had been set aside but not reversed to special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010011388, dated June 18, 2012. Except for offsetting operating losses or special reserve exceeding 50% of the Company’s paid-in capital after transferring, the Company could transfer half of special reserve as share capital.

15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve and 20% of the remaining amount shall be set aside as special reserve. Bonus distributed to the employees and remuneration paid to the directors and supervisors should account for 0.1%~5% and 0.1%~1%, respectively, of the total distributed amount. Appropriation of the remainder shall be proposed by the Board of Directors and resolved by the stockholders.

According to the dividend policy adopted by the Board of Directors, at least 50% of the Company’s distributable earnings shall be appropriated as dividends in which cash dividends shall account for at least 30% of the total dividends distributed.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve and special reserve shall not be used for any other purpose. The use of legal reserve and special reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriation of 2011 earnings had been resolved by the Board of Directors (acting on behalf of stockholders) on March 6, 2012. Details are summarized below:

	2011	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 46,467	
Special reserve	104,606	
Cash dividend	314,538	$ 2.40

There were no differences between the above-mentioned appropriation for 2011 and the resolution on appropriation resolved by the Board of Directors at the stockholders' meetings on January 17, 2012. Information on the appropriation of the Company's earnings resolution will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

E. The appropriation of 2012 earnings had been resolved by the Board of Directors on May 17, 2013. Details are summarized below:

	2012	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 52,391	
Special reserve	112,933	
Cash dividend	357,705	$ 1.54

On May 17, 2013, the Board of Stockholders proposed to distribute capital reserves as cash dividends amounting to $58,069. As of March 28, 2013, the directors proposed the distribution of earnings of 2012 and distribution of capital reserves as cash dividends mentioned above.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market observation Post System" at the website of the Taiwan Stock Exchange.

F. For the three-month and nine-month periods ended September 30, 2013 and 2012, employees' bonus was accrued at $900, $1,100, $2,700 and $2,910, respectively;

Directors' and supervisors' remuneration had not been evaluated.

G. Employees' bonus and directors' and supervisors' remuneration for 2011 were estimated and accrued at $3,220 and $318, respectively, as resolved by the Board of Directors at the stockholders' meeting on March 6, 2012. Employees' bonus and directors' and supervisors' remuneration accrued in the 2011 financial statements were $3,232 and $350, respectively. The difference amounting to $44 had been adjusted in the statement of comprehensive income for the year of 2012. Information on the resolution for employees' bonus and directors' and supervisors' remuneration will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

H. Employees' bonus and directors' and supervisors' remuneration for 2012 were estimated and accrued at $3,035 and $500, respectively, as resolved by the Board of Directors at the stockholders' meeting on May 17, 2013. Employees' bonus and directors' and supervisors' remuneration accrued in the 2012 financial statements were $3,035 and $468, respectively. The difference amounting to $32 had been adjusted in the statement of comprehensive income for the year of 2013. Information on the resolution for employees' bonus and directors' and supervisors' remuneration will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

16) Other equity items

	Available-for-sale investment	Currency translation	Total
At January 1, 2013	$ 463,722	($ 17,984)	$ 445,738
Available-for-sale financial assets:			
- Valuation adjustment period	103,346	-	103,346
Currency translation differences:			
- Exchange difference in the period	-	3,689	3,689
At September 30, 2013	$ 567,086	($ 14,295)	$ 552,791

	Available-for-sale investment	Currency translation	Total
At January 1, 2012	$ 417,399	($ 11,672)	$ 405,727
Available-for-sale financial assets:			
- Valuation adjustment period	98,343	-	98,343
Currency translation differences:			
- Exchange difference in the period	-	(5,261)	(5,261)
At September 30, 2012	$ 515,742	($ 16,933)	$ 498,809

17) Brokerage

	For the three-month periods ended September 30,	
	2013	2012
Dealer's commissions – domestic futures	$ 399,160	$ 387,967
Dealer's commissions – foreign futures	161,246	131,299
Total	$ 560,406	$ 519,266

	For the nine-month periods ended September 30,	
	2013	2012
Dealer's commissions – domestic futures	$ 1,181,446	$ 1,314,473
Dealer's commissions – foreign futures	530,803	389,321
Total	$ 1,712,249	$ 1,703,794

18) Net profit on sale of trading securities

	For the three-month periods ended September 30,	
	2013	2012
Revenue of securities sold - self-operating	$ -	$ 450,495
Cost of securities sold - self-operating	-	(449,721)
	$ -	$ 774

	For the nine-month periods ended September 30,	
	2013	2012
Sales revenue of trading securities - dealing	$ -	$ 450,495
Cost of trading securities - dealing	-	(449,721)
	$ -	$ 774

19) Clearance fee from consignation

	For the three-month periods ended September 30,	
	2013	2012
Clearance fee from consignation - non-related parties	$ 11,269	$ 12,451
Clearance fee from consignation - related parties	11,017	9,391
Total	$ 22,286	$ 21,842

	For the nine-month periods ended September 30,	
	2013	2012
Clearance fee from consignation - non-related parties	$ 33,505	$ 46,126
Clearance fee from consignation - related parties	24,805	26,071
Total	$ 58,310	$ 72,197

20) Gain (loss) on derivatives

	For the three-month periods ended September 30,	
	2013	2012
Non-hedging		
Futures contract gains or losses		
Futures contract gains	$ 113,326	$ 173,615
Futures contract losses	(93,222)	(201,008)
	$ 20,104	$ 27,393
Gain (loss) from trading options		
Gain from trading options	$ 9,082	$ 133,672
Loss from trading options	(12,313)	(72,791)
	$ 3,231	$ 60,881
Non-hedging		
Gains from derivative financial instruments	$ 122,408	$ 307,287
Losses from derivative financial instruments	(105,535)	(273,799)
	$ 16,873	$ 33,488

	For the nine-month periods ended September 30,	
	2013	2012
Non-hedging		
Futures contract gains or losses		
Futures contract gains	$ 357,525	$ 692,346
Futures contract losses	(259,043)	(565,616)
	$ 98,482	$ 126,730
Gain (loss) from trading options		
Gain from trading options	$ 42,050	$ 294,997
Loss from trading options	(45,939)	(134,267)
	$ 3,889	$ 160,730
Non-hedging		
Gains from derivative financial instruments	$ 399,575	$ 987,343
Losses from derivative financial instruments	(304,982)	(699,883)
	$ 94,593	$ 287,460

21) Service charge

	For the three-month periods ended September 30,	
	2013	2012
Service charge – brokerage	$ 87,983	$ 85,912
Service charge - dealing	4,732	12,452
Total	$ 92,715	$ 98,364

	For the nine-month periods ended September 30,	
	2013	2012
Service charge – brokerage	$ 267,399	$ 293,351
Service charge - dealing	15,480	43,718
Total	$ 282,879	$ 337,069

22) Futures commissions expenditures

	For the three-month periods ended September 30,	
	2013	2012
Complex entrusted futures transaction	$ 42,676	$ 35,208
Futures auxiliary business	75,355	79,439
Total	$ 118,031	$ 114,647

	For the nine-month periods ended September 30,	
	2013	2012
Complex entrusted futures transaction	$ 142,158	$ 126,632
Futures auxiliary business	227,165	258,257
Total	$ 369,323	$ 384,889

23) Operating expenses

	For the three-month periods ended September 30,	
	2013	2012
Employee benefit expense	$ 123,572	$ 119,581
Depreciation expense	17,122	13,174
Amortization expense	4,846	7,978
Taxes	22,973	51,084
Future trader protection expenses	-	2,527
Computer information expenses	18,077	20,198
Operating lease payments	9,957	9,350
Repairs and maintenance expenses	5,761	7,180
Service expenses	2,356	2,061
Other expenses	41,073	29,230
Total	$ 245,737	$ 262,363

	For the nine-month periods ended September 30,	
	2013	2012
Employee benefit expense	$ 389,831	$ 384,992
Depreciation expense	52,991	40,223
Amortization expense	14,624	24,766
Taxes	79,972	180,485
Future trader protection expenses	28	8,622
Computer information expenses	59,544	70,859
Operating lease payments	29,048	33,622
Repairs and maintenance expenses	15,159	16,264
Service expenses	7,420	6,128
Other expenses	135,406	125,244
Total	$ 784,023	$ 891,205

24) Employee benefit expense

	For the three-month periods ended September 30,	
	2013	2012
Wages and salaries	$ 108,023	$ 103,754
Labor and health insurance fees	7,532	7,023
Pension costs	4,505	5,271
Other employee benefit expenses	3,512	3,533
	$ 123,572	$ 119,581

	For the nine-month periods ended September 30,	
	2013	2012
Wages and salaries	$ 344,023	$ 334,999
Labor and health insurance fees	21,621	22,265
Pension costs	13,736	16,532
Other employee benefit expenses	10,451	11,196
	$ 389,831	$ 384,992

25) Other gains and losses

	For the three-month periods ended September 30,	
	2013	2012
Interest income	$ 103,239	$ 104,821
Dividend income	23,930	-
Net exchange losses	(4,861)	(5,520)
Others	806	5,235
Total	$ 123,114	$ 104,536

	For the nine-month periods ended September 30,	
	2013	2012
Interest income	$ 304,262	$ 323,339
Dividend income	58,681	37,584
Net exchange gains (losses)	3,587	(14,684)
Others	5,826	6,909
Total	$ 372,356	$ 353,148

26) Income tax

A. Income tax expense

a) Components of income tax expense:

	For the three-month periods ended September 30,	
	2013	2012
Current tax:		
Current tax on profits for the period	$ 26,104	$ 24,085
Adjustments in respect of prior years	-	-
Total current tax	26,104	24,085
Deferred tax:		
Origination and reversal of temporary differences	2,396	(393)
Total deferred income tax	2,396	(393)
Income tax expense	$ 28,500	$ 23,692

	For the three-month periods ended September 30,	
	2013	2012
Current tax:		

Current tax on profits for the period	$ 98,518	$ 93,813
Adjustments in respect of prior years	2,033	-
Total current tax	100,551	93,813
Deferred tax:		
Origination and reversal of temporary differences	(2,318)	(11,807)
Total deferred income tax	(2,318)	(11,807)
Income tax expense	$ 98,233	$ 82,006

b) Reconciliation between income tax expense and accounting profit

	For the nine-month period ended September 30, 2012
Tax calculated based on profit before tax and statutory tax rate	$ 88,066
Effect from items disallowed by tax regulation	(5,675)
Tax-exempt income effects	(385)
Income tax expense	$ 82,006

Income tax expense for the nine-month period ended September 30, 2013 is calculated based on profit before tax in interim period and estimated average effective tax rate for the year. Thus, accounting income and reconciliation for taxable income could be disclosed.

c) The income tax (charge)/credit relating to components of other comprehensive income : None.

B. The Company's income tax returns through 2011 have been assessed and approved by the Tax Authority.

C. Unappropriated retained earnings:

	September 30, 2013	December 31, 2012
Earnings generated in and before 1997	$ 21	$ 21
Earnings generated in and after 1998	456,932	525,012

	September 30, 2012	January 1, 2012
Earnings generated in and before 1997	$ 21	$ 21
Earnings generated in and after 1998	348,591	437,470

D. As of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the balance of the imputation tax credit account was $47,420, $70,042, $58,271 and $93,506, respectively. The creditable tax rate was 20.08% for 2012 and is estimated to be 10.38% for 2013.

27) Earnings per share

	For the three-month period ended September 30, 2013		
	Amount after tax	Weighted-average outstanding common stock (thousand shares)	Earnings per share (in NT dollars)
Basic earnings per share			
Profit attributable to shareholders of parent company	$ 156,602	232,276	$ 0.68
Diluted earnings per share			
Profit attributable to shareholders of parent company	$ 156,602	232,276	
Dilutive effects of stock bonus on potential common share			
Employee bonus	-	81	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 156,602	232,357	$ 0.68

	For the three-month period ended September 30, 2012		
	Amount after tax	Weighted-average outstanding common stock (thousand shares)	Earnings per share (in NT dollars)
Basic earnings per share			
Profit attributable to shareholders of parent company	$ 107,162	232,276	$ 0.46
Diluted earnings per share			
Profit attributable to shareholders of parent company	$ 107,162	232,276	
Dilutive effects of stock bonus on potential common share			
Employee bonus	-	88	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 107,162	232,346	$ 0. 46

	For the nine-month period ended September 30, 2013		
	Amount after tax	Weighted-average outstanding common stock (thousand shares)	Earnings per share (in NT dollars)
Basic earnings per share			
Profit attributable to shareholders of parent company	$ 454,949	232,276	$ 1.96
Diluted earnings per share			
Profit attributable to shareholders of parent company	$ 454,949	232,276	
Dilutive effects of stock bonus on potential common share			
Employee bonus	-	81	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 454,949	232,357	$ 1.96

	For the nine-month period ended September 30, 2012		
	Amount after tax	Weighted-average outstanding common stock (thousand shares)	Earnings per share (in NT dollars)
Basic earnings per share			
Profit attributable to the parent company	$ 376,732		
Profit interest under joint control	59,300		
Profit attributable to shareholders of parent company	$ 436,032	232,276	$ 1.88
Diluted earnings per share			
Profit attributable to the parent company	$ 376,732		
Profit interest under joint control	59,300		
Profit attributable to shareholders of parent company	$ 436,032	232,276	
Dilutive effects of stock bonus on potential common share			
Employee bonus	-	88	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 436,032	232,276	$ 1.88

28) Operating leases

The Group leases the office of Yuanta Futures Co., Ltd. to others under non-cancellable operating lease agreements. These leases have terms expiring between 2011 and 2015. Rent expense of $6,513, $6,410, $19,645 and $21,973 were recognized for these leases for the three-month and nine-month periods ended September 30, 2013 and 2012, respectively. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	September 30, 2013	December 31, 2012
Not later than one year	$ 55,501	$ 33,251
Later than one year but not later than five years	97,686	36,625
Later than five years	-	-
	$ 153,187	$ 69,876

	September 30, 2012	January 1, 2012
Not later than one year	$ 55,731	$ 58,311
Later than one year but not later than five years	144,353	239,372
Later than five years	-	-
	$ 200,084	$ 297,683

29) Non-cash transactions

Non-cash financing activities

	For the nine-month periods ended September 30,	
	2013	2012
Undistributed cash dividends announced	$ 101,030	$ 61,339

7. RELATED PARTY TRANSACTIONS

1) Parent and ultimate controlling party

The Company is controlled by Yuanta Financial Holdings, which owns 68.65% of the Company's shares. The remaining 31.35% of the shares are widely held. The ultimate parent and controlling party of the Company is Yuanta Financial Holdings.

2) Significant transactions and balances with related parties

A. Cash and cash equivalents/Guarantee deposits/Margin deposits/Futures margin deposits/Interest income

	September 30, 2013				
				Futures margin deposits	
	Ending balance of bank deposits	Operations guarantee deposits	Margin Deposits	Own funds	Excess Margin
Fellow subsidiary	$ 1,018,801	$ 185,000	$ 7,092,614	$ -	$ 23,508

	December 31, 2012				
	Ending balance	Operations		Futures margin deposits	
	of bank deposits	guarantee deposits	Margin Deposits	Own funds	Excess Margin
Fellow subsidiary	$ 1,016,722	$ 195,000	$ 5,759,846	$ -	$ 22,776

	September 30, 2012				
	Ending balance	Operations		Futures margin deposits	
	of bank deposits	guarantee deposits	Margin Deposits	Own funds	Excess Margin
Fellow subsidiary	$ 1,027,300	$ 195,000	$ 6,423,597	$ 4,222	$ 19,232

	January 1, 2012				
	Ending balance	Operations		Futures margin deposits	
	of bank deposits	guarantee deposits	Margin Deposits	Own funds	Excess Margin
Fellow subsidiary	$ 447,368	$ 285,000	$ 7,161,099	$ -	$ -

B. Accounts receivable – related parties

	September 30, 2013	December 31, 2012
Fellow subsidiary	$ 3,358	$ 12,502

	September 30, 2012	January 1, 2012
Fellow subsidiary	$ 9,885	$ 11,190
Associates	-	108
	$ 9,885	$ 11,298

C. Other receivables – related parties

	September 30, 2013	December 31, 2012
Fellow subsidiary	$ 5,322	$ 9,804

	September 30, 2012	January 1, 2012
Fellow subsidiary	$ 34,380	$ 130,633

D. Refundable deposits

	September 30, 2013	December 31, 2012
Fellow subsidiary	$ 6,488	$ 6,586

	September 30, 2012	January 1, 2012
Fellow subsidiary	$ 6,578	$ 6,603

E. Accounts payable – related parties

	September 30, 2013	December 31, 2012
Fellow subsidiary	$ 17,538	$ 24,423

	September 30, 2012	January 1, 2012
Fellow subsidiary	$ 20,455	$ 26,225

F. Other payables – related party

	September 30, 2013	December 31, 2012
Fellow subsidiary	$ 255	$ -

	September 30, 2012	January 1, 2012
Fellow subsidiary	$ 56	$ 811

G. Futures traders' equity

	September 30, 2013	December 31, 2012
Fellow subsidiary	$ 1,889,045	$ 2,352,752
Fellow company business management fund	1,782,338	1,516,715
Associates business management fund	177,365	177,067
Other stakeholder	7,832	17,423
President and significant shareholder of financial holding company and subsidiary	27,070	45,749
	$ 3,883,650	$ 4,109,706

	September 30, 2012	January 1, 2012
Fellow subsidiary	$ 2,001,289	$ 1,568,349
Fellow company business management fund	1,690,277	829,984
Associates business management fund	226,920	331,890
President and significant shareholder of financial holding company and subsidiary	33,193	30,034
Other stakeholder	11,405	14,092
	$ 3,963,084	$ 2,774,349

H. Brokerage

	For the three-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 13,845	$ 8,063
Fellow company business management fund	3,126	2,187
President and significant shareholder of financial holding company and subsidiary	1,072	5,496
Other stakeholder	416	257
	$ 18,459	$ 16,003

	For the nine-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 35,539	$ 25,906
Fellow company business management fund	8,357	5,127
President and significant shareholder of financial holding company and subsidiary	2,285	5,496
Other stakeholder	829	1,646
	$ 47,010	$ 38,175

I. Clearance fee from consignation

	For the three-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 11,017	$ 9,390

	For the nine-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 24,805	$ 26,071

J. Securities trading commissions income

	For the three-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 647	$ 780

	For the nine-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 1,899	$ 2,562

K. Co-marketing revenue

	For the three-month periods ended September 30,	
	2013	2012
Associates	$ 436	$ 591
Associates business management fund	15	55
Fellow subsidiary	-	-
	$ 451	$ 646

	For the nine-month periods ended September 30,	
	2013	2012
Associates	$ 1,474	$ 1,385
Associates business management fund	33	161
Fellow subsidiary	1	1
	$ 1,508	$ 1,547

L. Futures commissions income and consigned/entrusted foreign futures trading commissions

	For the three-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 69,465	$ 71,507

	For the nine-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 204,525	$ 228,151

The Company engaged with Yuanta Securities Co., Ltd. and Yuanta Securities (Hong Kong) Co., Ltd. for the purpose of futures trading and consigned/entrusted foreign futures trading, that is, the Company acts as an agent for trading of futures contracts and futures option contracts for its customers. The futures commission expense and payment terms do not have any significant difference between related parties and non-related parties.

M. Service expenses

	For the three-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 1,014	$ 1,068

	For the nine-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 3,564	$ 3,153

N. Interest income

	For the three-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 26,147	$ 28,639

	For the nine-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 73,743	$ 90,793

Interest income includes the interest of demand deposits, time deposits, margin deposits, and operations guarantee deposits. See Note 6(7) for details of operations guarantee deposits.

O. Interest expense

	For the three-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 751	$ 1,265

	For the nine-month periods ended September 30,	
	2013	2012
Fellow subsidiary	$ 2,260	$ 3,414

P. Rental fees

The Company paid the rental fees for a fellow subsidiary for the three-month and nine-month periods ended September 30, 2013 and 2012 amounting to $6,513, $6,410, $19,645 and $21,973, respectively. The rentals were determined by reference to the rental rates of the office buildings and by contracts between the related parties.

Q. Donations

	For the three-month periods ended September 30,	
	2013	2012
Yuanta Cultural & Educational Foundation	$ -	$ -
Polaris Research Institute	-	-
Total	$ -	$ -

	For the nine-month periods ended September 30,	
	2013	2012
Yuanta Cultural & Educational Foundation	$ 3,500	$ 1,000
Polaris Research Institute	2,000	1,500
Total	$ 5,500	$ 2,500

(3) Key management compensation

	For the three-month periods ended September 30,	
	2013	2012
Salaries and other short-term employee benefits	$ 44,346	$ 37,113
Termination benefits	776	-
Post-employment benefits	1,238	1,919
Other long-term benefits	403	464
Total	$ 46,763	$ 39,496

	For the nine-month periods ended September 30,	
	2013	2012
Salaries and other short-term employee benefits	$ 111,386	$ 121,520
Termination benefits	776	957
Post-employment benefits	4,320	5,911
Other long-term benefits	1,319	984
Total	$ 117,801	$ 129,372

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

1) Contingencies

A. The Company re-consigned foreign futures trading business to MF Global Singapore Pte. Limited Taiwan Branch. MF Global Futures Trust Co., Ltd., the investee of the Company accounted for under the equity method, consigned trading business of MF Global Multi-Strategy Futures Trust Fund it managed to MF Global Singapore Pte. Limited. The parent company of MF Global Singapore Pte. Limited and MF Global Singapore Pte. Limited Taiwan Branch, MF Global Holdings Ltd., has filed for bankruptcy protection in the U.S.A., so that MF Global Singapore Pte. Limited also went into liquidation procedures on November 1, 2011 and has transferred customers trading business to other futures firms and frozen customers margin accounts. The press release issued by the provisional liquidators of MF Global Singapore Pte. Limited on May 28, 2012 stated that the margin position on hand and in control was raised from 86% to 95% of total margin; the collectible amount of the remaining margin that was in the hand of trading counterparties or other futures brokers shall be confirmed by the end of the liquidation. As of September 30, 2013, margin totaling NT$255,329 thousand deposited by the Company in MF Global Singapore Pte. Limited Taiwan Branch was frozen and unable to be retrieved because of the incident above (shown under "Other receivable-non-related parties" and "Current assets – customer margin account"). According to the opinion letter of the lawyers appointed by the Chinese National Futures Association in connection with the collectibility of margin deposited by domestic futures firms in MF Global Singapore Pte. Limited Taiwan Branch, the collection of margin shall be assured.

B. However, after the Company retrieved 70% of customers margin from the first allotment during April to June, 2012, there was no further allotment. According to the opinion letter issued by the law firm in December, 2011, if the customers margin of US$45,000 thousand deposited by Taiwan futures firms in MF Global Singapore Pte. Limited cannot be retrieved fully, the portion that cannot be retrieved can be fully compensated from customers margin of approximately US$20,000 thousand in MF Global Singapore Pte. Limited Taiwan Branch, based on customers margin having been retrieved as published by liquidator KPMG then. However, all customers margin of approximately US$20,000 thousand in MF Global Singapore Pte. Limited Taiwan Branch had been allocated in the first allotment during April to June, 2012, and although MF Global Singapore Pte. Limited Taiwan Branch's own capital may be included in the future allotments, there is still doubt whether the Company can be compensated for the remaining customers margin that has not yet been retrieved. Moreover, as announced at the Creditors' Meeting, there is still customers margin of US$31,050 thousand in affiliated companies of MF Global that has not been retrieved; the collectibility rate of such customers margin was evaluated to be 0%~50%. To this day, liquidator KPMG has not published collection progress and collectibility rate, so the Company expects that it may not be fully compensated.

C. After the first allotment, the Company tried to negotiate with liquidator KPMG through Taiwan and Singapore competent authorities and also sent letters inquiring on the collection progress of the customers margin; however, it had not received any positive response. The data published at the Creditors' Meeting in Singapore on May 28, 2012 showed that the collectability rate of customers margin, evaluated by liquidator KPMG, was to be 92.6%~96.8%. Based on conservatism principle, the Company estimated that its customers margin of US$2,190 thousand (equivalent to NT$63,640 thousand; original margin receivable of US$29,550 thousand multiplied by 7.4%) may not be collected, which was used to write off the balance on allowance for bad debts in December, 2012.

D. In addition, according to the website information of MF Global Singapore Pte. Limited, liquidator KPMG has increased the estimated conservative collectability rate of customers margin from 92.6% to 97.7% and also increased the estimated optimistic collectability rate of customers margin from 96.8% to 99.6%, which are both higher than the rates published at the Creditors' Meeting in Singapore on May 28, 2012. A remaining US$52 million of customers margin is still frozen in the associates of MF Global Group in other nations. Also by reference to the explanation of liquidator KPMG in March 2013 about the status of customers margin, the Company assesses that there is no requirement to provide for additional bad debts for uncollectible customers margin, because it had written off the balance on allowance for bad debts for estimated uncollectible customers margin in December 2012.

E. The group's parent company MF Global Holdings Ltd. and its associates proposed to sell customer deposits of MF Global Singapore Pte. Limited (MFGS). The balance on the Final Statement of Account of approximatelyUS$8,550 thousand was used as the basis of payment, and the Company sold obligation on dependent claim for customer deposits to MFGS as consideration. Based on the Company's assessment, the sale of MFGS's customer deposit receivables would accelerate the recovery of customer deposits.

F. Further, to prevent the investors of MF Global Multi-Strategy Futures Trust Fund from encountering losses, on February, 2012, the board of MF Global Futures Trust Co., Ltd. was committed to assume all losses resulting from the uncollectible futures margin of MF Global Multi-Strategy Futures Trust Fund for the incident above. However, the compensation shall not be greater than the company's useful fund. Based on conservatism principle, MF Global Futures Trust Co., Ltd. estimated that its customers margin of US$175.5 thousand could not be collected. Polaris Futures Co., Ltd. will then adjust the related investment income (loss) accordingly.

2) Commitments

For information on operating lease agreements, please refer to Note 6(28).

10. SIGNIFICANT DISASTER LOSS

None.

11. INFORMATION ON FINANCIAL INSTRUMENTS

The Company had financial instrument trading - derivatives as follows:

September 30, 2013

Item	Object of Transaction	Open Interest: Purchaser/Seller	Open Interest: Number of Contract(s) (Lot)	Contract Amount or Margin Paid (Received) (Margin Received)	Fair Value	Remarks
Futures contract (Domestic)	TX	Purchaser	31	$ 50,493	$ 50,350	
Futures contract	TX	Seller	85	(139,168)	(138,039)	
(Domestic)	MTX	Purchaser	10	4,064	4,061	
	MTX	Seller	44	(17,954)	(17,945)	
	TE	Seller	2	(2,392)	(2,354)	
	TF	Seller	6	(5,826)	(5,819)	
	TX	Purchaser	22	1,295	1,299	
	TX	Seller	89	(4,178)	(4,271)	
Futures contract	Metal Futures	Purchaser	6	499	498	
(Overseas)	Metal Futures	Seller	16	(2,127)	(2,123)	
	Energy Futures	Seller	6	(630)	(614)	
	Index Futures	Seller	64	(2,014)	(2,013)	
Options contract	TXO	Buy call	2,811	4,633	3,086	
(Domestic)	TXO	Sell call	3,018	(4,997)	(3,411)	
	TXO	Buy put	1,382	3,566	3,934	
	TXO	Sell put	1,482	(3,782)	(4,168)	
	TEO	Buy call	8	152	122	
	TEO	Sell call	8	(2)	(2)	

December 31, 2012

Item	Object of Transaction	Purchaser/Seller	Open Interest: Number of Contract(s) (Lot)	Open Interest: Contract Amount or Margin Paid (Received) (Margin Received)	Fair Value	Remarks
Futures contract	TX	Purchaser	59	$ 90,032	$ 90,589	
(Domestic)	TX	Seller	59	(89,824)	(90,589)	
	MTX	Purchaser	16	6,102	6,142	
	MTX	Seller	53	(20,328)	(20,344)	
	TE	Purchaser	4	4,582	4,611	
	TF	Purchaser	1	844	840	
	TX	Purchaser	8	335	330	
	TX	Seller	2	(297)	(299)	
Futures contract	Grains Futures	Seller	6	(424)	(423)	
(Overseas)	Index Futures	Purchaser	72	3,661	3,720	
	Index Futures	Seller	44	(1,938)	(1,933)	
	Foreign Exchange Futures	Seller	18	(2,496)	(2,434)	
	Metal Futures	Purchaser	48	4,882	4,872	
	Metal Futures	Seller	93	(196,947)	(200,322)	
	Energy Futures	Purchaser	6	546	551	
Options contract	TXO	Buy call	4,028	6,171	9,533	
(Domestic)	TXO	Sell call	3,973	(5,921)	(7,614)	
	TXO	Buy put	1,248	4,027	3,047	
	TXO	Sell put	1,074	(4,032)	(2,698)	

September 30, 2012						
		Open Interest				
Item	Object of Transaction	Purchaser/Seller	Number of Contract(s) (Lot)	Contract Amount or Margin Paid (Received) (Margin Received)	Fair Value	Remarks
Futures contract	TX	Purchaser	204	$ 314,465	$ 314,935	
(Domestic)	TX	Seller	184	(283,786)	(284,059)	
	MTX	Purchaser	537	207,305	207,255	
	MTX	Seller	554	(213,412)	(213,816)	
	TE	Seller	5	(5,722)	(5,573)	
	TF	Seller	11	(9,172)	(9,181)	
	TX	Purchaser	151	10,749	11,190	
	TX	Seller	110	(6,631)	(6,500)	
	GTF	Seller	13	(5,613)	(5,590)	
Futures contract	Metal Futures	Seller	10	(1,105)	(1,106)	
(Overseas)	Energy Futures	Seller	4	(368)	(369)	
	Grains Futures	Purchaser	17	16,759	16,192	
	Grains Futures	Seller	10	(399)	(405)	
	CPF	Seller	2	(299)	(299)	
	Index Futures	Purchaser	70	14,829	14,845	
	Index Futures	Seller	161	(231,044)	(231,068)	
	Foreign Exchange Futures	Purchaser	5	806	804	
Options contract	TXO	Buy call	3,457	3,618	2,659	
(Domestic)	TXO	Sell call	3,499	(2,392)	(1,572)	
	TXO	Buy put	1,533	4,089	3,708	
	TXO	Sell put	1,562	(4,056)	(3,603)	

January 1, 2012

Item	Object of Transaction	Open Interest: Purchaser/Seller	Open Interest: Number of Contract(s) (Lot)	Contract Amount or Margin Paid (Received) (Margin Received)	Fair Value	Remarks
Futures contract (Domestic)	TX	Purchaser	182	$ 256,224	$ 256,220	
	MTX	Seller	148	(52,393)	(52,089)	
	TE	Purchaser	10	10,424	10,382	
	TF	Purchaser	2	1,566	1,566	
	TF	Seller	8	(6,294)	(6,259)	
	TX	Purchaser	427	17,831	17,700	
	TX	Seller	99	(5,246)	(5,176)	
Futures contract (Overseas)	Grains Futures	Purchaser	5	4,341	4,438	
	Grains Futures	Seller	10	(4,465)	(4,490)	
	Index Futures	Seller	18	(13,825)	(13,814)	
	Foreign Exchange Futures	Seller	1	(4,868)	(4,923)	
Options contract (Domestic)	TFO	Buy call	1	2	2	
	TFO	Sell call	20	(142)	(150)	
	TXO	Buy call	2,084	16,697	18,184	
	TXO	Sell call	4,226	(10,694)	(10,995)	
	TXO	Buy put	2,222	18,513	16,444	
	TXO	Sell put	2,202	(2,462)	(2,258)	
	TEO	Sell put	2	(3)	(3)	
	TXO	Buy call	95	2	2	
	TXO	Sell call	210	(4)	(4)	

12. RESTRICTIONS AND ENFORCEMENT OF THE COMPANY'S VARIOUS FINANCIAL RATIOS UNDER R.O.C. FUTURES COMMISSION MERCHANT LAWS

According to Rules Governing the Preparation of Financial Statements by Futures Commision Merchants

Article	Calculation formula	1/1/2013~9/30/2013 Calculation	1/1/2013~9/30/2013 Ratio	1/1/2012~9/30/2012 Calculation	1/1/2012~9/30/2012 Ratio	Standard	Enforcement (Note 3)
17	Shareholders' equity	6,772,587	18.57	6,555,832	18.55	≧1	Satisfied
	(Total liabilities – Futures traders' quity)	364,766		353,498			
17	Current assets	36,893,564	1.16	37,909,962	1.15	≧1	Satisfied
	Current liabilities	31,925,136		32,929,827			
22	Shareholders' equity	6,772,587	576.39%	6,555,832	550.91%	≧60%	Satisfied
	Minimum paid-in capital(Note 1)	1,175,000		1,190,000		≧40% (Note 2)	
22	Post-adjustment net capital	5,183,484	141.20%	4,843,901	126.75%	≧20%	Satisfied
	Total margin deposits required for futures traders, not yet offset	3,671,135		3,821,496		≧15%	

Note 1：“Minimum paid-in capital” shall be in compliance with futures commission merchants standard set of capital amount or designated appropriation of operating capital amount.

Note 2：For the entrusted foreign futures trading of foreign futures merchants, the standard ratios (shareholders' equity/minimum paid-in capital) are adjusted to 50% and 30%, respectively.

Note 3：“Enforcement” column shall state whether or not the financial ratio requirements are satisfied; if not, an explanation is needed to be filed with a specific appointed institution or establish an improvement plan.

13. SPECIFIC INHERENT RISKS IN OPERATING AS FUTURES DEALER

1) Credit risk is the main risk for engaging in futures brokerage business since the Company must demand collecting trading margin deposits from customers. The credit risk occurs when the customers fail to pay margin deposits. The Company and its subsidiaries act as agents for trading futures and options contracts and should pay attention to daily margin credit as to control credit risk. Market risk is also noted in the industry due to dealer business. Dealer business is price index sensitive, therefore, the Company pre-sets stop loss point for risk management purposes.

2) The specific risks of the Company's futures brokerage business are outlined below:

   Futures trading has a characteristic of low margin. Therefore, the risks of futures trading include: when the futures market trend is unfavorable for customers, futures firms may demand to collect additional trading margin deposits from customers to keep certain margin level. If the customers fail to pay margin deposits in a period prescribed, futures firms have the right to offset the contract amount of the customers by the additional margin deposits demanded. Further, futures firms may incur losses when futures market prices fluctuate drastically and the customers are unable to settle futures contracts.

3) See Note 19(5) for significant risk information on futures dealer business.

14. SEGMENT INFORMATION

1) General information – type of product and service of reporting segments' income source

   Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker, i.e. Board of Directors, that are used to make strategic decisions. The chief operating decision-maker considers the source of income, and the Company's operating segments are divided into broker and dealer. The primary source of income by each segment is as follows:

   Broker: Consigned and entrusted to futures trading and financial instruments trading approved by relevant regulations in the R.O.C.

   Dealer: Used capital funds to engage in trading stocks, futures, options, and other derivatives financial instruments approved by relevant regulations in the R.O.C.

2) Measurement of segment information

   A. Information on segment profit (loss), assets, and liabilities

      Measurement of profit (loss), assets and liabilities of the Company are consistent with Note 4 – Summary of significant accounting policies. Measurement of profit (loss) performance is based on income before tax.

In order to establish a fair and reasonable performance evaluation, the Company would offset the income and expense incurred internally from each segment for external financial reporting purposes.

Income and expense are classified directly to the segment where they belong to. For expense incurred indirectly, it will consider its classification based on the usage purpose by proportionally dividing into each segment when a reasonable rate can be assigned. Otherwise, it will be classified as "Other segment" when a reasonable rate cannot be assigned.

B. Identifying factors for reportable segments

The measurement of segment performance will be evaluated periodically to ensure that it achieves the goals of the Company. The results of its evaluation will be used as the framework for resource allocation.

3) Information on segment profit (loss)

For the nine-month period ended September 30, 2013

Items	Broker Amount	Broker %	Dealer Amount	Dealer %	Total Amount	Total %
Direct segment profit (loss)						
Segment revenue						
Brokerage	$ 1,712,249	97	$ -	-	$ 1,712,249	91
Securities commission revenue	1,899	-	-	-	1,899	-
Clearance fee from consignation	58,310	3	-	-	58,310	3
Gain on disposal of derivative	-	-	94,593	100	94,593	5
Futures management fees income	339	-	-	-	339	-
Futures advisory	7,618	-	-	-	7,618	1
Other operating revenue	1,823	-	-	-	1,823	-
Total revenue	1,782,238	100	94,593	100	1,876,831	100
Segment expense						
Brokerage	(267,399)	(16)	-	-	(267,399)	(14)
Dealers' brokerage	-	-	(15,480)	(16)	(15,480)	(1)
Futures commission	(365,025)	(20)	(4,298)	(5)	(369,323)	(20)
Clearance fee	(299,080)	(13)	(10,352)	(11)	(239,432)	(13)
Employee benefit expense	(310,197)	(17)	(28,544)	(30)	(338,741)	(18)
Depreciation and amortization	(56,305)	(3)	(8,996)	(10)	(65,301)	(3)
Financial cost	(17,596)	(1)	-	-	(17,596)	(1)
Other operating expense	(249,447)	(14)	(59,244)	(62)	(308,691)	(16)
Total expense	(1,495,049)	(84)	(126,914)	(134)	(1,621,963)	(86)
Segment operating income	287,189	16	(32,321)	(34)	254,868	14

For the nine-month period ended September 30, 2013						
	Broker		Dealer		Total	
Items	Amount	%	Amount	%	Amount	%
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(2,752)	-	-	-	(2,752)	-
Other gains and losses	348,604	20	23,752	25	372,356	20
Segment profit (loss)	$ 633,041	36	($ 8,569)	(9)	$ 624,472	34
Indirect segment profit (loss)						
Management expense					($ 71,290)	(5)
Total					(71,290)	(5)
Net income before income taxes					553,182	29
Income tax expense					(98,233)	(5)
Net income					$ 454,949	24

	Broker	Dealer	Other	Total
Segment assets (Note 1)	$ -	$ -	$ -	$ -

For the nine-month period ended September 30, 2012						
	Broker		Dealer		Total	
Items	Amount	%	Amount	%	Amount	%
Direct segment profit (loss)						
Segment revenue						
Brokerage	$ 1,703,794	96	$ -	-	$ 1,703,794	82
Securities commission revenue	2,562	-	-	-	2,562	-
Clearance fee from consignation	72,197	4	-	-	72,197	3
Gain on sale of trading securities	-	-	744	-	744	-
Dividend income	-	-	15,508	5	15,508	1
Gain on trading securities at fair value through profit or loss	-	-	8	-	8	-
Gain on disposal of derivative	-	-	287,460	95	287,460	14
Futures administrative fees revenue	3	-	-	-	3	-
Futures management fee income	-	-	-	-		-
Futures advisory	3,486	-	-	-	3,486	-
Other operating revenue	2,485	-	-	-	2,485	-
Total revenue	1,784,527	100	303,750	100	2,088,277	100

For the nine-month period ended September 30, 2012						
	Broker		Dealer		Total	
Items	Amount	%	Amount	%	Amount	%
Segment expense						
Brokerage	(293,351)	(17)	-	-	(293,351)	(14)
Dealers' brokerage	-	-	(43,718)	(14)	(43,718)	(2)
Futures commission	(370,929)	(21)	(13,960)	(5)	(384,889)	(18)
Clearance fee	(256,457)	(14)	(28,999)	(10)	(285,456)	(14)
Employee benefit expense	(280,665)	(16)	(52,855)	(17)	(333,520)	(16)
Depreciation and amortization	(56,207)	(3)	(8,170)	(3)	(64,377)	(3)
Financial cost	(20,545)	(1)	(19)	-	(20,564)	(1)
Other operating expense	(254,133)	(14)	(165,841)	(55)	(419,974)	(20)
Total expense	(1,532,287)	(86)	(313,562)	(104)	(1,845,849)	(88)
Segment operating income	252,240	14	(9,812)	(4)	242,428	12
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(4,204)	-	-	-	(4,204)	-
Other gains and losses	349,778	20	3,370	1	353,148	17
Segment profit (loss)	$ 597,814	34	($ 6,442)	(3)	$ 591,372	29
Indirect segment profit (loss)						
Management expense					($ 73,334)	(4)
Total					(73,334)	(4)
Net income before income taxes					518,038	25
Income tax expense					(82,006)	(4)
Net income					$ 436,032	21

	Broker	Dealer	Other	Total
Segment assets (Note 1)	$ -	$ -	$ -	$ -

Note 1: The Company's Chief Operating Decision Maker does use segment assets and liabilities as a basis for decision-making, therefore, the Company does not have to disclose the assets and liabilities of the operating segments.

15. SUBSEQUENT EVENTS

The transaction proposed to sell customer deposits to MF Global Singapore Pte. Limited (MFGS) was approved at the Board of Directors’ meeting on October 31, 2013. Please refer to Note 9(1) E.

16. <u>RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS</u>

1) Financing activities to any company or person: None.

2) Endorsements and guarantees provided: None.

3) Acquisition of real estate properties exceeding $100 million or 20% of the Company's paid-in capital for the nine-month period ended September 30, 2013: None.

4). Disposal of real estate properties exceeding $100 million or 20% of the Companies' paid-in capital during the nine-month period ended September 30, 2013: None.

5) Purchases or sales transactions discount on Broker's charges with related parties in excess of NT$5,000,000：None.

6) Purchases or sales transactions with related parties in excess of $100 million or over 20% of paid-in capital balance: None.

7) Other：Significant inter-company transactions during the nine-month period ended September 30, 2013: None.

17. DISCLOSURE INFORMATION OF INVESTEE COMPANY

1) Name of investee company, location, and related information are as follows:

Investor	Investee	Location	Main activities	Initial investment amount: Balance as at 9/30/2013	Initial investment amount: Balance as at 9/30/2012	Shares held as at September 30, 2013: No. of shares (in thousands)	Shares held as at September 30, 2013: Ownership(%)	Shares held as at September 30, 2013: Book value	Net income(loss) of the investee	Investment income (loss) recognized by the Company	Remark
Yuanta Futures Co., Ltd.	MF Global Futures Trust Co., Ltd.	Taiwan	Issuance of beneficiary certificates for futures trust fund raising, and use the fund to engage in futures trading and futures related investment.	$ 99,990	$ 99,990	9,999	33.33%	$ 70,205	($ 8,255)	($ 2,752)	
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Ltd.	Hong Kong	Financial Services	193,319	193,319	6,000	100.00%	172,766	(3,399)	(3,399)	
Yuanta Futures Co., Ltd.	SYF Information Co., Ltd	Taiwan	Information Technology Services	50,000	50,000	5,000	100.00%	47,060	(3,556)	(3,556)	
SYF Information Co., Ltd	SYF Information (SAMOA) Limited	SAMOA	Investment holdings	29,046	29,046	1,000	100.00%	27,990	(1,745)	(1,745)	
SYF Information (SAMOA) Limited	SYF Information (Shanaghai) Limited	China	R&D and creation of Computer software, E-commerce software, financial	4,887	0	0	100.00%	4,360	(518)	(518)	

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as at September 30, 2013			Net income(loss) of the investee	Investment income (loss) recognized by the Company	Remark
				Balance as at 9/30/2013	Balance as at 9/30/2012	No. of shares (in thousands)	Ownership(%)	Book value			
			software; sale of self-manufactured products, wholesale and commission agency (import/export, except for auction) of similar products as mentioned above, and provide relevant technical consultancy services.								

2) Information on investee companies with direct or indirect controlling interest is as follows:

A. Financing activities to any company or person: None.

B. Endorsements and guarantees provided: None.

C. Acquisition of real estate properties exceeding $100 million or 20% of the Company's paid-in capital for the nine-month period ended September 30, 2013: None

D. Disposal of real estate properties exceeding $100 million or 20% of the Companies' paid-in capital during the nine-month period ended September 30, 2013: None

E. Purchases or sales transactions discount on Broker’s charges with related parties in excess of NT$5,000,000：None.

F. Purchases or sales transactions with related parties in excess of $100 million or over 20% of paid-in capital balance: None.

G. Other：Significant inter-company transactions during the nine-month period ended September 30, 2013: None.

18. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENTS IN MAINLAND CHINA

A. Basic information:

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2013	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine-month period ended September 30, 2013		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2013	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2013 (Note 2、4)	Book value of investment in Mainland China as of September 30, 2013	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2013	Remark
					Remitted to Mainland China	Remitted back to Taiwan						
SYF Information (Shanaghai) Limited	R&D and creation of Computer software, E-commerce software, financial software; sale of self-manufactured products, wholesale and commission agency (import/export, except for auction) of similar products as mentioned above, and provide relevant technical consultancy services.	$ 24,288	Note 3	$ -	$ 4,887	$ -	$ 4,887	$ 100	($ 518)	$ 4,360	$ -	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2013	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
SYF Information Co., Ltd	$ 4,887	$ 4,887	$ 80,000

Note 1: Investment methods are classified into the following four categories:

(1) Remitting investment funds to the investee in Mainland China through the third area.

(2) Setting up a company in the third area, which then invested in the investee in Mainland China.

(3) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(4) Others (ex. entrusted investment).

Note 2: In the ‘Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2013’ column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

1. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

2. The financial statements that are audited and attested by R.O.C. parent company’s CPA.

3. Others.

Note 3:Reinvest in entities of Mainland China through indirect investment in the third place

Note 4: Evaluated according to the financial statements of the Taiwan parent company which was audited by an independent accountant.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None.

19. FINANCIAL RISK MANAGEMENT

1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital (Note ：the method and calculation of capital management are adjusted based on practical policy.). Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

2) Financial instruments

A. Fair value information of financial instruments

Non-derivative financial Instruments	September 30, 2013 Book value	September 30, 2013 Fair value	December 31, 2012 Book value	December 31, 2012 Fair value
Financial assets				
Cash and cash equivalents	$ 5,038,408	$ 5,038,408	$ 5,002,915	$ 5,002,915
Held-to-maturity financial assets	29,069	29,069	-	-
Margin deposits	31,704,067	31,704,067	32,222,749	32,222,749
Futures trading margin receivable	-	-	25	25
Accounts receivable - non-related parties	4,804	4,804	3,914	3,914
Accounts receivable - related parties	3,358	3,358	12,502	12,502
Other receivables - non-related parties	48,376	48,376	54,143	54,143
Other receivables - related parties	5,332	5,332	9,804	9,804
Other current assets	16	16	20	20
Available-for-sale financial assets -current	23,530	23,530	103,315	103,315
Available-for-sale financial assets - noncurrent	882,169	882,169	783,671	783,671
Operations guarantee deposits	185,000	185,000	195,000	195,000
Clearing and settlement funds	499,086	499,086	327,098	327,098
Refundable deposits	13,592	13,592	15,770	15,770
Financial liabilities				
Futures traders' equity	31,602,934	31,602,934	32,106,544	32,106,544
Accounts payable - non-related parties	48,637	48,637	66,459	66,459
Accounts payable - related parties	17,538	17,538	24,423	24,423
Other payables - non-related parties	226,860	226,860	161,139	161,139
Other payables - related parties	255	255	-	-
Derivative financial instruments				
Financial assets held for trading:				
Investment in securities- Listed stocks	3,174	3,174	-	-
Margin deposits-non-hedging	15,231	15,231	19,040	19,040
Purchased options-non-hedging	8,351 Note 1	7,142 Note 1	10,198	12,580
Sale of options liabilities	8,781 Note 2	7,581 Note 2	9,953	10,312

Note 1: Contract amount or margin paid was $8,351 fair value at balance sheet date was $7,142.

Note 2: Contract amount or margin received was $8,781 fair value at balance sheet date was $7,581.

Non-derivative financial Instruments	September 30,2012		January 1, 2012	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	$ 4,783,949	$ 4,783,949	$ 5,082,263	$ 5,082,263
Held-to-maturity financial assets	-	-	-	-
Margin deposits	32,709,216	32,766,353	33,976,856	33,976,856
Futures trading margin receivable	70	70	160	160
Accounts receivable - non-related parties	15,375	15,375	22,858	22,858
Accounts receivable - related parties	9,885	9,885	11,298	11,298
Other receivables - non-related parties	46,896	46,896	24,914	24,914
Other receivables - related parties	34,380	34,380	130,633	130,633
Other current assets	27	27	-	-
Available-for-sale financial assets –current	273,742	273,742	-	-
Available-for-sale financial assets – noncurrent	810,569	810,569	689,210	689,210
Operations guarantee deposits	195,000	195,000	285,000	285,000
Clearing and settlement funds	328,098	328,098	396,000	396,000
Refundable deposits	16,509	16,509	18,777	18,777
Financial liabilities				
Futures traders' equity	32,637,498	32,637,498	33,876,957	33,876,957
Accounts payable - non-related parties	68,632	68,632	73,049	73,049
Accounts payable - related parties	20,455	20,455	26,225	26,225
Other payables - non-related parties	170,829	170,829	240,443	240,443
Other payables - related parties	56	56	811	811
Derivative financial instruments				
Financial assets held for trading:				
Investment in securities- Listed stocks	1,188	1,188		
Margin deposits-non-hedging	21,702	21,702	6,197	6,197
Purchased options-non-hedging	7,707	6,367	35,214	34,632
Sale of options liabilities	6,408	5,175	13,305	13,410

The methods and assumptions used to estimate the fair values of the above financial instruments are summarized below:

(a) For short-term financial instruments, the fair values were determined based on their carrying values because their present value of expected cash flow amount is approximately equal to their carrying value.

(b) Financial assets for trading purpose. The fair value of non-derivative financial instruments was based on active quoted market price.

(c) The fair values of operations guarantee deposits, clearing and settlement funds, and refundable deposits were determined based on their carrying values because their present value of expected cash flow amount is approximately equal to their carrying value.

(d) The fair value of derivative financial instruments was based on active quoted market price if available.

(e) Margin deposits and futures traders' equity are the amount that the Group should collect from customers. The fair value of these were determined based on daily closing market price.

(f) For available-for-sale financial assets, the fair value was based on active quoted market price. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The discount rates used were the same as those of financial instruments with similar terms and characteristics, including credit status of the debtor, fixed rate covered period, maturity date and contract currency.

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

i. Equity securities:

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

ii. Debt securities:

For government bonds and corporate bonds, the valuation is based on the market price calculated using the 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.

iii. Foreign exchanges instruments:

Shall be valued by 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.

iv. Interest rate instruments:

For instruments like Interest Rate Swaps, 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.

B. The methods of reporting derivative financial instruments on financial statements

a) As of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the account balances of margin deposits were $531,342, $852,794, $840,667 and $1,280,506, and the amounts of deposits exceeding the limit were $516,112, $833,754, $818,965 and $1,274,309 were recognized in “cash and cash equivalents”, respectively, other balances were recognized in “futures margin deposits – house fund”. The Company deposited in MF Global Singapore Pte. Limited Taiwan Branch and its parent company—MF Global Holdings Ltd. The account balances of excess margin amounting to $24,889, $24,443 and $24,658 were recognized in “other receivables-non-related parties” as of September 30, 2013, December 31, 2012 and September, 2012; the account balances of excess margin amounting to $127,413 were recognized in “other receivables-related parties” as of January 1, 2012.

b) The gains on futures trading was $113,326, $173,615, $357,525 and $ 692,346 for the three-month and nine-month periods ended September 30, 2013 and 2012, respectively, and were recognized as “gain on disposal of derivative financial instruments – futures”.

c) The Group engaged in purchasing and selling of options with gains amounting to $9,082, $133,672, $42,050 and $294,997 for the three-month and nine-month periods end September 30, 2013 and 2012, respectively, and were recognized as “gain on disposal of derivative financial instruments – gain on options contract”.

d) The losses on futures was $93,222, $201,008, $259,043 and $565,616 for the three-month and nine-month periods ended September 30, 2013 and 2012, respectively, and were recognized as “loss on disposal of derivative financial instruments – loss on futures”.

e) The Group was engaged in purchasing and selling of options with losses amounting to

$12,313, $ 72,791, $45,939 and $134,267 for the three-month and nine-month periods ended September 30, 2013 and 2012, respectively, and were recognized as “gain on disposal of derivative financial instruments – loss on options contract”.

f) As of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the account balances – disposal of options amounted to $7,581, $10,312, $5,175 and $13,410, respectively, and were recognized as “financial liabilities at fair value through profit or loss – current” and classified as “liability on disposal of options”. As of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the account balances – purchase of options amounted to $7,142, $12,580, $6,367 and $34,632, respectively, and were recognized as “financial assets at fair value through profit or loss – current” and classified as “Purchase of options – non-hedging”.

3) Fair value estimation

A. The table below analyses financial instruments measured at fair value, by valuation method.

Level 1：Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2：Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3：Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group‘s financial assets and liabilities that are measured at fair value at September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012.

September 30, 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity securities	$ 3,174	-	-	$ 3,174
Futures	15,231	-	-	15,231
Options	7,142	-	-	7,142
Available-for-sale financial assets	-	-	-	-
Equity securities	89,078	-	816,621	905,699
Total	$ 114,625	$ -	$ 816,621	$ 931,246
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Futures	$ 7,581	$ -	$ -	$ 7,581

December 31, 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Futures	$ 19,040	$ -	$ -	$ 19,040
Options	12,580	-	-	12,580
Available-for-sale financial assets	-	-	-	-
Equity securities	147,501	-	739,485	886,986
Total	$ 179,121	$ -	$ 739,485	$ 918,606
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Futures	$ 10,312	$ -	$ -	$ 10,312

September 30, 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,188	$ -	$ -	$ 1,188
Futures	21,702	-	-	21,702
Options	6,367	-	-	6,367
Available-for-sale financial assets	324,109	-	760,202	1,084,311
Total	$ 353,366	$ -	$ 760,202	$ 1,113,568
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Futures	$ 5,175	$ -	$ -	$ 5,175

January 1, 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Futures	$ 6,197	$ -	$ -	$ 6,197
Options	34,632	-	-	34,632
Available-for-sale financial assets	-	-	-	-
Equity securities	-	-	689,210	689,210
Total	$ 40,829	$ -	$ 689,210	$ 730,039
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Futures	$ 13,410	$ -	$ -	$ 13,410

B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.

C. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

D. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

E. Specific valuation techniques used to value financial instruments include:

a) Quoted market prices or dealer quotes for similar instruments.

b) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

c) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

d) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

F. The following table presents the changes in level 3 instruments as at September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012.

		Equity securities
At January 1, 2013	$	739,485
Gains and losses recognized in other comprehensive income		77,136
At September 30, 2013	$	816,621

		Equity securities
At January 1, 2012	$	689,210
Gains and losses recognized in other comprehensive income		70,992
At September 30, 2012	$	760,202

4) System of Risk Management

A. Objectives of risk management

The Company controls any potential losses that might incur in operations within its tolerable limits by increasing completeness of risk management mechanism, establishing efficient risk management measures, models and systems, and monitoring the changes of whole risks strictly. The Company also puts efforts in allocating its capital more efficiently to raise the risk adjusted return on capital.

B. Risk management system

The Company's risk management system is in compliance with the "Risk Management Policy" of Yuanta Financial Holding Co., Ltd. and "Risk Management Practice Principles for Futures Commission Merchants" of Taiwan Futures Exchange. The Company has established the Risk Management Policy, which is the internally highest risk management standard authorized by the Board of Directors, comprising objectives, scopes, powers and responsibilities, and procedures of risk management.

C. Organizational structure of risk management

a) The Company's organizational structure of risk management comprises the Board of Directors, Audit Committee, high management level, Risk Management Department, Legal Compliance Department, Auditing Office, each business unit and each functional committee; they all together form three lines of defense for risk management.

i. First line of defense: First line of defense includes each business unit and each functional committee, whose personnel are serving in the operational or administration division and have responsibilities for risk identification, risk assessment and risk control.

ii. Second line of defense: Second line of defense includes high management level, Risk Management Department and Legal Compliance Department, which are responsible for risk monitoring, risk management and taking measures in response to risk issues in accordance with the Company's Risk Management Policy. The Company also takes part in the Risk Management Committee of Yuanta Financial Holding Co., Ltd. for integration of risk control and management in the Group.

iii. Third line of defense: Third line of defense includes the Board of Directors, Audit Committee and Auditing Office. Auditing Office conducts audits especially in the risk consideration to ensure every risk is under control.

b) The function of each unit in the structure of risk management of the Company is as follows:

i. The Board of Directors: The Board of Directors has ultimate responsibility for risk management on all businesses and operations in the Company; it shall be fully aware of every risk exposure to the Company, and then determines tolerable limit for every risk, allocates resources effectively, and authorizes relevant departments to execute risk measures for the achievement of effective risk management. The Board of Directors hears risk management and other related reporting by Risk Management Department, Auditing Office and Finance Department regularly to evaluate the impact of every risk and the impact on capital allocation, and determines responding strategies.

ii. Audit Committee: Audit Committee directs the execution of the risk management system under the commission of the Board of Directors; its main duties include review of the Company's risk scopes and risk toleration capability, of the Risk Management Policy and relevant principles, and of annual authorized acceptable limit of risk of each kind, as well as directing the execution of the risk management system.

iii. Risk Management Department: Risk Management Department, an independent department under the Board of Directors, is responsible for market risk, liquidity risk and credit risk management, and controls operational risk with Auditing Office together; its main duties include daily risk monitoring and assessments of risk management affairs. Risk Management Department exercises its authority independently from business units and trading activities, and holds accountability to the Board of Directors directly. By employing the risk management information system, Risk Management Department monitors trading conditions in the futures market during the trading time every day and performs analyses after the closing of trading time; it also checks the use status of risk limits authorized to each business unit, and assesses risk exposures and extent of risk concentration, and submits risk management reports regularly.

iv. Auditing Office: Auditing Office, an independent department under the Board of Directors, is responsible for legislation and internal control system compliance management, operational risk management and supervision of operational risk management procedures. The Company has hired experienced auditing personnel in accordance with the internal control rules of regulatory authorities, and adjusted operational risk management procedures appropriately in line with the amendments to the regulations of regulatory authorities, Taiwan Futures Exchange and Chinese National Futures Association or for the changes in the Company's business.

v. Legal Compliance Department: Legal Compliance Department is responsible for review of legal compliance for the Company's businesses, operations, trading and transaction contracts/documents and offering legal options on those aspects and pushing the execution of legal compliance within the Company with Auditing Office together.

vi. Each business unit: Each business unit is liable for the first-line risk management. The directors of each business unit are in charge of the whole risk management on businesses and trading activities of the unit, including analyzing and controlling risk exposures, drawing up responding plans and taking measures against risk when necessary, and also conveying related information to Risk Management Department to ensure the risk control mechanism and procedures are all effectively executed, and comply with the legislation and the Company's Risk Management Policy and regulations.

D. Procedures of risk management

The Company's procedures of risk management include risk identification, risk measurement, risk management and risk reporting. The design of these procedures is to ensure all risks faced by the Company can be effectively controlled.

a) Risk identification: The Company identifies risks, through business and product analyses, that may arise during the courses of operations, including market risk, credit risk, liquidity risk, operational risk, legal risk and model risk, and finds out risk factors of risk exposure of each kind, selects appropriate method of risk measurement, and establishes risk indexes and judgment principles and risk control procedures that can be connected to the internal information system.

b) Risk measurement: The Company measures market risk by using scenario analysis, sensitivity analysis and VaR model and credit risk by using the credit rating system, option pricing model (ex. KMV) and following the Group's credit risk assessment rules. Operational risk is controlled by establishing standard operating procedures, establishing internal and external event notification mechanism, reviewing current operating procedures and employing operational risk management methods.

c) Risk management: Risk monitoring and control are performed through the use of risk management tools, establishment of acceptable limits of risks and division of authority and responsibilities. Different risk management tools and information systems and statements are developed and employed for different risks to raise the efficiency and quality of risk management.

d) Risk reporting: Risk information and risk management performing results are compiled as risk management statements or reports. These results are disclosed periodically and provided as a reference to the management in making risk management policy and rules.

E. Hedging and risk diminishing strategies

The Company has established hedging tools and hedging mechanisms for risks of each business based on its capital scale and risk toleration capability. Through hedging mechanisms, the Company may restrict risks within authorized limits, and employ authorized financial instruments, based on market conditions, business strategies, characteristics of commodities and risk management rules, to adjust risk positions within acceptable levels.

5) Market risk

The Company's financial assets include bank deposits, government bonds, treasury bonds, bank debentures, negotiable certificates of deposit, commercial papers or other short-term notes and bills authorized by Ministry of Finance, domestic listed stocks, securities investment trust funds, offshore funds authorized by competent authorities to be raised and sold in ROC, futures trust funds, futures trading listed in Article 5 of Futures Trading Act, hedging trading of bond options and other financial instruments authorized by competent authorities. The fair value of these financial assets would be changed by the fluctuations of market prices or interest rates.

To manage market risk, the Company has established the Rules of Financial Instruments Investment Risk Management, including Rules of Dealer Trading Risk Management and Rules of Medium and Long-term Securities Investment Risk Management, and established various control mechanisms based on the characteristics of financial instrument risks, such as position limits, stop-loss amounts and exception management. The Company also conducts market risk quantitative management by employing VaR model in the measurement and control of market risk of each position.

Through the VaR model, the Company measures market risk by estimating maximum possible losses of the trading positions for the next day at the 99% confidence level. The average VaR of all trading for the nine-month period ended September 30, 2013 was NT$ 4.960 million. According to the types of trading, the average VaR of equity trading, commodity trading, foreign-exchange-rate trading and interest-rate trading was NT$ 2.233 million, NT$ 4.217 million, NT$ 846 million and NT$ 0.5 million, respectively, for the nine-month period ended September, 2013 (see the table below).

<Table>VaR of Trading of Different Types

Period: January 1 ~ September 30, 2013 Amount in thousands of NTD

Type of Trading	Equity	Commodity	Foreign Exchange Rate	Interest Rate	Total
September 30, 2013	3,282	1,980	-	-	3,812
Average	2,233	4,217	846	0.5	4,960
Lowest	-	-	-	-	-
Highest	22,073	21,531	7,064	58	22,237

Note 1：Trading included futures dealer trading and securities dealer trading but excluded medium and long-term securities investments.

Note 2：Total category of value-at-risk may be less than the amount of value-at-risk of equity, commodity, foreign exchange rate and interest rate, that's due to diversification effects between different categories.

The Company continues to run model validation and back testing to ensure that the Company's VaR model can reasonably, completely and correctly measure maximum potential losses of financial instruments.

6) Credit risk analysis

The Company is exposed to credit risk from financial trading, including issuer credit risk, counterparty credit risk and underlying asset credit risk.

a) Issuer credit risk occurs when issuer (or guarantor) of the financial debt instruments held by the Company or bank with which the Company deposits money fails to fulfill contractual obligations (or guarantor's obligations) because of its default, bankruptcy or liquidation, which would cause a financial loss to the Company.

b) Counterparty credit risk occurs when counterparty of the financial instrument transaction undertaken by the Company fails to fulfill settlement or payment obligation on the appointed day, which would cause a financial loss to the Company.

c) Underlying asset credit risk refers to the risk of loss that may arise from deterioration of credit quality of the underlying asset linked to the financial instruments or increasing of credit risk premium or downgrade of credit rating or contract default.

The financial assets of the Company with credit risk include bank deposits, debt securities, OTC derivative trade, repurchase agreement/reverse repurchase agreement of bonds (bills), deposits for securities borrowing and lending trade, margins for futures trade, other margins and receivables.

A. Analysis of concentration of credit risk

a) By geographic area:

Percentages of credit risk exposure amounts of the Company's financial assets by geographic area were as follows (see the table below): The first highest—Taiwan 95.20%, the second highest—Europe 2.88%, the third highest—Asia (excluding Taiwan) 1.8%. Compared to the corresponding period of last year, percentages in Europe was increased in this period, while in Taiwan, Asia, America and other areas were decreased.

	Prior period		This period	
By geographic area	January 1, 2012	September 30, 2012	December 31, 2012	September 30, 2013
Taiwan	$ 37,821,490	$ 36,571,297	$ 36,005,820	$ 35,745,419
Asia (excluding Taiwan)	1,367,197	968,479	962,140	674,151
Europe	620	501,307	732,259	1,081,790
America	647,344	89,119	161,181	43,391
Others	122,103	30,877	1,560	1,588
Total	$ 39,958,754	$ 38,161,079	$ 37,862,960	$ 37,546,339

b) By industry:

Percentages of credit risk exposure amounts of the Company's financial assets by industry were as follows (see the table below): Financial institutions is 99.96% and other industries is 1% below. Credit risk is concentrated in financial institutions because the Company's own capital and margins received from customers were both deposited with financial institutions, debt securities held by the Company were issued or guaranteed by banks, and counterparties of derivative trade and reverse repurchase agreement of bonds undertaken by the Company were banks, futures clearing and settlement institution and re-consigned futures firms. The percentages distribution did not change significantly in this period compared to the corresponding period of last year.

	Prior period		This period	
By industry	January 1, 2012	September 30, 2012	December 31, 2012	September 30, 2013
Private enterprises	$ -	$ 9,305	$ 2,282	$ 1,225
Financial institutions	39,939,770	38,135,168	37,844,883	37,531,484
Natural persons	160	70	25	-
Others	18,824	16,536	15,770	13,630
Total	$ 39,958,754	$ 38,161,079	$ 37,862,960	$ 37,546,339

B. Analysis of credit risk levels

The Company has an internal credit risk level classification, which is classified as excellent, fair, below the standard, and other. Each credit quality level is defined as follows:

a) Excellent: This level shows that the counterparty or the underlying asset is equipped with strong capability of fulfilling financial commitments, even under significantly uncertain or adverse conditions.

b) Fair: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is weak. Any adverse operation, financial or economic conditions will reduce its capability.

c) Below the standard: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is extremely low. The counterparty is able to fulfill financial commitments only when the operating circumstances and its financial condition are favorable.

d) Other: This level shows that the counterparty or the underlying asset does not fulfill contractual obligations, or for other reasons fails to (or not) do the internal credit risk ratings.

The credit quality levels of the Company’s financial assets were classified as follows: Excellent is 99.05%, Fair is 0.40%, Below the standard is 0.55%, and no impaired financial assets. The result of credit quality level classification did not change significantly in this period compared to the corresponding period of last year.

	Prior period		This period	
Credit quality level	January 1, 2012	September 30, 2012	December 31, 2012	September 30, 2013
Excellent	$ 39,030,850	$ 37,877,694	$ 37,619,430	$ 37,190,662
Fair	8,079	4,960	37,470	148,817
Below the standard	919,825	278,425	206,060	206,860
Other	-	-	-	-
Total	$ 39,958,754	$ 38,161,079	$ 37,862,960	$ 37,546,339

7) Liquidity risk analysis

A. Liquidity risk of capital refers to the risk arising from the Company’s inability to raise funds adequately in a period, which makes it unable to fulfill repayment or disbursement obligations on the expiry days. For liquidity risk management, the Company has established a warning system based on the nature of its businesses, including capital liquidity index, current ratio, loan lines granted by financial institutions and capital shortfall indication, which can estimate in advance the possible capital shortfall in certain periods and help the Company be aware of the overall liquidity risk of capital; the Company has also established a fund procurement plan in response to the occurrence of systematic risk events or exceptional capital flows. For the realization, marketability and safety of current assets, the Company has established the rules of capital risk management, which state the Company’s bank deposits, bond trade, repo trade, etc. must meet certain level above of the internal rating and their positions and liquidity shall be monitored regularly.

B. The information about the maturity of the Company’s financial liabilities is shown below. The Company’s working capital is sufficient enough to meet its funding requirements in the future. Therefore it has no liquidity risk that would arise from inability to raise funds to fulfill repayment or disbursement obligations.

Unit: Amount in thousands of NTD

Cash flow analysis of financial liabilities on September 30, 2013

		Payment period					
	Financial liabilities	Prevailing Period	Less than 3 Months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
212000	Financial liabilities at fair value through profit or loss - current	$ 7,581	$ -	$ -	$ -	$ -	$ 7581
214080	Futures traders' equity	31,602,934	-	-	-	-	31,602,934
214130	Accounts payable - non-related parties	-	48,129	508	-	-	48,631
214140	Accounts payable - related parties	-	17,538	-	-	-	17,538
214170	Other payables - non-related parties	-	39,146	172,749	14,768	197	226,860
214180	Other payables - related parties	-	255	-	-	-	255
	Total	$ 31,610,515	$ 105,068	$ 173,257	$ 14,768	$ 197	$ 31,903,805
	Percentage (%) of overall	99.08%	0.33%	0.54%	0.05%	0.00%	100.00%

Unit: Amount in thousands of NTD

Cash flow analysis of financial liabilities on December 31, 2012

	Financial liabilities	Payment period: Prevailing Period	Less than 3 Months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
212000	Financial liabilities at fair value through profit or loss - current	$ 10,312	$ -	$ -	$ -	$ -	$ 10,312
214080	Futures traders' equity	32,106,544	-	-	-	-	32,106,544
214130	Accounts payable - non-related parties	66,459	-	-	-	-	66,459
214140	Accounts payable - related parties	24,423	-	-	-	-	24,423
214170	Other payables - non-related parties	-	73,419	30,488	57,232	-	161,139
214180	Other payables - related parties	-	-	-	-	-	-
	Total	$ 32,207,738	$ 73,419	$ 30,488	$ 57,232	$ -	$ 32,368,877
	Percentage (%) of overall	99.50%	0.23%	0.09%	0.18%	0.00%	100.00%

Unit: Amount in thousands of NTD

Cash flow analysis of financial liabilities on September 30, 2012

	Financial liabilities	Payment period: Prevailing Period	Less than 3 Months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
212000	Financial liabilities at fair value through profit or loss - current	$ 5,175	$ -	$ -	$ -	$ -	$ 5,175
214080	Futures traders' equity	32,637,498	-	-	-	-	32,637,498
214130	Accounts payable - non-related parties	6,000	62,632	-	-	-	68,632
214140	Accounts payable - related parties	-	20,455	-	-	-	20,455
214170	Other payables - non-related parties	-	59,526	85,320	25,786	197	170,829
214180	Other payables - related parties	-	56	-	-	-	56
	Total	$ 32,648,673	$ 142,669	$ 85,320	$ 25,786	$ 197	$ 32,902,645
	Percentage (%) of overall	99.23%	0.43%	0.26%	0.08%	0.00%	100.00%

Unit: Amount in thousands of NTD

Cash flow analysis of financial liabilities on January 1, 2012

	Financial liabilities	Payment period: Prevailing Period	Less than 3 Months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
212000	Financial liabilities at fair value through profit or loss - current	$ 13,410	$ -	$ -	$ -	$ -	$ 13,410
214080	Futures traders' equity	33,876,957	-	-	-	-	33,876,957
214130	Accounts payable - non-related parties	71,150	-	-	1,899	-	73,049
214140	Accounts payable - related parties	26,225	-	-	-	-	26,225
214170	Other payables - non-related parties	70,795	2,833	149,432	17,186	197	240,443
214180	Other payables - related parties	-	-	-	811	-	811
	Total	$ 34,058,537	$ 2,833	$ 149,432	$ 19,896	$ 197	$ 34,230,895
	Percentage (%) of overall	99.50%	0.01%	0.44%	0.06%	0.00%	100.00%

The Company raises funds for a period of three months or less by borrowing short-term loans and issuing commercial papers and bonds sold under repurchase agreement. Financial liabilities with a period of three months above are OTC derivative instruments, including forward foreign exchange contracts and other payables (amounts shown in the table of cash flow of financial liabilities are the total amounts of cash flow of such liabilities, which are not discounted).

Unit: Amount in thousands of NTD

The analysis of cash flow gap on September30, 2013

	Financial assets	Collection period: Prevailing Period	Less than 3 Months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
111100	Cash and cash equivalents	$ 1,871,844	$ 968,050	$ 2,198,514	$ -	$ -	$ 5,038,408
112000	Financial assets at fair value through profit or loss - current	25,547	-	-	-	-	25,547
114070	Margin deposits	31,704,067	-	-	-	-	31,704,067
114130	Accounts receivable - non-related parties	-	4,804	-	-	-	4,804
114140	Accounts receivable - related parties	-	3,358	-	-	-	3,358
114170	Other receivables - non-related parties	-	48,345	-	31	-	48,376
114180	Other receivables - related parties	-	5,332	-	-	-	5,332
113400	Available-for-sale financial assets - current	23,530	-	-	-	-	23,530
113500	Held-to-maturity financial assets - current			29,069			29,069
119990	Other current assets	-	16	-	-	-	16
123400	Available-for-sale financial assets - noncurrent	-		-	882,169	-	882,169
129010	Operations guarantee deposits	-	-	-	-	185,000	185,000
129020	Clearing and settlement funds	-	-	-	-	499,086	499,086
129030	Refundable deposits	-	-	-	13,592	-	13,592
	Subtotal	$ 33,624,988	$ 1,029,905	$ 2,227,583	$ 895,792	$ 684,086	$ 38,462,354
	Cash inflow	$ 33,624,988	$ 1,029,905	$ 2,227,583	$ 895,792	$ 684,086	$ 38,462,354
	Cash outflow	31,610,515	105,068	173,257	14,768	197	31,903,805
	The amount of capital gap	$ 2,014,473	$ 924,837	$ 2,054,326	$ 881,024	$ 683,889	$ 6,558,549

Unit: Amount in thousands of NTD

The analysis of cash flow gap on December 31, 2012

	Financial assets	Collection period					Total
		Prevailing Period	Less than 3 Months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	
111100	Cash and cash equivalents	$ 1,722,815	$ 1,216,350	$ 2,063,750	$ -	$ -	$ 5,002,915
112000	Financial assets at fair value through profit or loss - current	31,620	-	-	-	-	31,620
114070	Margin deposits	32,222,749	-	-	-	-	32,222,749
114080	Futures trading margin receivable	-	-	25	-	-	25
114130	Accounts receivable - non-related parties	-	3,914	-	-	-	3,914
114140	Accounts receivable - related parties	-	12,502	-	-	-	12,502
114170	Other receivables - non-related parties	-	54,067	76	-	-	54,143
114180	Other receivables - related parties	2,282	7,522	-	-	-	9,804
113400	Available-for-sale financial assets - current	103,315	-	-	-	-	103,315
119990	Other current assets	-	20	-	-	-	20
123400	Available-for-sale financial assets - noncurrent	-	-	-	783,671	-	783,671
129010	Operations guarantee deposits	-	-	-	-	195,000	195,000
129020	Clearing and settlement funds	-	-	-	-	327,098	327,098
129030	Refundable deposits	-	-	-	15,770	-	15,770
	Subtotal	$ 34,082,781	$ 1,294,375	$ 2,063,851	$ 799,441	$ 522,098	$ 38,762,546
	cash inflow	$ 34,082,781	$ 1,294,375	$ 2,063,851	$ 799,441	$ 522,098	$ 38,762,546
	cash outflow	32,207,738	73,419	30,488	57,232	-	32,368,877
	The amount of capital gap	$ 1,875,043	$ 1,220,956	$ 2,033,363	$ 742,209	$ 522,098	$ 6,393,669

Unit: Amount in thousands of NTD

The analysis of cash flow gap on September 30, 2012

	Financial assets	Collection period: Prevailing Period	Less than 3 Months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
111100	Cash and cash equivalents	$ 1,732,483	$ 740,250	$ 2,311,216	$ -	$ -	$ 4,783,949
112000	Financial assets at fair value through profit or loss - current	29,257	-	-	-	-	29,257
114070	Margin deposits	32,709,216	-	-	-	-	32,709,216
114080	Futures trading margin receivable	-	45	25	-	-	70
114130	Accounts receivable - non-related parties	-	15,375	-	-	-	15,375
114140	Accounts receivable - related parties	-	9,885	-	-	-	9,885
114170	Other receivables - non-related parties	-	43,287	3,551	31	-	46,869
114180	Other receivables - related parties	-	34,380	-	-	-	34,380
113400	Available-for-sale financial assets - current	273,742	-	-	-	-	273,742
119990	Other current assets	-	27	-	-	-	27
123400	Available-for-sale financial assets - noncurrent		-	-	810,569	-	810,569
129010	Operations guarantee deposits	-	-	-	-	195,000	195,000
129020	Clearing and settlement funds	-	-	-	-	328,098	328,098
129030	Refundable deposits	-	-	-	16,509	-	16,509
16509	Subtotal	$ 34,744,698	$ 843,249	$ 2,314,792	$ 827,109	$ 523,098	$ 39,252,946
	cash inflow	$ 34,744,698	$ 843,249	$ 2,314,792	$ 827,109	$ 523,098	$ 39,252,946
	cash outflow	32,648,673	142,669	85,320	25,786	197	32,902,645
	The amount of capital gap	$ 2,096,025	$ 700,580	$ 2,229,472	$ 801,323	$ 522,901	$ 6,350,301

Unit: Amount in thousands of NTD

The analysis of cash flow gap on January 1, 2012

	Financial assets	Collection period: Prevailing Period	Collection period: Less than 3 Months	Collection period: Between 3 and 12 months	Collection period: Between 1 and 5 years	Collection period: Over 5 years	Total
111100	Cash and cash equivalents	$ 1,969,663	$ 1,212,350	$ 1,900,250	$ -	$ -	$ 5,082,263
112000	Financial assets at fair value through profit or loss - current	40,829	-	-	-	-	40,829
114070	Margin deposits	33,976,856	-	-	-	-	33,976,856
114080	Futures trading margin receivable	-	-	-	160	-	160
114130	Accounts receivable - non-related parties	16,074	6,784	-	-	-	22,858
114140	Accounts receivable - related parties	9,705	1,593	-	-	-	11,298
114170	Other receivables - non-related parties	-	8,584	16,330	-	-	24,914
114180	Other receivables - related parties	127,413	3,190	-	30	-	130,633
123400	Available-for-sale financial assets - noncurrent	-	-	-	689,210	-	689,210
129010	Operations guarantee deposits	-	-	-	-	285,000	285,000
129020	Clearing and settlement funds	-	-	-	-	396,000	396,000
129030	Refundable deposits	-	-	-	18,777	-	18,777
	Subtotal	$ 3 6,140,540	$ 1,232,501	$ 1,916,580	$ 708,177	$ 681,000	$ 40,678,798
	cash inflow	$ 36,140,540	$ 1,232,501	$ 1,916,580	$ 708,177	$ 681,000	$ 40,678,798
	cash outflow	34,058,537	2,833	149,432	19,896	197	34,230,895
	The amount of capital gap	$ 2,082,003	$ 1,229,668	$ 1,767,148	$ 688,281	$ 680,803	$ 6,447,903

8) Foreign exchange risk

The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	September 30, 2013		December 31, 2012	
Financial instruments	Foreign Currency Amount (In Thousands)	Exchange Rate	Foreign Currency Amount (In Thousands)	Exchange Rate
Financial assets				
Monetary items				
USD:NTD	$ 443,882	29.5700	$ 409,184	29.0400
JPY:NTD	876,428	0.3021	560,366	0.3364
HKD:NTD	76,027	3.8130	106,031	3.7470
EUR:NTD	3,085	39.9200	3,638	38.4900
GBP:NTD	1,042	47.7200	994	46.8300
AUD:NTD	253	27.5150	1,023	30.1650
SGD:NTD	128	23.5400	95	23.7600
RMB:NTD	26,064	4.8330	-	-
USD:HKD	6,889	7.7550	4,089	7.7502
USA:RMB	163	6.1220	-	-
KRW:HKD	907,906	0.0073	-	-
RMB:USA	1,858	0.1633	-	-
RMB:HKD	17,993	1.2670	11,258	1.2440
Financial liabilities				
Monetary items				
USD:NTD	443,980	29.5700	402,002	29.0400
JPY:NTD	742,565	0.3021	450,473	0.3364
HKD:NTD	68,426	3.8130	97,166	3.7470
EUR:NTD	2,702	39.9200	2,845	38.4900
GBP:NTD	714	47.7200	564	46.8300
JPY:RMB	-	-	13,200	0.0181
AUD:NTD	252	27.5150	1,022	30.1650
SGD:NTD	107	23.5400	72	23.7600
USD:HKD	5,117	7.7550	3	7.7502
JPY:HKD	-	-	29	0.0898

(Foreign currency: functional currency)	September 30, 2013		December 31, 2012	
Financial instruments	Foreign Currency Amount (In Thousands)	Exchange Rate	Foreign Currency Amount (In Thousands)	Exchange Rate
Financial assets				
Monetary items				
KRW:HKD	907,906	0.0073	-	-

(Foreign currency: functional currency)	September 30, 2012		January 1, 2012	
Financial instruments	Foreign Currency Amount (In Thousands)	Exchange Rate	Foreign Currency Amount (In Thousands)	Exchange Rate
Financial assets				
Monetary items				
USD:NTD	$ 387,015	29.2950	$ 443,041	30.2800
JPY:NTD	378,640	0.3777	327,041	0.3906
HKD:NTD	50,355	3.7790	154,330	3.8970
EUR:NTD	2,692	37.8900	1,403	39.1800
GBP:NTD	457	47.5800	861	46.7300
AUD:NTD	1,029	30.6150	1,216	30.7350
SGD:NTD	142	23.9200	87	23.3100
CAD:NTD	-	-	2	29.6700
Financial liabilities				
Monetary items				
USD:NTD	383,296	29.2950	202,261	30.2800
JPY:NTD	256,459	0.3777	76,677	0.3906
HKD:NTD	42,970	3.7790	3,298	3.8970
EUR:NTD	1,353	37.8900	44	39.1800
GBP:NTD	200	47.5800	33	46.7300
AUD:NTD	1,029	30.6150	-	-
SGD:NTD	117	23.9200	98,154	23.3100
CAD:NTD	-	-	2	29.6700

20. Others

Business combination

In relation to the share conversion with Yuanta Futures Co., Ltd. in accordance with Gin-Gwen-Zheng-Qi Letter No. 1000052507, the related disclosures are as follows:

A. Introduction of the merged company: Yuanta Futures Co., Ltd. (initially named as Core Pacific Futures Co., Ltd) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 1, 1993. It was approved to engage in futures proprietary business by the competent authority on March 10, 1998 and obtained a clearing membership on July 7, 1998. Yuanta Futures Co., Ltd. is primarily engaged in onshore and offshore futures brokerage business, futures proprietary business, futures clearing business, futures consulting and other futures related businesses approved by the competent authority. As of April 1, 2012, Yuanta Futures Co., Ltd. had 1 branch.

B. Purpose of merger and legal basis:

(a) Objectives: To enlarge business scope, reach economy of scale, increase operational efficiency and raise financial integration competitive advantage.

(b) Legal basis: In accordance with financial holdings, business combination and all other related laws and regulations.

C. Date of merger and percentage of shares conversion:

On October 6, 2011, the Board of Directors of the Company at their meeting resolved to merge with Yuanta Futures Co., Ltd. and set April 1, 2012 as the merger date by issuing new shares to increase capital based on a conversion ratio of 1 share of Yuanta Futures Co., Ltd. to 1.01 shares of the Company.

D. Accounting treatment:

The Company's merger with Yuanta Futures Co., Ltd. is classified as a reorganization in accordance with EITF 100-390 of the ARDF, R.O.C., and is recognized based on the long-term investments' carrying amount (the amount after impairment loss) of Yuanta Financial Holding Co., Ltd. (the parent company) to Yuanta Futures Co., Ltd. The Company will continue to recognize the resulting difference between the initial investment cost and net equity investment in providing a proper treatment. As the former Yuanta Futures Co., Ltd. was dissolved after the merger, the Company used the book value of assets and liabilities of the former Yuanta Futures Co., Ltd. as the cost of acquisition and issued new shares; face value of the shares is share capital. Amounts in balance sheet accounts (such as unrealized gain or loss on financial instruments) of Yuanta Futures Co., Ltd. should be reclassified at book value, and other amounts should be credited to capital surplus. Moreover, the ARDF issued "IFRS 3 Questions on treatment of business combination under common control" on IFRS Q&A on January 8, 2013. The description indicates that IFRS 3 'Business Combination' has no clear regulation on treatment of business combinations under common control. Thus, these kinds of transaction shall follow the regulation in R.O.C. According to the ARDF Interpretations 95-141 and 101-301, this affiliated company was regarded as having been merged on October 3, 2011 and the prior years' consolidated financial statements were restated. Polaris Securities Co., Ltd. was absorbed as a subsidiary of Yuanta Financial Holdings Co., Ltd. through share swaps on October 3, 2011. Polaris Futures Co., Ltd. was formerly a subsidiary of Polaris Securities Co., Ltd. Therefore, October 3, 2011 was regarded as the effective date of merger. The 100% interest in Yuanta Futures Co., Ltd. previously held by Yuanta Financial Holdings Co., Ltd. was presented as "prior interest under joint control" in the consolidated financial statements. The assets and liabilities of Yuanta Futures Co., Ltd. on the merger date were as follows:

	Amount
Cash and cash equivalents	$ 1,706,825
Financial assets at fair value through profit or loss-current	397,096
Margin deposits	17,027,028
Accounts receivable (including Futures trading margin receivable)	8,356
Prepayments	5,502
Other receivables	10,840
Other current assets	9
Available-for sale financial assets	290,663
Fixed assets	43,324
Intangible assets	19,096
Other assets	310,565
Deferred income tax assets	14,125
Financial liabilities at fair value through profit or loss	(2,182)
Futures traders' equity	(17,020,409)
Accounts payable	(47,518)
Collection for third parties	(2,570)
Other payables	(76,885)
Other current liabilities	(6,086)
Accrued pension liabilities-noncurrent	(6,215)
Reserve for bad debts losses	(61,676)
Subtotal	2,609,888
Shares conversion-new share capital issued	(1,010,000)
Capital reserve: paid-in capital in excess of par due to merger	(1,600,144)
Unrealized gain or loss on financial instruments due to merger	256
Total	$ -

21. <u>INITIAL APPLICATION OF IFRSs</u>

These consolidated financial statements are the first third-quarter consolidated financial statements prepared by the Group in accordance with the IFRSs. The Group has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP consolidated financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Group, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Group's financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

1) <u>Exemptions elected by the Group</u>

A. Business combinations

The Group has elected not to apply the requirements in IFRS 3, 'Business Combinations', retrospectively to business combinations that occurred prior to the date of transition to IFRSs ("the transition date"). This exemption also applies to the Group's previous acquisitions of investments in associates.

B. Employee benefits

The Group has elected to recognise all cumulative actuarial gains and losses relating to all employee benefit plans in 'retained earnings' at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, 'Employee Benefits', based on their prospective amounts for financial periods from the transition date.

2) Except for accounting estimates, derecognition of financial assets and financial liabilities, hedge accounting and non-controlling interest to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Group, other exceptions to the retrospective application are set out below:

A. Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

B. Derecognition of financial assets and financial liabilities

The derecognition requirements in IAS 39, 'Financial Instruments: Recognition and Measurement' shall be applied prospectively to transactions occurring on or after January 1, 2004.

C. Hedge accounting

Hedge accounting can only be applied prospectively to transactions that qualify for hedge accounting in accordance with IAS 39 from the date of transition to IFRSs. Hedging relationship should not be designated retrospectively, and written documentation relating to hedge accounting should not be made retrospectively, either. Therefore, under IFRS 1, only a hedging relationship that satisfied the hedge accounting criteria on January 1, 2012 can be reflected as hedge in the Group's opening IFRS financial statements.

D. Non-controlling interest

Requirements of IAS 27 (amended in 2008) that shall be applied prospectively are as follows:

(a) Requirements concerning total comprehensive income (loss) attributed to owners of the parent and non-controlling interest, even which results in a loss to non-controlling interest;

(b) Requirements that change in interest ownership of the parent in a subsidiary while control is retained is accounted for as an equity transaction with the parent; and

(c) Requirements concerning the parent's loss of control over a subsidiary.

3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that an entity should prepare reconciliations for equity, comprehensive income and cash flows for the comparative periods. Reconciliations for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

A. Reconciliation for equity on January 1, 2012

B. Reconciliation for equity on December 31, 2012

C. Reconciliation for equity on September 30, 2012

D. Reconciliation for comprehensive income for the year ended December 31, 2012

E. Reconciliation for comprehensive income for the nine-month period ended September 30, 2012

F. Reconciliation for comprehensive income for the three-month period ended September 30, 2012

G. Major adjustments for the consolidated statement of cash flows for the year ended December 31, 2012 and nine-month period ended September 30, 2012 :

(a) Under R.O.C. GAAP, payment of interest and receipt of interest and dividend are both included in cash flows from operating activities. However, under IFRSs, payment of interest and receipt of interest and dividend are classified as cash flows from financing activities and from investing activities, respectively, when they are the cost for acquisitions of financial resources or the return on investments.

(b) Under R.O.C. GAAP, payment of dividend is included in cash flows from financing activities. However, under IFRSs, when payment of dividend is to help users of financial statements to assess the ability of an entity to pay dividend by using operating cash flows, it is classified as cash flows from operating activities.

(c) The transition from R.O.C. GAAP to IFRSs has no effect on the Group’s cash flows reported.

(d) The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Group’s cash flows reported.

H. The accounting policies and selection of exemptions applied in these interim consolidated financial statements may be different from those applied in the first year-end IFRSs consolidated financial statements due to the issuance of related regulations by regulatory authorities, changes in economic environment, or changes in the evaluation of the impact of application of accounting policies and exemptions by the Group.

(a) Reconciliation for equity on January 1, 2012 :

	Accounting Standards in R.O.C.	Adjustments	IFRSs	Remarks
Cash and cash equivalents	$ 3,807,953	$ 1,274,310	$ 5,085,263	(a)
Financial assets at fair value through profit or loss - current	1,442,552	(1,401,723)	40,829	(a)
Other receivables-non-related parties	28,665	(3,752)	24,914	(b)
Other receivables- related parties	3,220	127,413	130,633	(a)
Current income tax assets	-	3,750	3,750	(b)
Available-for-sale financial assets-noncurrent	271,811	417,399	689,210	(c)
Fixed assets-prepayment for equipment	13,360	(13,360)	-	(d)
Other assets-prepayment for equipment	-	13,360	13,360	(d)
Deferred income tax assets - current	856	(856)	-	(j)
Other assets-deferred income tax assets	25,781	(12,382)	13,399	(f)(g)(h)(j)
Deferred pension costs	5,856	(5,856)	-	(h)
Others	34,966,963	-	34,966,963	(l)
Total assets	40,567,017	398,303	40,968,322	
Other payables-non-related parties	253,505	(13,062)	240,443	(e)
Other payables- related parties	12,954	(12,143)	811	(e)
Current income tax liabilities	-	25,205	25,205	(e)
Reserve for employee benefits liabilities-current	-	12,473	12,473	(f)
Reserve for employee benefits liabilities-non-current	34,014	25,719	59,733	(g)(h)
Reserve for bad debt losses	121,921	(121,921)	-	(i)
Others	33,994,139	-	33,994,139	
Total liabilities	34,416,533	(83,729)	34,332,803	
Common stock	1,312,763	-	1,312,763	
Paid-in capital	407,633	-	407,633	
Legal reserve	310,230	-	310,230	
Special reserve	824,179	49,928	874,107	(i)
Unappropriated earnings	465,637	(28,146)	437,491	(f)(g)
Currency translation differences	(11,673)	1	(11,672)	(m)
Unrealized profit on available-for-sale financial assets	-	417,399	417,399	(c)
Income before common controlling Interest	2,841,715	42,853	2,884,568	(f)(g)(i)
Total Equity	6,150,484	482,035	6,632,519	

(b) Reconciliation for equity on December 31, 2012：

	Accounting Standards in R.O.C.	Adjustments	IFRSs	Remarks
Cash and cash equivalents	$ 4,169,161	$ 833,754	$ 5,002,915	(a)
Financial assets at fair value through profit or loss - current	889,817	(858,197)	31,620	(a)
Other receivables- related parties	9,916	(112)	9,804	(b)
Other receivables-non-related parties	29,700	24,443	54,143	(a)
Current income tax assets	-	112	112	(b)
Available-for-sale financial assets-noncurrent	315,998	467,673	783,671	(c)
Fixed assets-prepayment for equipment	25,062	(25,062)	-	(d)
Other assets-prepayment for equipment	-	25,062	25,062	(d)
Deferred income tax assets - current	4,222	(4,222)	-	(j)
Other assets-deferred income tax assets	25,660	(3,680)	21,980	(f)(g)(h)(j)
Others	33,145,436	-	33,145,436	(l)
Total assets	38,614,972	459,771	39,074,743	
Other payables-non-related parties	190,404	(29,265)	161,139	(e)
Current income tax liabilities	-	29,265	29,265	(e)
Reserve for liabilities-current	-	4,310	4,310	(f)
Reserve for liabilities-non-current	33,119	7,398	40,517	(g)
Reserve for bad debt losses	58,190	(58,190)	-	(j)
Others	32,213,153	-	32,213,153	
Total liabilities	32,494,866	(46,482)	32,448,384	
Common stock	2,322,763	-	2,322,763	
Paid-in capital	2,007,777	(8,732)	1,999,045	(f)(g)
Legal reserve	356,697	-	356,697	
Special reserve	928,785	48,298	977,083	(i)
Unappropriated earnings	523,907	1,126	525,033	(f)(g)
Currency translation differences	(17,984)	-	(17,984)	(m)
Unrealized profit on available-for-sale financial assets	(1,839)	465,561	463,722	(c)(j)
Total Equity	6,120,106	506,253	6,626,359	

(c) Reconciliation for equity on September 30, 2012：

	Accounting Standards in R.O.C.	Adjustments	IFRSs	Remarks
Cash and cash equivalents	$ 3,964,984	$ 818,965	$ 4,783,949	(a)
Financial assets at fair value through profit or loss - current	872,880	(843,623)	29,257	(a)
Other receivables- related parties	34,491	(11)	34,380	(b)
Other receivables- non-related parties	23,063	23,806	46,869	(a)(b)
Current income tax assets	-	963	963	(b)
Available-for-sale financial assets-noncurrent	322,178	488,391	810,569	(c)
Fixed assets-prepayment for equipment	49,225	(49,225)	-	(d)
Other assets-prepayment for equipment	-	49,225	49,225	(d)
Deferred income tax assets-current	856	(856)	-	(j)
Other assets- Deferred income tax assets	25,780	(12,834)	12,946	(f)(g)(i)(j)
Deferred pension costs	5,856	(5,856)	-	(h)
Others	33,778,670	-	33,778,670	(l)
Total assets	39,077,983	468,845	39,546,828	
Other payables-non-related parties	180,619	(9,790)	170,829	(e)
Current income tax liabilities	-	9,790	9,790	(e)
Reserve for liabilities-current	-	10,939	10,939	(f)
Reserve for liabilities-non-current	36,665	24,504	61,169	(g) (h)
Reserve for bad debt losses	121,830	(121,830)	-	(i)
Others	32,738,269	-	32,738,269	
Total liabilities	33,077,383	(86,387)	32,990,996	
Common stock	2,322,763	-	2,322,763	
Paid-in capital	2,007,777	42,461	2,050,238	(i)
Legal reserve	356,698	-	356,698	
Special reserve	928,784	49,929	978,713	(i)
Unappropriated earnings	374,159	(25,547)	348,612	(f) (g)
Currency translation differences	(16,933)	-	(16, 933)	(m)
Unrealized profit on available-for-sale financial assets	27,352	488,390	515,742	(c)
Total Equity	6,000,600	555,232	6,555,832	

(d) Reconciliation for comprehensive income for the year ended December 31, 2012

	Accounting Standards in R.O.C.	Adjustments	IFRSs	Remarks
Revenues				
Brokerage	$ 2,267,007	$ -	$ 2,267,007	
Dividend revenues	17,068	-	17,068	
Clearance fee from consignation	97,996	-	97,996	
Gain on disposal of derivative instruments	1,167,466	-	1,167,466	
Futures management fees revenues	3	-	3	
Futures advisory revenues	5,565	-	5,565	
Other operating revenues	433,595	-	433,595	
Total revenues	3,988,700	-	3,988,700	
Brokerage fee	(388,126)	-	(388,126)	
Dealer handling fee	(50,833)	-	(50,833)	
Loss on disposal of operating securities	(786)	-	(786)	
Futures commission	(506,855)	-	(506,855)	
Clearance fee	(371,210)	-	(371,210)	
Loss on disposal of derivative instruments	(818,982)	-	(818,982)	
Employee benefit expense	(505,005)	9,784	(495,221)	(f) (g)
Depreciation and amortization expenses	(86,290)	-	(86,290)	
Other operating expenses	(573,600)	-	(573,600)	
Finance costs	(26,895)	-	(26,895)	
Total expenses	(3,328,582)	-	(3,318,798)	
Operating income	660,118	-	669,902	
Share of loss of associates and joint ventures accounted for under equity method	(6,803)	-	(6,803)	
Other gains and losses	39,722	2,112	41,834	(k)
Income before tax	693,037	-	704,933	
Income tax expense	(109,539)	(1,663)	(111,202)	(f) (g)
Consolidated net income	583,498	-	583,498	
Attributable to:		-		
Equity holders of the Company	523,881	10,550	534,431	
Net income before common controlling Interest	59,617	(317)	59,300	
Profit for the year	583,498	-	583,731	
Other comprehensive income				
Unrealized gain on available-for-sale financial assets	-	46,324	46,324	(c)

	Accounting Standards in R.O.C.	Adjustments	IFRSs	Remarks
Actuarial gains on defined benefits	-	$ 18,722	$ 18,722	(g)
Income taxes relating to components of other comprehensive income	-	(3,835)	(3,835)	(g)

(e) Reconciliation for comprehensive income for the nine-month period ended September 30, 2012:

	Accounting Standards in R.O.C.	Adjustments	IFRSs	Remarks
Revenues				
Brokerage	$ 1,703,794	$ -	$ 1,703,794	
Loss on sale of trading securities	774	-	774	
Dividend revenues	15,508	-	15,508	
Gain on trading securities at fair value through profit or loss	8	-	8	
Security commission revenue	2,562	-	2,562	
Clearance fee from consignation	72,197	-	72,197	
Gain on disposal of derivative financial instruments	287,460	-	287,460	
Futures management fees revenues	3	-	3	
Futures advisory revenues	3,486	-	3,486	
Other operating revenues	2,485	-	2,485	
Total revenues	2,088,277	-	2,088,277	
Brokerage fee	(293,351)	-	(293,351)	
Dealer handling fee	(43,718)	-	(43,718)	
Futures commission	(384,889)	-	(384,889)	
Clearance fee	(285,456)	-	(285,456)	
Employee benefits expenses	(387,742)	2,750	(384,992)	(f) (g)
Depreciation and amortization	(64,989)	-	(64,989)	
Other operating expenses	(441,224)	-	(441,224)	
Financial costs	(20,564)	-	(20,564)	
Total expenses	(1,921,933)	-	(1,919,183)	
Operating income	166,684	-	169,094	
Share of other comprehensive income of associates and joint ventures accounted for under equity method	(4,204)	-	(4,204)	
Other gains and losses	353,148	-	353,148	
Income before income tax	515,288	-	518,038	
Income tax expense	(81,539)	(467)	(82,006)	(f) (g)
Consolidated Net Income	433,749	-	436,032	

	Accounting Standards in R.O.C.	Adjustments	IFRSs	Remarks
Attributable to				
Equity holders of the Company	$ 374,132	$ 2,600	$ 376,732	
Prior interest under joint control	59,617	(317)	59,300	(f) (g)
Consolidated Net Income	433,749		436,032	
Other comprehensive income				
Unrealized gain on valuation of available-for-sale financial assets	-	98,343	98,343	(c)

(e) Reconciliation for comprehensive income for the three-month period ended September 30, 2012:

	Accounting Standards in R.O.C.	Adjustments	IFRSs	Remarks
Revenues				
Brokerage	$ 519,266	$ -	$ 519,266	
Loss on sale of trading securities	774	-	774	
Dividend revenues	15,508	-	15,508	
Gain on trading securities at fair value through profit or loss	8	-	8	
Security commission revenue	780	-	780	
Clearance fee from consignation	21,842	-	21,842	
Gain on disposal of derivative financial instruments	33,488	-	33,488	
Futures management fees revenues	-	-	-	
Futures advisory revenues	1,362	-	1,362	
Other operating revenues	874	-	874	
Total revenues	593,902	-	593,902	
Brokerage fee	(85,912)	-	(85,912)	
Dealer handling fee	(12,452)	-	(12,452)	
Futures commission	(114,647)	-	(114,647)	
Clearance fee	(83,941)	-	(83,941)	
Employee benefits expenses	(121,887)	2,306	(119,581)	(f) (g)
Depreciation and amortization	(21,152)	-	(21,152)	
Other operating expenses	(121,630)	-	(121,630)	
Financial costs	(6,585)	-	(6,585)	
Total expenses	(568,206)	-	(568,900)	
Operating income	25,696	-	28,002	
Share of other comprehensive income of associates and joint ventures accounted for under equity method	(1,684)	-	(1,684)	
Other gains and losses	104,536	-	104,536	

	Accounting Standards in R.O.C.	Adjustments	IFRSs	Remarks
Income before income tax	$ 128,548	$ -	$ 30,854	
Income tax expense	(23,300)	(392)	(23,692)	(f) (g)
Consolidated Net Income	105,248	-	107,162	
Attributable to		-		
Equity holders of the Company	105,248	1,914	107,162	
Prior interest under joint control	-	-	-	(f) (g)
Consolidated Net Income	105,248	-	107,162	
Other comprehensive income				
Unrealized gain (loss) on valuation of available-for-sale financial assets	-	30,366	30,366	(c)

Reasons for reconciliation are outlined below:

(a) According to IAS 7, 'Statement of Cash Flows', the nature of excess margin for futures transactions belongs to "cash and cash equivalents". Therefore, excess margin of $1,401,723, $858,197 and $843,623 were reclassified from "financial assets at fair value through profit or loss- current" to "cash and cash equivalents" on January 1, 2012, December 31, 2012 and September 30, 2012, respectively. Because part of excess margin is deposited with MF Global Singapore Pte. Limited Taiwan Branch and its parent company—MF Global Holdings Ltd., which applied for bankruptcy protection in America, this part of excess margin cannot be retrieved before the liquidation procedures of MF Global Holdings Ltd. are completed. Thus, cash and cash equivalents of $127,413 were reclassified to 'other receivables-related parties' on January 1, 2012. And cash and cash equivalents of $24,443 and $24,658 were reclassified to 'other receivables—non-related parties' on December 31, 2012 and September 30, 2012, respectively.

(b) According to IAS 12, 'Income Taxes', consolidated income tax receivable (recorded under "other receivables – related parties") and income tax refundable (recorded under "Other receivables – non-related parties") pertains to current period's income tax assets. Therefore, amounts of $3,750, $112 and $963 were reclassified into a separate balance sheet account as "current income tax assets" on January 1, 2012, December 31, 2012 and September 30, 2012, respectively.

(c) In accordance with the amended “Rules Governing the Preparation of Financial Statements by Futures Commission Merchants”, dated December 29, 2011, unlisted stocks and emerging stocks held by the Company should be measured at cost and recognized in “Available-for-sale financial assets”. However, in accordance with IAS 39, “Financial Instruments: Recognition and Measurement”, investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability of the estimation interval of reasonable fair values of such equity instruments is insignificant, or the probability for these estimates can be made reliably) should be measured at fair value. Therefore, the Company compared the fair value at the date with its book value for “Available-for-sale financial assets” which resulted to an adjustment of difference to unrealized gain on available-for-sale financial assets by increasing the balance by $417,399, $467,673 and $488,391 on January 1, 2012, December 31, 2012 and September 30, 2012, respectively.

(d) In accordance with IAS 16, ‘Property, Plant and Equipment’, and ‘Rules Governing the Preparation of Financial Statements by Securities Issuers” that are expected to be applied in 2013, prepayment on equipment of $13,360, $25,062 and $49,225 were reclassified from ‘fixed assets – prepayment for equipment’ to ‘other non-current assets – prepayment for equipment’ on January 1, 2012, December 31, 2012 and September 30, 2012, respectively.

(e) According to IAS 12, ‘Income Taxes’, income tax payable (recorded under “ other payables – non-related parties”) and consolidated income tax payable (recorded under “other payables – related parties”) belongs to current period’s income tax liabilities. Therefore, the other payables – non-related parties of $25,205, $29,265 and $9,790 were reclassified into a separate balance sheet account as “ current income tax liabilities” on January 1, 2012, December 31, 2012 and September 30, 2012, respectively.

(f) The current accounting standards in R.O.C. do not specify the rules on the cost recognition for accumulated unused compensated absences. The Company recognizes such costs as expenses upon actual payment. However, IAS 19, “Employee Benefits”, requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period. Therefore, the Company made adjustments to “Reserve for employee benefits liabilities – current” by increasing the balance by $12,473, $4,310 and $10,939 on January 1, 2012, December 31, 2012 and September 30, 2012, respectively; “Other asset - deferred income tax assets” by increasing the balance by $2,120, $733 and $1,859 on January 1, 2012, December 31, 2012 and September 30, 2012, respectively; “Unappropriated earnings” by decreasing the balance by $6,139 on January 1, 2012, December 31, 2012 and September 30, 2012 ; “employee benefits expenses” by decreasing the balance by $8,163 for the year ended December 31, 2012, by decreasing the balance by $1,535 for the nine-month period ended September 30, 2012 and by decreasing the balance by $1,901 for the three-month period ended September 30, 2012, “income tax expense” by increasing the balance by $1,388 for the year ended December 31, 2012, by increasing the balance by $260 for the nine-month period ended September 30, 2012 and by increasing the balance by $323 for the three-month period ended September 30, 2012, “prior interest under joint control” by decreasing the balance by $4,214 and $4,569 on January 1, 2012 and March 31, 2012, resepctively; “capital reserve” by decreasing the balance by $4,570 on December 31, 2012.

(g) The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, “Employee Benefits”, requires an entity to determine the rate used to discount employee benefits with reference to market yields on high quality corporate bonds that match the currency at the end day of the reporting period and duration of its pension plan; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end day of the reporting period) instead. In accordance with current accounting standards in R.O.C., the unrecognized transitional net benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, as the Company is a first-time adopter of IFRSs, the transitional provisions in IAS 19, “Employee Benefits” does not apply. Therefore, the Company has no unrecognized transitional liabilities. All the employee benefit plans, including pension plans, do not comply with IAS 19 "Employee Benefits", which states that all the employee benefit plans should recognize retroactive adjustments for previous years' actuarial pension gain or loss immediately or deferred by using corridor approach method. Instead, the Company recognized the accumulated actuarial gain or loss at transition date on the balance sheet. Therefore, the Company has made adjustments to “Accrued pension liabilities” by increasing the balance by $31,575, $7,398 and $30,360 on January 1, 2012, December 31, 2012 and September 30, 2012, respectively; “Other asset - deferred income tax assets” by increasing the balance by $5,343, $5,093 and $5,161 on January 1, 2012, December 31, 2012 and September 30, 2012, respectively; “Unappropriated earnings” by decreasing the balance by $22,007 on January 1, 2012, December 31, 2012 and September 30, 2012 ; “employee benefits expenses” by decreasing the balance by $1,621, $1,215 and $405 for the year ended December 31, 2012, and for the nine-month and three-month periods ended September 30, 2012, respectively; “income tax expense” by increasing the balance by $275, $207 and $69 for the year ended December 31, 2012, and for the nine-month and three-month periods ended September 30, 2012, respectively; “prior interest under joint control” by decreasing the balance by $4,201 and $4,162 on January 1, 2012 and March 31, 2012, respectively; “capital reserve” by decreasing the balance by $4,162 on December 31, 2012. Also, for the effect of other comprehensive income in 2012, “actuarial gain (loss) on defined benefit plan” (reclassified to retained earnings in current year) and “Income tax relating to the components of other comprehensive income” by increasing the balance by $18,722 and $3,835, respectively.

(h) In accordance with current accounting standards in R.O.C., the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognised on the balance sheet (“minimum pension liability”). However, IAS 19, ‘Employee Benefits’, has no regulation regarding the minimum pension liability. Therefore, the Company should reverse the provision of pension liability. As a result, the Company made adjustments to “deferred pension” by decreasing the balance by $5,856 on January 1, 2012 and September 30, 2012. Also, “employee benefits liabilities – non-current” by decreasing the balance by $5,856.

(i) As provision for bad debts amounting to $121,921, $58,190 and $121,830 on January 1, 2012, December 31, 2012 and September 30, 2012, respectively, did not conform to the definition of provision for liabilities under IAS 37, the Company made adjustments to “other asset - deferred income tax assets” by decreasing the balance by $20,726, $9,892 and $20,711 on January 1, 2012, December 31, 2012 and September 30, 2012, respectively, and “special reserve” by increasing the balance by $49,928, $48,298 and $49,929 on January 1, 2012, December 31, 2012 and September 30, 2012, respectively, in accordance with IAS 37 and Jin-Guan-Zheng-Quan-Zi Letter No. 1010011388 of Financial Supervisory Commission, dated June 18, 2012. Also, ‘prior interest under joint control’ were increased by $51,267 and $51,191 on January 1, 2012 and March 31, 2012, respectively.

(j) Under IAS 1, “Presentation of Financial Statements”, an entity should classify a deferred tax asset or liability as noncurrent. Therefore, the Company reclassified deferred tax assets – current amounting to $856, $4,222 and $856 to the “Other assets - deferred income tax assets” account on January 1, 2012, December 31, 2012 and September 30, 2012, respectively.

(k) In accordance with paragraph 32 of ROC SFAS No. 32, cash dividends received in current year from equity securities investments other than financial assets at fair value through profit or loss shall be recognized as collection of investment costs. However, the Taiwan version of IFRSs published by the Financial Supervisory Commission does not specify the rule on liquidating dividends. Therefore, the Company reclassified cash dividends of $2,112 received in 2012 to dividends income and reduced unrealized gain on available-for-sale financial assets by $2,112 on December 31, 2012.

(l) The Company uses the initial costs of property, equipment and intangible assets as their ‘deemed cost’ under IFRSs and measures these assets subsequently using the cost model in accordance with the “Regulations Governing the Preparation of Financial Reports by Futures Firms”.

(m) The Company adjusted retrospectively the cumulative translation differences arising on the translation of the financial statements of foreign operations on the date of transition to IFRSs and deals with translation differences arising subsequent to the transition date in accordance with IAS 21, ‘The Effects of Changes in Foreign Exchange Rates’.