Polaris MF Global Futures Co., Ltd.

Financial Statements for the Three Months Ended

March 31, 2010 and 2009

Independent Accountants' Review Report

(Stock Code: 6023)

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

Polaris MF Global Futures Co., Ltd.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying balance sheets of Polaris MF Global Futures Co., Ltd. as of March 31, 2010 and 2009 and the related statements of income and cash flows for the nine months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews. The financial statements of the Company's investee, were not audited by us but by accountants of another firm, therefore the amounts of MF Global Futures Trust Co. Ltd. stated in these financial statements were based on the audit reports issued by another accounting firm. As of March 31, 2010 and 2009, the amount of long-term investment in MF Global Futures Trust Co. Ltd. were $93,685 and $99,710 thousands and held up to 0.44% and 0.48% of total assets value. From January 1 to March 31, 2010, the investment loss to MF Global Futures Trust Co. Ltd. were $1,687 and $280 thousands and held up to (2.08%) and (0.16%) of net income before tax.

We conducted our reviews in accordance with SAS No.36 "Engagements to Review Financial Statements" to plan and execute reviewing tasks. We only provided analysis, comparability, and inquiry without following generally accepted auditing standards in the Republic of China; therefore, we could not express complete opinions for the financial statements mentioned above.

As the result of reviewing, we did not find material issues which violated general accepted accounting principles and required for corrections in the financial statements mentioned in the first paragraph.

Horwath

第一聯合會計師事務所
First Horwath & Company, CPAs
10541 台北市松山區復興北路369號3樓
3F., No.369, Fusing N. Rd., Songshan Dist.,
Taipei City 10541, Taiwan

Tel +886 (2) 8770 5181
Fax +886 (2) 8770 5191
www.horwathcpa.com.tw

First Horwath & Company, CPAs First Horwath & Company, CPAs

Taipei, Taiwan

Republic of China

April 12, 2010

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

POLARIS MF GLOBAL FUTURES CO., LTD.

Balance Sheets

March 31, 2010 and 2009

(In Thousands of New Taiwan Dollars)

ASSETS	Note	March 31, 2010		March 31, 2009	
		Amount	%	Amount	%
CURRENT ASSETS		$ 20,435,484	97	$ 20,164,533	97
Cash and cash equivalents	(II)-1, (IV)-1	1,875,422	9	1,633,408	8
Financial assets at fair value through profit or loss	(II)-2, (IV)-2	868,875	4	1,468,867	7
Customer margin account	(II)-6, (IV)-3, (V)	17,653,578	84	17,041,077	82
Deposits for securities borrowed		324	-	114	-
Accounts Receivable-non-related parties		6,216	-	1,936	-
Accounts Receivable-related parties	(V)	20	-	112	-
Prepayment		3,070	-	-	-
Other Receivables		25,507	-	-	-
Other current assets		2,472	-	19,019	-
FUNDS AND LONG-TERM INVESTMENTS	(II)-3、4、5, (IV)-4	129,187	1	135,220	1
Available for sale financial assets-noncurrent		35,502	-	35,510	-
Long-term investments-equity method		93,685	1	99,710	1
FIXED ASSETS	(II)-7, (IV)-5	116,592	-	85,309	-
Equipments		243,626	1	204,524	1
Prepayment for equipments		22,890	-	9,603	-
Leasehold improvements		67,138	-	54,440	-
Less : accumulated depreciation		(217,062)	(1)	(183,258)	(1)
INTANGIBLE ASSETS		4,502	-	8,949	-
Deferred pension costs	(II)-14	-	-	2,364	-
Other intangible assets	(II)-8	4,502	-	6,585	-
OTHER ASSETS	(IV)-6	436,593	2	381,684	2
Operations guarantee deposits	(II)-9	185,000	1	145,000	1
Clearing and settlement funds	(II)-10	184,000	1	161,000	1
Refundable deposits		8,285	-	7,983	-
Deferred tax assets-non-current	(II)-16, (IV)-12	59,308	-	67,701	-
TOTAL ASSETS		$ 21,122,358	100	$ 20,775,695	100

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	March 31, 2010		March 31, 2009	
		Amount	%	Amount	%
CURRENT LIABILITIES		$ 17,954,633	85	$ 17,474,416	84
Financial liabilities at fair value through profit or loss	(II)-2, (IX)	7,689	-	2,408	-
Futures traders' equity	(II)-11, (IV)-3, (V)	17,626,593	84	17,023,884	82
Accounts payable-non-related parties		46,049	-	38,710	-
Accounts payable-related parties	(V)	14,925	-	16,382	-
Unearned Receipts		12		-	
Other payables	(IV)-7	256,842	1	385,862	2
Other current liabilities		2,523	-	7,170	-
OTHER LIABILITIES		294,517	1	271,146	1
Reserve for breach of contract losses	(II)-12	199,615	1	171,624	1
Reserve for trading losses	(II)-13	14,347	-	17,898	-
Accrued pension liabilities	(II)-14, (IV)-8	18,752	-	19,336	-
Reserve for bad debts losses	(II)-15	61,803	-	62,288	-
TOTAL LIABILITIES		18,249,150	86	17,745,562	85
Capital stock	(IV)-9	1,312,763	6	1,312,763	6
Common stock		1,312,763	6	1,312,763	6
Capital surplus		407,633	2	407,633	2
Additional paid-in capital from business merger		46,333	-	46,333	-
Additional paid-in capital in excess of par value		361,300	2	361,300	2
Retained earnings		1,152,812	6	1,309,737	7
Legal reserve		249,847	1	189,884	1
Special reserve	(IV)-10	499,694	3	379,767	2
Unappropriated retained earnings	(IV)-11	403,271	2	740,086	4
TOTAL SHAREHOLDERS' EQUITY		2,873,208	14	3,030,133	15
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 21,122,358	100	$ 20,775,695	100

Note1: Please refer to the accompanying notes of the financial statements and the review report signed by First Horwath & Company, CPAs on April 12, 2010.

POLARIS MF GLOBAL FUTURES CO., LTD.

Income Statements

For The Years Ended March 31, 2010 and 2009

(In Thousands of New Taiwan Dollars)

Descriptions	Note	March 31, 2010 Amount	March 31, 2010 %	March 31, 2009 Amount	March 31, 2009 %
REVENUES	(II)-17				
Brokerage fee revenue		345,753	30	339,900	30
Service fee revenues from clearing and settlement for others		6,479	-	2,175	-
Gain on derivative financial instruments	(II)-2	260,913	60	677,911	60
Customer margin account		209	-	432	-
Deposits for securities borrowed		83	1	7,930	1
Nonoperating revenues		50,256	9	106,193	9
Total Revenues		663,693	100	1,134,541	100
EXPENSES	(II)-17				
Disbursements handled by broker		(39,386)	(5)	(34,158)	(2)
Dealer handling fee		(13,709)	(1)	(2,946)	-
Futures commission fee		(96,929)	(13)	(98,186)	(7)
Clearance and settlement service fee expenses		(41,029)	(3)	(26,427)	(3)
Loss on derivative financial instruments	(II)-2	(144,759)	(40)	(602,789)	(62)
Futures administrative fee		-	-	(26)	-
Operating expenses		(219,435)	(23)	(181,356)	(14)
Nonoperating expenses and losses		(27,417)	(1)	(8,746)	(1)
Total Expenses		(582,664)	(86)	(954,634)	(89)
Net income before income tax		81,029	14	179,907	11
Income tax expenses	(II)-16, (IV)-12	(10,089)	(4)	(39,475)	(2)
Net income		$ 70,940	10	$ 140,432	9
Earnings per share	(II)-20, (IV)-13				
Earning before income tax		$ 0.62		$ 1.37	
Income tax expense		(0.08)		(0.30)	
Net earning after tax		$ 0.54		$ 1.07	

Note1: Please refer to the accompanying notes of the financial statements and the review report signed by First Horwath & Company, CPAs on April 12, 2010.

Note2: Reviewed, not audited for the three months ended March 31, 2010.

POLARIS MF GLOBAL FUTURES CO., LTD.

Statements of Cash Flows

For The Years Ended March 31, 2010 and 2009

(In Thousands of New Taiwan Dollars)

	March 31, 2010	March 31, 2009
Cash flows from operating activities		
Net income	$ 70,940	$ 140,432
Adjustments		
Depreciation	9,051	7,913
Amortization	846	1,436
Investment loss under equity method	1,688	280
Customer margin account	1,505	1,054
Deposits for securities borrowed	(827)	(102)
Reserve for breach of contract losses	7,045	6,841
Gain on reversal of trading losses reserve	11,427	(7,849)
Loss on disposal of fixed assets	1	64
(Increase) decrease in call options	(10,160)	259
Increase in future trading margin - the Company's own fund	(116,293)	(106,720)
Increase in future trading margin - securities	-	(15,788)
Increase in customer margin account	(1,456,893)	(848,567)
(Increase) decrease in deposits for securities borrowed	(324)	11,249
Increase in accounts receivable	(5,004)	(1,017)
(Increase) decrease in other receivables	(14,641)	15,882
(Increase) decrease in accounts receivable-related party	5,250	(109)
Decrease in prepayments	635	831
(Increase) decrease in deferred tax assets	(2,541)	143
Decrease in other current assets	90	65
Increase (decrease) in put option liabilities	4,531	(31,296)
Increase in futures traders' equity	1,450,382	844,231
Increase in accounts payable-non-related party	9,550	3,926
Increase (decrease) in accounts payable-related party	3,340	(1,384)
Increase (decrease) in other accounts payable	1,845	(1,005)
Decrease in other current liabilities	(4,937)	(2,539)
Increase in unearned receipts	10	-
Increase in accrued pension liabilities	394	1,960
Net cash provided by operating activities	(33,090)	20,190

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Cash flows from investing activities		
Decrease in open-ended fund and monetary market financial instruments	19,556	-
Acquisition of fixed assets	(8,183)	(2,419)
Disposal of fixed assets	-	1,375
Acquisition of investments accounted for equity method	-	(59,990)
Disposal of investments accounted for equity method	50	-
Increase in deferred pension costs	-	(1,522)
Increase in operations guarantee deposits	(30,000)	-
Increase in clearing and settlement funds	(18,000)	(5,000)
(Increase) decrease in refundable deposits	199	(135)
Net cash used in investing activities	(36,378)	(67,691)
Net decrease in cash and cash equivalents	(69,468)	(47,501)
Cash and cash equivalents at the beginning of the period	1,944,890	1,680,909
Cash and cash equivalents at the end of the period	$ 1,875,422	$ 1,633,408
Supplemental Disclosures of cash flow information		
Interest paid	$ 82	$ 189
Income tax paid	$ 2,157	$ 10,020

Note1: Please refer to the accompanying notes of the financial statements and the review report signed by First Horwath & Company, CPAs on April 12, 2010.

Note2: Reviewed, not audited for the three months ended March 31, 2010.

POLARIS MF GLOBAL FUTURES CO., LTD.
Notes to Financial Statements
For the three months ended March 31, 2010 and 2009
(Amounts expressed in thousands of New Taiwan dollars,
except where otherwise specified, per share, and par value)

I. History and Organization

Polaris MF Global Futures Co., Ltd. (hereinafter referred to as “the Company”) was officially incorporated on April 9, 1997 under the Company Law and other relevant regulations in the Republic of China (“R.O.C.”). The Company was formerly known as “Polaris Futures Co., Ltd.”. In order to expand its business scale and upgrade its operating efficiency, the Company merged with “Refco Taiwan Co., Ltd.” on September 1, 2003 and was renamed as “Polaris Refco Futures Co., Ltd.”. In the end of 2005, in the account of the changes of foreign shareholders, the Extraordinary shareholders’ meeting was held on February 15, 2006, and resolved to change its name to “Polaris Man Financial Futures Co., Ltd.” approved by the Ministry of Economics. On August 1, 1997, the Company following its foreign shareholders’ global policy renamed as “Polaris MF Global Futures Co., Ltd. As of March 31, 2010, the Company has established five branches.

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

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

As of March 31, 2010 and 2009, the Company had 314 and 328 employees.

II. Summary of significant accounting policies

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

The significant accounting policies are summarized as follows:

1. Cash and cash equivalents

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

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

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

2. Financial instruments at fair value through profit or loss

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

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

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

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

A. Financial assets for trading.

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

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

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

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

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

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

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

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

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

A. financial liabilities for trading.

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

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

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

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

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

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

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

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

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

3. Available-for-sale financial assets

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

4. Long-term investments at equity

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

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

A. Has the control over the investee.

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

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

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

(4) Once equity is obtained or equity method is adopted for the first time, the difference between the investment costs and net value of equity are evenly amortized for 5 to 20 years. According to the revised SFAS on January 1, 2006, the investment costs should be analyzed and the part where the investment costs exceed the fair value of recognizable net assets is recognized as goodwill. Goodwill can not be amortized but can annually be tested for impairment. If goodwill is impaired by some specific matters or changes in environment, impairment tests should be performed. If fair value of net assets is recognized to be over the investment costs, the difference should be reduced in apportioning according to the fair value of each non-current asset, any remaining difference is recognized as extraordinary gain or loss.

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

5. Held to maturity financial assets

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

6. Margin deposits

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

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

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

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

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

Margin deposits consist of

(1) Cash in bank: which is the balance of the margin deposit account that a futures commission merchant opens as exclusive customer margin/premium account in a

banking institution, and deposits its futures customers' margins or premiums into such an exclusive account.

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

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

7. Fixed assets

Fixed assets are stated at cost. The major improvement, renewal and addition, which can prolong the service life of fixed assets, are counted as capital expenditures and recorded as fixed assets. Expenditures on regular repairs and maintenance are recorded as expenses.

Fixed assets are depreciated according to the service life set forth in the "Fixed Asset Service Life Span" promulgated by the Executive Yuan (the Cabinet), using the average method, with one-year residual value. Renewal and addition are depreciated according to the fixed assets' service life. Major improvement is depreciated based on the remaining service lives of fixed assets. While assets are continually in use after the expiration of its service lives, the residual values and service lives are estimated and depreciated accordingly and continually. The gain (loss) on disposal of assets is recognized as non-operating revenue (expenditure) in the period of sale or disposal.

8. Other intangible assets

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

9. Operations guarantee deposits

Under Article 14 of Rules Governing Futures Commission Merchants, a futures broker shall, after completing incorporation registration, lodge NT$50 million in a financial institution designated by the competent authority. An additional amount of NT$10 million shall be lodged for each branch established. The Company has so far set up five branches. Under the same article, a futures proprietary merchant shall lodge additional NT$10 million in the same financial institution. Besides, under Article 11 of Rules Governing Futures Consultation Enterprise, the Company shall lodge NT$10 million for operating futures consultation to the financial institution mention above. Also, under Article 11 Rules

Governing Futures Managerial Enterprise, the Company shall lodge NT$25 millions for operating futures managerial: Furthermore,under article of Securities and Exange Law, a securities firm shall desposit NT 25 million to the finance institude.And confirming to Regulations Governing , the Operation of Futures Introducing Broker Business by Securities Firms,the operation bond to be deposited by a futures introducing broker under the preceding paragraph shall be NT$10 million; the operation bond for each branch office is NT$5 million.

10. Clearing and settlement funds

Under Article 4, Paragraph 3 of Taiwan Futures Exchange Corporation Criteria for Clearing Membership, before carrying out clearing and settlement operations, the clearing member shall make a deposit to the clearing and settlement fund equal to 20% of its paid-in capital or designated operating funds, but of an amount no more than NT$40 million. After carrying out clearing and settlement operations, the clearing member shall make deposits to the clearing and settlement fund by the method and in the amount prescribed by the Taiwan Futures Exchange Corporation constantly. Under the same regulation, each time the clearing member consigns an introducing broker or each time such an introducing broker establishes an additional branch, the clearing member shall make an additional clearing and settlement fund deposit of NT$1 million with the Taiwan Futures Exchange Corporation.

11. Futures traders' equity

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

12. Reserve for breach of contact losses

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

13. Reserve for trading losses

Under Rules Governing Futures Commission Merchants, the Company engages in futures dealer business shall, on a monthly basis, set aside 10% from the realized net profit as the reserve for trading losses. The reserve for trading losses shall not be used for purposes other than covering the trading loss amount in excess of the trading profit amount. When the accumulated trading loss reserve reaches NT$2 hundred million, no additional reserve for trading losses is required to be set aside.

14. Pension

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

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

15. Reserve for bad debts losses

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

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

16. Income tax

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

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

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

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

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

17. Revenue, cost, and expense

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

18. Accounting estimates

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

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

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

20. Earning per common share

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

21. Impairment of assets

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

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

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

22. Bonus paid to employees, directors and supervisors

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

III. Accounting changes:Nil

IV. Explanations on major accounts

1. Cash and cash equivalents

	March 31, 2010	March 31, 2009
Cash	$ 200	$ 200
Checking account deposit	252	798
Demand deposit	228,037	94,021
Term deposit	1,603,200	1,443,200
Foreign currency deposit	43,733	15,280
Bill with repurchase terms	-	79,909
Total	$ 1,875,422	$ 1,633,408

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

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

	March 31, 2010	March 31, 2009
Financial assets held for trading		
Securities	$ 90,188	$ 3,461
Open funds	15,594	2,327
Call option contracts	-	-
Futures trading margins - house funds	763,093	1,293,546
Futures trading margins - quoted securities	-	169,533
Total	$ 868,875	$ 1,468,867

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

(2) As of March 31, 2010, the above financial assets were provided to be free of any pledges or collateral.

3. Margin deposits

	March 31, 2010	March 31, 2009
Customer margin deposit-Cash at banks	$ 15,537,995	$ 15,033,082
Customer margin deposit-Clearinghouse	1,181,536	1,073,410
Customer margin deposit-Other FCMs	909,110	934,585
Customer margin deposit-Securities	24,937	-
Total	$ 17,635,578	$ 17,041,077

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

	March 31, 2010	March 31, 2009
Balance of margin deposits	$ 17,653,578	$ 17,041,077
Minus:		
Accrued service charge	(21,457)	(10,518)
Futures trading tax	(1,423)	(1,087)
Incorrect desposits from customers	(4,105)	(5,588)
Total	$ 17,626,593	$ 17,023,884

4. Funds and long-term investments

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

	March 31,2010			March 31,2009		
Investees	Shares (thousands)	Amount	% of shareholding	Shares (thousands)	Amount	% of shareholding
Taiwan Futures Exchange Corporation	4,258	$35,502	1.70%	3,992	$35,510	1.70%

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

(2) Long-term investments at equity

	March 31,2010			March 31,2009		
Investees	Shares (thousands)	Amount	% of shareholding	Shares (thousands)	Amount	% of shareholding
MF Global Futures Trust Co., Ltd	9,999,000	$93,685	33.33%	9,999,000	$ 99,710	33.33%

Note: The Company has a new investment of 9,999 thousand shares of MF Global Futures Trust Co., Ltd. and holds 33.33% shareholding, therefore adopts the equity method for evaluation. The accounting period of MF Global Futures Trust Co., Ltd. starts from April. After its financial statements of the first quarter of 2010 and is reviewed by accountant, the investment loss of first quarter is NT$1,687 and $280 thousand dollars.

(3) As of March 31, 2010, the above financial assets were provided to be free of any pledges or collateral.

5. Fixed assets

(1) As of March 31, 2010

	Cost	Accumulated depreciation	Balance
Computer communication equipments	$ 215,466	$ 164,120	$ 51,346
Office equipments	22,361	11,848	10,513
Transportation equipments	5,799	4,302	1,497
Leasehold improvement	67,138	36,792	30,346
Prepayment for equipments	22,890	-	22,890
Total	$ 333,654	$ 217,062	$ 116,592

(2) As of March 31, 2009

	Cost	Accumulated depreciation	Balance
Computer communication equipments	$ 181,775	$ 143,760	$ 38,015
Office equipments	16,005	9,708	6,297
Transportation equipments	6,744	4,243	2,501
Leasehold improvement	50,440	25,547	28,893
Prepayment for equipments	9,603	-	9,603
Total	$ 268,567	$ 183,258	$ 85,309

(3) Insurance

Insurance	March 31,2010	March 31,2009	Remark
Computer and office equipment	227,510	93,200	fire insurace (including comprehensive insurance)
Leasehold improvement	63,570	34,100	fire insurace (including comprehensive insurance)
Total	$ 291,080	$ 127,300	

A. The comprehensive insurances for the fist quarter months of 2010 and 2009 consisted of explosion insurance, earthquake insurance, flood insurance and suspended operation insurance, smoke insurance, automatic fire-fighting equipment leakage insurance and strike, riot, civil disturbance and intentional deterioration insurances.

B. The Company is covered by the public accidental liability insurance as of the first four months of 2010 and 2009.

6. Other assets

	March 31,2010		March 31,2010	
Operations guarantee deposits	$	185,000	$	145,000
Clearing and settlement funds		184,000		161,000
Refundable deposits		8,285		7,983
Deferred income tax assets - noncurrent		59,308		67,701
Total	$	436,593	$	381,684

7. Other payables

	March 31, 2010		March 31, 2010	
Salary payable	$	13,002	$	13,224
Bonus payable		88,669		169,243
Interest payable		15,517		13,528
Labor and health insurance payable		3,717		3,719
Professional fees payable		7,042		9,805
Marketing expenses payables		20,000		19,000
Other expenses payable		35,212		28,002
Income tax payable		32,582		119,376
Dividend payable to shareholders		-		-
Other payables		41,101		9,965
Total	$	256,842	$	385,862

8. Accrued pension liabilities

(1) The Company has recognized the pensions cost in accordance with the SFAS No.18 "Accounting for Pensions" since January 1, 1999. The Company recognized pension cost of $709 and $799 for the first quarter of the years 2010 and 2009, respectively. As of March 31, 2010 and 2009, the balance of pension account in Central Trust of China were $15,750 and $14,186, respectively.

(2) Labor Pension Act (the "Act") has been enforced as of July 1, 2005 and adopts the defined-contribution scheme. The net pension cost contributed and recognized by the Company according to the Act for the four months ended March 31, 2010 and 2009 were $2,992 and $3,049, respectively.

9. Capital

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

10. Special reserve

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

11. Distribution of unappropriated earnings

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

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

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

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

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

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

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

(3) The employee bonus and directors and supervisors payable for first half of 2010 and 2009 is estimated based on the Company's Articles of Incorporation, past experience, and current period earning. The accrual payable for first quarter of 2010 and 2009 are $6,547 and $6,302, respectively.

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

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

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

(in thousand)

	Policy of Earnings Distribution	Dividends per Share
Leagle Reserve	$ 30,640.00	$ -
Special Reserve	61,279	-
Cash Dividend	240,236	1.83
Employee bonus – cash dividend	26,723	-
Bonuts to Directors and Supervisor	267	-

As for the detail of proposed distribution, refer to market Observation Post System of Taiwan Stock Exchange.

12. Income tax

(1) The Company already filed its corporate income tax return for the years 2008 on time which is under reviewed by the NTA.

(2) The Company already filed its corporate income tax return for the years 2009 on time.

(3) Estimated income tax for the first half of 2010 and 2009:

Items	March 31, 2010	March 31, 2009
Net profit before tax, at tax rate according to income tax law, ROC	$ 16,196	$ 44,967
Permanent differences:		
Bill interest levied separately	-	(14)
Investment loss recognized under equity method	337	70
Exemption of cash dividends	123	263
Valuation gains (losses) on financial assets	(165)	(26)
Loss or gains on Securities transaction exempted from tax under Article 4-1 of Income Tax Law, ROC	(6,026)	(24,713)
Loss or gains on futures transaction exempted from tax under Article 4-2 of Income Tax Law, ROC	(562)	500
Gains on futures transaction which is unrealized in the prior year and closed in the current year	823	(136)
Losses on option contracts which is unrealized in the prior year and closed in the current year	(239)	18,331
Losses on uncleared futures trading in current period	(398)	233
Gains on uncleared options trading in current period	-	-
Adjustment complied with tax regulations	-	-
Incom tax expenses	10,089	39,475
Adjustment of temporary differences:		
Unrealized gains on foreign exchange in the prior period	(3,704)	5,202
Unrealized gains on foreign exchange in the current period	-	(4,848)
Unrealized trading losses	2,472	88
Unrealized breach of contract losses	2,285	(1,962)
Differences in pension cost and appropriation	1,409	1,710
Adjustment of prior income tax	79	109
Adjustment complied with tax regulations	-	-
Income tax prepayment	(2,157)	(10,020)
Income tax payable (Note)	$ 10,473	$ 29,754

Notes: 1. As of March 31, 2010, excluding half of the estimated administrative relief of income tax in 2005 for $312 thousand dollars.

(4) Effect of deferred income tax

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

	March 31, 2010	March 31, 2009
(A) Total deferred income tax assets	$ 61,780	$ 67,789
(B) Total deferred income tax liabilities	-	(4,848)
(C) Temporary differences (tax) arising from deferred income tax assets or liabilities		
Deductible provisional difference incurred by recognition of unrealized gains in foreign exchange	-	(4,848)
Deductible provisional difference incurred by recognition of unrealized losses in foreign exchange	2,472	88
Deductible provisional differences incurred by recognition of unrealized trading losses	2,870	4,474
Deductible provisional differences incurred by recognition of unrealized losses on breach of contract	39,923	42,906
Deductible provisional differences incurred by recognition of unrealized bad debts losse	12,360	15,572
Deductible provisional difference incurred by recognition of pension cost under ROC SFAS No.18	4,155	4.749

B. Deferred income tax assets (liability)

	March 31, 2010		March 31, 2009	
Items	Current	Noncurrent	Current	Noncurrent
Deferred income tax assets	$2,472	$59,308	$88	$67,701
Deferrec income tax liabilities	-	-	(4,848)	-
Net deferred income tax assets	$2,472	$59,308	($4,760)	$67,701

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

	March 31, 2010	March 31, 2009
Expected (actual) available ICA	$ 122,507	$ 181,019
Expected (actual) ratio of ICA	33.33%	33.33%

(6) Information of unappropriated retained earnings:

	March 31, 2010	March 31, 2010
Before 1997	$ 21	$ 432
After 1998	403,250	739,654
Total	$ 403,271	$ 740,086

13. Earnings per share

	March 31, 2010	March 31, 2009
Net income after tax	$ 70,940	$ 140,432
Outstanding (thousand shares)- retroactive upon adjustment	131,276	131,276
Weighted-average number of common shares (thousand	131,276	131,276
EPS (in dollars)-retroactive upon adjustment	$ 0.54	$ 1.07

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

Function / Character	March 31,2010			March 31,2009		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employment						
Payroll	$ -	$ 82,997	$ 82,997	$ -	$ 86,583	$ 86,583
Labor and health insurance	-	4,578	4,578	-	5,031	5,031
Pension fund	-	3,701	3,701	-	3,848	3,848
Others	-	2,606	2,606	-	2,718	2,718
Depreciation	-	9,051	9,051	-	7,913	7,913
Amortization	-	846	846	-	1,436	1,436

V. Transactions with related parties

1. Names and relationships of related parties

Names of related parties	Relationship with the Company
Polaris Securities Co., Ltd.	The Company's parent company
Apex International Financial Engineering Res. & Tech. Co., Ltd.	Substantial related party
Polaris International Investment Trust Co., Ltd. – Polaris Silicon Valley Fund ("Silicon Valley Fund")	Substantial related party
Polaris International Investment Trust Co., Ltd. – Polaris Small Medium Cap Fund ("Small Medium Cap Fund")	Substantial related party
Polaris International Investment Trust Co., Ltd. – Polaris Taiwan Top 50 Tracker Fund ("Top 50 Tracker Fund")	Substantial related party

Names of related parties	Relationship with the Company
Polaris International Investment Trust Co., Ltd. – Polaris Taiwan Stock Exchange Capitalization Weighted Stock Index Fund (“TSE Capitalization Weighted Stock Index Fund”)	Substantial related party
Polaris International Investment Trust Co., Ltd. –Polaris Greater China Large Cap Value Index Fund (“Greater China Equity”)	Substantial related party
MF Global UK Limited(MF Global UK)	Substantial related party
MF Global Hong Kong Limited (MF Global Hong Kong)	Substantial related party
MF Global Singapore Pte. Limited Taiwan Branch	Substantial related party
Polaris-Propime Securities Investment Advisor Co., Ltd.	Polaris Securities Co., Ltd.’s 100% reinvestment
Yoing Investment Co., Ltd.	Substantial related party
Ho, Ming-Yu	Substantial related party
Pai, Che-Yu	Substantial related party
Ho, Ming-Hong	The Chairman of the Company
Man Financial Futures (HK) Limited(Man Financial Futures)	Substantial related party

Note 1: The Company’s stocks owned by Refco Global holding company were transferred to MF Global Overseas Limited, England. Because those stocks were lost, the ex-right sentence was acquired on December 19, 2006. Both parties had completed the stock title transfer on March 7, 2007.

Note 2: Deceased.

2. Transactions with the related parties

(1) Brokerage Revenue

Name of related party	Four months ended March 31 2010 Amount	2010 %	2009 Amount	2009 %
Others	$ 5,308	1.54%	$ 1,413	0.42%

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

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

Name of related party	Four months ended March 31 2010 Amount	2010 %	2009 Amount	2009 %
Polaris Securities Co., Ltd.	$ 40,978	42.28%	$ 37,390	38.08%
MF Global Singapore Pte Ltd Taiwan Branch	32,912	33.95%	36,085	36.75%
Total	$ 73,890	76.23%	$ 73,475	74.83%

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

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

Name of related party	Four months ended March 31 2010 Amount	2010 %	2009 Amount	2009 %
Polaris Securities Co., Ltd.	$ 4	4.82%	$ 2	2.50%

(4) Leasehold properties

Lessor	Premises in leasehold	Deposits	Rent expense for the four months ended March 31 2010	2009
Polaris Securities Co., Ltd.	5F-1, 151, Chongcheng 4th Rd., Kaohsiun	$ 150	$ 90	$ 134
	B1, 69, Sec. 2, Dun-hua S. Rd., Taipei (parking included)	100	124	186
	10F, 65, 67, 71 and 69, Sec. 2, Dun-hua S. Rd., Taipei (parking included)	3,270	3,379	3,379
		$ 3,520	$ 3,593	$ 3,699

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

(5) Credits and liabilities:

Items	Name of related party	March 31, 2010		March 31, 2009	
			%	Amount	%
Margin deposits - USD	MF Global Singapore Pte Ltd Taiwan Branch	$ 566,987	3.21%	647,750	3.80%
Margin deposits - JPY	MF Global Singapore Pte Ltd Taiwan Branch	58,357	0.33%	100,786	0.59%
Margin deposits - GBP	MF Global Singapore Pte Ltd Taiwan Branch	5,882	0.03%	4,032	0.02%
Margin deposits - EUR	MF Global Singapore Pte Ltd Taiwan Branch	118,070	0.67%	10,643	0.06%
Margin deposits - HKD	MF Global Singapore Pte Ltd Taiwan Branch	99,182	0.56%	28,798	0.17%
Margin deposits - AUD	MF Global Singapore Pte Ltd Taiwan Branch	-	-	-	-
		$ 848,478	4.80%	$ 792,009	4.64%
Futures trading margins house fund-USD	MF Global Singapore Pte Ltd Taiwan Branch	$ 189,201	24.79%	570,345	44.09%
Futures trading margins-house funds - JPY	MF Global Singapore Pte Ltd Taiwan Branch	20,205	2.65%	20,637	1.60%
Futures trading margins-house funds -	MF Global Singapore Pte Ltd Taiwan Branch	30,150	3.95%	14,000	1.08%
Futures trading margins-house funds -	MF Global Singapore Pte Ltd Taiwan Branch	7,419	0.97%	391	0.03%
Futures trading margins-house funds -	MF Global Singapore Pte Ltd Taiwan Branch	45,385	5.95%	2,248	0.17%
		$ 292,360	38.31%	$ 607,621	46.97%
Accounts receivable	Polaris Securities Co., Ltd.	$ 20	0.32%	$ 112	5.47%
Futures traders' equity	TSE Capitalization Weighted Stock Index Fund	$ 5,484	0.03%	$ 18,559	0.11%
	Engineering Res. & Tech. Co., Ltd.	2,932	0.02%	2,423	0.01%
	Polaris Securities Co., Ltd.	151,379	0.86%	124,313	0.73%
	Apex Investment Co., Ltd.	2,959	0.02%	367	-
	Small Medium Cap Fund	871	-	13,995	0.08$
	Top 50 Tracker Fund	7	-	-	-
	Polaris Securities Co., Ltd. - Structure hedge	10,643	0.06%	-	-
	Man Financial Futures	16,142	0.09%	-	-
	MF Global UK	82,385	0.47%	-	-
		4,230	0.02%	-	-
	Polaris Securities Co., Ltd. - Certificate hedge	12,743	0.07%	20,305	0.12$
	Yoing Investment Co., Ltd.	17,128	0.10%	-	-
	Ho Ming - Hong	58,910	0.33%	32	-
	Ho Ming - Yu	181,938	1.03%	87,987	0.52%
	Pai Che - Yu	1	-	1	-
		$ 547,752	3.10%	$ 267,982	1.57%
Accounts payable	Polaris Securities Co., Ltd.	$ 14,714	24.13%	$ 16,110	29.24%
	MF Global Singapore Pte Ltd Taiwan Branch	219	0.35%	272	0.49%
		$ 14,933	24.48%	$ 16,382	29.73%
Other payable	Polaris Securities Co., Ltd.	$ 720	-	$ 62	-

(6) Others

A. The handling fees paid by the Company for placing the order by the house trading department with Polaris Securities Co., Ltd. in the first six months of 2010 and 2009 were $109 and $27, respectively. The transaction condition makes no different for third parties.

B. Others

Items	Name of related party	Four Months Ended March 31			
		2010		2009	
		Amount	%	Amount	%
Computing information fee	Apex International Financial Engineering Res. & Tech. Co., Ltd.	$ 178	1.54%	$ 150	–
Interest income	MF Global Singapore Pte Ltd Taiwan Branch	37	0.10%	$ 223	0.26%
Professional fee	Polaris Securities Co., Ltd.	100	10.87%	70	2.29%
Postage & Cable Charge	Polaris Securities Co., Ltd.	1,080	11,15%	1	–
Stationery & Printing	Polaris Securities Co., Ltd.	-	-	1	–
Repair&maintenanceIn	Apex International Financial Engineering Res. & Tech. Co., Ltd.	80	5.35%	-	-

VI. Pledge of Assets: Nil.

VII. Significant Commitments and contingencies:

The Company adopted “Taiwan Futures Exchange Corporation Guidelines for Use of Irrevocable Standby Letters Of Credit by Futures Commission Merchants in Emergency Measures against Insufficient Adjusted Net Capital” amended on March 14, 2008 and acquired credit line for $300 million and $100 million with Chinatrust Commercial Bank and First Commercial Bank, respectively. There is no active in the credit facilities as of March 31, 2010.

VIII. Significant losses due to major disasters: Nil.

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

1. As of March 30, 2010 and 2009 the unexpired futures and option contracts are shown as follows:

A. As of March 30, 2010G/

Items	Trading category	Open position		Amount paid for (received from) premium	Fair value
		Buy / Sell	Number of contracts		
Futures contract (Domestic)	MTX	Buy	2	787	788
		Sell	1,391	551,464	549,996
	XIF	Buy	1	946	949
		Sell	6	5,608	5,692
	GTF	Sell	3	1,706	1,741
	TF	Sell	16	13,401	13,414
	TX	Buy	253	400,129	400,124
		Sell	5	524	526
	TE	Buy	1	1,303	1,304
	TGF	Buy	27	11,460	11,450
		Sell	15	6,417	6,353
Futures contract (Abroad)	Index Futures	Buy	53	109,932	109,547
		Sell	70	130,157	129,920
	Precious metal Futures	Buy	103	89,369	90,619
		Sell	30	85,951	86,797
	Foreign exchange Futures	Buy	19	81,198	80,751
Option contract (Domestic)	TFO call	Buy	12	128	127
		Sell	32	282	234
	TFO put	Buy	32	113	82
		Sell	12	57	50
	TXO call	Buy	714	9,299	9,395
		Sell	881	3,648	3,238
	TXO put	Buy	391	5,421	4,842
		Sell	1,399	5,348	3,290
	AMO call	Buy	11	64	69
	AMO put	Buy	5	15	6
		Sell	11	60	40
	XIO call	Sell	9	17	6
	TEO call	Buy	56	433	446
		Sell	47	178	187
	TEO put	Buy	68	528	116
		Sell	116	1,053	614
	TGO call	Buy	32	218	143
		Sell	28	33	2
	TGO put	Buy	13	108	32
		Sell	4	1	1
	GTO call	Buy	22	280	336
		Sell	11	16	26
	GTO put	Sell	16	1	1

B. As of March 30, 2009

Items	Trading category	position Buy / Sell		Number of contracts	(received from)	Fair value
Futures contract (Domestic)	MTX	Buy		470	123,109	122,136
	TF		Sell	163	88,658	90,302
	TE		Sell	419	342,831	357,826
	TX	Buy		799	838,518	830,779
			Sell	310	271,539	319,424
	XIF	Sell		409	255,056	255,466
	GDF	Sell		2	6,255	6,247
	GTF	Buy		19	6,023	5,950
			Sell	6	1,566	1,807
	TGF	Buy		55	20,878	20,803
			Sell	60	23,241	22,714
	GBF	Buy		50	277,063	275,407
Futures contract (Abroad)	Index Futures	Buy		16	21,897	21,944
	Precious metal Futures	Buy		61	167,053	166,836
			Sell	180	156,968	158,798
	Foreign exchange Futures	Buy		2	11,539	11,281
			Sell	36	158,536	154,464
	Soft merchandise Futures	Buy		29	10,535	10,553
	Agriculture Futures		Sell	4	4,206	4,332
	Bonds Futures	Buy		6	24,085	24,208
			Sell	26	39,295	39,106
Option contract (Domestic)	AMO call	Buy		5	2	1
			Sell	5	9	26
	AMO put	Buy		10	–	–
			Sell	10	23	39
	TXO call	Buy		553	1,003	1,052
			Sell	94	719	1,116
	TXO put	Buy		1,641	1,306	721
			Sell	1,698	849	657
	TEO call		Sell	10	56	20
	TEO put	Buy		10	91	120
			Sell	10	–	–
	XIO call	Buy		10	59	22
			Sell	30	133	100
	XIO put	Buy		30	151	104
			Sell	85	68	109
	TFO call	Buy		10	40	11
			Sell	2	13	11
	TFO put	Buy		2	8	10
			Sell	20	83	137
	TGO put	Buy		5	78	68
			Sell	14	93	63
	TGO call	Buy		14	216	181
			Sell	5	35	39
	GTO call		Sell	28	68	91
	GTO put	Buy		3,019	43	38

2. Fair value of financial assets and liabilities

Non-derivative instruments	30-March-10 Book value	30-March-10 Fair value	30-March-09 Book value	30-March-09 Fair value
Financial assets				
Cash and cash equivalents	$1,875,422	$1,875,422	$1,633,408	$1,633,408
Financial assets at fair value through				
profit or loss - current				
Opened funds				
Securities	90,188	90,188	3,461	3,461
Derivative financial instruments	778,687	778,687	1,465,406	1,465,406
Available for sale financial assets-	35,502	35,502	35,510	35,510
Non-current				
Long-term investment at equity	93,685	93,685	99,710	99,710
Held to maturity financial instruments –	-	-	-	-
non-current				
Refundable Deposits	8,285	8,285	7,983	7,983
Financial liabilities				
Financial liabilities at fair value through				
profit or loss-current				
derivative financial instrument	7,689	7,689	2,408	2,408
Derivative instruments				
Futures trading margins-house funds	763,093	763,093	1,293,546	1,293,546
Futures trading margins-equity securities	-	-	169,553	169,553
Call Options – non-hedging	15,594	15,594	2,327	2,327
Put Option Liabilities	7,689	7,689	2,408	2,408

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

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

(2) Quoted market prices, if available, are utilized as estimates of the fair value of

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

3. As of June 30, 2009 and 2008, the fair value of the financial instruments, which were based on quoted market value in active market or pricing model, were as follows:

Financial assets at fair value throuth profit or loss-current				
Opened funds				
Securities	90,188	-	3,461	-
Derivative financial instruments				
Call option contracts	15,594	-	2,327	-
Future trading margins-house funds	-	763,093	-	1,293,546
Future trading margins-equity securities	-	-	-	169,553
Total	$ 105,782	$763,093	$ 5,788	$1,463,099
Financial liabilities				
Financial liabilities at fair value throuth profit or loss-current				
Derivative financial instruments				
Put option liabilities	$ 7,689	$ -	$ 2,408	$ -

4. All the financial assets are not pledged as of March 30, 2010 and 2009.

5. Financial Risk Information

(1) Market risk

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

(2) Credit risk

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

(3) Liquidity risk

The Company is primary engaged in the public standardized transactions and the liquidity risk is assessed to be remote except for market making purpose.
As a market maker, cash settlement is usually adopted which permits the long and short to pay the net cash value of the position on the delivery date such as index option and avoid all risk by utilizing the put-call parity theory and hold up to the contract expiration.

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

6. The significant information of credit risk

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

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

Art.	Calculation formula	Current period		Prior period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Shareholders' equity / Total liabilities – Futures traders' equity – Reserve for trading losses – Reserve for breach of contract losses	2,873,208 / 18,249,150 – 17,626,593 – 14,347 – 199,615	703.19%	3,030,133 / 17,745,562 – 17,023,884 – 17,898 – 171,624	569.41%	≧100%	Satisfactory to requirements
17	Current assets / Current liabilities	20,435,484 / 17,954,633	113.82%	20,164,533 / 17,474,416	115.39%	≧100%	Satisfactory to requirements
22	Shareholders' equity / Minimum paid-in capital	2,873,208 / 1,175,000	244.53%	3,030,133 / 775,000	390.98%	≧60% ≧40%	Satisfactory to requirements
22	Post-adjustment net capital / Total customer margin deposits required for futures traders, not yet offset	2,762,384 / 1,450,302	190.47%	2,869,372 / 1,138,132	252.11%	≧20% ≧15%	Satisfactory to requirements

XI. Unique risks to FCM's services:

1. Specific risk of futures brokerage business

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

2. Specific risk of futures dealer business

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

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

XII. Segment financial status: No need to be disclosed.

XIII. Significant subsequent events: Nil.

XIV. Others

1. Loan to others: Nil.
2. Guaranteed for others: Nil.
3. Acquisition of fixed assets up to one hundred million or 20% of paid-in capital: Nil.

4. Disposal of fixed assets up to one hundred million or 20% of paid-in capital: Nil.

5. Handling fee discount to related parties summed up to five million: Nil.

6. Accounts receivable – related parties up to one hundred million or 20% of paid-in capital: Nil.

XV. Re-investment information

Investor	Investee	Location	Principal activity	Original investment amount		Ending balance			Investee's (loss) income of current period	Investment (loss) income recognized in current period
				Ending balance of current period	Ending balance of prior period	No. of shares (thousands)	Ratio	Book value		
Polaris MF Global Futures Co., Ltd.	MF Global Futures Trust Co., Ltd.	Taiwan	Raise the futures trust fund by issuing beneficiary certificates and use the futures trust fund for trading futures and related investments.	$ 99,990	$ 99,990	9,999	33.33 %	$ 93,685	($5,063)	($1,687)

XVI. Investment in Mainland China: Nil.

XVII. Others:

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