Standard Foods Corporation

Financial Statements for the
Years Ended December 31, 2015 and 2014 and
Independent Auditors' Report

Deloitte.
勤業眾信

勤業眾信聯合會計師事務所
10596 台北市民生東路三段156號12樓

Deloitte & Touche
12th Floor, Hung Tai Financial Plaza
156 Min Sheng East Road, Sec. 3
Taipei 10596, Taiwan, R.O.C.

Tel : +886 (2) 2545-9988
Fax: +886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Standard Foods Corporation

We have audited the accompanying balance sheets of Standard Foods Corporation as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Standard Foods Corporation as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The accompanying schedules of major accounting items of Standard Foods Corporation as of and for the year ended December 31, 2015 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements required to in the first paragraph.

Deloitte & Touche

March 24, 2016

Notice to Readers

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

For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

STANDARD FOODS CORPORATION

BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 1,171,261	7	$ 492,209	4
Available-for-sale financial assets - current (Note 7)	23,891	-	24,255	-
Debt investments with no active market - current (Note 9)	786,615	5	597,445	4
Notes receivable (Note 10)	1,464	-	1,312	-
Trade receivables from unrelated parties (Note 10)	1,755,890	11	1,714,300	12
Trade receivables from related parties (Note 31)	131,096	1	133,940	1
Other receivables (Note 10)	25,303	-	20,023	-
Other receivables from related parties (Note 31)	2,054	-	2,742	-
Current tax assets (Note 25)	31,500	-	31,500	-
Inventories (Note 11)	2,040,725	13	2,018,314	14
Prepayments (Note 12)	359,422	2	473,031	4
Other current assets (Note 17)	14,317	-	6,280	-
Total current assets	6,343,538	39	5,515,351	39
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Note 8)	72,645	1	76,154	-
Investments accounted for using equity method (Note 13)	8,172,404	50	6,993,262	49
Property, plant and equipment (Notes 14 and 32)	1,324,881	8	1,291,293	9
Investment properties (Note 15)	127,096	1	127,511	1
Other intangible assets (Note 16)	6,438	-	6,490	-
Deferred tax assets (Note 25)	197,741	1	239,785	2
Other non-current assets (Note 17)	26,819	-	62,051	-
Total non-current assets	9,928,024	61	8,796,546	61
TOTAL	$ 16,271,562	100	$ 14,311,897	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 639,000	4	$ -	-
Notes payable (Note 19)	993	-	3,170	-
Trade payables (Note 19)	851,705	5	967,848	7
Other payables (Note 20)	833,508	5	881,661	6
Other payables to related parties (Note 31)	33,119	-	-	-
Current tax liabilities (Note 25)	221,211	2	183,377	1
Provisions - current (Note 21)	10,271	-	8,593	-
Finance lease payables - current	126	-	531	-
Other current liabilities (Note 20)	9,543	-	8,207	-
Total current liabilities	2,599,476	16	2,053,387	14
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 25)	140,806	1	134,299	1
Finance lease payables - non-current	-	-	126	-
Net defined benefit liabilities (Note 22)	224,163	1	167,643	1
Other non-current liabilities (Note 20)	960	-	960	-
Total non-current liabilities	365,929	2	303,028	2
Total liabilities	2,965,405	18	2,356,415	16
EQUITY (Note 23)				
Common stock	7,926,972	49	7,206,338	50
Capital surplus	63,153	-	51,331	-
Retained earnings				
Legal reserve	1,899,483	12	1,691,898	12
Unappropriated earnings	3,122,900	19	2,540,559	18
Total retained earnings	5,022,383	31	4,232,457	30
Other equity	314,831	2	486,538	4
Treasury shares	(21,182)	-	(21,182)	-
Total equity	13,306,157	82	11,955,482	84
TOTAL	$ 16,271,562	100	$ 14,311,897	100

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

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES				
Sales (Note 31)	$ 11,746,796	100	$ 11,488,057	100
OPERATING COSTS (Notes 11, 22, 24 and 31)				
Cost of goods sold	7,851,609	67	7,940,255	69
GROSS PROFIT	3,895,187	33	3,547,802	31
OPERATING EXPENSES (Notes 22 and 24)				
Selling and marketing expenses	1,226,576	10	1,171,156	10
General and administrative expenses	292,148	3	258,718	3
Research and development expenses	93,404	1	92,994	1
Total operating expenses	1,612,128	14	1,522,868	14
OPERATING INCOME	2,283,059	19	2,024,934	17
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 24)	36,773	-	29,095	-
Other gains and losses (Notes 24 and 31)	67,364	1	24,540	-
Finance costs (Note 24)	(268)	-	(171)	-
Share of the profit or loss of subsidiaries	830,236	7	374,448	4
Total non-operating income and expenses	934,105	8	427,912	4
PROFIT BEFORE INCOME TAX	3,217,164	27	2,452,846	21
INCOME TAX EXPENSE (Note 25)	486,551	4	376,995	3
NET PROFIT FOR THE YEAR	2,730,613	23	2,075,851	18
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 22)	(48,502)	-	(25,442)	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	(27,137)	-	(1,566)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	8,600	-	4,325	-
Total items that will not be reclassified subsequently to profit or loss	(67,039)	-	(22,683)	-

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	$ (138,238)	(1)	$ 305,236	3
Unrealized loss on available-for-sale financial assets	(365)	-	(1,334)	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	(8,720)	-	(6,293)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	22,586	-	(51,018)	(1)
Total items that may be reclassified subsequently to profit or loss	(124,737)	(1)	246,591	2
Other comprehensive income (loss) for the year, net of income tax	(191,776)	(1)	223,908	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,538,837	22	$ 2,299,759	20
EARNINGS PER SHARE (Note 26)				
Basic	$ 3.47		$ 2.64	
Diluted	$ 3.47		$ 2.64	

The accompanying notes are an integral part of the financial statements. (Concluded)

STANDARD FOODS CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

						Other Equity					
			Retained Earnings								
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Other	Total	Treasury Stock	Total Equity
BALANCE AT JANUARY 1, 2014	$ 6,611,319	$ 43,620	$ 1,505,940	$ 2,326,179	$ 3,832,119	$ 229,160	$ 10,787	$ -	$ 239,947	$ (21,182)	$ 10,705,823
Appropriation of 2013 earnings											
Legal reserve	-	-	185,958	(185,958)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	(1,057,811)	(1,057,811)	-	-	-	-	-	(1,057,811)
Stock dividends to shareholders	595,019	-	-	(595,019)	(595,019)	-	-	-	-	-	-
Adjustment of capital surplus for the Company's cash dividends received by a subsidiary	-	7,710	-	-	-	-	-	-	-	-	7,710
Acquisition of interest in subsidiaries	-	1	-	-	-	-	-	-	-	-	1
Net profit for the year ended December 31, 2014	-	-	-	2,075,851	2,075,851	-	-	-	-	-	2,075,851
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	(22,683)	(22,683)	253,346	(6,755)	-	246,591	-	223,908
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	2,053,168	2,053,168	253,346	(6,755)	-	246,591	-	2,299,759
BALANCE AT DECEMBER 31, 2014	7,206,338	51,331	1,691,898	2,540,559	4,232,457	482,506	4,032	-	486,538	(21,182)	11,955,482
Appropriation of 2014 earnings											
Legal reserve	-	-	207,585	(207,585)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	(1,153,014)	(1,153,014)	-	-	-	-	-	(1,153,014)
Stock dividends to shareholders	720,634	-	-	(720,634)	(720,634)	-	-	-	-	-	-
Adjustment of capital surplus for the Company's cash dividends received by a subsidiary	-	8,404	-	-	-	-	-	-	-	-	8,404
Changes in percentage of ownership interest in subsidiaries	-	3,418	-	-	-	-	-	(46,970)	(46,970)	-	(43,552)
Net profit for the year ended December 31, 2015	-	-	-	2,730,613	2,730,613	-	-	-	-	-	2,730,613
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	(67,039)	(67,039)	(114,736)	(10,001)	-	(124,737)	-	(191,776)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	2,663,574	2,663,574	(114,736)	(10,001)	-	(124,737)	-	2,538,837
BALANCE AT DECEMBER 31, 2015	$ 7,926,972	$ 63,153	$ 1,899,483	$ 3,122,900	$ 5,022,383	$ 367,770	$ (5,969)	$ (46,970)	$ 314,831	$ (21,182)	$ 13,306,157

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

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,217,164	$ 2,452,846
Adjustments for:		
Depreciation expenses	155,596	133,808
Amortization expenses	19,945	22,554
Impairment loss recognized on trade receivables	102	109
Finance costs	268	171
Interest income	(25,808)	(24,780)
Dividend income	(7,725)	(2,155)
Share of the profit of subsidiaries	(830,236)	(374,448)
Net loss on disposal of property, plant and equipment	2,281	963
Net gain on disposal of investments	(60)	(333)
Impairment loss recognized on financial assets measured at cost	658	17,473
	(684,979)	(226,638)
Changes in operating assets and liabilities		
Notes receivable	(152)	179
Trade receivables	(41,692)	6,214
Trade receivables from related parties	2,844	(29,891)
Other receivables	1,804	14,344
Other receivables from related parties	688	(622)
Inventories	(22,411)	(145,210)
Prepayments	113,609	(166,042)
Other current assets	(8,037)	10,288
Notes payable	(2,177)	2,232
Trade payables	(116,143)	81,308
Other payables	(48,334)	15,122
Other payables to related parties	33,119	-
Provisions	1,678	(1,457)
Other current liabilities	1,336	(2,167)
Net defined benefit liabilities	8,018	912
Cash generated from operations	2,456,335	2,011,418
Interest received	18,724	23,501
Interest paid	(87)	(171)
Income tax paid	(368,980)	(311,833)
Net cash generated from operating activities	2,105,992	1,722,915
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(349,000)	-
Proceeds on sale of available-for-sale financial assets	349,059	6,444
Purchase of debt investments with no active market	(1,044,055)	(902,050)
Proceeds from sale of debt investments with no active market	854,885	854,885
Proceeds from capital reduction of financial assets measured at cost	2,851	3,636
Payments for property, plant and equipment	(154,917)	(247,949)
Proceeds from disposal of property, plant and equipment	139	5,611

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Payment for intangible assets	$ (8,256)	$ (11,342)
Increase in other financial assets	(977)	(3,966)
Increase in other non-current assets	(11,700)	-
Decrease in other non-current assets	-	1,070
Dividend received from subsidiaries	191,229	180,198
Other dividend received	7,725	2,155
Net cash used in investing activities	(163,017)	(111,308)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	639,000	-
Decrease in finance lease payables	(531)	(758)
Increase in other financial liabilities	-	60
Dividends paid to owners of the Company	(1,153,014)	(1,057,811)
Acquisition of interest in subsidiaries	(749,378)	(647,445)
Net cash used in financing activities	(1,263,923)	(1,705,954)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	679,052	(94,347)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	492,209	586,556
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,171,261	$ 492,209

The accompanying notes are an integral part of the financial statements. (Concluded)

STANDARD FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. GENERAL INFORMATION

Standard Foods Corporation (the "Company") was incorporated on June 6, 1986. The Company mainly manufactures and sells nutritious foods, edible oil, dairy products and beverage.

The Company's shares have been listed on the Taiwan Stock Exchange ("TSE") since April 1994.

The financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on March 24, 2016.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

   Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Company should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version did not have any material impact on the Company's accounting policies:

   1) IFRS 12 "Disclosure of Interests in Other Entities"

      IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries. In general, the disclosure requirements in IFRS 12 are more extensive than in past standards. Please refer to Note 13 for related disclosures

   2) IFRS 13 "Fair Value Measurement"

      IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than in past standards; for example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required only for financial instruments are extended by IFRS 13 to cover all assets and liabilities within its scope.

      The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015. Refer to Note 30 for related disclosures.

3) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under previous IAS 1, there were no such requirements.

The Company retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans and subsidiaries for using the equity method of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of subsidiaries accounted for using the equity method. The application of the above amendments did not have any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

4) Revision to IAS 19 "Employee Benefits"

The interest cost and expected return on plan assets used in previous IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

b. New IFRSs in issue but not yet endorsed by the FSC

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" and those with undetermined effective date. In addition, the FSC announced that the Company should apply IFRS 15 starting January 1, 2018. As of the date the financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Company’s accounting policies, except for the following:

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Company’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

<u>The impairment of financial assets</u>

IFRS 9 requires impairment loss on financial assets to be recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Company takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

3) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the balance sheets except for low-value and short-term leases. The Company may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. In the statements of comprehensive income, the Company should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. In the statements of cash flows, cash payments for the principal portion of the lease liability are classified within operating activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Company as lessor.

When IFRS 16 becomes effective, the Company may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of presentation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing its financial statements, the Company used equity method to account for its investment in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for by equity method, share of profit or loss of subsidiaries, share of other comprehensive income of subsidiaries and related equity items, as appropriate, in the parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting financial statements, the functional currencies of the Group entities (including subsidiaries in other countries that use currency different from the currency of the Company) are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, packing materials, work in progress, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiary is an entity that is controlled by the Company.

Under the equity method, investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the financial statements taken as a whole of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of property, plant and equipment (including assets held under finance leases) is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Available-for-sale financial assets, and loans and receivables.

i. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

ii. Loans and receivables

Loans and receivables (including notes receivable, trade receivables, cash and cash equivalent, debt investments with no active market, other receivables and other financial assets) are measured at amortized cost using the effective interest method, less any impairment, except for short-term notes receivable and trade receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets carried at amortized cost, such as notes receivable and trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is 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.

For financial assets measured at amortized cost, 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 was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of notes receivable and trade receivables, where the carrying amount is reduced through the use of an allowance account. When a notes receivable and trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible notes receivable and trade receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Company; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Royalty arrangements that are based on sales are recognized by reference to the underlying arrangement.

3) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

n. Leasing

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Company as lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheets as a finance lease obligation.

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement (comprising actuarial gains and losses, changes in asset ceiling and return on plan assets (excluding interest) is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit or when the Company recognizes any related restructuring costs.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Company takes into consideration the estimation of future cash flows. 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Actual future cash flows could be significantly less than the expected amount; thus, a material impairment loss may arise.

b. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience in selling products of a similar nature. Changes in market conditions can have a material impact on the estimation of net realizable value.

c. Recognition and measurement of defined benefit plans

Net defined benefit liabilities (assets) and the resulting defined benefit costs under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

d. Income taxes

The realizability of deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

6. CASH AND CASH EQUIVALENTS

	December 31 2015	December 31 2014
Cash on hand	$ 1,419	$ 1,421
Checking accounts and demand deposits	449,617	24,200
Cash equivalent		
Time deposits with original maturities less than three months	720,225	-
Repurchase agreements collateralized by bonds	-	466,588
	$ 1,171,261	$ 492,209

The market rate intervals of cash in bank and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	December 31 2015	December 31 2014
Bank deposits	0.08%-4.20%	0.01%-0.60%
Repurchase agreements collateralized by bonds	-	0.62%-0.70%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31 2015	December 31 2014
Current		
Listed shares	$ 17,088	$ 17,059
Mutual funds	6,803	7,196
	$ 23,891	$ 24,255

8. FINANCIAL ASSETS MEASURED AT COST

	December 31 2015	December 31 2014
Non-current		
Unlisted shares	$ 37,014	$ 40,523
Mutual funds	35,631	35,631
	$ 72,645	$ 76,154
Classified according to measurement categories		
Available-for-sale	$ 72,645	$ 76,154

Management believed that the fair value of the above unlisted shares and mutual funds held by the Company cannot be reliably measured due to the very wide range of reasonable fair value estimates; therefore, the financial assets were measured at cost less impairment at the end of reporting period.

The Company recognized impairment loss on financial assets measured at cost as follows:

	December 31	
	2015	2014
Unlisted shares	$ 658	$ 468
Mutual funds	-	17,005
	$ 658	$ 17,473

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2015	2014
Current		
Time deposits with original maturity of more than 3 months	$ 786,615	$ 597,445

The market interest rates of the time deposits with original maturity of more than 3 months were 0.48%-4.00% and 1.31%-3.38% per annum as of December 31, 2015 and 2014, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2015	2014
Notes receivable		
Operating	$ 1,464	$ 1,312
Trade receivables		
Trade receivables	$ 1,758,156	$ 1,716,464
Less: Allowance for impairment loss	(2,266)	(2,164)
	$ 1,755,890	$ 1,714,300
Other receivables		
Accrued interest	$ 14,813	$ 7,729
Payment on behalf of others	183	3,119
Others	10,307	9,175
	$ 25,303	$ 20,023

The average credit period of receivables from sales of goods was 30-60 days. Allowance for impairment loss was recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience with the counterparties and an analysis of their current financial position.

The aging of receivables was as follows:

	December 31 2015	December 31 2014
Not past due	$ 1,782,657	$ 1,735,635
1-30 days	637	802
31-90 days	165	745
91-180 days	60	132
Above 181 days	1,404	485
	$ 1,784,923	$ 1,737,799

The above aging schedule was based on the past due date.

The Company had no trade receivables that were past due but not impaired as of December 31, 2015 and 2014.

The movements of the allowance for doubtful trade receivables were as follows:

	Individually Assessed for Impairment	**Collectively Assessed for Impairment**	**Total**
Balance at January 1, 2014	1,349	706	2,055
Add: Impairment losses recognized on receivables	815	-	815
Less: Impairment losses reversed	-	(706)	(706)
Balance at December 31, 2014	2,164	-	2,164
Add: Impairment losses recognized on receivables	-	495	495
Less: Impairment losses reversed	(393)	-	(393)
Balance at December 31, 2015	$ 1,771	$ 495	$ 2,266

The notes receivable and other receivables as of December 31, 2015 and 2014 were neither past due nor impaired.

11. INVENTORIES

	December 31 2015	December 31 2014
Merchandise	$ 565,586	$ 621,366
Finished goods	781,049	747,841
Work in progress	170,553	164,333
Raw materials	479,920	446,760
Packing materials	43,617	38,014
	$ 2,040,725	$ 2,018,314

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2015 included $23,779 thousand loss on write-downs of inventories, $10,658 thousand loss on abandonment of inventories and $1,168 thousand of unallocated overheads. The cost of goods sold for the year ended December 31, 2014 included $12,373 thousand loss on write-downs of inventories, $18,012 thousand loss on abandonment of inventories and $1,929 thousand of unallocated overheads.

12. PREPAYMENTS

	December 31	
	2015	**2014**
Prepayments for supplies	$ 237,484	$ 394,698
Prepayments for equipment parts	15,704	16,057
Prepayments for fuel oil	6,829	8,898
Prepayments for insurance	6,684	6,441
Prepayments for advertisements	11,036	14,200
Others	81,685	32,737
	$ 359,422	$ 473,031

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2015	**2014**
Investments in subsidiaries	$ 8,172,404	$ 6,993,262
Unlisted companies		
Accession Limited	$ 3,672,625	$ 3,548,539
Standard Investment (Cayman) Limited ("Cayman Standard")	3,003,751	2,089,069
Standard Dairy Products Taiwan Limited ("Standard Dairy Products")	671,420	552,190
Charng Hui Ltd. ("Charng Hui")	564,074	563,910
Domex Technology Corporation ("Domex Technology")	179,721	160,636
Standard Beverage Company Limited ("Standard Beverage")	80,813	78,918
	$ 8,172,404	$ 6,993,262

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	**2015**	**2014**
Accession Limited	100.0%	100.0%
Cayman Standard	100.0%	100.0%
Standard Dairy Products	100.0%	100.0%
Charng Hui	100.0%	100.0%
Domex Technology	52.0%	52.0%
Standard Beverage	100.0%	100.0%

Refer to Note 35 for the details of the subsidiaries indirectly held by the Company.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Leased Assets	Other Equipment	Property in Construction	Total
Cost							
Balance at January 1, 2014	$ 396,356	$ 727,186	$ 1,639,310	$ 1,664	$ 177,377	$ 46,646	$ 2,988,539
Additions	-	-	160,305	-	13,259	74,385	247,949
Disposals	-	(3,234)	(49,253)	-	(11,947)	-	(64,434)
Transferred from prepayments for equipment	-	-	65,212	-	1,190	-	66,402
Reclassified	-	38,876	-	(738)	738	(38,876)	-
Balance at December 31, 2014	$ 396,356	$ 762,828	$ 1,815,574	$ 926	$ 180,617	$ 82,155	$ 3,238,456
Accumulated depreciation and impairment							
Balance at January 1, 2014	$ -	$ 434,084	$ 1,300,231	$ 1,114	$ 136,201	$ -	$ 1,871,630
Disposals	-	(2,733)	(44,471)	-	(10,656)	-	(57,860)
Depreciation expense	-	31,506	86,616	267	15,004	-	133,393
Reclassified	-	-	-	(645)	645	-	-
Balance at December 31, 2014	$ -	$ 462,857	$ 1,342,376	$ 736	$ 141,194	$ -	$ 1,947,163
Carrying amount at December 31, 2014	$ 396,356	$ 299,971	$ 473,198	$ 190	$ 39,423	$ 82,155	$ 1,291,293
Cost							
Balance at January 1, 2015	$ 396,356	$ 762,828	$ 1,815,574	$ 926	$ 180,617	$ 82,155	$ 3,238,456
Additions	-	-	95,103	-	14,896	44,918	154,917
Disposals	-	(634)	(30,868)	-	(2,848)	-	(34,350)
Transferred from prepayments for equipment	-	-	36,272	-	-	-	36,272
Reclassified	-	20,945	-	(926)	926	(20,945)	-
Balance at December 31, 2015	$ 396,356	$ 783,139	$ 1,916,081	$ -	$ 193,591	$ 106,128	$ 3,395,295
Accumulated depreciation and impairment							
Balance at January 1, 2015	$ -	$ 462,857	$ 1,342,376	$ 736	$ 141,194	$ -	$ 1,947,163
Disposals	-	(364)	(28,975)	-	(2,591)	-	(31,930)
Depreciation expense	-	34,620	105,010	30	15,521	-	155,181
Reclassified	-	-	-	(766)	766	-	-
Balance at December 31, 2015	$ -	$ 497,113	$ 1,418,411	$ -	$ 154,890	$ -	$ 2,070,414
Carrying amount at December 31, 2015	$ 396,356	$ 286,026	$ 497,670	$ -	$ 38,701	$ 106,128	$ 1,324,881

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful life of the asset:

Building	
Main buildings	40 years
Electrical and mechanical equipment	8-15 years
Engineering	7-39 years
Others	3-14 years
Equipment	
Main equipment	2-20 years
Engineering	7-20 years
Others	3-15 years
Leased assets	5 years
Other equipment	2-15 years

Refer to Note 32 for the carrying amount of property, plant and equipment pledged by the Company to secure general banking facilities granted to the Company.

15. INVESTMENT PROPERTIES

	Completed Investment Property
Cost	
Balance at January 1 and December 31, 2014	$ 141,150
Accumulated depreciation and impairment	
Balance at January 1, 2014	$ 13,224
Depreciation expense	415
Balance at December 31, 2014	$ 13,639
Carrying amount at December 31, 2014	$ 127,511
Cost	
Balance at January 1 and December 31, 2015	$ 141,150
Accumulated depreciation and impairment	
Balance at January 1, 2015	$ 13,639
Depreciation expense	415
Balance at December 31, 2015	$ 14,054
Carrying amount at December 31, 2015	$ 127,096

The investment properties held by the Company are depreciated using the straight-line method over the following estimated useful life:

Building	
Main buildings	40 years
Electrical and mechanical equipment	24-25 years
Engineering	28 years

The fair value of the investment properties was $373,635 thousand and $399,647 thousand as of December 31, 2015 and 2014. The management of the Company arrived at the fair value amounts by reference to market evidence of transaction prices for similar properties.

The Company has freehold interest in all of its investment property.

16. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2014	$ 164,435
Additions	11,342
Balance at December 31, 2014	$ 175,777
Accumulated amortization and impairment	
Balance at January 1, 2014	$ 160,404
Amortization expense	8,883
Balance at December 31, 2014	$ 169,287
Carrying amount at December 31, 2014	$ 6,490
Cost	
Balance at January 1, 2015	$ 175,777
Additions	8,256
Balance at December 31, 2015	$ 184,033
Accumulated amortization and impairment	
Balance at January 1, 2015	$ 169,287
Amortization expense	8,308
Balance at December 31, 2015	$ 177,595
Carrying amount at December 31, 2015	$ 6,438

The above items of other intangible assets are amortized on a straight-line basis over the following estimated life:

Computer software	2-3 years

17. OTHER ASSETS

	December 31	
	2015	2014
Current		
Advances to officers	$ 14,317	$ 6,280
Non-current		
Prepayments for equipment	$ -	$ 32,366
Refundable deposits	16,633	15,656
Others	10,186	14,029
	$ 26,819	$ 62,051

18. BORROWINGS

Short-term Borrowings

	December 31	
	2015	2014
Unsecured borrowings		
Bank loans	$ 639,000	$ -

The range of weighted average effective interest rates on bank loans was 1.07%-1.13% per annum as of December 31, 2015.

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2015	2014
Notes payable		
Notes payable - operating	$ 993	$ 3,170
Trade payables		
Trade payables	$ 851,705	$ 967,848

The average credit period of payables for purchases of goods was 3 months. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER LIABILITIES

	December 31 2015	December 31 2014
Current		
Other payables		
Payable for purchase of equipment	$ 52,201	$ 45,665
Payable for commission and rebate	382,036	397,808
Payable for advertisement	90,867	91,769
Payable for royalties	23,073	25,175
Salaries or bonus	114,127	120,039
Payable for freight	6,602	6,841
Payable for employee compensation or employee bonus	29,347	26,156
Payable for remuneration to directors and supervisors	19,466	18,683
Payable for insurance	12,677	11,945
Payable for green recycle fee	7,246	6,962
Others	95,866	130,618
	$ 833,508	$ 881,661
Other liabilities		
Advance receipts from customers	$ 7,687	$ 6,694
Others	1,856	1,513
	$ 9,543	$ 8,207
Non-current		
Other liabilities		
Guarantee deposits	$ 960	$ 960

21. PROVISIONS

	December 31 2015	December 31 2014
Current		
Customer returns	$ 10,271	$ 8,593

	Customer Returns
Balance at January 1, 2014	$ 10,050
Addition	86,612
Usage	(88,069)
Balance at December 31, 2014	8,593
Addition	108,206
Usage	(106,528)
Balance at December 31, 2015	$ 10,271

The provision for customer returns was the estimated product returns that may occur in the year; the estimate was based on historical experience and other relevant factors. The provision was recognized as a reduction of operating revenue in the periods the related goods were sold.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan of the Company is operated by the ROC government in accordance with the Labor Standards Law. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company makes monthly contributions to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31	
	2015	**2014**
Present value of defined benefit obligation	$ 486,670	$ 431,685
Fair value of plan assets	(262,507)	(264,042)
Net defined benefit liability	$ 224,163	$ 167,643

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2014	$ 402,473	$ (261,184)	$ 141,289
Service cost			
Current service cost	5,959	-	5,959
Net interest expense (income)	7,043	(5,279)	1,764
Recognized in profit or loss	13,002	(5,279)	7,723

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (895)	$ (895)
Actuarial loss - changes in demographic assumptions	13,012	-	13,012
Actuarial loss - experience adjustments	13,325	-	13,325
Recognized in other comprehensive income	26,337	(895)	25,442
Contributions from the employer	-	(6,811)	(6,811)
Benefits paid	(10,127)	10,127	-
Balance at December 31, 2014	431,685	(264,042)	167,643
Service cost			
Current service cost	6,315	-	6,315
Others	7,088	-	7,088
Net interest expense (income)	7,554	(4,683)	2,871
Recognized in profit or loss	20,957	(4,683)	16,274
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,316)	(2,316)
Actuarial loss - changes in demographic assumptions	23,211	-	23,211
Actuarial loss - changes in financial assumptions	16,753	-	16,753
Actuarial loss - experience adjustments	10,854	-	10,854
Recognized in other comprehensive income	50,818	(2,316)	48,502
Contributions from the employer	-	(8,256)	(8,256)
Benefits paid	(16,790)	16,790	-
Balance at December 31, 2015	$ 486,670	$ (262,507)	$ 224,163

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	For the Years Ended December 31	
	2015	2014
Operating costs	$ 5,284	$ 4,331
Selling and marketing expenses	1,057	880
General and administrative expenses	9,900	2,472
Research and development expenses	33	40
	$ 16,274	$ 7,723

Through the defined benefit plan under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2015	**2014**
Discount rate	1.375%	1.75%
Expected rate of salary increase	3.000%	3.000%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2015	**2014**
Discount rate		
0.250% increase	$ (12,051)	$ (10,015)
0.250% decrease	$ 12,497	$ 10,374
Expected rate of salary increase		
0.250% increase	$ 12,043	$ 10,008
0.250% decrease	$ (11,676)	$ (9,712)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2015	**2014**
The expected contributions to the plan for the next year	$ 8,627	$ 7,149
The average duration of the defined benefit obligation	10.1 years	9.6 years

23. EQUITY

a. Common stock

1) Ordinary shares

	December 31	
	2015	2014
Number of shares authorized (in thousands)	800,000	740,000
Shares authorized	$ 8,000,000	$ 7,400,000
Number of shares issued and fully paid (in thousands)	792,697	720,634
Shares issued	$ 7,926,972	$ 7,206,338

2) Global depositary receipts

As of December 31, 2015, a total of 33,950.2 Global Depositary Receipts ("GDRs") (representing 169,751 shares of the Company's common stock), each GDR representing five shares of the Company's common stock, were traded on the Euro MTF Market of the Luxembourg Stock Exchange. Holders of the GDRs may request at any time that the shares represented by the GDRs be transferred to them.

b. Capital surplus

	December 31	
	2015	2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Recognized from treasury share transactions	$ 59,734	$ 51,330
Recognized from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	1	1
May not be used for any purpose		
Share options	3,418	-
	$ 63,153	$ 51,331

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, the following shall be appropriated from the annual net income (less any deficit):

1) 10% thereof as legal reserve;

2) Special reserve provided or reversed in accordance with the regulations;

3) Bonus to employees at no less than 1% and remuneration to directors and supervisors at 1% of the remainder; and

4) 30% to 100% of the sum of the remainder and prior years' unappropriated earnings as dividends.

The Company's Articles of Incorporation also prescribe that 30% to 100% of dividends shall be paid in cash; however, if the Company has major investment plans for which external funds are not available, the percentage may be lowered to 5% to 20%.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on March 24, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 15, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 24,g. Employee benefits expense.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings, bonus to employees and remuneration to directors and supervisors for 2014 and 2013 had been approved in the shareholders' meetings on June 26, 2015 and June 18, 2014, respectively. The appropriations, dividends per share, bonus to employees and remuneration to directors and supervisors were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Years Ended December 31		**For the Years Ended December 31**	
	2014	**2013**	**2014**	**2013**
Legal reserve	$ 207,585	$ 185,958		
Cash dividends	1,153,014	1,057,811	$ 1.6	$ 1.6
Stock dividends	720,634	595,019	1.0	0.9

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Years Ended December 31	
	2015	**2014**
Balance at January 1	$ 482,506	$ 229,160
Exchange differences arising on translating the financial statement of foreign operations	(138,238)	305,236
Related income tax	23,502	(51,890)
Balance at December 31	$ 367,770	$ 482,506

2) Unrealized gain (loss) on available-for-sale financial assets

	For the Years Ended December 31	
	2015	2014
Balance at January 1	$ 4,032	$ 10,787
Unrealized gain (loss) on revaluation of available-for-sale financial assets	(305)	(1,001)
Cumulative (gain) loss reclassified to profit or loss on sale of available-for-sale financial assets	(60)	(333)
Share of unrealized gain (loss) on revaluation of available-for-sale financial assets of subsidiaries accounted for using the equity method	(8,720)	(6,293)
Related income tax	(916)	872
Balance at December 31	$ (5,969)	$ 4,032

3) Other equity items

	For the Years Ended December 31	
	2015	2014
Balance at January1	$ -	$ -
Share of other equity of subsidiaries accounted for using the equity method	(46,970)	-
Balance at December 31	$ (46,970)	$ -

e. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2014	4,819
Increase during the year	433
Number of shares at December 31, 2014	5,252
Increase during the year	525
Number of shares at December 31, 2015	5,777

For the purpose of maintaining the Company's credit and shareholders' equity, the Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
December 31, 2015			
Chang Hui	5,777	$ 21,182	$ 474,327
December 31, 2014			
Chang Hui	5,252	$ 21,182	$ 367,655

The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

24. NET PROFIT

Net Profit

a. Other income

	For the Years Ended December 31	
	2015	2014
Operating lease rental income		
Investment properties	$ 3,240	$ 2,160
Interest income		
Bank deposits	23,491	21,801
Repurchase agreements collateralized by bonds	2,317	2,979
	25,808	24,780
Dividends	7,725	2,155
	$ 36,773	$ 29,095

b. Other gains and losses

	For the Years Ended December 31	
	2015	2014
Net loss on disposal of property, plant and equipment	$ (2,281)	$ (963)
Net gain on disposal of available-for-sale financial assets	60	333
Net foreign exchange gains	34,803	18,799
Impairment loss arising on financial assets measured at cost	(658)	(17,473)
Others	35,440	23,844
	$ 67,364	$ 24,540

c. Finance costs

	For the Years Ended December 31	
	2015	**2014**
Interest on bank loans	$ 394	$ 177
Interest on obligations under finance leases	27	66
Total interest expense on financial liabilities measured at amortized cost	421	243
Less: Amounts included in the cost of qualifying assets	(153)	(72)
	$ 268	$ 171

Information about capitalized interest was as follows:

	For the Years Ended December 31	
	2015	**2014**
Capitalized interest	$ 153	$ 72
Capitalization rate	1.120%-1.330%	1.130%-1.134%

d. Impairment loss on financial assets

	For the Years Ended December 31	
	2015	**2014**
Trade receivables	$ 102	$ 109
Financial assets measured at cost	658	17,473
	$ 760	$ 17,582

e. Depreciation and amortization

	For the Years Ended December 31	
	2015	**2014**
Property, plant and equipment	$ 155,181	$ 133,393
Investment properties	415	415
Intangible assets (included in operating costs/operating expense)	8,308	8,883
Others	11,637	13,671
	$ 175,541	$ 156,362
An analysis of depreciation by function		
Operating costs	$ 115,199	$ 96,855
Operating expenses	39,982	36,538
Non-operating income and expenses	415	415
	$ 155,596	$ 133,808

(Continued)

	For the Years Ended December 31	
	2015	2014
An analysis of amortization by function		
Operating costs	$ 6,847	$ 7,966
Selling and marketing expenses	4,403	6,096
General and administrative expenses	8,146	8,218
Research and development expenses	549	274
	$ 19,945	$ 22,554

(Concluded)

f. Operating expenses directly related to investment properties

	For the Years Ended December 31	
	2015	2014
Direct operating expenses of investment properties that generated rental income	$ 415	$ 277
Direct operating expenses of investment properties that did not generated rental income	-	138
	$ 415	$ 415

g Employee benefits expense

	For the Years Ended December 31	
	2015	2014
Post-employment benefits (see Note 22)		
Defined contribution plans	$ 25,087	$ 24,416
Defined benefit plans	16,274	7,723
	41,361	32,139
Termination benefits	91	2,040
Other employee benefits	864,899	836,225
Total employee benefits expense	$ 906,351	$ 870,404
An analysis of employee benefits expense by function		
Operating costs	$ 440,053	$ 429,663
Operating expenses	466,298	440,741
	$ 906,351	$ 870,404

The existing (2014) Articles of Incorporation of the Company stipulate to distribute bonus to employees and remuneration to directors and supervisors at the rates no less than 1% and 1%, respectively, of net income (net of the bonus and remuneration). For the year ended December 31, 2014, the bonus to employees and the remuneration to directors and supervisors were $26,156 thousand and $18,683 thousand, respectively, representing 1.4% and 1%, respectively, of the base net income.

To be in compliance with the Company Act as amended in May 2015, the Company's board of directors proposed on March 24, 2016 amendments to the Articles of Incorporation of the Company which stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 0.50% and no higher than 0.75%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors were $29,347 thousand and $19,466 thousand, respectively, representing 0.90% and 0.60%, respectively, of the base net profit. The employees' compensation and remuneration to directors and supervisors in cash for the year ended December 31, 2015 have been approved by the Company's board of directors on March 24, 2016 and are subject to the resolution and adoption of the amendments to the Company's Articles of Incorporation by the shareholders in their meeting to be held on June 15, 2016, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The bonus to employees and remuneration to directors and supervisors for 2014 and 2013 which have been approved in the shareholders' meetings on June 26, 2015 and June 18, 2014, respectively, were as follows:

	For the Years Ended December 31	
	2014	**2013**
	In Cash	**In Cash**
Bonus to employees	$ 26,156	$ 23,431
Remuneration of directors and supervisors	18,683	16,736

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 26, 2015 and June 18, 2014 and the amounts recognized in the financial statements for the years ended December 31, 2014 and 2013, respectively.

Information on the employee's compensation and remuneration to directors and supervisors resolved by the Company's board of directors in 2016 and bonus to employees, directors and supervisors resolved by the shareholders' meetings in 2015 and 2014 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Years Ended December 31	
	2015	**2014**
Foreign exchange gains	$ 131,882	$ 147,581
Foreign exchange losses	(97,079)	(128,782)
Net gains	$ 34,803	$ 18,799

i. Impairment losses on non-financial assets

	For the Years Ended December 31	
	2015	2014
Inventories (included in operating costs)	$ 23,779	$ 12,373

25. INCOME TAXES

a. Major components of tax expense (income) recognized in profit or loss

	For the Years Ended December 31	
	2015	2014
Current tax		
In respect of the current year	$ 404,442	$ 360,006
In respect of prior periods	2,372	(3,799)
	406,814	356,207
Deferred tax		
In respect of the current year	79,737	20,788
Income tax expense recognized in profit or loss	$ 486,551	$ 376,995

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Years Ended December 31	
	2015	2014
Profit before tax	$ 3,217,164	$ 2,452,846
Income tax expense calculated at the statutory rate	$ 546,918	$ 416,984
Nondeductible expenses in determining taxable income	5,775	6,509
Tax-exempt income	(68,514)	(42,699)
Adjustments for prior years' tax	2,372	(3,799)
Income tax expense recognized in profit or loss	$ 486,551	$ 376,995

The applicable tax rate used above is the corporate tax rate of 17%.

As the status of 2016 appropriations of earnings is uncertain, the potential income tax consequences of 2015 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Years Ended December 31	
	2015	**2014**
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ (23,502)	$ 51,890
Remeasurement on defined benefit plans	(8,245)	(4,325)
Share of other comprehensive income (loss)of subsidiaries	561	(872)
Total income tax recognized in other comprehensive expense (income)	$ (31,186)	$ 46,693

c. Current tax assets and liabilities

	December 31	
	2015	**2014**
Current tax assets		
Tax refund receivable	$ 31,500	$ 31,500
Current tax liabilities		
Income tax payable	$ 221,211	$ 183,377

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2015

	Opening Balance	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Closing Balance**
Deferred tax assets				
Temporary differences				
Loss on foreign investment	$ 189,967	$ (50,153)	$ -	$ 139,814
Defined benefit plans	27,858	119	8,600	36,577
Deferred sales return and allowance	5,387	(3,368)	-	2,019
Allowance for inventory loss	5,009	(14)	-	4,995
Available-for-sale financial assets	916	-	(916)	-
Others	10,648	3,688	-	14,336
	$ 239,785	$ (49,728)	$ 7,684	$ 197,741

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Gain on foreign investment	$ -	$ 29,729	$ -	$ 29,729
Reverse for land value increment tax	33,685	-	-	33,685
Exchange difference on foreign operations	98,828	-	(23,502)	75,326
Others	1,786	280	-	2,066
	$ 134,299	$ 30,009	$ (23,502)	$ 140,806

(Concluded)

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Loss on foreign investment	$ 215,636	$ (25,669)	$ -	$ 189,967
Defined benefit plans	23,458	75	4,325	27,858
Deferred sales return and allowance	5,710	(323)	-	5,387
Allowance for inventory loss	5,054	(45)	-	5,009
Available-for-sale financial assets	44	-	872	916
Others	6,561	4,087	-	10,648
	$ 256,463	$ (21,875)	$ 5,197	$ 239,785
Deferred tax liabilities				
Temporary differences				
Reverse for land value increment tax	$ 33,685	$ -	$ -	$ 33,685
Exchange difference on foreign operations	46,938	-	51,890	98,828
others	2,873	(1,087)	-	1,786
	$ 83,496	$ (1,087)	$ 51,890	$ 134,299

e. Integrated income tax

	December 31	
	2015	2014
Unappropriated earnings Generated after January 1, 1998	$ 3,122,900	$ 2,540,559
Imputation credits account	$ 276,060	$ 287,751

The actual creditable ratio for distribution of the Company's earnings of 2014 was 20.16%; however, effective from January 1, 2015, the creditable ratio for individual ROC resident shareholders will be half of the original creditable ratio according to the revised Article 66 - 6 of the Income Tax Law.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company are calculated based on the creditable ratio as of the date of dividend distribution. Because the Company is unable to predict the amount of the imputation credits to be transferred from investees before the dividend distribution date, the creditable ratio for distribution of earnings of 2015 cannot be reasonably estimated.

f. Income tax assessments

The tax returns through 2013, except 2012, have been assessed by the tax authorities.

26. EARNINGS PER SHARE

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 25, 2015. The basic and diluted earnings per share for the year ended December 31, 2014 before and after retroactive adjustment were as follows:

Unit: NT$ Per Share

	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per share	$ 2.90	$ 2.64
Diluted earnings per share	$ 2.90	$ 2.64

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Years Ended December 31	
	2015	2014
Profit for the period attributable to owners of the Company	$ 2,730,613	$ 2,075,851
Effect of potentially dilutive ordinary share	-	-
Earnings used in the computation of diluted earnings per share	$ 2,730,613	$ 2,075,851

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Years Ended December 31	
	2015	2014
Weighted average number of ordinary shares in computation of basic earnings per share	786,920	786,920
Effect of potentially dilutive ordinary shares:		
Bonus issue to employees	522	572
Weighted average number of ordinary shares used in the computation of diluted earnings per share	787,442	787,492

If the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

On April 1, 2014, the Company acquired additional 2.9% equity interest in Standard Beverage Company Limited, increasing its continuing interest from 97.1% to 100.0%.

The above transaction was accounted for as equity transactions, since the Company did not cease to have control over the subsidiary. For details about the acquisition of Standard Beverage Company Limited, please refer to Note 30 to the consolidated financial statements for the year ended December 31, 2015.

28. OPERATING LEASE ARRANGEMENTS

a. The Company as lessee

Operating leases relate to leases of office and parking lot with lease terms between 1 and 5 years. The Company does not have a bargain purchase option to acquire the leased office and parking lot at the expiration of the lease periods.

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31	
	2015	2014
Not later than 1 year	$ 21,692	$ 21,717
Later than 1 year and not later than 5 years	3,082	21,811
	$ 24,774	$ 43,528

The lease payment recognized in profit or loss for the current period was as follows:

	For the Years Ended December 31	
	2015	2014
Minimum lease payment	$ 32,009	$ 27,632

b. The Company as lessor

Operating leases relate to the investment property owned by the Company with lease terms for 2 years. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

The future minimum lease payments of non-cancellable operating lease are as follows:

	December 31	
	2015	2014
Not later than 1 year	$ 1,080	$ 3,240
Later than 1 year and not later than 5 years	-	1,080
	$ 1,080	$ 4,320

29. CAPITAL MANAGEMENT

The Company's capital management objective is to ensure financial resources are available and operating plans are in place for working capital, capital expenditures, research and development expenses, refund liabilities and dividend disbursement, etc. in the next twelve months. The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis.

Fair value hierarchy

December 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Listed shares				
Equity securities	$ 17,088	$ -	$ -	$ 17,088
Mutual funds	6,803	-	-	6,803
	$ 23,891	$ -	$ -	$ 23,891

December 31, 2014

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Listed shares				
Equity securities	$ 17,059	$ -	$ -	$ 17,059
Mutual funds	7,196	-	-	7,196
	$ 24,255	$ -	$ -	$ 24,255

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2015 and 2014.

b. Categories of financial instruments

	December 31	
	2015	2014
Financial assets		
Loans and receivables (1)	$ 3,890,316	$ 2,977,627
Available-for-sale financial assets (2)	96,536	100,409
Financial liabilities		
Amortized cost (3)	1,578,285	1,018,300

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes receivable, trade receivables, other receivables, and other financial assets.

2) The balances included the carrying amount of available-for-sale financial assets measured at cost.

3) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables, finance lease payables, and other financial liabilities.

c. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, equity investments, mutual funds, debt investments with no active market, trade receivables, and trade payables. The Company's Financial Department provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company's foreign currency risk arises from its foreign currency monetary assets and liabilities. The Company watches out for the fluctuation of market exchange rates, and takes appropriate actions to manage the exchange rate risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Company was mainly exposed to the RMB and USD.

The following table details the Company's sensitivity to a 3% increase or decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A change of 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis used the outstanding foreign currency denominated monetary items at the end of the reporting period and assumed the exchange rates at the end of the reporting period changed by 3% increase or decrease. The amount below indicates an increase (decrease) in pre-tax profit associated with New Taiwan dollars weakening 3% against the relevant currency. For a 3% strengthening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	RMB Impact		**USD Impact**	
	For the Years Ended December 31		**For the Years Ended December 31**	
	2015	**2014**	**2015**	**2014**
Profit or loss	$ 13,633 (i)	$ 7,436 (i)	$ 31,504 (ii)	$ 169 (ii)

i. This was mainly attributable to the exposure of outstanding RMB bank deposits and debt investments with no active market, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure of outstanding USD bank deposits and payables, which were not hedged at the end of the reporting period.

The Company's sensitivity to RMB and USD increased during the year mainly due to the increase in RMB bank deposits and debt investments with no active market and the increase in USD bank deposit, respectively.

b) Interest rate risk

The Company was exposed to interest rate risk because the Company held time deposits and repurchase agreements collateralized by bonds at both fixed and floating interest rates, and borrowed funds at fixed interest rates. The Company pays attention to the fluctuations of exchange rates in the market, and takes appropriate actions to manage the exchange rate risk.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting periods were as follows.

	December 31	
	2015	**2014**
Fair value interest rate risk		
Financial assets	$ 1,368,757	$ 990,533
Financial liabilities	639,126	657
Cash flow interest rate risk		
Financial assets	138,083	73,500

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of the asset outstanding at the end of the reporting period was outstanding for the whole year. A 1% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2015 and 2014 would decrease/increase by $1,381 thousand and $735 thousand, respectively.

The Company's sensitivity to interest rates increased during the current year mainly due to the increase in variable rate debt investments with no active market.

c) Other price risk

The Company was exposed to equity price risk due to its investments in listed equity securities and mutual funds. The Company has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2015 and 2014 would increase/decrease by $239 thousand and $243 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

The Company's sensitivity to prices has not changed significantly from the prior year.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and due to financial guarantees provided by the Company could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheet; and

b) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

In order to minimize credit risk, management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts.

The Company's concentration of credit risk of 79% and 76% in total trade receivables as of December 31, 2015 and 2014, respectively, was related to the Company's four largest customers.

The table below analyzes the collaterals held as security and other credit enhancements, and their financial effect in respect of the financial assets recognized in the Company's balance sheet:

December 31, 2015

	Maximum Exposure to Credit Risk Mitigated by		
	Collateral	**Other Credit Enhancements**	**Total**
Receivables	$ 12,536	$ 6,028	$ 18,564

December 31, 2014

	Maximum Exposure to Credit Risk Mitigated by		
	Collateral	**Other Credit Enhancements**	**Total**
Receivables	$ 21,770	$ 3,228	$ 24,998

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2015 and 2014 the Company had available unutilized bank loan facilities in the amounts of $1,846,700 thousand and $2,913,064 thousand, respectively.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2015

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1-5 Years**
Non-derivative financial liabilities				
Non-interest bearing	$ 108,527	$ 150,817	$ 678,674	$ 960
Finance lease liabilities	43	85	-	-
Fixed interest rate liabilities	630	640,171	-	-
	$ 109,200	$ 791,073	$ 678,674	$ 960

December 31, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 84,724	$ 169,447	$ 762,512	$ 960
Finance lease liabilities	60	100	390	128
	$ 84,784	$ 169,547	$ 762,902	$ 1,088

31. TRANSACTIONS WITH RELATED PARTIES

The transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

a. Sales of goods

Line Items	Related Party Categories	For the Years Ended December 31 2015	2014
Sales	Subsidiaries	$ 1,246,436	$ 1,171,351

Sales to related parties were conducted on normal commercial terms.

b. Purchases of goods

Related Party Categories	For the Years Ended December 31 2015	2014
Subsidiaries	$ 697,462	$ 762,316

Purchases from related parties were conducted on normal commercial terms.

c. Receivables from related parties

Line Items	Related Party Categories	December 31 2015	2014
Trade receivables	Subsidiaries	$ 131,096	$ 133,940
Other receivables	Subsidiaries	2,054	2,742
		$ 133,150	$ 136,682

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2015 and 2014, no impairment loss was recognized on receivables from related parties.

d. Payables from related parties

Line Items	Related Party Categories	December 31 2015	December 31 2014
Other payables	Subsidiaries	$ 33,119	$ -

The outstanding payables from related parties are unsecured.

e. Property, plant and equipment acquired

Related Party Categories	Price For the Years Ended December 31 2015	Price For the Years Ended December 31 2014
Subsidiaries	$ 307	$ -

f. Property, plant and equipment disposed of

Related Party Categories	Proceeds For the Years Ended December 31		Gain (Loss) on Disposal For the Years Ended December 31	
	2015	2014	2015	2014
Subsidiaries	$ -	$ 3,095	$ -	$ (158)

g. Other transactions with related parties

Line Items	Related Party Categories	For the Years Ended December 31 2015	For the Years Ended December 31 2014
Royalty revenues	Subsidiaries	$ 5,211	$ 3,104
Service revenues	Subsidiaries	1,320	-
		$ 6,531	$ 3,104

h. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Categories	December 31 2015	December 31 2014
Subsidiaries		
Amount endorsed	$ 164,125	$ -
Amount utilized	27,000	-

i. Compensation of key management personnel

	For the Years Ended December 31	
	2015	**2014**
Short-term employee benefits	$ 23,565	$ 22,984
Post-employment benefits	809	783
	$ 24,374	$ 23,767

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2015	**2014**
Properties, plant and equipment	$ 228,031	$ 242,227

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2015 were as follows:

a. The Company has entered into a license agreement with The Quaker Oats Company ("Quaker") for a period ending July 11, 2024. The agreement provides that the Company may use Quaker's trademark, and process, manufacture, market and sell Quaker baby cereal, oatmeal, fruit cereal, ready-to-eat cereal, sesame paste, milk powder and other cereal products in the ROC. In consideration of the above, the Company shall pay Quaker royalties at an agreed percentage of net sales (as defined).

b. Unused letters of credit of approximately US$2,700 thousand.

c. Commitments for purchase of properties of approximately $96,000 thousand.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 33,258	32.83 (USD:NTD)	$ 1,091,683
RMB	90,976	5.00 (RMB:NTD)	454,426
			$ 1,546,109
Non-monetary items			
Investments accounted for using equity method			
USD	1,325,302	5.06 (RMB:NTD)	$ 6,699,400
Other			
USD	1,116	32.83 (USD:NTD)	36,641
			$ 6,736,041
Financial liabilities			
Monetary items			
USD	1,265	32.83 (USD:NTD)	$ 41,541
EUR	153	35.88 (EUR:NTD)	5,503
AUD	452	23.99 (AUD:NTD)	10,836
			$ 57,880

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 501	31.65 (USD:NTD)	$ 15,872
RMB	48,679	5.09 (RMB:NTD)	247,874
EUR	1	38.47 (EUR:NTD)	33
AUD	12	25.91 (AUD:NTD)	303
			$ 264,082

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using equity method			
USD	$ 1,092,743	5.17 (RMB:NTD)	$ 5,652,106
Other			
USD	1,227	31.65 (USD:NTD)	38,834
			$ 5,690,940
Financial liabilities			
Monetary items			
USD	323	31.65 (USD:NTD)	$ 10,232
EUR	471	38.47 (EUR:NTD)	18,104
AUD	379	25.91 (AUD:NTD)	9,812
			$ 38,148

(Concluded)

The significant unrealized foreign exchange gains (losses) were as follows:

	For the Years Ended December 31			
	2015		2014	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	32.83 (USD:NTD)	$ 13,417	31.65 (USD:NTD)	$ (35)
RMB	5.00 (RMB:NTD)	(1,549)	5.09 (RMB:NTD)	9,434
EUR	35.88 (EUR:NTD)	159	38.47 (EUR:NTD)	861
AUD	23.99 (AUD:NTD)	122	25.91 (AUD:NTD)	233
Other		2		23
		$ 12,151		$ 10,516

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financings provided: Please see Table 1 attached.

2) Endorsement/guarantee provided: Please see Table 2 attached.

3) Marketable securities held (excluding investments in subsidiaries): Please see Table 3 attached.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Please see Table 4 attached.

5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Please see Table 5 attached.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 6 attached.

9) Trading in derivative instruments: Please see Table 7 attached.

10) Information on investees (excluding investees of Mainland China): Please see Table 8 attached.

b. Information on investment in Mainland China

1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 9 attached.

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: None.

TABLE 1

STANDARD FOODS CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limits (Note 3)	Note
													Item	Value			
1	Accession Limited	Shanghai Standard Foods Co., Ltd.	Other receivables	Y	$ 262,960	$ 262,600	$ 262,600	-	b.	$ -	Need for operation	$ -	-	$ -	$ 3,666,072	$ 3,666,072	

Note 1: “0” for the Company, subsidiaries are numbered from “1”.

Note 2: Reasons for financing are as follows:

a. Need for operation.
b. Need for short-term financing.

Note 3: The total amount shall not exceed 100% of net value of Accession Limited, which was calculated to be $3,666,072 thousand (the net value per financial statements at September 30, 2015 of $3,666,072 thousand x 100%).

STANDARD FOODS CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount	Guarantee Provided by Parent Company (Note 9)	Guarantee Provided by Subsidiary (Note 9)	Guarantee Provided to Subsidiaries in Mainland China (Note 9)	Note
		Name	Nature of Relationship (Note 2)											
0	Standard Foods Corporation.	Standard Beverage Company Limited	b.	$ 10,311,373 (Note 3)	$ 314,350	$ 164,125	$ 27,000	$ -	1.27	$ 12,889,216 (Note 4)	Y	-	-	
1	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	c.	2,520,537 (Note 5)	535,570	535,570	-	-	17.00	3,150,671 (Note 6)	-	-	Y	
		Standard Foods (China) Co., Ltd.	c.	2,520,537 (Note 5)	292,930	292,930	-	-	9.30	3,150,671 (Note 6)	-	-	Y	
2	Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	b.	1,907,554 (Note 7)	258,360	-	-	-	-	2,384,443 (Note 8)	-	-	Y	

Note 1: "0" for the Company, subsidiaries are numbered from "1".

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

a. Trading partner.
b. Majority owned subsidiary.
c. The Company and subsidiary owns over 50% ownership of the investee company.
d. A subsidiary jointly owned by the Company and company's directly-owned subsidiary.
e. Guaranteed by the Company according to construction contract.
f. Investee company. The guarantees were provided based on the Company's proportionate share in an investee company.

Note 3: The total amount shall not exceed 80% of the net value in the financial statements of Standard Foods Corporation; amount was calculated at $10,311,373 thousand (the net value per financial statements at September 30, 2015 of $12,889,216 thousand x 80%).

Note 4: The total amount shall not exceed 100% of the net value in the financial statements of Standard Foods Corporation; amount was calculated at $12,889,216 thousand (the net value per financial statements at September 30, 2015 of $12,889,216 thousand x 100%).

Note 5: The total amount shall not exceed 80% of the net value in the financial statements of Shanghai Standard Foods Co., Ltd.; amount was calculated at $2,520,537 thousand (the net value per financial statements at September 30, 2015 of $3,150,671 thousand x 80%).

Note 6: The total amount shall not exceed 100% of the net value in the financial statements of Shanghai Standard Foods Co., Ltd.; amount was calculated at $3,150,671 thousand (the net value per financial statements at September 30, 2015 of $3,150,671 thousand x 100%).

Note 7: The total amount shall not exceed 80% of the net value in the financial statements of Standard Investment (China) Co., Ltd.; amount was calculated at $1,907,554 thousand (the net value per financial statements at September 30, 2015 of $2,384,443 thousand x 80%).

Note 8: The total amount shall not exceed 100% of the net value in the financial statements of Standard Investment (China) Co., Ltd.; amount was calculated at $2,384,443 thousand (the net value per financial statements at September 30, 2015 of $2,384,443 thousand x 100%).

Note 9: Guarantee provided by the listed parent company, guarantee provided by the subsidiary or guarantee provided to subsidiaries in Mainland China, coded "Y".

TABLE 3

STANDARD FOODS CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value (Note 2)	
Standard Foods Corporation	Stock							
	Far Eastern International Commercial Bank Co., Ltd.		Available-for-sale financial assets - current	1,253,504	$ 12,272		$ 12,272	
	Chunghwa Telecom Co., Ltd.		Available-for-sale financial assets - current	48,600	4,816		4,816	
	Mutual funds							
	UPAMC Quality Growth		Available-for-sale financial assets - current	297,794	6,803		6,803	
	Stock							
	GeneFerm Biotechnology	The Company is a director.	Financial assets carried at cost - non-current	2,344,110	18,549	9.8	20,734	
	Dah Chung Bills Finance Corp.		Financial assets carried at cost - non-current	1,149,249	9,600	0.3	18,825	
	Mutual funds							
	VantagePoint Communications Partners, L.P.		Financial assets carried at cost - non-current	Note 1	1,129	0.5	513	
	Walden VC 2, L.P.		Financial assets carried at cost - non-current	Note 1	34,502	2.1	28,104	
	Stock							
	Techgains Pan-Pacific Corporation		Financial assets carried at cost - non-current	500,000	1,009	0.9	2,337	
	Authenex, Inc.		Financial assets carried at cost - non-current	2,424,242	-	5.5	-	
	Global Strategic Investment Co., Ltd.		Financial assets carried at cost - non-current	850,500	4,784	1.9	3,638	
	Paradigm Venture Capital Corporation		Financial assets carried at cost - non-current	307,125	3,072	7.0	3,388	
	U-Teck Environment Corporation, Ltd.		Financial assets carried at cost - non-current	11,200	-	0.2	-	
	Octamer, Inc.		Financial assets carried at cost - non-current	907,815	-	8.8	-	
Standard Dairy Products Taiwan Limited	Mutual funds							
	Prudential Financial Money Market		Available-for-sale financial assets - current	192,191	3,000		3,000	
	Capital Multi-Asset Allocation FOF		Available-for-sale financial assets - current	217,598	3,136		3,136	
	Jih Sun Money Market		Available-for-sale financial assets - current	342,118	5,002		5,002	
	Taishin 1699 Money Market		Available-for-sale financial assets - current	1,123,175	15,002		15,002	
Charng Hui Ltd.	Stock							
	Standard Foods Corporation	Parent of Charng Hui Ltd.	Available-for-sale financial assets - current	5,777,436	474,327	0.7	474,327	
	Formosa Plastics Corporation		Available-for-sale financial assets - current	91,440	7,041		7,041	
	China Steel Corporation		Available-for-sale financial assets - current	803,258	14,419		14,419	
	Polytronics Technology Corp.	Charng Hui Ltd. is a director	Available-for-sale financial assets - current	1,596,000	106,453	2.0	106,453	
	Taiwan Semiconductor Manufacturing Co., Ltd.		Available-for-sale financial assets - current	90,000	12,870		12,870	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value (Note 2)	
	Mutual funds							
	Jih Sun Money Market		Available-for-sale financial assets - current	1,504,652	$ 22,000		$ 22,000	
	Fuh Hwa Global Strategic Allocation FoF		Available-for-sale financial assets - current	1,000,000	9,990		9,990	
	Taishin 1699 Money Market		Available-for-sale financial assets - current	1,528,509	20,416		20,416	
	Franklin Templeton SinoAm Global Bd Acc		Available-for-sale financial assets - current	1,453,360	19,266		19,266	
	Franklin Templeton SinoAm Money Market		Available-for-sale financial assets - current	883,913	9,014		9,014	
	Stock							
	Hong Da Leasing & Finance Co., Ltd.		Financial assets carried at cost - non-current	8,297,000	-		-	
	CNEX Co., Ltd.	Charng Hui Ltd. is a director	Financial assets carried at cost - non-current	1,000,000	10,000	6.0	7,621	
Standard Beverage Company Limited	Mutual funds							
	Fuh Hwa Greater China Mid & Small Cap		Available-for-sale financial assets - current	225,000	2,052		2,052	
	Fuh Hwa Money Market		Available-for-sale financial assets - current	356,761	5,095		5,095	
	Franklin Templeton SinoAm Global Bd Acc		Available-for-sale financial assets - current	282,988	3,751		3,751	
	Jih Sun Money Market		Available-for-sale financial assets - current	547,248	8,002		8,002	
DOMEX Technology Corporation	Stock							
	InnoComm Mobile Technology Corp.		Financial assets carried at cost - non-current	3,600,000	26,586	13.4	309	
Accession Limited	Mutual funds							
	AsiaVest Opportunities Fund IV		Financial assets carried at cost - non-current	200	3,698	0.7	6,153	

Note 1: No number of units of the Fund.

Note 2: The fair values for unlisted investees were not available; market value was based on the net value.

(Concluded)

TABLE 4

STANDARD FOODS CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Financial Instruments Evaluation (Loss) Gain	Other	Ending Balance		Note
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal			Shares	Amount	
Standard Foods Corporation	Standard Investment (Cayman) Limited	Investments accounted for using equity method	-	-	66,396,296	$ 2,089,069	22,899,457	$ 749,378	-	$ -	$ -	$ -	$ -	$ 165,304 (Note 1)	89,295,753	$ 3,003,751	
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Investments accounted for using equity method	-	-	66,371,296	2,088,697	22,899,457	749,378	-	-	-	-	-	165,432 (Note 2)	89,270,753	3,003,507	
Standard Corporation (Hong Kong)	Standard Investment (China) Co., Ltd.	Investments accounted for using equity method	-	-	Note 5	2,087,597	Note 5	749,378	-	-	-	-	-	165,634 (Note 3)	Note 5	3,002,609	
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Investments accounted for using equity method	-	-	Note 5	-	Note 5	721,338	-	-	-	-	-	(8,130) (Note 4)	Note 5	713,208	

Note 1: Share of profit of subsidiary on investments accounted for using equity method $223,720 thousand, and exchange differences on translation of foreign operations of $(58,416) thousand.

Note 2: Share of profit of subsidiary on investments accounted for using equity method $223,840 thousand, and exchange differences on translation of foreign operations of $(58,408) thousand.

Note 3: Share of profit of subsidiary on investments accounted for using equity method $224,018 thousand, and exchange differences on translation of foreign operations of $(58,384) thousand.

Note 4: Share of profit of subsidiary on investments accounted for using equity method $1,138 thousand, and exchange differences on translation of foreign operations of $(9,268) thousand.

Note 5: A limited company, no issued shares.

TABLE 5

STANDARD FOODS CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Sales	$ (1,246,436)	10.61	Net 55 days after receivables and payables monthly netting	-	-	$ 131,096	6.93	
			Purchases	690,834	9.95	Net 55 days after receivables and payables monthly netting	-	-	-	-	
Standard Dairy Products Taiwan Limited	Standard Foods Corporation	Parent company of Standard Dairy Products Taiwan Limited	Purchases	1,246,436	65.37	Net 55 days after receivables and payables monthly netting	-	-	(131,096)	32.45	
			Sales	(690,834)	25.80	Net 55 days after receivables and payables monthly netting	-	-	-	-	
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Sales	(7,071,843)	82.69	Net 60 days	-	-	773,713	49.39	
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	7,071,843	83.46	Net 60 days	-	-	(773,713)	66.10	
Shanghai Standard Foods Co., Ltd.	Standard Foods (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Sales	(463,639)	5.42	Net 60 days	-	-	503,195	32.12	
			Purchases	585,431	5.57	Net 60 days	-	-	-	-	
Standard Foods (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Foods (China) Co., Ltd.	Sales	(585,431)	29.46	Net 60 days	-	-	-	-	
			Purchases	463,639	22.66	Net 60 days	-	-	(503,195)	59.66	
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	(1,401,931)	70.54	Net 60 days	-	-	396,798	100.00	
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	1,401,931	16.54	Net 60 days	-	-	(396,798)	33.90	

TABLE 6

STANDARD FOODS CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Ending Balance for Account Receivable - Related Parties		Turnover Rate	Overdue		Amounts Received in Subsequent Period		Allowance for Bad Debts	Note
						Amount	Actions Taken				
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Trade receivables	$ 131,096	9.41	$ -	-	$ 131,096	(Note 1)	$ -	
			Other receivables	1,939		-	-	1,939	(Note 1)	-	
				$ 133,035		$ -		$ 133,035	(Note 1)	$ -	
Accession Limited	Shanghai Standard Foods Co., Ltd.	Accession Limited's subsidiary	Other receivables	$ 262,600		$ -	-	$ -	(Note 1)	$ -	
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co.	Trade receivables	$ 773,713	7.25	$ -	-	$ 773,713	(Note 1)	$ -	
			Trade receivables from sale of trademark rights	138,806		-	-	-	(Note 1)	-	
			Other receivables	27,959		-	-	27,959	(Note 1)	-	
				$ 940,478		$ -		$ 801,672	(Note 1)	$ -	
	Standard Foods (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co.	Trade receivables	$ 503,195	1.91	$ -	-	$ 503,195	(Note 1)	$ -	
			Other receivables	505		-	-	505	(Note 1)	-	
				$ 503,700		$ -		$ 503,700	(Note 1)	$ -	
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Trade receivables	$ 396,798	7.07	$ -	-	$ 396,798	(Note 1)	$ -	
			Other receivables	86,836		-	-	86,836	(Note 1)	-	
				$ 483,634		$ -		$ 483,634	(Note 1)	$ -	

Note 1: Amounts received before March 24, 2016.

TABLE 7

STANDARD FOODS CORPORATION

DERIVATIVES TRADING INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

The Company was not engaged in derivatives trading during 2015.

Shanghai Standard Foods Co., Ltd. (“Shanghai Standard Foods”), Standard Investment (China) Co., Ltd. (“China Standard Investment”), Standard Foods (China) Co., Ltd. (“China Standard Foods”) and Shanghai LeBen De Health Technology Co., Ltd. (“Shanghai Le Ben De”) entered into structured time deposits during 2015 mainly to earn from favorable effects of fluctuations of interest rates.

Shanghai Standard Foods entered into futures contracts during 2015 to manage exposures to price volatility risk of raw materials. The contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

As of December 31, 2015, Shanghai Standard Foods, China Standard Investment, China Standard Foods and Shanghai Le Ben De did not have outstanding structured time deposit.

As of December 31, 2015, Shanghai Standard Foods did not have outstanding futures contract.

As of December 31, 2015, the amount of the margin deposits paid by Shanghai Standard Foods was RMB503 thousand, which had been included in other non-current assets.

The net gain from derivative transactions at Mercantile Exchange for Shanghai Standard Foods, China Standard Investment, China Standard Foods and Shanghai Le Ben De was RMB4,223 thousand during 2015.

STANDARD FOODS CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2015			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investment business	$ 3,936,267	$ 3,936,267	123,600,000	100	$ 3,672,625	$ 252,555	$ 243,988 (Note 1)	Subsidiary
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investment business	2,739,763	1,990,385	89,295,753	100	3,003,751	223,677	223,720 (Note 2)	Subsidiary
	Standard Dairy Products Taiwan Limited	Taipei, Taiwan	Manufacture and sale of dairy products and beverages	300,853	300,853	30,000,000	100	671,420	319,639	312,023 (Note 3)	Subsidiary
	Charng Hui Ltd.	Taipei, Taiwan	Investment business	530,000	530,000	54,100,000	100	564,074	26,691	18,287	Subsidiary
	DOMEX Technology Corporation	Hsinchu Taiwan	Manufacture and sale of computer peripherals and computer and information products	114,116	114,116	10,374,399	52	179,721	54,799	28,501	Subsidiary
	Standard Beverage Company Limited	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100	80,813	3,538	3,717 (Note 4)	Subsidiary
Accession Limited	Dermalab S.A.	Switzerland	Development and sale of cosmetics	206,905	-	320	80	191,272	4,481		Indirect subsidiary
Dermalab S.A.	Swiss Line Cosmetics China Limited	Hong Kong	Sale of cosmetics	39	-	10,000	100	-	-		Indirect subsidiary
	Swissderma SL	Spain	Sale of cosmetics	96	-	3,000	100	-	-		Indirect subsidiary
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Wan Chai, Hong Kong	Investment business	2,739,013	1,989,635	89,270,753	100	3,003,507	223,840		Indirect subsidiary

Note 1: This amount was the share of profit of investee of $252,555 thousand minus the unrealized gain on sidestream transaction of $8,567 thousand.

Note 2: This amount was the share of profit of investee of $223,677 thousand plus the realized gain on sidestream transaction of $43 thousand.

Note 3: This amount was the share of profit of investee of $319,639 thousand minus the unrealized gain on upstream transaction of $7,616 thousand.

Note 4: This amount was the share of profit of investee of $3,538 thousand plus the realized gain on upstream transaction of $179 thousand.

STANDARD FOODS CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2015	Remittance of Funds: Outward	Remittance of Funds: Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2015	Accumulated Repatriation of Investment Income as of December 31, 2015	Note
Shanghai Standard Foods Co., Ltd.	Manufacture and sale of edible oil products and nutritional food	$ 3,949,575	b. (Note 3)	$ 3,980,795 (Note 4)	$ -	$ -	$ 3,949,575 (Note 4)	$ 259,791	100	$ 259,791 (Note 10)	$ 3,190,001	$ -	
Inner Mongolia Jiatai Agriculture Technology Co., Ltd.	Production of sunflower	92,235	c. (Note 5)	- (Note 5)	-	-	- (Note 5)	(3,624)	100	(3,624) (Note 10)	3,356	-	
Standard Investment (China) Co., Ltd.	Investment and sales of edible oil products and nutritional food	2,732,656	b. (Note 6)	1,983,278 (Note 6)	749,378	-	2,732,656 (Note 6)	224,018	100	224,018 (Note 10)	3,002,609	-	
Standard Foods (China) Co., Ltd.	Manufacture and sale of edible oil products and nutritional food	1,631,668	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	41,018	100	20,486 (Note 10)	1,757,849	-	
Shanghai Le Jiun International Trade Co., Ltd.	Sale of nutritional food and international trading	29,949	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	(13,660)	100	(13,660) (Note 10)	16,806	-	
Shanghai Le Ben Extension Health Technology Co.	Sale of nutritional food and international trading	199,370	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	82	100	82 (Note 10)	198,237	-	
Guangzhou Swissland Trade Co., Ltd.	Sale of cosmetics	2,359	c. (Note 8)	- (Note 8)	-	-	- (Note 8)	-	20	-	-	-	
Shanghai Le Ben De Health Technology Co., Ltd.	Sale of nutritional food and international trading	31,220	c. (Note 4 and 9)	- (Note 4)	-	-	31,220 (Note 4)	167	100	167 (Note 10)	31,087	-	
Standard Foods (Xiamen) Co., Ltd.	Manufacture and sale of edible oil products and nutritional food	721,338	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	1,138	100	1,138 (Note 10)	713,208	-	
Shanghai Le Ho Industrial Co., Ltd.	Management of properties	- (Note 11)	c. (Note 7)	- (Note 11)	-	-	- (Note 11)	-	100	-	-	-	
Shanghai Le Min Industrial Co., Ltd.	Management of properties	- (Note 11)	c. (Note 7)	- (Note 11)	-	-	- (Note 11)	-	100	-	-	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 6,766,730	$ 8,766,199	Unlimited amount of investment (Note 12)

Note 1: The methods for engaging in investment in Mainland China include the following:

a. Direct investment in Mainland China.
b. Indirectly investment in Mainland China through companies registered in a third region (please specify the name of the Company in third region).
c. Other methods.

(Continued)

Note 2: The investment income (loss) recognized in current period:

a. Please specify no investment income (loss) has been recognized due to the investment is still during development stage.

b. The investment income (loss) was determined based on the following basis:

1) The financial report was audited and certified by an international accounting firm in cooperation with an ROC accounting firm.
2) The financial statements audited by the CPA of the parent company in Taiwan.
3) Others.

Note 3: Indirectly invested in a third region was Accession Limited.

Note 4: As of January 1, 2015 and December 31, 2015, accumulated amount invested from Taiwan was $4,034,074 thousand. The amount of investment $53,279 thousand has been retained in Accession Limited. The amount balance of $3,980,795 thousand was accumulated outward remittance for investment of Shanghai Standard Foods Co., Ltd. However, Shanghai Standard Foods Co., Ltd. used assets of $31,220 thousand to incorporate Shanghai Le Ben De Health Technology Co., Ltd. as of July 2015. After the investment, accumulated outward remittance for investment of Shanghai Standard Foods Co., Ltd. and Shanghai Le Ben De Health Technology Co., Ltd. was $3,949,575 thousand and $31,220 thousand, respectively.

Note 5: The Company in Mainland China that was reinvested through company registered in Mainland China was Shanghai Standard Foods Co., Ltd.

Note 6: The Company indirectly invested through a third region was Standard Corporation (Hong Kong) Limited.

Note 7: The Company in Mainland China that was reinvested through company registered in Mainland China was Standard Investment (China) Co., Ltd.

Note 8: The Company invested through business combination, and indirectly invested through a third region was Dermalab S.A.

Note 9: The Company spun off from Shanghai Standard Foods Co., Ltd. and indirectly invested through a third region was Accession Limited.

Note 10: Recognition of investment income (loss) was based on Note 2,b,2).

Note 11: As of December 31, 2015, the funds were not invested from Taiwan.

Note 12: The Company has been issued by Industrial Development Bureau, MOEA of the operational headquarters' document which is still valid within the period, so according to the Investment Commission, MOEA, there is no upper limit on the amount of investment.

(Concluded)

STANDARD FOODS CORPORATION

THE CONTENTS OF SCHEDULES OF MAJOR ACCOUNTING ITEMS

STANDARD FOODS CORPORATION

SCHEDULE OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Interest Rate	Amount
Cash on hand			$ 1,419
Cash in banks			
Checking account deposits			19,403
Demand deposits		0.13%	561
Foreign currency demand deposits	Including RMB18 thousand @5.00 and US$13,086 thousand @32.83	0.08%-0.40%	429,653
Foreign time deposits	Including US$20,000 thousand @32.83, expired by January 2016, interest rate 0.55%, and RMB12,758 thousand @5.00, expired by March 2016, interest rate from 2.95% to 4.20%	0.55%-4.20%	720,225
			1,169,842
			$ 1,171,261

STANDARD FOODS CORPORATION

SCHEDULE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Shares/ Units	Par Value (NT$)	Total Amount	Cost	Accumulated Impairment	Unit Cost (NT$)	Total Amount
Listed shares							
Far Eastern International Commercial Bank Co., Ltd.	1,253,504	$ 10.00	$ 12,535	$ 17,114	$ -	$ 9.79	$ 12,272
Chunghwa Telecom Co., Ltd.	48,600	10.00	486	4,063	-	99.10	4,816
				21,177	-		17,088
Open ended fund							
UPAMC Quality Growth	297,974			5,000	-	22.83	6,803
				$ 26,177	$ -		$ 23,891

STANDARD FOODS CORPORATION

SCHEDULE OF DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Description	Number	Par Value	Total Amount	Annual Interest Rate	Book Value	Note
The Shanghai Commercial & Savings Bank time deposit	Expired by January 2016, maturity interest	8	5,119	$ 40,952	1.31%	$ 40,952	Fixed
The Shanghai Commercial & Savings Bank time deposit	Expired by January 2016, maturity interest	10	5,059	50,590	1.31%	50,590	Fixed
Far Eastern International Bank time deposit	Expired by January 2016, maturity interest	6	4,900	29,400	1.35%	29,400	Floating
Far Eastern International Bank time deposit	Expired by March 2016, maturity interest	5	4,960	24,800	1.37%	24,800	Fixed
Far Eastern International Bank time deposit	Expired by April 2016, maturity interest	5	4,960	24,800	1.37%	24,800	Fixed
Far Eastern International Bank time deposit	Expired by April 2016, maturity interest	6	4,900	29,400	1.35%	29,400	Floating
Far Eastern International Bank time deposit	Expired by May 2016, maturity interest	9	4,960	44,640	1.37%	44,640	Fixed
Far Eastern International Bank time deposit	Expired by June 2016, maturity interest	10	4,960	49,600	1.37%	49,600	Fixed
Far Eastern International Bank time deposit	Expired by June 2016, maturity interest	1	4,900	4,900	1.35%	4,900	Floating
Far Eastern International Bank time deposit	Expired by July 2016, maturity interest	4	4,960	19,840	1.37%	19,840	Fixed
Far Eastern International Bank time deposit	Expired by September 2016, maturity interest	1	4,960	4,960	1.37%	4,960	Fixed
Far Eastern International Bank time deposit	Expired by October 2016, maturity interest	5	4,959	24,796	1.27%	24,796	Floating
Far Eastern International Bank time deposit	Expired by November 2016, maturity interest	4	4,959	19,837	1.27%	19,837	Floating
Far Eastern International Bank time deposit	Expired by December 2016, maturity interest	2	4,959	9,918	1.27%	9,918	Floating
Far Eastern International Bank time deposit	Expired by December 2016, maturity interest	4	4,958	19,832	0.48%	19,832	Floating
Taishin International Bank time deposit	Expired by January 2016, maturity interest	1	4,500	4,500	1.36%	4,500	Fixed
Taishin International Bank time deposit	Expired by November 2016, maturity interest	1	4,500	4,500	1.28%	4,500	Fixed
First Commercial Bank foreign currency time deposit	Expired by February 2016, maturity interest	1	RMB10,332 thousand @5.00	51,608	3.60%	51,608	Fixed
Chang Hwa Bank foreign currency time deposit	Expired by January 2016, maturity interest	1	RMB10,301 thousand @5.00	51,454	3.44%	51,454	Fixed
Chang Hwa Bank foreign currency time deposit	Expired by February 2016, maturity interest	1	RMB20,597 thousand @5.00	102,884	3.63%	102,884	Fixed
Chang Hwa Bank foreign currency time deposit	Expired by April 2016, maturity interest	1	RMB10,000 thousand @5.00	49,950	3.60%	49,950	Fixed
Chinatrust Commercial Bank foreign currency time deposit	Expired by March 2016, maturity interest	1	RMB5,000 thousand @5.00	24,975	4.00%	24,975	Fixed
Mega International Commercial Bank foreign currency time deposit	Expired by March 2016, maturity interest	1	RMB10,080 thousand @5.00	50,349	3.40%	50,349	Fixed
Mega International Commercial Bank foreign currency time deposit	Expired by March 2016, maturity interest	1	RMB5,041 thousand @5.00	25,178	3.40%	25,178	Fixed
Mega International Commercial Bank foreign currency time deposit	Expired by March 2016, maturity interest	1	RMB4,595 thousand @5.00	22,952	3.10%	22,952	Fixed
				$ 786,615		$ 786,615	

STANDARD FOODS CORPORATION

SCHEDULE OF TRADE RECEIVABLES
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Unrelated parties	
Company A	$ 610,877
Company B	327,755
Company C	191,321
Company D	260,501
Others (Note)	367,702
	1,758,156
Less: Allowance for impairment loss	(2,266)
	$ 1,755,890
Related party	
Standard Dairy Products Taiwan Limited	$ 131,096

Note: The amount of individual client included in others does not exceed 5% of the account balance.

STANDARD FOODS CORPORATION

SCHEDULE OF INVENTORIES
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net Realizable Value
Merchandise	$ 565,586	$ 823,467
Finished goods	781,049	1,375,537
Work in progress	170,553	331,363
Raw materials	479,920	841,184
Packaging materials	43,617	63,906
	$ 2,040,725	$ 3,435,457

STANDARD FOODS CORPORATION

SCHEDULE OF CHANGES IN FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2015		Addition		Deduction		Balance, December 31, 2015		Collateral	Accumulated Impairment	Note
	Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	Amount			
Walden VC II L.P.	-	$ 34,502	-	$ -	-	$ -	-	$ 34,502	Nil	$ 82,801	Note 1
Authenex, Inc.	2,424,242	-	-	-	-	-	2,424,242	-	Nil	67,580	-
Global Strategic Investment Co., Ltd.	850,500	4,784	-	-	-	-	850,500	4,784	Nil	3,721	-
VantagePoint Communications Partners, L.P.	-	1,129	-	-	-	-	-	1,129	Nil	23,516	Note 1
iGlobe Partners Fund, L.P.	-	-	-	-	-	-	-	-	Nil	-	Notes 1 and 2
GeneFerm Biotechnology Co., Ltd.	2,344,110	18,549	-	-	-	-	2,344,110	18,549	Nil	3,889	-
United Venture Capital Corporation	36,422	-	-	-	36,422	-	-	-	Nil	-	Note 3
Paradigm Venture Capital Corporation	438,750	4,388	-	-	131,625	1,316	307,125	3,072	Nil	-	Note 4
Dah Chung Bills Finance Corporation	1,194,249	9,600	-	-	-	-	1,194,249	9,600	Nil	-	-
Techgains Pan-Pacific Corporation	500,000	3,202	-	-	-	2,193	500,000	1,009	Nil	9,185	Note 5
U-Teck Environment Corporation, Ltd.	11,200	-	-	-	-	-	11,200	-	Nil	1,362	-
Octamer, Inc.	907,815	-		-	-	-	907,815	-	Nil	20,143	-
		$ 76,154		$ -		$ 3,509		$ 72,645			

Note 1: The funds do not have unit.

Note 2: Closure of liquidation this year.

Note 3: The number of shares decreased this year due to closure of liquidation and cancellation of number of shares.

Note 4: The number of shares decreased this year due to the investee that reduced capital by 65,813 shares to cover loss and reduced capital by 65,812 shares to refund money; the amount decreased this year due to recognized investment loss of $658 thousand and investees reduced capital and refunded $658 thousand.

Note 5: The amounts decreased this year due to investment costs refunded.

STANDARD FOODS CORPORATION

SCHEDULE OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2015		Addition		Decrease		Balance, December 31, 2015			Net Assets Value (Note 8)			
Investees	Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	%	Amount	Unit Price (NT$)	Total Price	Collateral	Note
Accession Limited	123,600,000	$ 3,548,539	-	$ 250,878	-	$ 126,792	123,600,000	100.00	$ 3,672,625	$29.9	$ 3,695,649	Nil	Note 1
Standard Dairy Products Taiwan Limited	30,000,000	552,190	-	312,023	-	192,793	30,000,000	100.00	671,420	23.0	691,044	Nil	Note 2
Charng Hui Ltd.	54,100,000	563,910	-	26,691	-	26,527	54,100,000	100.00	564,074	19.2	1,038,402	Nil	Note 3
DOMEX Technology Corporation	10,374,399	160,636	-	28,501	-	9,416	10,374,399	52.00	179,721	17.3	179, 162	Nil	Note 4
Standard Beverage Company Limited	7,907,000	78,918	-	3,717	-	1,822	7,907,000	100.00	80,813	10.3	81,083	Nil	Note 5
Standard Investment (Cayman) Limited	66,396,296	2,089,069	22,899,457	973,098	-	58,416	89,295,753	100.00	3,003,751	33.6	3,003,751	Nil	Note 6
		$ 6,993,262		$ 1,594,908		$ 415,766			$ 8,172,404		$ 8,689,091		

Note 1: The amounts increased this year due to adjustment to capital surplus in the amount of $3,418 thousand under equity method, recognized investment income of $243,988 thousand under equity method and recognized other comprehensive income of $3,472 thousand under equity method; the amounts decrease this year due to recognized translation adjustment of $79,822 thousand under equity method, and recognized other equity items of $46,970 thousand under equity method.

Note 2: The amounts increased this year due to recognized investment income of $312,023 thousand under equity method; the amounts decreased this year due to received cash dividends of $168,000 thousand issued by the investee and recognized other comprehensive loss of $24,793 thousand under equity method.

Note 3: The amounts increased this year due to the Company's cash dividends received by the investee to adjust capital surplus in the amount of $8,404 thousand and recognized investment income of $18,287 thousand under equity method; the amounts decreased this year due to received cash dividends of $13,352 thousand issued by the investee and recognized other comprehensive loss of $13,175 thousand under equity method.

Note 4: The amounts increased this year due to recognized investment income of $28,501 thousand under equity method; the amounts decreased this year due to received cash dividends of $9,337 thousand issued by the investee and recognized other comprehensive loss of $79 thousand under equity method.

Note 5: The amounts increased this year due to recognized investment income of $3,717 thousand under equity method; the amounts decreased this year due to received cash dividends of $540 thousand issued by the investee and recognized other comprehensive loss of $1,282 thousand under equity method.

Note 6: The number of shares increased this year due to increased investment; the amounts increased this year due to increased investment in the amount of $749,378 thousand and recognized investment income of $223,720 thousand under equity method; the amounts decreased this year due to recognized translation adjustment of $58,416 thousand under equity method.

Note 7: Net assets value was calculated based on the financial statements of investees.

STANDARD FOODS CORPORATION

SCHEDULE OF SHORT-TERM BORROWINGS
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Borrowing Type and Lender	Balance, End of Year	Contract Period	Range of Interest Rates	Financing Facilities	Collateral
Line of credit borrowings					
ANZ Bank (Taiwan) Limited - Taipei Branch	$ 22,000	December 10, 2015 - March 10, 2016	1.13%	US$ 25,000 thousand (Note 1)	-
ANZ Bank (Taiwan) Limited - Taipei Branch	20,000	December 22, 2015 - March 22, 2016	1.13%	US$ 25,000 thousand (Note 1)	-
ANZ Bank (Taiwan) Limited - Taipei Branch	30,000	December 23, 2015 - March 23, 2016	1.13%	US$ 25,000 thousand (Note 1)	-
ANZ Bank (Taiwan) Limited - Taipei Branch	10,000	December 25, 2015 - March 25, 2016	1.13%	US$ 25,000 thousand (Note 1)	-
ANZ Bank (Taiwan) Limited - Taipei Branch	397,000	December 28, 2015 - March 28, 2016	1.13%	US$ 25,000 thousand (Note 1)	-
HSBC Bank (Taiwan) Limited - Taipei Branch	100,000	December 2, 2015 - March 2, 2016	1.07%	US$ 5,500 thousand (Note 2)	-
HSBC Bank (Taiwan) Limited - Taipei Branch	60,000	December 28, 2015 - March 28, 2016	1.07%	US$ 5,500 thousand (Note 2)	-
	$ 639,000				

Note 1: The loan limit of the bank is US$25,000 thousand.

Note 2: The loan limit of the bank is US$5,500 thousand.

STANDARD FOODS CORPORATION

SCHEDULE OF TRADE PAYABLES
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Unrelated parties	
Company A	$ 107,595
Company B	53,492
Others (Note)	690,618
	$ 851,705

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

SCHEDULE 10

STANDARD FOODS CORPORATION

SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Item	Quantity (Tons)	Amount
Nutritious foods	80,655	$ 11,005,157
Cooking products	24,206	2,163,281
Others	12,417	375,304
Total sales		13,543,742
Less: Sales returns		(102,956)
Sales allowances		(1,693,990)
Net sales		$ 11,746,796

STANDARD FOODS CORPORATION

SCHEDULE OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods sold - finished goods	
Raw materials, beginning of year	$ 484,774
Add: Raw materials purchased	4,762,604
Gain on physical inventory of raw materials	1,876
Less: Sales of raw materials	(55,689)
Other use	(6,029)
Raw materials scrapped	(8,417)
Raw materials, end of year	(523,537)
Raw materials consumed	4,655,581
Direct labor	220,884
Manufacturing expenses	818,447
Manufacturing costs	5,694,912
Work in progress, beginning of year	164,333
Less: Loss on physical inventory of work in progress	(1)
Transferred to other accounts	(17,953)
Work in progress scrapped	(258)
Work in progress, end of year	(170,553)
Cost of finished goods	5,670,480
Finished goods, beginning of year	747,841
Add: Gain on physical inventory of finished goods	33
Less: Transferred to other accounts	(85,766)
Finished goods scrapped	(1,430)
Finished goods, end of year	(781,049)
Cost of goods sold - finished goods	5,550,109
Cost of goods sold - merchandise	
Merchandise, beginning of year	621,366
Add: Merchandise purchased	2,180,666
Less: Loss on physical inventory of merchandise	(4)
Merchandise scrapped	(553)
Merchandise, end of year	(565,586)
Cost of goods sold - merchandise	2,235,889
Cost of sales of raw materials	55,689
Unallocated fixed manufacturing expenses	1,168
Gain on physical inventory	(1,904)
Inventory scrap losses	10,658
	$ 7,851,609

STANDARD FOODS CORPORATION

SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Amount
Advertising expenses	$ 725,596	$ -	$ -	$ 725,596
Salaries and pensions	204,884	188,590	24,200	417,674
Freight expenses	96,643	-	-	96,643
Taxes	21,173	433	17	21,623
Professional service fees	2,193	41,597	3,030	46,820
Rental	12,366	11,457	34	23,857
Insurance premiums	21,959	11,350	2,257	35,566
Amortization	4,403	8,146	549	13,098
Depreciation	12,608	6,623	20,751	39,982
Traveling expenses	18,600	5,515	1,176	25,291
Repair and maintenance expenses	15,976	558	1,929	18,463
Computer expenses	279	16,845	155	17,279
Meal expenses	6,189	1,927	525	8,641
Postage and telephone charges	1,508	1,485	183	3,176
Entertainment expenses	2,015	6,847	214	9,076
Employee welfare	7,746	2,596	635	10,977
Utilities	6,406	1,986	915	9,307
Donations	3,442	11,385	-	14,827
Others	32,849	30,858	34,651	98,358
Sector cost-sharing (Note)	29,741	(56,050)	2,183	(24,126) (Note)
	$ 1,226,576	$ 292,148	$ 93,404	$ 1,612,128

Note: Transferred to the manufacturing expenses.

STANDARD FOODS CORPORATION

SCHEDULE OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Item	Year Ended December 31, 2015				Year Ended December 31, 2014			
	Classified as Costs Operating	Classified as Operating Expenses	Classified as Non-operating Income and Expenses	Total	Classified as Costs Operating	Classified as Operating Expenses	Classified as Non-operating Income and Expense	Total
Labor cost								
Salary and bonus	$ 359,810	$ 387,362	$ -	$ 747,172	$ 349,693	$ 368,606	$ -	$ 718,299
Labor and health insurance	33,270	29,766	-	63,036	31,924	28,750	-	60,674
Pension	16,449	24,912	-	41,361	15,179	16,960	-	32,139
Others	30,524	24,258	-	54,782	32,867	26,425	-	59,292
	$ 440,053	$ 466,298	$ -	$ 906,351	$ 429,663	$ 440,741	$ -	$ 870,404
Depreciation	$ 115,199	$ 39,982	$ 415	$ 155,596	$ 96,855	$ 36,538	$ 415	$ 133,808
Amortization	$ 6,847	$ 13,098	$ -	$ 19,945	$ 7,966	$ 14,588	$ -	$ 22,554

As of December 31, 2015 and 2014, the Company had 877 and 847 employees, respectively.