Grape King Bio Ltd and Subsidiaries

Consolidated Financial Statements for the Three Months Ended June 30, 2014 and 2013 and Independent Accountants' Review Report

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To Grape King Bio Ltd

We have reviewed the accompanying consolidated balance sheets of Grape King Bio Ltd and its subsidiaries (the "Company") as of June 30, 2014 and 2013, the related consolidated statements of comprehensive income for three-month and six-month periods ended June 30, 2014 and 2013 and consolidated statements of changes in equity, and cash flows for the six-month periods ended June 30, 2014 and 2013. The compilation of these consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue the review report based on our review. The financial statements of Pro-partner Inc. as shown in the accompanying consolidated financial statements of subsidiaries, were reviewed by other independent accountants. The review in our report, insofar as it relates to the financial statements of Pro-partner Inc. are based solely on the reports provided by the other independent accountants. According to the aforementioned reports, the total assets of Pro-partner Inc. is NT$1,981,960 thousand and NT$1,431,362 thousand, which represented 39.06% and 33.37% of the total consolidated assets as of June 30, 2014 and 2013, and the operating revenues of NT$1,506,729 thousand, NT$647,933 thousand, NT$2,793,774 thousand and NT$1,180,231 thousand, which represented 92.25%, 42.66%, 92.42% and 42.97% of the consolidated operating revenues, for the three-month and six-month periods ended June 30, 2014 and 2013, respectively.

We conducted our review in accordance with Statements of Auditing Standards No. 36, "Review of Financial Statements" of the Republic of China. The review is limited primarily to analysis of the financial data provided and inquiries to people responsible for financial and accounting the subject matter. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards. Accordingly, we do not express such an opinion.

台北市 114 內湖區行善路 118號 4樓
4F,No.118, Shyng Shann Road, Neihu, Taipei 114,Taiwan, R.O.C.
http://www.pkf.com.tw
Tel 電話：(02) 8792-2628 Fax 傳真：(02) 8791-0859

PKF

Based on our review and the reports of other independent accountants, we are not aware of any material modifications or adjustments that should be made to the aforementioned consolidated financial statements to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards No. 34, "Interim Financial Reporting", which is recognized by Financial Supervisory Commission of the Republic of China.

PKF Taiwan

PKF Taiwan

Taipei, Taiwan

August 11, 2014

Notice to Readers

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

For the convenience of readers, the report of accountants' review and the consolidated financial statements attached are originally prepared in Chinese and used in the Republic of China. If there is any conflict or difference in the interpretation between the two versions, the original Chinese version prevails.

GRAPE KING BIO LTD AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

		June 30, 2014		December 31, 2013		June 30, 2013	
ASSETS	Notes	Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	4. 6(1)	$ 660,810	13.02	$ 1,068,695	23.09	$ 923,397	21.53
Financial assets at fair value through profit or loss	4. 6(2)	964,907	19.02	423,805	9.15	773,182	18.03
Notes receivable, net	4. 5(5). 6(3)	3,481	0.07	4,717	0.10	11,010	0.26
Accounts receivable, net	4. 5(5). 6(3)	75,833	1.49	73,239	1.58	102,223	2.38
Accounts receivable from related parties, net	4. 5(5). 6(3). 7	11,107	0.22	8,394	0.18	19,224	0.45
Other receivables	4. 5(5). 6(3)	996	0.02	517	0.01	206	—
Inventories, net	4. 5(3). 6(4)	223,600	4.41	235,165	5.08	221,091	5.15
Prepayments	4. 6(8)	23,822	0.47	14,733	0.32	15,383	0.36
Other current assets	4. 6(8). 8	839	0.02	725	0.02	2,609	0.06
Total current assets		1,965,395	38.74	1,829,990	39.53	2,068,325	48.22
NONCURRENT ASSETS							
Financial assets measured at cost, noncurrent	4. 6(5)	12,274	0.24	12,274	0.27	12,274	0.29
Property, plant and equipment	4. 6(6). 8	1,892,806	37.31	1,820,462	39.33	1,744,358	40.66
Investment property, net	4. 6(7)	258,740	5.10	305,609	6.60	288,600	6.73
Deferred tax assets	4. 5(2). 6(13)	15,382	0.30	15,112	0.33	15,825	0.37
Other noncurrent assets	4. 5(5). 6(3)(8). 7	929,098	18.31	645,404	13.94	160,168	3.73
Total noncurrent assets		3,108,300	61.26	2,798,861	60.47	2,221,225	51.78
TOTAL		$ 5,073,695	100.00	$ 4,628,851	100.00	$ 4,289,550	100.00

(continued)

GRAPE KING BIO LTD AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

		June 30, 2014		December 31, 2013		June 30, 2013	
LIABILITIES AND EQUITY	Notes	Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES							
Notes payable		$ 8,755	0.17	$ 13,397	0.29	$ 12,650	0.30
Accounts payable		92,304	1.82	74,496	1.61	88,449	2.06
Other payables	4. 5(6). 6(9)	1,646,498	32.45	917,039	19.81	1,325,770	30.91
Other payables to related parties	6(9). 7	1,363	0.03	1,708	0.04	1,388	0.03
Income tax payable	4. 6(13)	150,324	2.96	168,435	3.64	117,234	2.73
Provisions	4. 6(10)	1,200	0.02	501	0.01	2,844	0.07
Other current liabilities		41,509	0.82	42,857	0.93	28,781	0.67
Total current liabilities		1,941,953	38.27	1,218,433	26.33	1,577,116	36.77
NONCURRENT LIABILITIES							
Deferred tax liabilities	4. 6(13)	70,069	1.38	70,069	1.51	68,463	1.60
Other noncurrent liabilities							
Other long-term payables	6(9)	31,525	0.62	32,012	0.69	32,008	0.75
Accrued pension liabilities	4. 5(4). 6(11)	50,411	1.00	54,414	1.17	67,980	1.58
Guarantee deposits received	7	4,180	0.08	4,180	0.09	6,173	0.14
Other noncurrent liabilities - other		52,788	1.04	28,932	0.63	—	—
Total other noncurrent liabilities		138,904	2.74	119,538	2.58	106,161	2.47
Total noncurrent liabilities		208,973	4.12	189,607	4.09	174,624	4.07
Total liabilities		2,150,926	42.39	1,408,040	30.42	1,751,740	40.84
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT							
Common stock	6(14)	1,302,350	25.67	1,302,350	28.14	1,302,350	30.36
Capital surplus, treasury stock transactions	6(14)	4,363	0.09	4,363	0.09	4,363	0.10
Retained earnings							
Legal capital reserve	6(14)	346,123	6.82	262,546	5.67	262,547	6.12
Special capital reserve	6(14)	74,671	1.47	74,671	1.61	74,671	1.74
Unappropriated earnings	6(13)(14)	800,447	15.78	1,129,937	24.41	659,735	15.38
Total retained earnings		1,221,241	24.07	1,467,154	31.69	996,953	23.24
Others	6(14)	147	—	(1,973)	(0.04)	(1,344)	(0.03)
Equity attributable to shareholders of the parent		2,528,101	49.83	2,771,894	59.88	2,302,322	53.67
NONCONTROLLING INTERESTS	6(14)	394,668	7.78	448,917	9.70	235,488	5.49
Total equity		2,922,769	57.61	3,220,811	69.58	2,537,810	59.16
Significant contingencies and unrecognized contract commitments	9						
TOTAL		$ 5,073,695	100.00	$ 4,628,851	100.00	$ 4,289,550	100.00

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRAPE KING BIO LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

		For the Three Months Ended June 30				For the Six Months Ended June 30			
		2014		2013		2014		2013	
	Notes	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUES	4. 6(17). 7	$ 1,633,384	100.00	$ 1,518,923	100.00	$ 3,022,887	100.00	$ 2,746,876	100.00
OPERATING COSTS	6(4). 7	(204,647)	(12.53)	(181,148)	(11.93)	(360,323)	(11.92)	(335,066)	(12.20)
GROSS PROFIT		1,428,737	87.47	1,337,775	88.07	2,662,564	88.08	2,411,810	87.80
OPERATING EXPENSES									
Sales and marketing expenses	7	931,263	57.01	923,366	60.79	1,698,101	56.17	1,658,504	60.38
General and administrative expenses	7	104,039	6.37	90,311	5.94	195,177	6.46	164,244	5.98
Research and development expenses		11,374	0.70	17,177	1.13	45,233	1.50	31,661	1.15
Total operating expenses		(1,046,676)	(64.08)	(1,030,854)	(67.86)	(1,938,511)	(64.13)	(1,854,409)	(67.51)
OPERATING INCOME		382,061	23.39	306,921	20.21	724,053	23.95	557,401	20.29
NON-OPERATING INCOME AND EXPENSES									
Other revenue	6(18)	13,518	0.83	16,446	1.08	25,482	0.85	31,437	1.14
Other gain and loss	6(19)	(8,337)	(0.51)	8,031	0.53	(11,343)	(0.38)	21,577	0.79
Financial costs	6(20)	(20)	–	(37)	–	(40)	–	(78)	–
Total non-operating income and expenses		5,161	0.32	24,440	1.61	14,099	0.47	52,936	1.93
INCOME BEFORE INCOME TAX		387,222	23.71	331,361	21.82	738,152	24.42	610,337	22.22
INCOME TAX EXPENSE	4. 6(13)	(77,771)	(4.76)	(58,410)	(3.85)	(139,997)	(4.63)	(103,934)	(3.78)
NET INCOME		309,451	18.95	272,951	17.97	598,155	19.79	506,403	18.44
OTHER COMPREHENSIVE INCOME (LOSS)									
Exchange differences on translation of foreign operations	4	2,151	0.13	(1,393)	(0.09)	2,554	0.08	(3,935)	(0.14)
Actuarial gains (losses) on defined benefit plans	4. 6(13)			–	–	2,554		–	–
Income tax related to components of other comprehensive income	4. 6(13)	(366)	(0.03)	237	0.01	(434)	(0.01)	669	0.02
Total other comprehensive income, net of tax		1,785	0.10	(1,156)	(0.08)	2,120	0.07	(3,266)	(0.12)
TOTAL COMPREHENSIVE INCOME		$ 311,236	19.05	$ 271,795	17.89	$ 600,275	19.86	$ 503,137	18.32
NET INCOME ATTRIBUTABLE TO:									
Shareholders of the parent		210,649	12.90	200,951	13.23	405,261	13.41	374,122	13.62
Noncontrolling interests	6(14)	98,802	6.05	72,000	4.74	192,894	6.38	132,281	4.82
		$ 309,451	18.95	$ 272,951	17.97	$ 598,155	19.79	$ 506,403	18.44
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:									
Shareholders of the parent		212,434	13.00	199,795	13.15	407,381	13.48	370,856	13.50
Noncontrolling interests	6(14)	98,802	6.05	72,000	4.74	192,894	6.38	132,281	4.82
		$ 311,236	19.05	$ 271,795	17.89	$ 600,275	19.86	$ 503,137	18.32
EARNINGS PER SHARE (NT$)									
Basic earnings per share	4. 6(15)	$ 1.62		$ 1.54		$ 3.11		$ 2.87	

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

GRAPE KING BIO LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Parent								
			Retained Earnings			Others			
	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Total	Noncontrolling Interests	Total Equity
BALANCE, JANUARY 1, 2014	$ 1,302,350	$ 4,363	$ 262,546	$ 74,671	$ 1,129,937	$ (1,973)	$ 2,771,894	$ 448,917	$ 3,220,811
Appropriations of prior year's earnings									—
Legal capital reserve	—	—	83,577	—	(83,577)	—	—	—	—
Cash dividends to shareholders	—	—	—	—	(651,174)	—	(651,174)	(247,143)	(898,317)
Subtotal	—	—	83,577	—	(734,751)	—	(651,174)	(247,143)	(898,317)
Net income for the six months ended June 30, 2014	—	—	—	—	405,261	—	405,261	192,894	598,155
Other comprehensive income for the six months ended June 30, 2014, net of income tax	—	—	—	—	—	2,120	2,120	—	2,120
Total comprehensive income for the six months ended June 30, 2014	—	—	—	—	405,261	2,120	407,381	192,894	600,275
BALANCE, June 30, 2014	$ 1,302,350	$ 4,363	$ 346,123	$ 74,671	$ 800,447	$ 147	$ 2,528,101	$ 394,668	$ 2,922,769
BALANCE, JANUARY 1, 2013	$ 1,302,350	$ 4,363	$ 200,656	$ 74,671	$ 829,373	$ 1,922	$ 2,413,335	$ 307,392	$ 2,720,727
Appropriations of prior year's earnings									
Legal capital reserve	—	—	61,891	—	(61,891)	—	—	—	—
Cash dividends to shareholders	—	—	—	—	(481,869)	—	(481,869)	(204,185)	(686,054)
Subtotal	—	—	61,891	—	(543,760)	—	(481,869)	(204,185)	(686,054)
Net income for the six months ended June 30, 2013	—	—	—	—	374,122	—	374,122	132,281	506,403
Other comprehensive loss for the six months ended June 30, 2013, net of income tax	—	—	—	—	—	(3,266)	(3,266)	—	(3,266)
Total comprehensive income for the six months ended June 30, 2013	—	—	—	—	374,122	(3,266)	370,856	132,281	503,137
BALANCE, June 30, 2013	$ 1,302,350	$ 4,363	$ 262,547	$ 74,671	$ 659,735	$ (1,344)	$ 2,302,322	$ 235,488	$ 2,537,810

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

GRAPE KING BIO LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before tax	$ 738,152	$ 610,337
Adjustments for:		
Depreciation expense	66,376	61,139
Bad debt expenses (reversal)	103	(2,615)
Net gain of financial assets at fair value through profit	(1,400)	(1,702)
Interest expense	40	78
Interest revenue	(1,187)	(1,447)
Loss on disposal of property, plant and equipment	148	756
Loss (gain) on disposal of Investment property	3,740	(913)
Changes in operating assets and liabilities:		
Notes receivable	1,236	4,679
Accounts receivable	(4,558)	4,895
Other receivables	(479)	748
Inventories	11,565	(9,874)
Prepayments	(6,955)	(7,622)
Other current assets	(564)	(54)
Other financial assets	450	(450)
Notes payable	(4,642)	(3,557)
Accounts payable	17,808	16,439
Other payables	92,031	85,582
Provisions	699	2,343
Advance receipts	25,242	7,343
Other current liabilities	(2,732)	7,051
Accrued pension liabilities	(4,003)	(827)
Cash generated from operations	931,070	772,329
Interest received	1,187	1,511
Interest paid	(40)	(78)
Income tax paid	(158,812)	(104,498)
Net cash provided by operating activities	773,405	669,264

(continued)

	For the Six Months Ended June 30	
	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(585,000)	(385,026)
Proceeds from disposal of financial assets at fair value through profit or loss	45,298	28,853
Acquisition of property, plant and equipment	(33,254)	(179,733)
Proceeds from disposal of property, plant and equipment	114	571
Refundable deposits paid	(2,708)	(8,986)
Refundable deposits refunded	1,118	455
Acquisition of investment property	(25,530)	(501)
Proceeds from disposal of Investment property	—	1,864
Increase in prepayment for equipment	(43,481)	(68,449)
Increase in prepayment for land and building	(289,774)	—
Increase in prepayment for computer software	(8,303)	—
Net cash used in investing activities	(941,520)	(610,952)
CASH FLOWS FROM FINANCING ACTIVITIES		
Guarantee deposits received	—	94
Guarantee deposits refunded	—	(1,011)
Cash dividends	(247,143)	(204,185)
Net cash used in financing activities	(247,143)	(205,102)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	7,373	(14,410)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(407,885)	(161,200)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,068,695	1,084,597
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 660,810	$ 923,397

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013
(Reviewed, Not Audited)
(Amounts in New Taiwan Dollars, Unless Specified Otherwise)

1. HISTORY AND ORGANIZATION

The consolidated financial statements incorporate the financial statements of Grape King Bio Ltd and entities controlled by Grape King Bio Ltd (its subsidiaries). The subsidiaries in the consolidated financial statements are Pro-partner Inc., Grape King International Investment Inc. (BVI) and Shanghai Grape King Enterprise Co., Ltd. Significant inter-company transactions and assets and liabilities arising from inter-company transactions are eliminated.

(1) General

Grape King Bio Ltd (the Company) was incorporated as a listed company limited by shares under the provisions of the Company Act, the Securities and Exchange Act and other related regulations of the Republic of China (R.O.C.). In April, 1971, the company was officially registered as "Grape King Food Limited" and started its operation. In 1979, the Company merged with "China Fuso Seiko Pharmaceutical Industries Ltd." and was renamed as "Grape King Inc.". In 1981, "Head Fancy Cosmetics Co. Ltd." merged into "Grape King Inc". In December, 1982, the Company, it was listed on the Taiwan Stock Exchange (TWSE). On June 12, 2002, the shareholders of the Company voted its name to "Grape King Bio Ltd" The Company is engaged in the manufacturing and selling of pharmaceutical preparation, patent medicine, liquid tonic, drink, healthy food, etc.

The employee headcount of the Company and its subsidiaries amounted to 485, 466 and 422 employees, respectively, on June 30, 2014, December 31, 2013 and June 30, 2013.

(2) The Subsidiaries in the Consolidated Financial Statements

Name of Investor	Name of Investee	Main Businesses	Percentage of Ownership June 30, 2014	Percentage of Ownership December 31, 2013	Percentage of Ownership June 30, 2013	Listed in the Consolidated Financial report or not? For six months end on June 30 2014	Listed in the Consolidated Financial report or not? For six months end on June 30 2013
The Company	Pro-partner Inc. (Pro-partner)	Selling and marketing	60%	60%	60%	Yes	Yes
The Company	Grape King International Investment Inc.(B.V.I.) (GKBVI)	Investment activities	100%	100%	100%	Yes	Yes
GKBVI	Shanghai Grape King Enterprise Co., Ltd. (Shanghai Grape King)	Manufacturing	100%	100%	100%	Yes	Yes

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on August 11, 2014.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

(1) Significant accounting policies under 2013 edition of the IFRSs approved by the Financial Supervisory Commission (hereinafter referred to as FSC) but is not yet effective

On April 3, 2014, under Rule No.1030010325 issued by the FSC , listed, OTC and emerging companies should fully adopt the 2013 edition of IFRSs approved and released by the FSC which is effective from 2015 onwards (Excluding IFRS 9 “Financial Instruments”) in preparation of financial statements. The related new releases, modifications and amendments of the standards and interpretations are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First - time Adopters	July 1, 2010
Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First - time Adopters	July 1, 2011
Amendments to IFRS 1 Government Loans	January 1, 2013
Amendment to IFRS 7 Disclosures - Transfers of Financial Assets	July 1, 2011
Amendment to IFRS 7 Disclosures - offsetting Financial Assets and Financial Liabilities	January 1, 2013
IFRS 10 Consolidated Financial Statements (The amendment related to Investment Entities is effective for annual periods beginning on or after January 1, 2014.)	January 1, 2013
IFRS 11 Joint Arrangements	January 1, 2013
IFRS 12 Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 Fair Value Measurement	January 1, 2013
Amendment to IAS 1 Presentation of Items of Other Comprehensive Income	July 1, 2012
Amendment to IAS 12 Deferred Tax: Recovery of Underlying Assets	January 1, 2012
Amendment to IAS 19 Employee Benefits	January 1, 2013
Amendment to IAS 27 Separate Financial Statements	January 1, 2013
Amendment to IAS 32 Offsetting of Financial Assets and Financial Liabilities	January 1, 2014
IFRIC 20 Stripping Costs in the Production Phase of A Surface Mine	January 1, 2013

After careful consideration, the Consolidated Company believes that the adoption of 2013 edition IFRSs will not have a significant effect on the consolidated Company financial statements, except for the following items:

A. Amendments to IAS 19, "Employee Benefits"

The Amendments require the interest cost and expected return on plan assets used in the previous version of 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, to eliminate the corridor approach and to accelerate the recognition of past service cost. According to the amendments, all actuarial gains and losses will be recognized immediately through other comprehensive income; the past service cost, on the other hand, will be expensed immediately when it incurs and no longer be amortized over the average period before vested on a straight-line basis. In addition, the amendment also requires a broader disclosure in defined benefit plans.

B. Amendments to IAS 1, "Presentation of Financial Statements"

The amendments to IAS 1 introduce a new disclosure terminology for other comprehensive income, which require additional disclosures in other comprehensive income. The items of other comprehensive income will be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. In addition, income tax on items of other comprehensive income is also required to be allocated on the same basis. The Company expects the aforementioned amendments will change the Company's presentation on the statement of comprehensive income.

C. IFRS 12, "Disclosure of Interests in Other Entities"

IFRS 12 is a standard that requires a broader disclosure in an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities and the objective of IFRS 12 is to specify the disclosure information provided by the entity. The Company expects the application of IFRS 12 will result in more extensive disclosures of interests in other entities in the financial statements.

D. IFRS 13, "Fair Value Measurement"

IFRS 13 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 those required in the current standards.

(2) Impact of the application of the IFRSs issued by the IASB but not yet endorsed by the FSC

Standards or interpretations of 2013 issued, revised or amended issued by IASB but not yet endorsed by the FSC are summarized as below:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
IFRS 9 Financial Instruments	Not yet determined
IFRS 14 Regulatory Deferral Accounts	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2017
Amendment to IFRS 11 Joint Arrangements	January 1, 2016
Amendment to IAS 16 Property, Plant and Equipment	January 1, 2016
Amendment to IAS 19 Defined Benefit Plans: Employee Contributions	July 1, 2014
Amendment to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendment to IAS 38 Intangible Assets	January 1, 2016
Amendment to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21 Levies	January 1, 2014

The Consolidated Company is currently assessing the impact of the aforementioned standards and interpretations to the Company's financial position and financial performance, and the related impact will be disclosed when the evaluation is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the English consolidated financial statements attached were originally prepared in Chinese and used in the R.O.C. If there is any conflict or any difference in the interpretation between the two versions, the Chinese version prevails.

Significant accounting policies of the Consolidated Company are listed below:

(1) Statement of Compliance

The consolidated financial statements attached were prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and "Interim Financial Reporting," IAS 34, which is recognized endorsed by the FSC (collectively, "Taiwan-IFRSs").

(2) Basis of Preparation

The consolidated financial statements were prepared based on a historical cost, except for financial instruments which apply fair value measurement. For assets, historical cost is generally based on the fair value of the consideration given in exchange for assets. For liabilities, historical cost is generally based on the amount charged by obligations or the amount expected to be paid for debts.

(3) Basis of Consolidation

This consolidated financial report includes the financial statements of the Company and those of its subsidiaries. Financial statements of its subsidiaries are consolidated in the financial report from the date of our acquisition (the date that the Company obtains control), and continue to be consolidated till the date that such control ceases.

Appropriate adjustments are made during the preparation of the financial statements of our subsidiaries, so that the accounting policies apply in both companies can be consistent.

All inter-group major transactions, balances, income and expenses are fully eliminated during the preparation of the consolidated financial report.

(4) Classification of Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes or the Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle. And the Company expects to realize the asset within 12 months after the reporting period. Or the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Current liabilities are obligations incurred for trading purposes or the Company expects to settle the liability in normal operating cycle; or the liability is due to be settled within 12 months after the reporting period; or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. All other liabilities are classified as non-current.

(5) Foreign Currencies

The financial statements of each individual consolidated entity were expressed in the currency which reflected its primary economic environment (functional currency). The functional currency of the Company, Pro-partner and GKBVI is the New Taiwan Dollar (NT$). The functional currency of Shanghai Grape King is the Chinese Yuan (CNY). In the preparation of this consolidated financial statement, the financial performance and financial condition of all entities consolidated were exchanged for NT$.

In the preparation of the financial statements of each entity consolidated, transactions with currencies other than the entity's functional currency (foreign currencies) are recognized applying the prevailing exchange rate on the day which the transactions took place. At the end of each reporting period, the value of the monetary items denominated in foreign currencies is recalculated applying the prevailing rates on that day. Non-monetary items measured by fair value that are denominated in foreign currencies are recalculated applying the prevailing rates on the date when that the fair value was determined. The value of non-monetary items denominated in foreign currencies and measured by historical cost is fixed with the exchange rate at the time, the items were obtained if the fluctuation of the exchange rate is not significant. The exchange difference are recognized as gains or losses in the period it occurred.

In preparation of the consolidated financial statements, the assets and liabilities of the related foreign entities are exchanged into NT$ applying the spot exchange rates on the last day of at each reporting period. Income and expense items are exchanged by the average exchange rates of the period. The exchange difference is recognized as other comprehensive income and accumulated as exchange difference on translation of foreign operation under the item of equity.

(6) Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks on changes in value resulting from changes in interest rates, including time deposits with original maturities of three months or less, commercial paper and re-purchase agreements.

(7) Inventories

Inventories are recorded at cost and adjusted to approximate weighted-average cost on the balance sheet date. About the calculation of product cost, Variable Factory Overhead allocated to actual production. Allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. However, when difference between the actual output and normal capacity is insignificant, allocation of fixed production may also base on the actual yield. If actual yield is extremely higher than normal capacity, allocation of fixed production would be base on the effective yield allocation. Inventories are valued at the lower of cost and net realizable value item by item. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. If the net realizable value of finished goods is expected to be equal to or higher than the costs, then raw materials used in production for the finished products will not be reduced to below cost. When the decline in the prices of raw materials but finished goods cost in excess of net realizable value, the raw material was reduced to net realizable value.

Deducted from the cost of inventories to net realizable value, the amount recognized as cost of goods sold. Remeasurement of the net realizable value of inventories in subsequent periods, if the circumstances that previously caused inventories to the net realizable value is lower than the cost factor has disappeared, or there is evidence of changing economic conditions leaving the net realizable value is increased, reverse the increase amount of net inventory realizable value in the range of the original deducted amount, and recognized in reduction of cost of goods sold.

(8) Property, Plant and Equipment

Property, plant and equipment for production or management purpose are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the following estimated useful lives: land improvements - 5 to 8 years; buildings - 10 to 60 years; machinery and equipment - 5 to 15 years; transportation equipment- 5 to 8 years; leasehold improvement - 3 or 46.5 years; and other Facilities - 3 to 30 years. When useful life of the main part is different from the property, plant and equipment, treat as a separate item. 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 estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(9) Leases

Leases are classified as finance lease whenever 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.

Unless another systematic approach is more representative of the time pattern in which economic benefits of leasing, rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Assets held under finance lease are initially recognized as assets of the Company at the 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 consolidated balance sheet as an obligation under finance lease.

Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Financial costs are recognized in profit or loss.

(10) Investment Property

Investment property is property which is not held for use in the production or supply of goods or services or for administrative purposes at the end of each reporting period.

Investment properties are stated at original cost. Subsequent measurement of investment property is accounted for in accordance with the cost model. Depreciation is calculated on a straight-line basis over the estimated economic lives. Useful lives of buildings are 30 to 38 years. 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 estimates accounted for on a prospective basis.

(11) Intangible Assets

Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(12) Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets 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 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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. An impairment loss is recognized immediately in loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed 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 immediately in profit.

Goodwill is tested for impairment annually. Any impairment loss for goodwill is recognized directly in loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(13) Financial Instruments

Financial assets and liabilities are initially recognized at fair values. 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 or deducted from 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 and liabilities at fair value through profit or loss is recognized in profit or loss.

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 entity. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Fair value of financial instruments in an active market is quoted market price. Financial instruments that do not have a quoted market price in an active market should estimate its fair value with evaluation method.

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

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are comprised of financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets at "fair value through profit or loss "(FVTPL) are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain recognized in profit incorporating any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Derivatives that do not qualify for hedge accounting are classified as held for trading financial assets or financial liabilities. The fair value is positive, classified as a financial asset; fair value is negative, classified as financial liabilities.

B. Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Held-to-maturity investments are initially recognized at fair values and taking into account any discount or premium on acquisition and fee or transaction costs. Subsequent to initial recognition, impairment and amortization of held-to-maturity investments are recognized in profit or loss.

If there is any objective evidence that the investment in the associate is impaired, the amount of impairment will be recognized in loss. 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 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.

C. Financial assets measured at cost

Investments in equity instruments that do not have a listed market price in an active market and whose fair value cannot be reliably measured and derivatives those are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost.

If there is any objective evidence that the financial assets measured at cost in the associate is impaired, the amount of impairment will be recognized as impairment loss. Such impairment loss will not be reversed in subsequent periods.

D. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are measured at amortized cost using the effective interest method.

At the balance sheet date receivables are assessed for impairment on an individual basis and collective basis. Receivables 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 receivables, the estimated future cash flows of the receivables have been affected. For certain categories of receivables 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.

The amount of the impairment recognized is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of receivables is reduced through the use of an allowance account. The amount of the impairment is recognized in loss. For receivables, 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 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. The amount of the reversed impairment is recognized in profit.

When a trade receivable is 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 as bad debt expenses.

E. Available-for-sale financial assets

Non-derivative financial assets and meet one of the following criteria are classified as available-for-sale financial assets:

a. Designated as available-for-sale
b. Are not classified as financial assets listed below:
  i. Financial assets at fair value through profit or loss;
  ii. Held-to-maturity financial assets;
  iii. Financial assets measured at cost;
  iv. Bond investments with no active market;
  v. Receivable.

Available-for-sale financial assets are initially recognized at fair values, the transaction costs are added to the fair value. Available-for-sale financial investments are subsequently measured at fair value. Changes in the carrying amount of Available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

If there is any objective evidence that the available-for-sale financial assets in the associate is impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss.

(14) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate 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. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(15) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and reduced for estimated customer returns, rebates and other similar allowances.

A. Sale of goods

Revenue from the sale of goods is recognized when 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.

Since the receivables from revenue from the sale of goods are collectible within one year and such transactions are frequent, fair value of the receivables is equivalent to the nominal amount of the cash to be received.

B. Rendering of services and others

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

Revenue from technical services 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.

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

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(16) Government Grants

A government grant is recognized only when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received.

The grant is recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, should be recognized as income in the period in which it is receivable.

Unrealized government grants are recognized in liabilities; a grant relating to income may be reported separately as other income.

(17) Retirement Benefit Costs

All regular employees are entitled to a defined benefit pension plan that is a monthly contribution pension. This plan provides pension benefits were based on years of service and average salary for 6 months before retirement calculation. The Company will make monthly contributions of 8% of these employees' monthly wages to the pension fund which is deposited under the committee's name in the Bank of Taiwan. Actual payment of employees pensions are paid from the pension fund first. If there is insufficient, the insufficient amount will be paid by the Company and recognized as expense in the period. However, the Labor Pension Act of the R.O.C. (the Act), which adopts a defined contribution plan, became effective on July 1, 2005. For those employees who choose to be subject to the Act, the Company will make monthly contributions of 6% of these employees' monthly wages to the employees' individual pension accounts.

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement plans, the cost of providing benefit is recognized based on actuarial calculations. Actuarial gains and losses are recognized in other comprehensive income in the period which they incur.

(18) Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax is recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Current income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

According to the Income Tax Law, an additional tax at 10% of undistributed earnings is provided for as income tax in the year the stockholders approve the retention of these earnings.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; In respect of taxable temporary differences associated with investments in subsidiaries and it is probable that the temporary differences will not reverse in the foreseeable future. Those temporary differences won't be recognized as deferred tax. Additionally, it won't be recognized as deferred tax when the deferred tax liability arises from the initial recognition of goodwill. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities should be offset on the balance sheet only if the entity has the legal right to settle on a net basis and they are levied by the same taxing authority on the same entity or different entities that intend to realize the asset and settle the liability at the same time.

A deferred tax asset should be recognized for an unused tax loss carry forward or unused tax credit if, and only if, it is considered probable that there will be sufficient future taxable profit against which the loss or credit carry forwards can be utilized. The carrying amount of deferred tax assets should be reviewed and adjusted at the end of each reporting period.

(19) Earnings per Share

Basic earnings per share are computed by dividing net income by the weighted-average number of ordinary shares outstanding during the current reporting period. The calculation of basic and diluted EPS for all periods presented is adjusted retrospectively when the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue, or share split, or decreases as a result of a reverse share split. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential ordinary shares.

(20) Bonus to Employees and Directors' and Supervisors' Remuneration

Employee bonus and liabilities incurred come from providing services by employee. The cost of the bonus to employees shall be recognized as expenses. The Company recognizes the expected cost of profit-sharing and bonus payments when, and only when, it has a legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the expected cost can be made.

The amount of the bonus to employees set aside in accordance with the provisions of the Articles of Association. The Company estimated amount of employee bonuses may be paid in accordance with the percentage prescribed in the Articles of Association and recognized as an expense in the accounting period that employees providing services. Moreover, if the amounts were modified by the shareholders' meeting in the following year, the adjustment will be regarded as a change in accounting estimate and will be reflected in the consolidated statement of income in the following year.

The accounting treatment for Directors' and Supervisors' remuneration is in accordance with same regulations of employee bonus.

(21) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). Operating segments' operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of the Company's consolidated financial statements requires management to make appropriate judgments of accounting policies, accounting assumptions and estimates that affect the reported.

Consolidated Company's assumptions and estimates are the best estimate which is based on the regulation of the IFRSs. 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.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(1) Impairment of Assets Other Than Goodwill

The Company measures impairment of assets which depends on subjective judgment, asset characteristics industry and cash flow in the future, during the impairment testing process. Any change in accounting estimates due to economic circumstances and business strategies might cause material impairment in the future.

The Company did not recognize any impairment loss on assets other than goodwill for the three months period and for the six months ended June 30, 2014 and 2013, respectively.

(2) Deferred Tax Assets

Deferred tax assets should be recognized only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available. The management applies judgment and accounting estimates to evaluate the realization of deferred tax assets. Any change in global economy, industry environment and regulations might cause material adjustments to deferred tax assets.

As of June 30, 2014, December 31, 2013 and June 30, 2013, the carrying amounts of deferred tax assets were NT$15,381,729, NT$15,112,158, and NT$15,825,147, respectively.

(3) Valuation of Inventories

Inventories are stated at the lower of cost or net realizable value, and the Company use judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. The net realizable value of the inventory is mainly determined based on historical experience and assumptions of future demand within a specific time horizon. Therefore, any changes in the industry trends and other relevant factors could result in significant adjustments to the valuation of inventories.

As of June 30, 2014, December 31, 2013 and June 30, 2013, the carrying amounts of inventories were NT$223,599,890, NT$235,165,698, and NT$221,090,834, respectively.

(4) The Calculation of Accrued Pension Liabilities

When the Consolidated Company calculates the present value of the defined benefit obligation, management have to make appropriate judgments and estimates to determine the relevant assumptions of the actuarial valuation for the end date of each reporting period. The assumptions of the actuarial valuation are including Discount rate and expected rate of return on plan assets, etc. Any changes in assumptions of the actuarial valuation could result in significant adjustments to the amount of the defined benefit obligation.

As of June 31, 2014, December 31, 2013 and June 30, 2013, the carrying amounts of accrued pension liabilities were NT$50,410,858, NT$54,413,668, and NT$67,979,331, respectively.

(5) Valuation of Financial Instrument

For the assessment of recoverability of receivables and the allowance for doubtful accounts estimates, valuation of receivables is based on the customer's credit quality and situation of collecting payments, and is also based on the historical experience of the actual bad debts. If the expected future cash receipts are different from the original estimate, such difference will have an impact on the carrying amount of receivables and the allowance for doubtful accounts in the period that estimate change.

As of June 30, 2014, December 31, 2013 and June 30, 2013, the carrying amounts of receivables were NT$91,416,851 (Net of allowance for doubtful accounts NT$39,707,083), NT$86,866,903 (Net of allowance for doubtful accounts NT$40,455,507), and NT$132,663,085 (Net of allowance for doubtful accounts NT$40,700,719), respectively.

(6) Bonus to Employees and Directors' and Supervisors' Remuneration

After taking into consideration income tax rate and the legal reserve and other factors, the Company accrued the bonus payable to employees and the remuneration payable to directors and supervisors at the end date of reporting period in accordance with the required percentage prescribed in the Articles of Association and based on the estimated full-year pre-tax profit.

As of June 30, 2014, December 31, 2013 and June 30, 2013, the carrying amounts of the bonus payable to employees and the remuneration payable to directors and supervisors were NT$192,468,871, NT$154,794,559, and NT$154,043,078, respectively.

6. CONTENTS OF SIGNIFICANT ACCOUNTING ITEM

(1) Cash and Cash Equivalents

	June 30, 2014	December 31, 2013	June 30, 2013
Cash on hand	$ 3,086,135	$ 2,438,318	$ 3,267,145
Check deposits	1,535,019	192,384	169,770
Demand deposits	546,342,022	956,067,023	810,110,925
Repurchase agreements collateralized by corporate bonds	109,846,858	109,997,245	109,848,867
Amounts of the balance sheet	660,810,034	1,068,694,970	923,396,707
Less: bank overdrafts	–	–	–
Amounts of the cash flow statement	$ 660,810,034	$ 1,068,694,970	$ 923,396,707

Cash and cash equivalents listed above was not put in pledge or restricted.

(2) Financial Assets at Fair Value through Profit or Loss, Current

A. Non-derivative financial assets held for trading were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Beneficiary's certificates			
Monetary fund	$ 960,042,351	$ 420,042,351	$ 770,025,893
Valuation adjustments	4,864,234	3,762,435	3,156,723
Total	$ 964,906,585	$ 423,804,786	$ 773,182,616

B. The net gain of financial assets at fair value through profit or loss of the Company recognized amounted to NT$796,212 and NT$827,255 for the three months ended June 30, 2014 and 2013, respectively; and NT$1,400,029 and NT$1,702,178 for the six months ended June 30, 2014 and 2013, respectively.

(3) Receivable

	June 30, 2014	December 31, 2013	June 30, 2013
Notes Receivable, Net			
Non-related parties	$ 3,480,975	$ 4,716,684	$ 11,009,628
Less: allowance for doubtful accounts	—	—	—
Net	$ 3,480,975	$ 4,716,684	$ 11,009,628
Accounts Receivable, Net			
Related parties	$ 11,106,951	$ 8,393,935	$ 19,223,883
Non-related parties	78,773,360	76,081,922	105,508,295
Subtotal	89,880,311	84,475,857	124,732,178
Less: allowance for doubtful accounts	(2,940,045),	(2,843,133)	(3,284,654)
Net	$ 86,940,266	$ 81,632,724	$ 121,447,524
Other Receivable, Net			
Other Receivable	$ 995,782	$ 517,667	$ 206,105
Less: allowance for doubtful accounts	(172)	(172)	(172)
Net	$ 995,610	$ 517,495	$ 205,933
Overdue Receivable, Net			
Overdue Receivable	$ 36,766,866	$ 37,612,202	$ 37,415,893
Less: allowance for doubtful accounts	(36,766,866)	(37,612,202)	(37,415,893)
Net	$ —	$ —	$ —

Overdue receivables were accounts receivables unpaid for more than a year and those receivables are recognized as noncurrent assets.

The Company's credit period for the sale of goods is 30-120 days average. Receivable are non-interest bearing. The age analysis of unimpaired receivables is as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Neither past due nor impaired	$ 14,587,926	$ 13,110,619	$ 30,233,511

The age analysis of impaired receivables is as follows：

	June 30, 2014	December 31, 2013	June 30, 2013
Not past due but impaired	$ 79,769,142	$ 75,980,988	$ 105,714,400
Past due and impaired			
Past due within 90 days	—	281,194	—
Past due 90-180 days	—	337,407	—
Past due over 180 days	36,766,866	37,612,202	37,415,893
Total	$ 116,536,008	$ 114,211,791	$ 143,130,293

Changes of the allowance for doubtful accounts：

	Six months ended June 30, 2014		
	Individual assessment	Collective assessment	Total
Beginning balance	$ 37,612,202	$ 2,843,305	$ 40,455,507
Provision (reversal)	—	103,215	103,215
Exchange rate fluctuations	(845,336)	(6,303)	(851,639)
Ending balance	$ 36,766,866	$ 2,940,217	$ 39,707,083

	Six months ended June 30, 2013		
	Individual assessment	Collective assessment	Total
Beginning balance	$ 35,926,894	$ 5,569,351	$ 41,496,245
Provision (reversal)	—	(2,396,331)	(2,396,331)
Exchange rate fluctuations	1,488,999	111,806	1,600,805
Ending balance	$ 37,415,893	$ 3,284,826	$ 40,700,719

(4) Inventories

	June 30, 2014	December 31, 2013	June 30, 2013
Raw materials	$ 91,940,368	$ 85,678,861	$ 79,353,774
Supplies	28,812,979	29,046,568	27,644,436
Half-finished Parts	5,283,949	8,626,506	12,361,373
Work in process	41,682,695	47,893,057	49,149,829
Finished goods	85,291,786	94,464,994	77,568,517
Consigned merchandise	8,634,912	8,738,899	13,943,536
Merchandise	—	244	5,829
Gifts inventories	514,878	468,544	486,085
Inventories in transit	560,743	99,920	219,963
Total	262,722,310	275,017,593	260,733,342
Less: allowance for inventory valuation losses	(39,122,420)	(39,851,895)	(39,642,508)
Net	$ 223,599,890	$ 235,165,698	$ 221,090,834

Expenses recognized as costs of inventories are as the following:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Inventory write-downs	$ —	$ (3,425,949)	$ —	$ —
Inventory loss on retirement	2,689,034	4,849,086	6,386,305	6,248,630
Gains on physical inventory	(650,057)	(1,389,052)	(661,847)	(1,697,587)
Net	$ 2,038,977	$ 34,085	$ 5,724,458	$ 4,551,043

For the three months ended June 30, 2013, provision for inventory has been scrapped, resulting in gains on inventory value recoveries NT$ 3,425,949.

(5) Financial Assets Measured at Cost, Non-current

	June 30, 2014	December 31, 2013	June 30, 2013
Unlisted companies			
Hsin Tung Yang Co., Ltd.	$ 20,000	$ 20,000	$ 20,000
Fu-sheng International Inc. (Samoa)	12,254,190	12,254,190	12,254,190
Total	12,274,190	12,274,190	12,274,190
Less: Accumulated impairment	—	—	—
Net	$ 12,274,190	$ 12,274,190	$ 12,274,190

Theoretically some of stocks held by the Company should be recognized as available-for-sale financial assets according to its investment intentions. However, the fair value of those investment targets cannot be measured reasonably, since they are not objects with listed market price in an active market, and information of similar companies and related financial information of investee companies are not available. Therefore those stocks were recognized as "financial assets measured at cost".

(6) Property, Plant and Equipment

	Cost					
	As of January 1, 2014	Additions	Disposals	Reclassification	Exchange effect	As of June 30, 2014
Land	$ 858,625,715	$ –	$ –	$ 67,541,743	$ –	$ 926,167,458
Land Improvements	1,925,750	–	–	–	–	1,925,750
Buildings	910,333,411	23,589,688	–	(8,037,962)	(5,881,159)	920,003,978
Machinery and equipment	1,028,829,714	24,272,752	(2,614,634)	–	(5,030,735)	1,045,457,097
Transportation equipment	9,117,581	142,000	(1,138,062)	–	(91,406)	8,030,113
Leasehold improvement	4,173,352	3,000,000	–	–	(60,303)	7,113,049
Other Facilities	250,702,304	11,023,686	(10,265,341)	–	(433,515)	251,027,134
Unfinished Construction	–	14,453,815	–	–	–	14,453,815
Total	$ 3,063,707,827	$ 76,481,941	$ (14,018,037)	$ 59,503,781	$ (11,497,118)	$ 3,174,178,394

	Cost					
	As of January 1, 2013	Additions	Disposals	Reclassification	Exchange effect	As of June 30, 2013
Land	$ 741,875,000	$ 116,751,715	$ —	$ (4,486,697)	$ —	$ 854,140,018
Land Improvements	985,750	—	—	—	—	985,750
Buildings	801,954,651	68,722,214	(285,322)	(31,256,022)	12,845,976	851,981,497
Machinery and equipment	964,523,698	47,616,279	(18,958,046)	—	10,599,911	1,003,781,842
Transportation equipment	12,250,915	281,000	(428,774)	—	194,848	12,297,989
Leasehold improvement	3,859,499	—	—	—	127,306	3,986,805
Other Facilities	184,288,866	16,596,238	(2,294,107)	1,364,080	889,771	200,844,848
Total	$ 2,709,738,379	$ 249,967,446	$ (21,966,249)	$ (34,378,639)	$ 24,657,812	$ 2,928,018,749

	Accumulated depreciation					
	As of January 1, 2014	Additions	Disposals	Reclassification	Exchange effect	As of June 30, 2014
Land Improvements	$ 980,416	$ 85,899	$ —	$ —	$ —	$ 1,066,315
Buildings	370,083,160	17,050,026	—	(7,232,672)	(1,706,738)	378,193,776
Machinery and equipment	712,874,237	32,759,094	(2,614,634)	—	(4,529,503)	738,489,194
Transportation equipment	7,447,392	243,680	(875,643)	—	(75,324)	6,740,105
Leasehold improvement	1,628,636	561,835	—	—	(21,497)	2,168,974
Other Facilities	150,231,896	15,156,834	(10,265,341)	—	(409,263)	154,714,126
Total	$ 1,243,245,737	$ 65,857,368	$ (13,755,618)	$ (7,232,672)	$ (6,742,325)	$ 1,281,372,490

	Accumulated depreciation					
	As of January 1, 2013	Additions	Disposals	Reclassification	Exchange effect	As of June 30, 2013
Land Improvements	$ 877,162	$ 27,147	$ —	$ —	$ —	$ 904,309
Buildings	337,359,330	17,779,442	(94,193)	(4,616,861)	3,453,904	353,881,622
Machinery and equipment	657,027,446	31,779,805	(18,047,227)	—	9,184,228	679,944,252
Transportation equipment	9,363,155	528,983	(428,774)	—	148,620	9,611,984
Leasehold improvement	1,193,656	185,614	—	—	42,670	1,421,940
Other Facilities	127,889,697	9,869,027	(2,068,881)	1,364,080	842,716	137,896,639
Total	$ 1,133,710,446	$ 60,170,018	$ (20,639,075)	$ (3,252,781)	$ 13,672,138	$ 1,183,660,746

	As of		
	June 30, 2014	December 31, 2013	June 30, 2013
Land	$ 926,167,458	$ 858,625,715	$ 854,140,018
Land Improvements	859,435	945,334	81,441
Buildings	541,810,202	540,250,251	498,099,875
Machinery and equipment	306,967,903	315,955,477	323,837,590
Transportation equipment	1,290,008	1,670,189	2,686,005
Leasehold improvement	4,944,075	2,544,716	2,564,865
Other Facilities	96,313,008	100,470,408	62,948,209
Unfinished Construction	14,453,815	—	—
Total	$ 1,892,805,904	$ 1,820,462,090	$ 1,744,358,003

Please refer to Note 8 for property, plant and equipment pledged as collateral.

(7) Investment Property, Net

	Land	Buildings	Investment properties under construction	Total	Accumulated depreciation	Net
As of January 1, 2014	$ 253,526,393	$ 45,623,792	$ 23,413,230	$ 322,563,415	$ (16,954,298)	$ 305,609,117
Additions	–	16,496,561	9,033,480	25,530,041	–	25,530,041
Depreciation	–	–	–	–	(518,819)	(518,819)
Disposals	–	(22,151,589)	–	(22,151,589)	18,411,256	(3,740,333)
Reclassification	(67,541,743)	40,083,067	(32,045,105)	(59,503,781)	(7,232,672)	(66,736,453)
Difference in Exchange	–	(1,136,705)	(401,605)	(1,538,310)	135,234	(1,403,076)
As of June 30, 2014	$ 185,984,650	$ 78,915,126	$ –	$ 264,899,776	$ (6,159,299)	$ 258,740,477
As of January 1, 2013	$ 254,476,466	$ 14,113,627	$ –	$ 268,590,093	$ (10,549,933)	$ 258,040,160
Additions	–	500,954	–	500,954	–	500,954
Depreciation	–	–	–	–	(969,178)	(969,178)
Disposals	(951,073)	–	–	(951,073)	–	(951,073)
Reclassification	4,486,697	31,256,022	–	35,742,719	(4,616,861)	31,125,858
Difference in Exchange	–	1,004,417	–	1,004,417	(151,280)	853,137
As of June 30, 2013	$ 258,012,090	$ 46,875,020	$ –	$ 304,887,110	$ (16,287,252)	$ 288,599,858

A. Items listed above were on measured by the cost model after being recognized.

B. Land listed above includes agricultural land worth with NT$5,600,000 received from their debtor to settle the overdue debts. The land trusts registered under the name of Mr. Tseng, Shui-Chao, the chairman of the Company, there is a NT$5,600,000 guaranteed note opened by Mr. Tseng to the Company ensure the interests of the Company.

C. Based on the appraisal report issued by external independent Professional Appraisal Company at January 10, 2012, January 10, 2014, and January 20, 2014, and the present value of land and standard of house price announced on at January 1, 2013 and 2014, the fair value of the investment property is estimated to be NT$334,159,927, NT$453,275,273 and NT$303,682,388 on June 30, 2014, December 31, 2013 and June 30, 2013, there is no impairment of the investment property.

D. The rental income of the aforementioned investment property recognized for the three months ended June 30, 2014 and 2013 are NT$2,209,165 and NT$3,174,982, respectively; and for the six months ended June 30, 2014 and 2013 are NT$5,839,486 and NT$6,012,049, respectively. The direct operating expenses of the investment property which generates rental income for the three months ended June 30, 2014 and 2013 are NT$285,957 and NT$362,564, respectively; and for the six months ended June 30, 2014 and 2013 are NT$643,339 and NT$439,833, respectively. There is no direct operating expenses from the investment property which did not generate rental income.

E. No item of the aforementioned Items on investment property is pledged.

(8) Prepayments and Other Assets

	June 30, 2014	December 31, 2013	June 30, 2013
Prepayment for purchase	$ 3,608,958	$ 4,406,256	$ 3,577,672
Prepaid rent on land	54,950,294	57,125,477	57,701,161
Prepayment for equipment	45,958,553	59,797,283	73,062,306
Prepayment for land and building	787,047,140	497,272,856	—
Prepaid computer software expenses	8,302,846	—	—
Office Supplies	6,777,433	—	—
Other prepaid expenses	11,500,738	8,107,449	9,525,819
Over paid VAT	93,309	—	—
Temporary payments	574,824	274,945	159,194
Advances to employees	264,000	336,000	408,000
Refundable deposits	16,813,098	15,222,919	13,407,724
Overdue receivable	36,766,866	37,612,202	37,415,893
Less: allowance for doubtful debts	(36,766,866)	(37,612,202)	(37,415,893)
Other financial assets	1,860,000	2,310,000	4,310,000
Other noncurrent assets-other	16,008,000	16,008,000	16,008,000
Total	$ 953,759,193	$ 660,861,185	$ 178,159,876
Current portion	$ 24,661,171	$ 15,457,907	$ 17,992,074
Noncurrent portion	929,098,022	645,403,278	160,167,802
Total	$ 953,759,193	$ 660,861,185	$ 178,159,876

A. The amount recognized under the item Prepaid rent on land is the land-transferring fees prepaid to the Ministry of Land and Resource of the People's Republic of China to obtain the right to use the land in Shanghai Songjiang Industrial Zone. Shanghai Grape King rented the land for the construction of their manufacturing plant from October 1997 to March 2044. All fees were paid on the day when the contract was made, and the expense is recognized based on the average fee of each term stated in the lease.

B. Overdue receivable were account receivables unpaid for more than a year and has already been recognized as allowance for doubtful debts. Please refer to Note 6 (3) in the instructions.

(9) Other Payables

	June 30, 2014	December 31, 2013	June 30, 2013
Accrued expenses			
Bonus to direct sellers	$ 529,512,590	$ 562,741,461	$ 493,626,509
Salaries and incentive bonus	135,830,085	74,383,831	88,434,702
Bonus to employees	162,545,871	125,451,885	124,328,455
Bonus to directors and supervisors	29,923,000	29,342,674	29,714,623
Other accrued expenses	87,928,036	64,540,316	58,937,126
Subtotal	945,739,582	856,460,167	795,041,415
Other payables			
Payables on Equipment	43,273,201	57,852,558	47,800,376
Accrued VAT payable	38,487,298	35,511,979	34,115,494
Dividend payable	651,175,200	—	481,869,648
Others	710,067	934,179	339,367
Subtotal	733,645,766	94,298,716	564,124,885
Total	$ 1,679,385,348	$ 950,758,883	$ 1,359,166,300
Current portion	$ 1,647,860,390	$ 918,746,688	$ 1,327,158,315
Noncurrent portion	31,524,958	32,012,195	32,007,985
Total	$ 1,679,385,348	$ 950,758,883	$ 1,359,166,300

(10) Provisions-Current

	Six months ended June 30	
	2014	2013
Beginning balance	$ 500,567	$ 500,567
Provision	4,620,715	4,019,763
Payment	(3,920,994)	(1,676,573)
Ending balance	$ 1,200,288	$ 2,843,757

The provisions recognized above were accumulated compensation for those who do not take their paid vacations which were estimated based on experience and judgment of the executives in the Company. It is recognized as a reduction of salary expense when employees take their paid vacations.

(11) Retirement Benefit Plans

A. According to the Labor Standards Law, the Factories Act and the Labor Pension Act, the Company formulate pension plan for the regular employees.

a. Defined benefit plans

When the worker attains the age of 15 and has worked for 55 years, or the worker has worked for more than 25 years, or worker attains the age of 60 and has worked for 10 years, may apply for voluntary retirement, pension benefits based on their working years and average salary of 6 months before retirement. They would be given to 2 payment cardinality of base wage for each year of service, and provided one payment cardinality of base wage each year of service after exceeding 15 years, but the maximum shall be 45 units. But any fraction of a year which is equal to or more than 6 months shall be counted as 1 year of service, but any fraction of a year which is less than 6 months shall be counted as a half a year of service. If the employees be ordered to retire due to mental handicap or physical disability which is caused during the performance of their duties and in capable of work, they would be provided by plus a twenty percent of foregoing the payment cardinality. The employees who select the applicable provisions of the Labor Pension Act pension provision, attains the age of 60 and has worked for 15 years, but work less than 15 years seniority, should be invited to a lump sum pension.

b. Defined contribution plans

The Labor Pension Act of the R.O.C. (the Act) which became effective on July 1, 2005 is a defined contribution plan. Employees can elect to be applied the relevant pension rules under the Labor Standards Law of the R.O.C., the monthly contributions are equal to 6% of each employees' monthly salary and appropriated to employees' pension accounts. For employees who choose to apply the old pension system, the pension fund deposited at the Bank of Taiwan in an administered pension fund.

B. December 31, 2013 and 2012, are applied as the baseline for the calculation of the defined benefit plans. The model for the calculation, the composition percentage of the fair value of the plan assets, the expenses recognized, the composition of the defined benefit obligation, as well as the changes of the present value of the defined benefit obligation and the changes of the fair value of plan assets are as follow：

a. The model for the calculation of the defined benefit plans

	December 31, 2013	December 31, 2012
Discount rate	1.65~1.75%	1.40~1.50%
Expected rate of return on plan assets	1.20~1.75%	1.20~1.75%
Salary adjustment rate	1.50~2.00%	1.50~3.00%

The principal model for the calculation of the defined benefit plan are as follows:

i. Discount rate: The interest rate of government bonds which is similar to the rate of the expected maturity of the pension obligations.

ii. Expected return rate of plan assets: the expected return rate of plan assets is estimated based on following three points. First is the historical trends of return. Second is the analysts' forecast about the markets that are related to the assets in the duration of the relevant obligations. Third is to take the operation of the Labor Pension Fund made by Labor Pension Fund Supervisory Committee as reference. In addition, it is also taken into consideration that the minimum profit should not be lower than the interest rate of two year fixed deposit in local banks when aforementioned estimate was made.

iii. Assumed increase rate of future compensation: It was decided by comprehensive consideration of the past salary adjustment, future inflation, employee seniority, promotion and other relevant factors.

b. The composition percentage of the fair value of the plan assets

	Fair Value of Plan Assets		
	June 30, 2014	December 31, 2013	June 30, 2013
Bank deposits	20.29%	22.86%	25.40%
Short-term notes and bills	2.87%	4.10%	6.25%
Government, Financial or Corporate bonds	9.21%	9.37%	10.32%
Monetary Funds	—	—	1.17%
Stock and Investment of beneficiary certificates	10.98%	8.41%	8.41%
Overseas investment	37.14%	34.31%	29.85%
Others	19.51%	20.95%	18.60%
Fair value of plan assets	100.00%	100.00%	100.00%

c. Expense of the defined benefit plan recognized

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Current service cost	$ 340,755	$ 480,877	$ 681,510	$ 961,755
Interest cost	280,281	320,621	560,563	641,494
Projected return on plan assets	(43,344)	(75,834)	(86,689)	(151,921)
Net pension cost	$ 577,692	$ 725,664	$ 1,155,384	$ 1,451,328

d. The composition of the defined benefit obligation (the amount listed below should be recognized as accrued pension liabilities)

	June 30, 2014	December 31, 2013	June 30, 2013
Present value of defined benefit obligation	$ (56,581,837)	$ (64,705,132)	$ (83,538,946)
Fair value of plan assets	6,170,979	10,291,464	15,559,615
Plan surplus (deficit)	(50,410,858)	(54,413,668)	(67,979,331)
Unamortized prior service cost	—	—	—
Defined benefit obligation recognized	$ (50,410,858)	$ (54,413,668)	$ (67,979,331)

e. Changes of present value of the defined benefit obligation

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Beginning balance	$ 62,502,729	$ 84,905,581	$ 64,705,132	$ 86,393,390
Current service cost	340,755	480,877	681,510	961,755
Interest cost	280,281	320,621	560,563	641,494
Payment	(6,541,928)	(2,168,133)	(9,365,368)	(4,457,693)
Ending balance	$ 56,581,837	$ 83,538,946	$ 56,581,837	$ 83,538,946

f. Changes of the fair value of plan assets

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Beginning balance	$ 11,107,648	$ 16,546,899	$ 10,291,464	$ 17,586,731
Projected return on plan assets	43,344	75,834	86,689	151,921
Provision	752,707	843,282	1,525,546	1,689,843
Payment	(5,732,720)	(1,906,400)	(5,732,720)	(3,868,880)
Ending balance	$ 6,170,979	$ 15,559,615	$ 6,170,979	$ 15,559,615

g. Present value of defined benefit obligation, the fair value of plan assets and the adjustments based on experience

	June 30, 2014	December 31, 2013	June 30, 2013
Present value of defined benefit obligation	$ (56,581,837)	$ (64,705,132)	$ (83,538,946)
Fair value of plan assets	6,170,979	10,291,464	15,559,615
Plan surplus (deficit)	$ (50,410,858)	$ (54,413,668)	$ (67,979,331)
Adjustments of plan liabilities based on experience	$ —	$ 2,203,121	$ —
Adjustments of plan assets based on experience	$ —	$ (104,825)	$ —

C. Pension expenses recognized under the defined contribution plan for the three months ended June 30, 2014 and 2013 are NT$3,055,857 and NT$2,707,065, respectively; and for the six months ended June 30, 2014 and 2013 are NT$5,934,975 and NT$5,158,129, respectively. As of June 30, 2014, December 31, 2013 and June 30, 2013 for the unpaid amounted to NT$1,745,878, NT$1,637,528 and NT$ 2,005,682.

D. The above mentioned information about pension is limited to the Company, Pro-partner and Shanghai Grape King. There is no employee in our subsidiary, GKBVI, and all business is handled by the Company.

(12) Operating Lease

The minimum lease payments of non-cancellable operating leases in the future is as following:

	June 30, 2014	December 31, 2013	June 30, 2013
Within 1 year	$ 37,693,656	$ 31,477,952	$ 21,041,043
One to five years	66,477,652	67,967,839	56,127,118
Total	$ 104,171,308	$ 99,445,791	$ 77,168,161

The lease payment listed above is expense for leasing operation centers, automobiles and warehouses.

The minimum lease receivables of non-cancellable operating leases in the future are as following:

	June 30, 2014	December 31, 2013	June 30, 2013
Within 1 year	$ 16,839,059	$ 16,263,134	$ 3,759,200

The lease receivables listed above are rental income from investment property and operating leases.

(13) Tax

For the three months and the six months ended June 30, 2014 and 2013 to the Company and Pro-partner, the profit-seeking enterprise income tax rate of 17%, the Income Basic Tax Act rate was 12% , Shanghai Grape King income tax rate was 25%. There was no income tax for GKBVI during this the period of time. Information related to deferred tax assets and liabilities as well as the adjustment related to the expense of income tax and income tax payable are as follows:

A. Compositions and changes of deferred tax assets and liabilities are as follow:

	Three months ended June 30, 2014			
	Beginning balance	Recognized in profit or loss	Recognized in Other Comprehensive Income	Ending balance
Temporary difference				
Pension Overrun	$ 6,419,051	$ (167,302)	$ –	$ 6,251,749
Unrealized intercompany profits	2,800,033	187,244	–	2,987,277
Allowance for Bad Debts Overrun	250,331	(6,345)	–	243,986
Unrealized Provision for employee benefits	656,170	(452,121)	–	204,049
Exchange differences on translation of foreign operations	6,023,966	–	(365,597)	5,658,369
Actuarial gains and losses on defined benefit plan	(1,569,760)	–	–	(1,569,760)
Unrealized revaluation	(68,463,273)	–	–	(68,463,273)
Deferred tax income(expenses)		$ (438,524)	$ (365,597)	
Deferred tax assets (liabilities), net	$ (53,883,482)			$ (54,687,603)
Deferred tax assets	$ 16,185,850			$ 15,381,729
Deferred tax liabilities	$ 70,069,332			$ 70,069,332

	Three months ended June 30, 2013			
	Beginning balance	Recognized in profit or loss	Recognized in Other Comprehensive Income	Ending balance
Temporary difference				
Pension overrun	$ 7,540,726	$ (64,454)	$ –	$ 7,476,272
Unrealized intercompany profits	998,787	479,008	–	1,477,795
Allowance for Bad Debts overrun	232,305	(915)	–	231,390
Unrealized Provision for employee benefits	518,527	(35,088)	–	483,439
Exchange differences on translation of foreign operations	5,726,905	–	236,888	5,963,793
Actuarial gains and losses on defined benefit plan	192,458	–	–	192,458
Unrealized revaluation	(68,463,273)	–	–	(68,463,273)
Deferred tax income(expenses)		$ 378,551	$ 236,888	
Deferred tax assets (liabilities), net	$ (53,253,565)			$ (52,638,126)
Deferred tax assets	$ 15,209,708			$ 15,825,147
Deferred tax liabilities	$ 68,463,273			$ 68,463,273

	Six months ended June 30, 2014			
	Beginning balance	Recognized in profit or loss	Recognized in Other Comprehensive Income	Ending balance
Temporary difference				
Pension Overrun	$ 6,932,291	$ (680,542)	$ –	$ 6,251,749
Unrealized intercompany profits	1,710,110	1,277,167	–	2,987,277
Allowance for Bad Debts Overrun	255,811	(11,825)	–	243,986
Unrealized Provision for employee benefits	85,096	118,953	–	204,049
Exchange differences on translation of foreign operations	6,092,551	–	(434,182)	5,658,369
Actuarial gains and losses on defined benefit plan	(1,569,760)	–	–	(1,569,760)
Unrealized revaluation	(68,463,273)	–	–	(68,463,273)
Deferred tax income(expenses)		$ 703,753	$ (434,182)	
Deferred tax assets (liabilities), net	$ (54,957,174)			$ (54,687,603)
Deferred tax assets	$ 15,112,158			$ 15,381,729
Deferred tax liabilities	$ 70,069,332			$ 70,069,332

	Six months ended June 30, 2013			
	Beginning balance	Recognized in profit or loss	Recognized in Other Comprehensive Income	Ending balance
Temporary difference				
Pension Overrun	$ 7,617,148	$ (140,876)	$ —	$ 7,476,272
Unrealized intercompany profits	1,050,422	427,373	—	1,477,795
Allowance for Bad Debts Overrun	211,713	19,677	—	231,390
Unrealized Provision for employee benefits	85,096	398,343	—	483,439
Exchange differences on translation of foreign operations	5,294,754	—	669,039	5,963,793
Actuarial gains and losses on defined benefit plan	192,458	—	—	192,458
Unrealized revaluation	(68,463,273)	—	—	(68,463,273)
Deferred tax income(expenses)		$ 704,517	$ 669,039	
Deferred tax assets (liabilities), net	$ (54,011,682)			$ (52,638,126)
Deferred tax assets	$ 14,451,591			$ 15,825,147
Deferred tax liabilities	$ 68,463,273			$ 68,463,273

B. Items of deferred tax assets and liabilities unrecognized:

	June 30, 2014	December 31, 2013	June 30, 2013
Deferred tax assets unrecognized			
Loss carry-forward	$ 7,153,147	$ —	$ 4,850,727
Temporary difference			
Foreign investment loss	63,806,812	59,083,968	57,169,366
Bad debts overrun	9,083,437	9,287,348	9,325,460
Unrealized allowance for inventory valuation losses	8,123,853	8,306,222	8,253,876
Deferred depreciation expense recognized	5,272,585	5,390,947	5,356,973
Rental income pre-recognized	7,666,713	7,946,054	—
Total	$ 101,106,547	$ 90,014,539	$ 84,956,402

As of June 30, 2014, the unutilized loss carry-forward for the consolidated company were as follow:

	Subsidiaries in Mainland China	
Occurred Year	Unutilized Loss Carry-forward	Expiration
Six months ended June 30, 2014	$ 28,612,587	Fiscal Year 2019

C. Income tax recognized in profit or loss

Compositions of the income tax expenses recognized in current profit or loss are as follows:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Current income tax	$ 67,231,193	$ 63,370,754	$ 130,599,638	$ 109,326,487
Unappropriated Retained Earnings tax	10,101,094	–	10,101,094	–
Adjustments in respect of current income tax of prior periods	–	(4,582,359)	–	(4,687,370)
Deferred income tax (gain) expense	438,524	(378,551)	(703,753)	(704,517)
Income tax expense recognized in profit or loss	$ 77,770,811	$ 58,409,844	$ 139,996,979	$ 103,934,600

Adjustments between income tax expense and income tax payable year are as follows:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Accounting profit before tax from continuing operations	$ 387,221,756	$ 331,360,902	$ 738,152,202	$ 610,337,849
Tax of accounting profit before tax at statutory tax rate	$ 91,022,328	$ 74,768,314	$ 174,674,029	$ 137,566,120
Unappropriated Retained Earnings tax	10,101,094	7,514,196	10,101,094	7,514,196
Permanent differences				
Investment gain (loss) -domestic	(25,194,628)	(18,360,027)	(49,188,156)	(33,731,753)
Gain from financial assets at fair value through profit or loss	(129,139)	(140,633)	(231,787)	(289,370)
Others	(6,217)	(150,243)	(6,217)	(145,237)
Temporary difference				
Investment loss (gain) -foreign	1,977,373	(639,404)	4,648,016	(2,291,986)
Adjustments of current income tax of prior periods	–	(4,582,359)	–	(4,687,370)
Accounting profit before tax from continuing operations	$ 77,770,811	$ 58,409,844	$ 139,996,979	$ 103,934,600

	As of		
	June 30, 2014	December 31, 2013	June 30, 2013
Current income tax	$ 140,700,732	$ 250,556,712	$ 109,326,487
Add: beginning balance of income tax payable	168,434,855	117,092,655	117,092,655
Less: Provisional tax and tax paid	(101,731)	(88,029,446)	(141,827)
Income tax payable for the beginning balance of the year paid	(158,710,267)	(106,420,762)	(104,279,331)
Income tax payable for the current period	–	(76,934)	(76,934)
Adjustments of income tax prior years	–	(4,687,370)	(4,687,370)
Current income tax payable liabilities end of the period	$ 150,323,589	$ 168,434,855	$ 117,233,680

D. Income tax expense recognized in other comprehensive income (loss)

Compositions of the income tax expenses (profit) recognized in other comprehensive income (loss) are as follows:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Exchange differences from consolidating the financial statement of foreign business	$ 365,597	$ (236,888)	$ 434,182	$ 669,039

E. The assessment of income tax

Income tax returns for all the fiscal years up to 2011 have been assessed and approved by the R.O.C. Tax Authority.

F. Information related to the Imputation Tax System

a. Balances of imputation credit accounts

	As of		
	June 30, 2014	December 31, 2013	June 30, 2013
Grape King	$ 225,892,720	$ 91,612,713	$ 173,769,505
Pro-partner	$ 10,426,315	$ 68,993,791	$ 22,328,805

b. Tax Creditable Ratio of the estimated (actual) earnings

	Twelve months ended December 31,2013(estimated)	Twelve months ended December 31,2012(actual)
Grape King	19.99%	20.95%
Pro-partner	20.50%	20.48%

G. Information of undistributed earnings

	As of		
	June 30, 2014	December 31, 2013	June 30, 2013
1998 to 2009	$ 127,424,682	$ 127,424,682	$ 127,424,682
After 2010	673,021,320	1,002,512,266	532,310,716
Total	$ 800,446,002	$ 1,129,936,948	$ 659,735,398

(14) Equity

A. Capital Stock

The Company was established in April, 1971. In the beginning the amount of original paid-in capital was NT$500,000. After the capital increase conducted several times by cash and from undistributed earnings reserve subsequently, the Company had 1,500 million authorized capital stock as of June 30, 2014, December 31, 2013 and June 30, 2013, respectively, and 130,235,040 shares and each share with par value of NT$10 as of June 30, 2014, December 31, 2013 and June 30, 2013, respectively, which worth NT$ 1,302,350,400.

B. Capital surplus

According to the Company Law, the Company shall not use the capital reserve to make good its capital loss, unless the surplus reserve is insufficient to make good such loss. The Company may pursuant to a resolution to be adopted by a shareholders' meeting, distribute its capital reserve which is generated by the issuance of new shares at a premium and incurred from endowments received, in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. When the capital surplus from issuance of new shares at a premium used to appropriate cash dividend or capitalized within a certain percentage of the Company's paid-in capital, the percentage shall not exceed the limits prescribed in relevant laws.

As of June 30, 2014, December 31, 2013 and June 30, 2013, the Company's capital surplus was NT$4,363,484 and was all from treasury stock transactions.

C. Legal reserve

A company, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as legal reserve. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

D. Special reserve

According to the requirements of the FSC, the company appropriated the net reduction in other stockholders' equity into special capital reserve. The reduced amount of special capital reserve can be reversed back into retained earnings if stockholders' equity increases in subsequent period.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012, on the first-time adoption of IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Company's use of exemptions under IFRS 1. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity resulting from use, disposition or reclassification of related assets shall qualify for additional distributions based on the original proportion of special reserve.

E. Retained earnings

After the settlement of Grape King and Pro-partner is made, if there is any earnings left after payment of all taxes and dues, it should be used to offset the loss from the operation in prior years first. After that, 10% of the remaining balance should be set aside for legal reserve. Afterward according to the related regulations, part of the remaining should set aside for the special reserve. And then combined the remaining with the accumulated earnings undistributed from last fiscal year, and distribute the sum by the ratio listed below. However, part of the aforementioned sum of remaining will be reserved based on the condition of the business:

Item	Grape King	Pro-partner
a. Dividends and bonus	87%	90%
b. Employees' bonuses	11%	5%
c. Directors' and supervisors' remuneration	2%	5%

The Company's dividends distributed to the shareholder, the bonuses for employees and remuneration for the directors and controllers was amounted to NT$481,869,648 (NT$3.7 per share), NT$60,926,047 and NT$11,077,463 in cash, respectively. This distribution was approved in the shareholders' meeting held on June 17, 2013, which followed the resolution made in the board meeting held on March 26, 2013. The aforementioned amount distributed is the same as the estimated amount recognized in the financial statements of 2012.

Pro-partner's cash dividends distributed to shareholders, bonuses distributed to managers and employees and remuneration for directors and controllers amounted to NT$510,462,329 (NT$319.039 per share), NT$28,351,287 and NT$28,351,287, respectively. The aforementioned amount of distribution was approved in the shareholders' meeting held on April 25, 2013, which followed the resolution made in the board meeting held on March 14, 2013. And the resolution was related to the distribution of the earnings of 2012. The aforementioned approved amount was the same as the estimated amount recognized in the financial statements of 2012.

The Company's distribution dividends distributed to the shareholder, the bonuses for employee and remuneration for the directors and controllers was amounted to NT$651,175,200 (NT$5 per share), NT$82,332,497 and NT$14,969,545 in cash, respectively. This distribution was approved in the shareholders' meeting held on June 23, 2014, which followed the resolution made in the board meeting held on March 24, 2014. The aforementioned amount distributed is the same as the estimated amount recognized in the financial statements of 2013.

Information concerning the bonuses for employees and the remuneration for directors and controllers can be accessed online from the Market Observation Post System website of the Taiwan Stock Exchange.

Pro-partner's cash dividends and stock dividends distributed to shareholders, bonuses distributed to managers and employees bonuses and remuneration for directors and controller amounted to NT$617,857,355 (NT$386.16 per share), NT$160,000,000 (NT$100 per share), NT$43,119,388 and NT$43,119,388, respectively. The aforementioned amount of distribution was approved in the shareholders' meeting held on April 25, 2014, which followed the resolution made in the board meeting held on March 14, 2014. And the resolution was related to the distribution of the earnings of 2013.

The estimated bonuses for employees and remuneration for directors and controllers of the Company and Pro-partner for the three-month and six-month periods ended June 30, 2014 and 2013 are as follows:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Bonuses for employees and managers				
Grape King	$ 23,863,820	$ 24,699,749	$ 39,831,556	$ 41,166,248
Pro-partner	11,461,418	9,000,123	23,134,063	16,446,394
Total	$ 35,325,238	$ 33,699,872	$ 62,965,619	$ 57,612,642
Remuneration for directors and controllers				
Grape King	$ 4,338,876	$ 4,490,863	$ 7,242,100	$ 7,484,772
Pro-partner	11,461,420	9,000,123	23,134,064	16,446,393
Total	$ 15,800,296	$ 13,490,986	$ 30,376,164	$ 23,931,165

According to the articles of association of Shanghai Grape King (one of the companies consolidated in this report), Shanghai Grape King’s should pay of the taxes in time and appropriate part of the net income as the reserve fund, employee bonus and welfare fund in accordance with the relevant laws and regulations of the People's Republic of China. The ratio of the appropriation is determined by the Board. However, the ratio for the reserve fund should not be less than 10% of net income. When the total amount reached 50% of the registered capital, the obligation of the appropriation can be waived. After paying the income tax and appropriating for the various funds, Shanghai Grape King (one of the companies consolidated in this report) can distribute the remaining profit once a year. If there are any losses from previous years, the losses must be covered otherwise the distribution is prohibited. Undistributed profits of the previous year can be incorporated with profit for the current year and distributed according to the proportion of the capital contribution.

F. Dividend Policy

The earnings distribution of Grape King should be in accord with the overall business environment, policies for industry growth and long-term financial planning so that the operation of the company can be stable and sustainable. The goal of the policy for distribution of dividends is to reflect the performance of the operation, to continue the expansion of capital, to meet the demand for multidimensional business, and the principle of the policy is to make the 50/50 distribution of stock and cash dividends. In addition, the proportion of the distribution of dividends is adjusted according to the demand of the capital and, the degree of dilution for earnings per share.

G. Other Equity

The differences from the exchange of the functional currencies for the net assets of the foreign operations' of Grape King are recognized directly as other comprehensive income (loss) and accumulated under other equity as exchange differences on translation of foreign operations.

H. Non-controlling interests

Changes in non-controlling interests were as follows:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Beginning balance	$ 543,008,546	$ 367,672,923	$ 448,916,279	$ 307,391,648
The amount attributable to non-controlling interests:				
Cash Dividends	(247,142,944)	(204,184,928)	(247,142,944)	(204,184,928)
Net income	98,802,464	72,000,104	192,894,731	132,281,379
Ending balance	$ 394,668,066	$ 235,488,099	$ 394,668,066	$ 235,488,099

(15) Earnings per Share

A. Earnings per share-basic

	Three months ended June 30, 2014				
	Amount (Numerator)		Shares	EPS	
	Before Income Tax	After Income Tax	(Denominator)	Before Income Tax	After Income Tax
Net income attributable to common shareholders of the parent company	$ 268,246,489	$ 210,648,481	130,235,040	$ 2.06	$ 1.62

	Three months ended June 30, 2013				
	Amount (Numerator)		Shares	EPS	
	Before Income Tax	After Income Tax	(Denominator)	Before Income Tax	After Income Tax
Net income attributable to common shareholders of the parent company	$ 244,626,091	$ 200,950,954	130,235,040	$ 1.88	$ 1.54

	Six months ended June 30, 2014				
	Amount (Numerator)		Shares	EPS	
	Before Income Tax	After Income Tax	(Denominator)	Before Income Tax	After Income Tax
Net income attributable to common shareholders of the parent company	$ 506,264,205	$ 405,260,492	130,235,040	$ 3.89	$ 3.11

	Six months ended June 30, 2013				
	Amount (Numerator)		Shares	EPS	
	Before Income Tax	After Income Tax	(Denominator)	Before Income Tax	After Income Tax
Net income attributable to common shareholders of the parent company	$ 450,988,325	$ 374,121,870	130,235,040	$ 3.46	$ 2.87

Weighted-average number of ordinary shares was calculated as follows:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Beginning number of ordinary shares	130,235,040	130,235,040	130,235,040	130,235,040
Weighted-average number of ordinary shares end of the period	130,235,040	130,235,040	130,235,040	130,235,040

B. Diluted earnings per share

The bonuses for employees and the remuneration for directors and controllers are recognized as expense rather than earnings distributed in the financial statement of the Company. If the Company decides to distribute stocks as the bonus for employees, when calculating the earnings per share, the distribution of shares to the employees should be taken into consideration. In addition, the potential common shares which will dilute the earnings should be added into the weighted average number to calculate the diluted earnings per share.

For the amount of bonuses for employees recognized by the Company for the three months ended June 30, 2014 and 2013, to be delivered as stocks, the number of stocks will be 173,621 shares and 188,379 shares, respectively; for the six months ended June 30, 2014 and 2013 to be delivered as stocks, the number of stocks will be 295,049 shares and 364,303 shares, respectively. The impact on EPS is extremely minimal, so the diluted EPS will be disregarded.

(16) Current Expenses of Personnel, Depreciation, Depletion and Amortization

Function / Expense Item	Three months ended June 30, 2014			Three months ended June 30, 2013		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	$ 25,950,173	$ 135,651,871	$ 161,602,044	$ 22,769,128	$ 106,208,414	$ 128,977,542
Insurance	2,187,837	5,853,988	8,041,825	2,258,908	3,326,579	5,585,487
Pension	1,837,913	1,795,636	3,633,549	1,544,046	1,888,683	3,432,729
Other	1,079,983	5,616,928	6,696,911	951,063	3,861,583	4,812,646
Depreciation	20,831,584	12,162,864	32,994,448	21,978,854	8,939,949	30,918,803

Function / Expense Item	Six months ended June 30, 2014			Six months ended June 30, 2013		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	$ 49,928,754	$ 265,927,762	$ 315,856,516	$ 43,544,517	$ 203,007,115	$ 246,551,632
Insurance	4,848,132	9,479,533	14,327,665	4,728,762	6,023,954	10,752,716
Pension	3,619,819	3,470,540	7,090,359	2,915,636	3,693,821	6,609,457
Other	2,123,538	8,361,066	10,484,604	1,866,631	5,972,408	7,839,039
Depreciation	41,987,472	24,388,715	66,376,187	43,716,454	17,422,742	61,139,196

(17) Net Operating Revenue

The analysis of the net revenue of the consolidated company's was as follows:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Sale of goods	$ 1,597,795,549	$ 1,480,852,066	$ 2,969,849,840	$ 2,689,821,079
Service Provided	31,354,975	34,895,755	44,994,788	50,861,989
Rental Income from Property	4,233,447	3,174,982	8,042,747	6,012,049
Other	—	—	—	180,952
Total	$ 1,633,383,971	$ 1,518,922,803	$ 3,022,887,375	$ 2,746,876,069

(18) Other Revenue

The analysis other revenue of the consolidated company's was as follows:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Interest income of bank deposits	$ 624,635	$ 743,247	$ 1,187,284	$ 1,435,622
Other interest income	—	334	—	11,430
Gain on reversal of bad debts	—	—	—	2,615,926
Other Income	12,893,347	15,702,504	24,294,990	27,373,859
Total	$ 13,517,982	$ 16,446,085	$ 25,482,274	$ 31,436,837

(19) Other Gain and Loss

The analysis of other gains and losses of the consolidated company's was as follows:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Net losses on disposal of property, plant and equipment	$ (194,442)	$ (657,174)	$ (148,175)	$ (756,052)
Net gains (losses) on disposal of investment property	(3,740,333)	913,249	(3,740,333)	913,249
Net gains (losses) from foreign exchange	(5,017,121)	6,977,010	(8,600,742)	19,747,371
Financial assets at fair value through profit or loss	796,212	827,255	1,400,029	1,702,178
Others	(181,027)	(29,314)	(253,517)	(29,421)
Total	$ (8,336,711)	$ 8,031,026	$ (11,342,738)	$ 21,577,325

(20) Financial Costs

The analysis of the consolidated Company's financial costs was as follows:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Expense of Imputed interest on deposit	$ 20,301	$ 36,724	$ 40,602	$ 78,025

The amounts of capitalization of borrowing costs of the consolidated company for the three months and six months ended June 30, 2014 and 2013 is NT$ 0.

(21) Other Information of Net Income

The following items have been deducted from the net income of the consolidated Company:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Loss from Impairment of financial assets				
Accounts receivable recognized as loss from bad debt	$ 17,935	$ 146,191	$ 103,215	$ 219,595
Depreciation and amortization expenses				
Depreciation of Property, plant and equipment	$ 32,784,521	$ 30,275,783	$ 65,857,368	$ 60,170,018
Depreciation of Investment Property	209,927	643,020	518,819	969,178
Total	$ 32,994,448	$ 30,918,803	$ 66,376,187	$ 61,139,196
Costs of research and development recognized as expense when occurred	$ 11,374,704	$ 17,177,391	$ 45,233,628	$ 31,661,098
Employee benefits expenses				
Post-employment benefits				
Defined contribution plans	$ 3,055,857	$ 2,707,065	$ 5,934,975	$ 5,158,129
Defined benefit plans	577,692	725,664	1,155,384	1,451,328
Subtotal	3,633,549	3,432,729	7,090,359	6,609,457
Salaries and bonuses	161,602,044	128,977,542	315,856,516	246,551,632
Total	$ 165,235,593	$ 132,410,271	$ 322,946,875	$ 253,161,089

(22) Financial Instruments

A. Categories of financial instruments

	June 30, 2014	December 31, 2013	June 30, 2013
Financial assets			
Carried at amortized cost			
Cash and cash equivalents	$ 660,810,034	$ 1,068,694,970	$ 923,396,707
Notes and accounts receivables	90,421,241	86,349,408	132,457,152
Other receivables	995,610	517,495	205,933
Refundable deposits	16,813,098	15,222,919	13,407,724
Others	1,860,000	2,310,000	4,310,000
Subtotal	770,899,983	1,173,094,792	1,073,777,516
FVTPL			
Financial assets at fair value through profit or loss	964,906,585	423,804,786	773,182,616
Carried at cost			
Financial assets measured at cost -noncurrent	12,274,190	12,274,190	12,274,190
Total	$ 1,748,080,758	$ 1,609,173,768	$ 1,859,234,322

	June 30, 2014	December 31, 2013	June 30, 2013
Financial liabilities			
Carried at amortized cost			
Notes and accounts payable	$ 101,059,256	$ 87,893,305	$ 101,098,680
Other payables	1,647,860,390	918,746,688	1,327,158,315
Long-term payables	31,524,958	32,012,195	32,007,985
Deposits guarantee	4,180,200	4,180,200	6,173,200
Total	$ 1,784,624,804	$ 1,042,832,388	$ 1,466,438,180

B. Financial risk management objectives

The Company's risk management objective is to manage the foreign currency risk, interest rate risk, credit risk and liquidity risk related to its operating activities. The Company is committed to identify, assess and avoid market uncertainty, in order to reduce the potential adverse effects on company's financial performance.

The Company seeks to minimize the effects of these risks by using derivative financial instruments and non-derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

C. Market risk

Owing to operations, the Company is exposed to the market risks arising from changes in foreign exchange rates, interest rates. The Company flexibly adjusts its own funds and bank borrowings for operations to manage the market risk.

a. Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's investments in foreign subsidiaries. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. When NTD strengthens/weakens against USD by 10%, the profit for the three months ended June 30, 2014 and 2013 is decreased/increased by NT$845,039 and NT$1,419,861, respectively; and for the six months ended June 30, 2014 and 2013 decreased/increased by NT$845,039 and NT$1,419,861, respectively.

b. Interest Rate Risk

Interest rate risk refers to changes of market interest rates that lead to the risk resulting from the change concerning the fair value of financial instruments and the risk of cash flow fluctuations. The consolidated Company's interest rate risk includes both of the two risks mentioned above.

The sensitivity analysis of the interest rate is based on the exposure of non-derivative financial instruments to interest rate risk on the last day in the reporting period. If on the last day in the reporting period, the interest rate increases or decreases by 10 basis points, the profit for the three months ended June 30, 2014 and 2013 is increase/decrease by NT$60,998 and NT$230,498, respectively; and for the six months ended June 30, 2014 and 2013 can increase/decrease by NT$328,094 and NT$461,698, respectively.

c. Other price risk

The Company does not have any significant other price risk.

D. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company only trades with approved and creditworthy third parties to reduce the risk of financial loss. It is the Company’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, credit exposure and counterparty credit are monitored on an ongoing basis, and continued commitment to diversify customer base and expand our overseas markets, which consequently minimizes the Company’s exposure to customer concentration. There is no concentration of credit risk of a single customer for the three months and six months ended June 30, 2014 and 2013 either. Therefore, the credit risk is insignificant.

The counterparty of liquidity and derivative financial instruments is certain banks which have high credit ratings of international credit rating agencies, so the credit risk and concentration risk is also insignificant.

E. Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid marketable securities and adequate bank loans.

The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity:

	June 30, 2014			
	Less than 6 months	6 to 12 months	1 to 2 years	Total
Carried at amortized cost				
Notes payable	$ 8,281,047	$ 474,000	$ —	$ 8,755,047
Accounts payable	92,304,209	—	—	92,304,209
Other payables	1,420,784,130	180,002,604	47,073,656	1,647,860,390
Long-term payables	—	—	31,524,958	31,524,958
Total	$ 1,521,369,386	$ 180,476,604	$ 78,598,614	$ 1,780,444,604

	December 31, 2013			
	Less than 6 months	6 to 12 months	1 to 2 years	Total
Carried at amortized cost				
Notes payable	$ 13,396,665	$ —	$ —	$ 13,396,665
Accounts payable	74,496,640	—	—	74,496,640
Other payables	763,952,129	154,794,559	—	918,746,688
Long-term payables	—	—	32,012,195	32,012,195
Total	$ 851,845,434	$ 154,794,559	$ 32,012,195	$ 1,038,652,188

	June 30, 2013			
	Less than 6 months	6 to 12 months	1 to 2 years	Total
Carried at amortized cost				
Notes payable	$ 12,650,059	$ —	$ —	$ 12,650,059
Accounts payable	88,448,621	—	—	88,448,621
Other payables	1,243,746,079	12,832,691	70,579,545	1,327,158,315
Long-term payables	—	—	32,007,985	32,007,985
Total	$ 1,344,844,759	$ 12,832,691	$ 102,587,530	$ 1,460,264,980

F. Fair value of financial instruments

a. Fair value of financial instruments carried at amortized cost

The management of the Company believes that the carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

b. Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

i. The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

ii. The fair values of derivative instruments are calculated using quoted prices provided by bank.

iii. The fair values of investments in equity without quoted price are determined in accordance with market approach or generally accepted pricing models based on discounted cash flow analysis.

c. Fair value measurements recognized in the consolidated balance sheet.

The Company holds financial assets at fair value through profit or loss which fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

	June 30, 2014	December 31, 2013	June 30, 2013
Financial assets at fair value through profit or loss			
Beneficiary's certificates	$ 964,906,585	$ 423,804,786	$ 773,182,616

G. Foreign exchange rate influence on significant foreign assets and liabilities

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Significant assets and liabilities denominated in foreign currencies. The exchange rates used to translate assets and liabilities denominated in foreign currencies are disclosed as follows:

		June 30, 2014		December 31, 2013		June 30, 2013	
	Foreign Currency	Amount	Exchange Rate year -end	Amount	Exchange Rate year -end	Amount	Exchange Rate
Impact on Net Income							
Financial Assets							
Cash and bank deposits	USD	$ 814,533	29.865	$ 921,507	29.805	$ 967,321	30.000
Financial Liabilities							
Other payables	USD	37,546	29.865	64,906	29.805	—	—
Long-term payables	USD	494,034	29.865	494,034	29.805	552,132	30.000

(23) Capital Management

The objective of Company's capital management is maintaining a good capital structure and to ensure the ability to operate continuously, in order to provide returns to stockholders and the interests of other related parties, while maintaining the primal capital structure to reduce costs of capital. The Company's capital structure management strategies were based on the industry size of the Company and its subsidiaries, industry's future growth, product roadmaps, and changes in the external environment and other factors. The Company plans the required capacity and the necessary plant and equipment to achieve this capacity and the corresponding capital expenditure according to those strategies. Then the Company calculates the required working capital and cash, based on industry characteristics, and estimate the possible product margins, operating margin and cash flow. In order to determine the most appropriate of the Company's capital structure, taking into consideration cyclical fluctuations in industrial, product life cycle and other risk factors.

As of June 30, 2014, December 31, 2013 and June 30, 2013, the debt ratios of the Consolidated Company are listed below:

	June 30, 2014	December 31, 2013	June 30, 2013
Total liabilities	$ 2,150,926,222	$ 1,408,039,371	$ 1,751,739,683
Total capital	$ 5,073,694,853	$ 4,628,851,097	$ 4,289,550,316
Debt ratio	42.39%	30.42%	40.84%

Because the cash dividend approved by the stockholders has not been paid and recognized liabilities, the debt ratio as of June 30, 2014 and 2013 is increased.

7. RELATED-PARTY TRANSACTIONS

Intercompany balances and transactions between the Company and its subsidiaries, have been eliminated upon consolidation. Therefore those items are not disclosed in this note. The following is a summary of transactions between the Company and other related parties:

(1) Revenues from sale of goods

A. Number of transactions

Categories of Related Party	Three months ended June 30 2014	Three months ended June 30 2013	Six months ended June 30 2014	Six months ended June 30 2013
Other related parties	$ 23,836,873	$ 23,760,196	$ 40,858,246	$ 41,363,230

The above mentioned parties are the exclusive distributor for beverage products of the Company, and the Multi-level marketing (MLM) members of the subsidiaries. The sales price for the former was determined by the mutual consent between the company and the exclusive distributor. The price for the latter followed the price for members. There is no significant difference between the terms and conditions for the related parties and that for the normal business practice with other parties.

B. Outstanding balance (Recorded as accounts receivable from related parties)

Categories of Related Party	June 30, 2014	December 31, 2013	June 30, 2013
Other related parties	$ 11,106,951	$ 8,393,935	$ 19,223,883

(2) Revenues from rental income (property)

A. Number of transactions

Categories of Related Party	Three months ended June 30 2014	Three months ended June 30 2013	Six months ended June 30 2014	Six months ended June 30 2013
Other related parties	$ 925,713	$ 917,143	$ 1,862,855	$ 1,857,144

The rent for the above mentioned related parties was similar to the rent of the objects in surrounding area. The collection of rental receivables was monthly or once for the amount of the whole year in the beginning of each year.

B. As of June 30, 2014, December 31, 2013 and June 30, 2013, all balances had been settled.

(3) Purchase

A. Number of transactions

Categories of Related Party	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Other related parties	$ —	$ —	$ 2,820,000	$ —

The purchase price for the above mentioned related parties was determined based on the contract that was made with mutual consent. The payment was made to be due after acceptance.

B. As of June 30, 2014, December 31, 2013 and June 30, 2013, all balances had been settled.

(4) Sales and marketing expenses - commission expense

A. Number of transactions

Categories of Related Party	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Other related parties	$ 1,936,662	$ 2,314,161	$ 3,708,574	$ 4,366,039

The above mentioned related parties are MLM members of the subsidiaries. The term for calculation and payment are in accordance with the regulations stated in the Business Manual, which are the same as the term for the general members.

B. Outstanding balance (Recorded as Other payables to related parties)

Categories of Related Party	June 30, 2014	December 31, 2013	June 30, 2013
Other related parties	$ 1,362,259	$ 1,707,538	$ 1,388,079

C. Security deposit for transactions (Recorded as guarantee deposits)

Categories of Related Party	June 30, 2014	December 31, 2013	June 30, 2013
Other related parties	$ 300,000	$ 300,000	$ 300,000

(5) General and administrative expenses - rental expense

A. Number of transactions

Categories of Related	Three months ended June 30		Six months ended June 30	
Party	2014	2013	2014	2013
Other related parties	$ 543,000	$ 740,000	$ 1,086,000	$ 1,478,000

The rent for the abovementioned related parties was similar to the rent of the objects in surrounding area. The collection of rental receivables was monthly or once for the amount of the whole year in the beginning of each year.

B. As of June 30, 2014, December 31, 2013 and June 30, 2013, all balances had been settled.

C. Security deposit for transactions (Recorded as guarantee deposits)

Categories of Related Party	June 30, 2014	December 31, 2013	June 30, 2013
Other related parties	$ –	$ –	$ 130,000

(6) General and administrative expenses - incentive pay

A. Number of transactions

Categories of Related	Three months ended June 30		Six months ended June 30	
Party	2014	2013	2014	2013
Other related parties	$ 134,550	$ –	$ 195,300	$ –

The above mentioned related parties are MLM members of subsidiaries. The terms for calculation and payment are in accordance with the regulations for contest of MLM members, which are the same as the terms for the general members.

B. As of June 30, 2014, December 31, 2013 and June 30, 2013, all balances had been settled.

(7) General and administrative expenses – donations

A. Number of transactions

Categories of Related Party	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Other related parties	$ –	$ –	$ –	$ 300,000

B. As of June 30, 2014, December 31, 2013 and June 30, 2013, all balances had been settled.

(8) Compensation of key management personnel

The compensation for directors and other key management personnel was as follows:

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Short-term benefits	$ 22,448,532	$ 8,920,971	$ 40,238,252	$ 22,323,489
Post-employment benefits	111,780	116,568	225,504	233,910
Other long-term benefits	–	–	–	–
Termination benefits	–	–	–	–
Share-based payments	–	–	–	–
Total	$ 22,560,312	$ 9,037,539	$ 40,463,756	$ 22,557,399

Short-term benefits include salary, bonus and dividends.

8. ASSETS PLEDGED AS COLLATERAL

Cost or carrying amount of assets which have been collateral for loans and performance guarantee are listed below:

	June 30, 2014	December 31, 2013	June 30, 2013
Land	$ 180,335,928	$ 180,335,928	$ 180,335,928
Buildings	225,250,329	210,927,409	177,832,681
Other financial assets- Pledged time deposits	1,860,000	2,310,000	4,310,000
Total	$ 407,446,257	$ 393,573,337	$ 362,478,609

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Significant contingencies and unrecognized commitments of the Company as of June 30, 2014 were as follows:

(1) The Company made guarantee notes submitted based on a loan commitment amounted to NT$ 100,100,000.

(2) The Company had unused balance of letters of credit amounted to USD 111,108 for importing raw materials.

(3) For operational needs, the company and Pro-partner signed the vehicle leasing contract with Jih Sun International Leasing & Finance Co., Ltd. The period of the contract is from July 18, 2013 to July 17, 2016. The amount of the monthly lease payment is NT$548,571.

(4) For operational needs, the company and Pro-partner signed the vehicle leasing contract with Jih Sun International Leasing & Finance Co., Ltd. The period of the contract is from May 06, 2014 to May 05, 2017. The amount of the monthly lease payment is NT$162,857.

(5) For operational needs, Pro-partner has to establish operational bases in Taipei, Taoyuan, Zhongli, Hsinchu, Fengyuan, Taichung and Kaohsiung. All offices were leased, except for the operational center in Taipei, which is a business building purchased and owned by Pro-partner for operation. The information concerning the operating leases sustained as of June 30, 2014 is listed below:

Operation Sites	Lessor	The lease period	The amount of monthly prices
Taipei City	Uni-President Enterprises Corporation	2013.5.1-2018.4.30	$ 554,397
Taoyuan City	Taoyuan Irrigation Association	2013.11.9-2016.11.8	180,000
Zhongli City	Tseng, Sheng-Yang	2013.1.1-2015.12.31	1,000
Hsinchu City	Tsai,Fu-Ching	2013.10.1-2015.9.30	110,584
Fengyuan Dist.	Lin,Fen-Ling	2014.6.1-2017.5.31	70,000
Taichung City	Pu-Lin Ltd.	2007.11.1-2027.11.1	220,300
Taichung City	Pu-Lin Ltd.	2010.4.1-2030.3.31	129,143
Taichung City	Po, I-Hsuan	2013.3.1-2016.2.29	30,000
HuaLian City	Liou, Chuen-Hou	2014.3.3-2017.2.28	130,000

(6) The parent Company signed a contract concerning the trading of land and buildings with the non-related parties on August 5, 2013 to purchase some land in Neihu District in Taipei as well as the buildings and parking spaces under construction on top of it. The completion and handover of the buildings and parking spaces are expected to be no later than December 31, 2014. The total amount of the contract is NT$ 285,610,000. As of June 30, 2014, the outstanding amount was NT$ 217,060,000.

(7) Pro-partner to signed “Building and Land Scheduled Trading Contract “with non-related parties at August 5, 2013. Such contract is for the purchase, including land in Taipei's Neihu District, the land on which the building under construction and car parking spaces. Expected to be completed and delivered not later than December 31, 2014. The total amount of the contract is NT$ 2,964,880,000. As of June 30, 2014, the outstanding amount was NT$ 2,253,290,000.

(8) The company signed a contract about building plant and equipment, the company may pay NT$ 786,000,000, and it have paid NT$0 on June 30, 2014.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

The board meeting of the Company on August 11, 2014, passed the resolution to issue the first domestic unsecured convertible corporate bonds. The aforementioned bonds will be issued as three-year period bonds and the highest denomination being NT$ one billion with the coupon rate of 0%. The capital raised will be used to expend the plant and purchase equipment.

12. OTHERS

None.

13. ADDITIONAL DISCLOSURES

(1) The following are additional disclosures for the Company as required by the R.O.C. Securities and Futures Bureau:

A. Lending funds to others for the six-month period ended June 30, 2014: None;

B. Providing endorsements or guarantees for others for the six-month period ended June 30, 2014: None;

C. Holding of securities at the end of the period as of June 30, 2014: Please refer to Table 2 attached;

D. Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more for the six-month period ended June 30, 2014: None;

E. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more for the six-month period ended June 30, 2014: None;

F. Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more for the six-month period ended June 30, 2014: None;

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more for the six-months period ended June 30, 2014: Please refer to Table 3 attached;

H. Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more of June 30, 2014: None;

I. Trading in derivative instruments: None;

J. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Please refer to Table 5 attached.

(2) Information concerning the Company's investees

A. Information concerning investees: Please refer to Table 6 attached.

B. The following is information concerning the major transactions of the investee as required by the R.O.C. Securities and Futures Bureau for the six-month period ended June 30, 2014 or as of June 30, 2014:

a. Lending funds to others: Please refer to Table 1 attached.

b. Providing endorsements or guarantees for others: None.

c. Holding of securities at the end of the period: Please refer to Table 2 attached.

d. Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more: None.

e. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.

f. Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.

g. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more: Please refer to Table 3 attached.

h. Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more: Please refer to Table 4 attached.

i. Trading in derivative instruments: None.

(3) Information concerning the Investment in Mainland China

A. The investment in Mainland China: Please refer to Table 7 attached.

B. Significant direct or indirect transactions with the investees in Mainland China: None.

14. INFORMATION CONCERNING THE OPERATING SEGMENTS

Operating segments are determined by the strategies of the chief operating decision maker in the Company and the internal reporting protocols of the Company. The operating segments of the Company are organized based on its distribution channels and services for the products and service provided. Among those operating segments, segments of multi-level marketing, distribution, and OEM are ones that are obligated to report their financial information. And their financial statements are made in accordance with the aforementioned accounting policies stated in Note 4. Financial information of those that are obligated to report for the three-month periods and six-month periods ended June 30, 2014 and 2013 is as follows:

	For the three-month period June 30, 2014					
	MLM	Distribution	OEM	Others	Adjustment and Write off	Consolidated
Segment revenues	$ 1,505,871,968	$ 70,678,719	$ 48,172,158	$ 8,661,126	$ —	$ 1,633,383,971
Segment profit (loss)	403,734,371	2,366,587	(11,350,478)	(8,304,635)	775,911	387,221,756
Segment assets	2,108,631,402	320,625,926	549,605,112	225,441,448	1,869,390,965	5,073,694,853
Segment liabilities	1,611,396,881	220,579,262	209,498,625	39,382,122	70,069,332	2,150,926,222
Capital expenditure	212,549,000	6,945,301	18,913,330	1,094,731	—	239,502,362
Depreciation and amortization	22,628,930	4,975,933	4,584,767	804,818	—	32,994,448

	For the three-month period June 30, 2013					
	MLM	Distribution	OEM	Others	Adjustment and Write off	Consolidated
Segment revenues	$ 1,364,556,848	$ 94,107,625	$ 44,863,941	$ 15,394,389	$ –	$ 1,518,922,803
Segment profit (loss)	309,461,219	11,241,566	4,235,710	5,631,876	790,531	331,360,902
Segment assets	2,080,973,742	377,808,430	514,795,852	407,743,115	908,229,177	4,289,550,316
Segment liabilities	1,294,741,263	203,171,829	122,967,580	62,395,738	68,463,273	1,751,739,683
Capital expenditure	61,852,851	8,534,893	1,953,613	1,630,850	–	73,972,207
Depreciation and amortization	19,381,095	5,480,438	4,848,575	1,208,695	–	30,918,803

	For the six-month period June 30, 2014					
	MLM	Distribution	OEM	Others	Adjustment and Write off	Consolidated
Segment revenues	$ 2,792,066,970	$ 138,586,961	$ 76,616,343	$ 15,617,701	$ –	$ 3,022,887,975
Segment profit (loss)	771,653,415	10,722,626	(30,893,376)	(14,689,890)	1,359,427	738,152,202
Segment assets	2,108,631,402	320,625,926	549,605,112	225,441,448	1,869,390,965	5,073,694,853
Segment liabilities	1,611,396,881	220,579,262	209,498,625	39,382,122	70,069,332	2,150,926,222
Capital expenditure	341,521,488	15,821,988	31,968,528	2,727,652	–	392,039,656
Depreciation and amortization	44,836,607	9,562,078	10,329,035	1,648,467	–	66,376,187

	For the six-month period June 30, 2013					
	MLM	Distribution	OEM	Others	Adjustment and Write off	Consolidated
Segment revenues	$ 2,457,661,083	$ 179,726,444	$ 81,935,992	$ 27,552,550	$ –	$ 2,746,876,069
Segment profit (loss)	570,661,271	27,244,377	14,443,350	(3,635,302)	1,624,153	610,337,849
Segment assets	2,080,973,742	377,808,430	514,795,852	407,743,115	908,229,177	4,289,550,316
Segment liabilities	1,294,741,263	203,171,829	122,967,580	62,395,738	68,463,273	1,751,739,683
Capital expenditure	216,500,987	19,082,125	7,544,503	5,555,363	–	248,682,978
Depreciation and amortization	36,907,954	10,258,341	10,986,399	2,986,502	–	61,139,196

Note：1. Segment gain (loss) excluded unrealized holding gain (loss) related to change of value in investment and interest expense.

2. Segment assets excluded financial assets at fair value through profit or loss-current, financial assets measured at cost-non-current, deferred income tax assets, prepayment for land and building, prepayment for equipment, prepayment for computer software, other current assets, Refundable deposits, other financial assets and other noncurrent assets-other, etc.

3. Segment liabilities excluded short-term loans and deferred income tax liabilities.

TABLE 1

Grape King Bio Ltd and Subsidiaries

LENDING FUNDS TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Capital Provider	Capital Receiver	Financial Statement Account	Related Party	Maximum Balance for the Period (US$ in Thousands)	Ending Balance (US$ in Thousands)	Amount Actually Drawn (US$ in Thousands)	Interest Rate	Nature of capital (Note 1)	Transaction Amounts	Reason for short term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	Grape King International Investment Inc. (BVI)	Shanghai Grape Enterprise Co., Ltd.	Long-term Accounts Receivable-Related Parties	YES	403,382 (US$ 13,239)	$ 395,373 (US$ 13,239)	$ 395,373 (US$ 13,239)	—	b	—	the need for short-term financing	—	—	—	1,483,421 (Note 2)	1,483,421 (Note 2)

Note 1: Nature for financing
a. business realted parties
b. Those with need for short-term financing.

Note 2: The Company holds, directly or indirectly, 100% of the voting shares, the limit of total financing amount and limit for each borrowing company shall not exceed 50% of the amount of the net value of the Company of June 30, 2014.

TABLE 2

Grape King Bio Ltd and Subsidiaries

HOLDING OF SECURITIES AT THE END OF THE PERIOD (EXCLUDING THE PORTION HELD DUE TO INVESTMENT IN A SUBSIDIARY OR AN ASSOCIATE, AND THE PORTION HELD DUE TO AN INTEREST IN A JOINTLY CONTROLLED ENTITY)

JUNE 30, 2014

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Held Name	Marketable Securities Type and Name		Relationship with the Company	Financial Statement Account	June 30, 2014				Note
					Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Grape King Bio Ltd	Fund	ING Taiwan Hong-Yang Money Market	—	Financial assets at fair value through profit or loss, current	6,608,129.71	$ 110,343		$ 110,343	
〃	〃	ING Taiwan Money Market	〃	〃	2,506,222.03	40,058		40,058	
〃	〃	Yuanta De- Bao Money Market	〃	〃	4,295,387.10	50,595		50,595	
〃	〃	Yuanta Wan- Tai Money Market	〃	〃	3,368,182.80	50,013		50,013	
〃	〃	Paradigm Pion Money Market	〃	〃	7,977,849.32	90,352		90,352	
〃	〃	Taishin 1699 Money Market	〃	〃	2,671,735.33	35,396		35,396	
〃	〃	UPAMC James Bond Money Market	〃	〃	7,360,078.13	120,539		120,539	
〃	〃	Fuh Hwa Money Market	〃	〃	8,137,633.40	115,356		115,356	
〃	〃	Fuh Hwa You Li Money Market	〃	〃	1,891,260.10	25,007		25,007	
〃	〃	Taishin Lucky Money Market	〃	〃	10,112,413.50	110,299		110,299	
〃	〃	Taishin Ta-Chong Money Market	〃	〃	1,442,605.90	20,072		20,072	
〃	〃	Hua Nan Phoenix Money Market	〃	〃	5,957,303.00	95,092		95,092	
		Total				$ 863,122		$ 863,122	
Grape King Bio Ltd	Stock	FU-SHENG INTERNATIONAL INC. (BVI)	—	Financial assets carried at cost, noncurrent	414,200.00	$ 12,254	19%	$ 12,254	
	〃	Hsin Tung Yang Co., Ltd.	〃	〃	2,000.00	20	—	20	
		Total				$ 12,274		$ 12,274	
Pro-partner Inc.	Fund	JPMorgan (Taiwan) Taiwan First MMkt	—	Financial assets at fair value through profit or loss, current	1,366,138.90	$ 20,321		$ 20,321	
	〃	Fuh Hwa Money Market	〃	〃	4,311,119.90	61,113		61,033	
	〃	UPAMC James Bond Money Market	〃	〃	1,242,579.52	20,350		20,323	
		Total				$ 101,784		$ 101,784	

Note 1: The marketable securities mentioned here refer to the stocks, bonds, the beneficiary certificates, and the marketable securities derivatived from the aforementioned items regulated in IAS 39"Financial Instruments: Recognition and Measurement"

Note 2: The book value of tose measured by the fair value is calculated by deduction of the accumulated loss after adjusting the fair value. The book value of those that are not measured by fair value is calculated by deducting the accumulated losses from the original cost of acquisition or the cost after amortization.

Note 3: If the marketable securities listed were limited because they were used as collateral for secured or pledge loans, or limited due to other obligations, number of stocks and the amouont of money offered as collateral for secured or pledge loans, or the condition of the limitation should be declared in the reference column.

TABLE 3

Grape King Bio Ltd and Subsidiaries

PURCHASES OR SALES OF GOODS FROM OR TO RELATED PARTIES REACHING NT$100 MILLION OR 20 PERCENT OF PAID-IN CAPITAL OR MORE
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction(note 1)		Notes/Accounts Payable or Receivable		Note (note 2)
			Purchases/Sales	Amount	Percentage of total Purchases (Sale)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of total receivables (payable)	
Grape King Bio Ltd	Pro-partner Inc.	Subsidiary	Sales	$ 498,938	72.83%	Net 30 days after monthly closing	By contract	—	$ 101,495	58.43%	—
Pro-partner Inc.	Grape King Bio Ltd	Parent Company	Purchases	$ 498,938	99.48%	Net 30 days after monthly closing	By contract	—	$(101,495)	100.00%	—

Note 1: If the terms of transactions with the related parties are different from normal terms, the difference and the reason for the difference should be delcared in the column of unit price or credit period.
Note 2:If there is prepaid receivables(payables), the reason, the terms of the contract, the amount prepaid, and the difference from regular transactions should be delcared in the column of note.
Note 3: The transactions have been eliminated in the consolidated financial statements.

TABLE 4

Grape King Bio Ltd and Subsidiaries

ACCOUNTS RECEIVABLE FROM RELATED PARTIES REACHING NT$100 MILLION OR 20 PERCENT OF PAID-IN CAPITAL OR MORE

JUNE 30, 2014

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationships	Ending Balance (US$ in Thousands)		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Recognized as Allowance for Bad Debts
						Amount	Action Taken		
Grape King International Investment Inc. (BVI)	Shanghai Grape King Enterprise Co., Ltd.	Subsidiary	Long-Term Accounts Receivable-Related Parties	$ 395,373 (US$ 13,239)	—	$ —	—	$ —	$ —
Grape King Bio Ltd	Pro-partner Inc.	Parent Company	Accounts Receivable -Related Parties	$ 101,495	—	$ —	—	$ —	$ —

Note: The transactions have been eliminated in the consolidated financial statements.

Grape King Bio Ltd and Subsidiaries

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT AND THE SUBSIDIARIES AND BETWEEN EACH SUBSIDIARY, AND THE CIRCUMSTANCES AND AMOUNTS OF ANY SIGNIFICANT TRANSACTIONS BETWEEN THEM
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(Amounts in Thousands of New Taiwan Dollars)

				Intercompany Transactions			
No.(Note 1)	Company Name	Counterparty	Nature of Relations (Note 2)	Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Revenue or Total Assets (Note 3)
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Sales	$ 498,938	The price by contract	16.51%
1	Grape King Bio Ltd.	Pro-partner Inc.	1	Accounts Receivable	101,495	Net 30 days after monthly closing	2.00%

Note1: No. 0 is for the parent company. Subsidiaries are numbered from Arabic numerals 1.

Note 2: There are three types of relations between the parent company and the subsidiaries. Only categories should be identified. (There is no need to declare the same interaction between the parent company and the subsidiary, or the same transaction among subsidiaries repeatedly. For example, if the parent company has declared the transaction from parent company to subsidiary, the subsidiary need not repeatedly declare the same transaction. If the transaction is between subsidiaries, when one subsidiary has

(1) represents the transactions from parent company to subsidiary.
(2) represents the transactions from subsidiary company to parent.
(3) represents the transactions between subsidiaries.

Note 3: When calculating the amount of transaction as a proportion of the consolidated revenue or assets, if it is recognized as items of assets or liabilities, the ending balance should be divided by the consolidated assets; if it is recognized as income or loss, the midterm accumulated amount should be divided by the consolidated total revenue.

Note 4: The so-called significant transaction refers to those amount reaching NT$100 million or over 20% of the paid-in capital of the parent company.

Grape King Bio Ltd and Subsidiaries

RELATED INFORMATION OF INVESTEE COMPANIES(INVESTEES IN MAINLAND CHINA WERE EXCLUDED)
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor	Investee	Location	Main Business	Original Investment Amount		Balance as of June 30, 2014			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee (Note1)	Note
				June 31, 2014	December 31, 2013	Shares	Percentage of Ownership	Book Value			
Grape King Bio Ltd	Grape King International Investment Inc.(BVI)	BVI	Investment activities	$ 1,081,229	$ 1,081,229	21,200,000	100%	$ 299,391	$ (27,781)	$ (27,731)	Subsidiary
〃	Pro-partner Inc.	Taoyuan County, Taiwan	Import and selling of health food, drink, cosmetics, sports apparatus, cleaning the articles, etc.	15,000	15,000	10,560,000	60%	578,559	482,237	290,569	Subsidiary
			Total					$ 877,950		$ 262,838	

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT$50 thousand has been adjusted.
Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT$1,227 thousand has been adjusted.
Note 3: The book value at the end of the period and the current investment gain(loss) recognized have been eliminated in the consolidated financial statement.

TABLE 7

Grape King Bio Ltd and Subsidiaries

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee	Main Business	Total Amount of Paid-in Capital (US$ in Thousands)	Method of Investment (Note 1)	Accumulated Investment Outflows from Taiwan as of January 1, 2014 (US$ in Thousands)	Investment Flows		Accumulated Investment Outflows from Taiwan as of June 30, 2014 (US$ in Thousands)	Net Income (Loss) of Investee Company	Percentage of Direct or Indirect Ownership	Investment Profit(Loss) Recognized (Note 2)	Carrying Amount as of June 30, 2014	Accumulated Inward Remittance of Earnings as of June 30, 2014
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd.	Manufacturing and selling of granule, tonic drink, capsule, tablet, related products and services.	US$16,900	(2) (Note 3)	$ 495,672 (US$16,350)	$ –	$ –	$ 495,672 (US$16,350)	$ (28,700)	100.00%	$ (28,700) (2)b	$ (119,383)	$ –
Shanghai Yusong Co., Ltd.	Stock management and related services of the thermostatic fresh freezing freezing warehouse.	US$ 2,080	(2) (Note 4)	11,692 (US$395)	–	–	11,692 (US$395)	(504)	19.00%	– (3)	11,692	–

Accumulated Investment Outflows to Mainland China as of June 30, 2014	Investment Amounts Approved by Investment Commission, MOEA	Maximum amount of Investment approved by Investment Commission, MOEA (Note5)
$ 507,364	$ 507,364	$ 1,753,661

Note 1: There are three ways to investment in Mainland China, and only the categories should be identified.
(1) Direct investment for Mainland China companies.
(2) Indirectly invest in Mainland China through companies registered in a third region. (Please specify the name of the company in third region).
(3) Other ways to invest in Mainland China.

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:
(1) If the corporation is still in preparaton, and no investment gain(loss) is recognizable, it shoud be specified.
(2) The investment income (loss) is recognized based on the following basis, and should be specified:
a. The financial report was reviewed by an international accounting firm which is in cooperation with an accounting firm registered in R.O.C..
b. The financial report was reviewed by the CPA of the parent company in Taiwan.
c. Others.
(3) Recorded asfinancial assets at cost-noncurrent。

Note 3: The Company invested in Shanghai Grape King Enterprise Co., Ltd. through subsidiary Grape King International Investment Inc.(BVI)

Note 4: The Company invested in Shanghai Yusong Co., Ltd. through Fu-Sheng International Inc.(SAMOA)

Note 5: Maximum amount of Investment approved Investment Commission, MOEA was 60% of the individual or consolidated total net profit. Whichever is greater.