TWSE Symbol：1227
Market Observation Post System:
http://mops.twse.com.tw
Standard Foods website:
http://www.quaker.com.tw

Standard Foods Corporation

2014

Annual Report

Published May 11, 2015

Standard Foods Corporation

Headquarters: 5F, No. 136, Section 3, Renai Road, Taipei City, Taiwan 106
Phone: (02) 2709-2323
Website: www.quaker.com.tw
Dayuan Plant: No. 369, Section 1, Heping West Road, Xihai Village, Dayuan District, Taoyuan City, Taiwan 337
Phone: (03) 386-5130
Zhongli Plant: No. 13, Jilin Road, Zhongli City, Taoyuan County, Taiwan 320
Phone: (03) 452-5131

Spokesman: Ter-Fung Tsao
Title: President
E-mail: spokesperson1@sfworldwide.com
Phone: (02) 2709-2323

Deputy spokesman: Larry Chung
Title: Director, Financial & Information Division
E-mail: spokesperson2@sfworldwide.com
Phone: (02) 2709-2323

Stock Transfer Agency
Name: Transfer Agency Department, CTBC Bank Co., Ltd.
Address: 5F, No. 83, Section 1, Chongqing South Road, Zhongzheng District, Taipei City.
Website: www.chinatrust.com.tw
Phone: (02) 6636-5566

Certifying CPA of Last Financial Statement
Name of CPAs: Ting-Chen Hsu and Hung-Hsiang Tsai
Firm: Deloitte Touch Tohmatsu CPA Firm
Address: 12F, No. 156, Section 3, Minsheng East Road, Taipei City.
Website: www.deloitte.com.tw
Phone: (02) 2545-9988

GDR Trading Market
Market: Euro MTF Market, Luxembourg Stock Exchange
Website: http://www.bourse.lu

Table of Contents

One. Letter to Shareholders

Dear shareholders,

2014 was a year of surprise to the food industry. Although the global economy began to recover, ongoing food safety incidents impacted the weak domestic consumption market. Also, as bulk commodity prices were highly volatile under the influence of climate extremes, the macro environment and utilization of limited resources became more challenging. Despite of the harsh macro and domestic environments, we could maintain medium revenue and profit growth from 2013 with the concerted effort of all employees. In China, our factory was completed and began operation, which enabled us to actively cultivate market and continuously strengthen brand investment. Given that "quality and safety" are our ultimate commitment for customers, we will continue to affirm consumer faith with high quality, so that we can stand apart from the competition and create better performance.

The business performance of Standard Foods in 2014, the summary of our business plan for 2015, our future development strategies, along with impacts from external competitions, the legal environment, and the macro environment are as follows:

1. Business performance 2014

1.1. Consolidated revenue and profit overview

Unit: NT$1,000

	2014	%	2013	%	±%
Sales revenue	21,800,013	100	20,379,206	100	7
Cost of goods sold	15,577,607	72	14,723,320	72	6
Gross Profit	6,222,406	28	5,655,886	28	10
Earnings before tax	2,570,025	12	2,248,277	11	14
Net income of the year	2,090,360	10	1,862,855	9	12
Total comprehensive profit and loss	2,314,234	11	2,022,416	10	14

In 2014, the consolidated operating revenue of Standard Foods amounted to NT$21.8 billion, a growth by 7% or NT$1.42 billion compared to 2013; while the individual operating revenue amounted to NT$11.49 billion, a growth by 3% or NT$330 million compared to 2013. Thanks to appropriate management of operating expense, the consolidated operating cost ratio reduced slightly from the previous year and net profit before tax also increased. In 2014, the comprehensive income was NT$2.31 billion, a growth by 14% or NT$290 million compared to 2013. This amount included the comprehensive income at NT$2.3 billion of the parent company, with a growth 14% or NT$280 million compared to 2013.

1.2. Status of research and development

In 2014, Standard Foods invested NT$101 million in research and development. In addition to new product research, clinical trials, and technology development, we made continual review, improvement, and optimization of the current products, so as to provide consumers with higher quality products.

2. Summary of business plan 2015 and future development strategies

2.1. Operating guidelines

(1) Studying consumer shopping habits and product market trends to develop products meeting consumer needs, and developing new products to create new demand, to cultivate the blue ocean on the market.
(2) Optimizing quality control, enforcing product testing procedures from source management,

enhancing product processing technology, and providing consumers with safe, nutritious, and healthy food.

(3) Enhancing occupational training to diversify personnel development, strengthening the Group's vertical and horizontal cooperation, reengineering internal organization, and improving the organization's operational flexibility and efficiency.

2.2. Expected sales volume and important marketing policies

Based on the estimated sales of 328,552 tons in 2015, the future production-marketing policy is summarized as follows:

(1) Production

- Making equipment investments based on the Group's development strategy to effectively allocate internal resources and maximize benefits.
- Reinforcing cooperation with upstream suppliers and downstream distributors to enhance the efficiency of supply chain operation and smooth supply and demand.
- Strictly controlling each process of food manufacture, enforcing source management, to ensure all processes, from material input to product delivery to consumers, conform to the control standards.

(2) Marketing

- Capturing consumer market trends, continuously developing new products that meet consumer demand.
- Serving customers sincerely, getting closer to consumer needs and feelings for consumers to feel our service, and maintaining brand coherence with the highest quality.
- Diversifying marketing activities to continuously launch creative and attractive advertisements to increase product exposure to raise sales performance and increase market share.

3. Impacts of external competitions, the legal environment, and the macro environment

3.1. External competitions

Bulk commodity prices were highly volatile due to global climate extremes. Together with the marginal effective and influence of the multiple food safety incidents in Taiwan, some countries have stopped purchasing specific processed foods from Taiwan, thus limiting the opportunity for overseas market cultivation and intensifying domestic food market competitions. Upholding the unchanged rigorous attitude of the Group, we continued to provide consumers with safe and nutritious foods and became the market-leading brand with consumer support. We will continue this attitude to develop innovative products with high added value, so as to cope with the competitive and constantly changing market.

3.2. Legal environment

While the demand for zero-risk foods is rising in consumers and the importance of food safety is gaining weight, the government has been optimizing food sanitation and safety management through legislation to ensure food safety for citizens and the rights and benefits of consumers. On January 28, 2014, the Legislative Yuan passed the title change of the "Food Sanitation Management Act" to the "Act Governing Food Safety and Sanitation" to govern food producers to produce, manufacture, and sell foods according to relevant standards, so as to ensure food safety for consumers. Aiming to become the most trustworthy food company in the Chinese world, Standard Foods surpasses statutory and regulatory requirements to control products with the highest standard to ensure food safety for consumers and prioritize food health for citizens.

3.3. Macro environment

Although the recovery of the global economic slowdown during 2012-2013 finally came in 2014, ongoing food safety incidents have indirectly impacted the already weakened domestic market, and the recovery strength of the overall food industry was insignificant. In addition, as economic recovery in the USA was increasingly obvious and steady and positive economic growth finally came in Europe, the rises and falls of emerging markets became more significant and regional economic growth was shifting. It is estimated that these will affect global capital flow and deployment and bring considerable effect and impact on bulk commodity prices, raw material prices, and exchange rate to dampen the operations of the food industry relying much on import ingredients.

Looking to the future, Standard Foods will continue to uphold its commitment: quality and safety for consumers and impose strict controls over each part of food manufacture. We firmly believe that providing consumers with satisfactory products and winning consumer trust and word of mouth are key to sustainable operations.

Chairman:	Manager:	Chief Accounting Office:
Mr. Ter-Fung Tsao	Mr. Ter-Fung Tsao	Larry Chung

Two. Company Profile

I. Approval date: June 6, 1986

II. Development history

1986
- Standard Foods Taiwan Ltd. was invested and established by Standard International Foods Corp. The paid-in capital was NT$4,788,300.
- Quaker Products Taiwan Ltd. invested in Standard Foods Taiwan Ltd., the paid-in capital increased to NT$4,788,400.
- Standard Foods acquired the assets of Quaker Products Taiwan Ltd. and was granted its business license on August 8 to continue to manufacture and sell Quaker's White Oats and Baby Cereal.
- Increased the paid-in capital to NT$15,000,000 by cash capitalization of NT$10,211,600.

1987
- Quaker Products Taiwan Ltd. transferred all its shares in the Company to Quaker Oats Company.
- Expansion of Ta Yuan plant facilities at an expense of over NT$15 million.

1988
- Increased the paid-in capital to NT$45,000,000 with retained earnings of NT$30,000,000 for expanding facilities and acquiring manufacturing equipment.

1990
- Acquired land in Wugu Industrial District for an amount over NT$120 million.
- Grand opening of the first Pizza Inn Restaurant in Taiwan.
- Increased the paid-in capital to NT$162,000,000 with retained earnings of NT$117,000,000. Par value of each share split from NT$100 to NT$10.
- Securities and Exchange Commission authorized the Company as a public company.

1991
- Expansion of Ta Yuan shipping warehouse at an expense of over NT$21 million.
- Increased the paid-in capital to NT$194,400,000 with retained earnings of NT$32,400,000

1992
- Increased the paid-in capital to NT$307,152,000 with retained earnings of NT$64,152,000 and cash capitalization of NT$48,600,000.

1993
- Invested in Standard Foods Singapore Pte Ltd. of US$2.32 million to re-invest an amount of US$2.25 million in Suzhou Standard Foods Co. to manufacture cereal products.
- Increased the paid-in capital to NT$430,012,800 with retained earnings of NT$122,860,800.
- Invested $79,999 thousand in Standard Friendship Taiwan Ltd. for 99.99% shareholdings.
- Food and beverages operations transferred to Standard Friendship Taiwan Ltd. for professional management.

1994
- Increased the paid-in capital to NT$602,017,920 with retained earnings of NT$172,005,120.
- The Company became a listed company in the Taiwan Stock Exchange on April 9.

1995
- Increased the paid-in capital to NT$848,338,570 with retained earnings of NT$246,320,650.

	• Wired US$8.5 million, to repurchase the 51% equity interest of Standard Foods Singapore Pte Ltd. held by Quaker Oats Company for US$3.8 million and increased the investment in China by US$4.7 million.
1996	• Increased the paid-in capital to NT$1,191,168,430 with retained earnings of NT$342,829,860.
1997	• Increased the paid-in capital to NT$1,672,052,910 with retained earnings of NT$480,884,480. • As resolved in the shareholders' meeting, Standard Friendship ceased its operations and sold its operational assets in December 1996. • Invested in Charng-Li Investment Ltd. with an amount of NT$289,994 thousand for a shareholding of 99.9% to run investment business. • In June 1997, Mr. Ter-Fung Tsao (Chairman of the Company) and Ms. H.D. Mon (major shareholder of the Company) used part of their equity interest in the Company to issue 3,000,000 Global Depositary Receipts ("GDRs") in Asia, Europe, and the United States; each unit represents 5 common shares of the Company.
1998	• Increased the paid-in capital to NT$2,094,702,360 with retained earnings of NT$422,649,450. • Invested in Standard Beverage Ltd. with an amount of NT$99,999 thousand for a shareholding of 99.9% to produce bottled water. • Increased investment in China by US$5 million.
1999	• Increased the paid-in capital to NT$2,623,606,510 with retained earnings of NT$528,904,150. • Invested NT$3.28 million to establish Standard Dairy Products Taiwan Ltd. for the production of yogurt with 75% shareholding acquired. The products are included in the "Yoplait" brand. • Acquired the factory, machinery and trademark of Fresh Dairy with NT$3.5 million to launch Fresh Delight series products.
2000	• Increased the paid-in capital to NT$3,022,645,060 with retained earnings of NT$399,038,550. • Invested additional NT$1.08 million in Standard Dairy Products Taiwan Ltd. with 99% shareholding acquired in total. • Increased the equity of Domex Technology Corporation to 49% by NT$2.14 million. • Disposed of 900,000 shares of Standard Beverage Ltd. The equity interest decreased to 91%. • Invested 100% equity in Accession Limited, based on BVI, with US$2 million. Then increased the equity by transferring assets as capital contribution and by cash total up to US$11.9 million.
2001	• Charng-Li Investment Ltd., our wholly-owned company, was renamed as Charng Hui Ltd. • Automated storage was completed. • Accession Limited invested in Shanghai Standard Foods Co. to sell cereal products. • Increased the paid-in capital to NT$3,209,184,420 with retained earnings of NT$186,539,360. • Invested 56% equity in Renewable Resource Technology (Cayman) Co., Ltd. with US$2.8 million with the goal of re-investing in Hunan Jiage Biotechnology Co., Ltd. with US$3.4 million to manufacture fermented organism products.

2002
- Accession Limited increased the paid-in capital to US$20,344,080 with US$5 million cash injection and US$1.42 million retained earnings.
- Accession Limited acquired the equity of Suzhou Standard Foods Co. from Standard Foods Singapore Pte Ltd. and Standard Foods Singapore Pte Ltd. went into liquidation.
- Changed the Company's name from "Standard Foods Taiwan Ltd." to "Standard Foods Corporation".

2003
- Shanghai Standard Foods Co., merged with Suzhou Standard Foods Co., Shanghai Standard Foods Co., is the continuing company. Suzhou Standard Foods Co., became a branch company of Shanghai Standard Foods Co.
- Invested in Accession Limited by US$2.2 million.
- Charng Hui Ltd., our wholly-owned, decreased the paid-in capital to NT$194 million by NT$96 million.

2004
- Liquidation of Singapore Standard Foods was completed.
- Accession Limited increased the paid-in capital to US$37,344,080 with US$14.8 million cash injection. Accession Limited decreased the paid-in capital to US$33,100,000 by US$4,244,080 in October 2004.

2005
- Accession Limited increased the paid-in capital to US$38,100,000 with US$5,000,000 cash injection.
- Increased the equity of Standard Dairy Products Taiwan Ltd. from 99.9% to 100%.

2006
- Changed the fiscal year to calendar year on January 1.
- SAP ERP system officially online.
- Charng Hui Ltd., our wholly-owned, decreased the paid-in capital to NT$150 million by NT$44 million.

2007
- Accession Limited increased the paid-in capital to US$43,100,000 with US$5,000,000 cash injection.

2008
- Signed a distribution agreement with Fonterra Brands (Far East) Limited (Hong Kong).
- Accession Limited increased the paid-in capital to US$50,600,000 with US$7,500,000 cash injection.

2009
- Accession Limited increased the paid-in capital to US$73,600,000 with US$23,000,000 cash injection.
- Increased the paid-in capital to NT$3,225,230,340 with retained earnings of NT$16,045,920

2010
- The Company's tangible stock shares are converted to intangible stock shares.
- Accession Limited increased the paid-in capital to US$123,600,000 with US$50,000,000 cash injection.
- Increased the paid-in capital to NT$3,709,014,890 with retained earnings of NT$483,784,550

2011
- The Company invested in and established Standard Investment (Cayman) Limited, which reinvested in and established Standard Corporation (Hong Kong) Limited.
- Standard Corporation (Hong Kong) Limited invested in and established Standard Investment (China) Limited.
- Standard Investment (China) Limited made reinvestment to set up Standard Food (China) Limited.
- Increased the paid-in capital to NT$4,636,268,610 with retained earnings of NT$927,253,720.

2012 • Increased the paid-in capital to NT$5,748,973,070 with retained earnings of NT$1,112,704,460
• Made a cash injection of US$ 30,010,000 to Standard Investment (Cayman) Limited. Total paid-in capital of the Company increased to US$ 30,010,000.

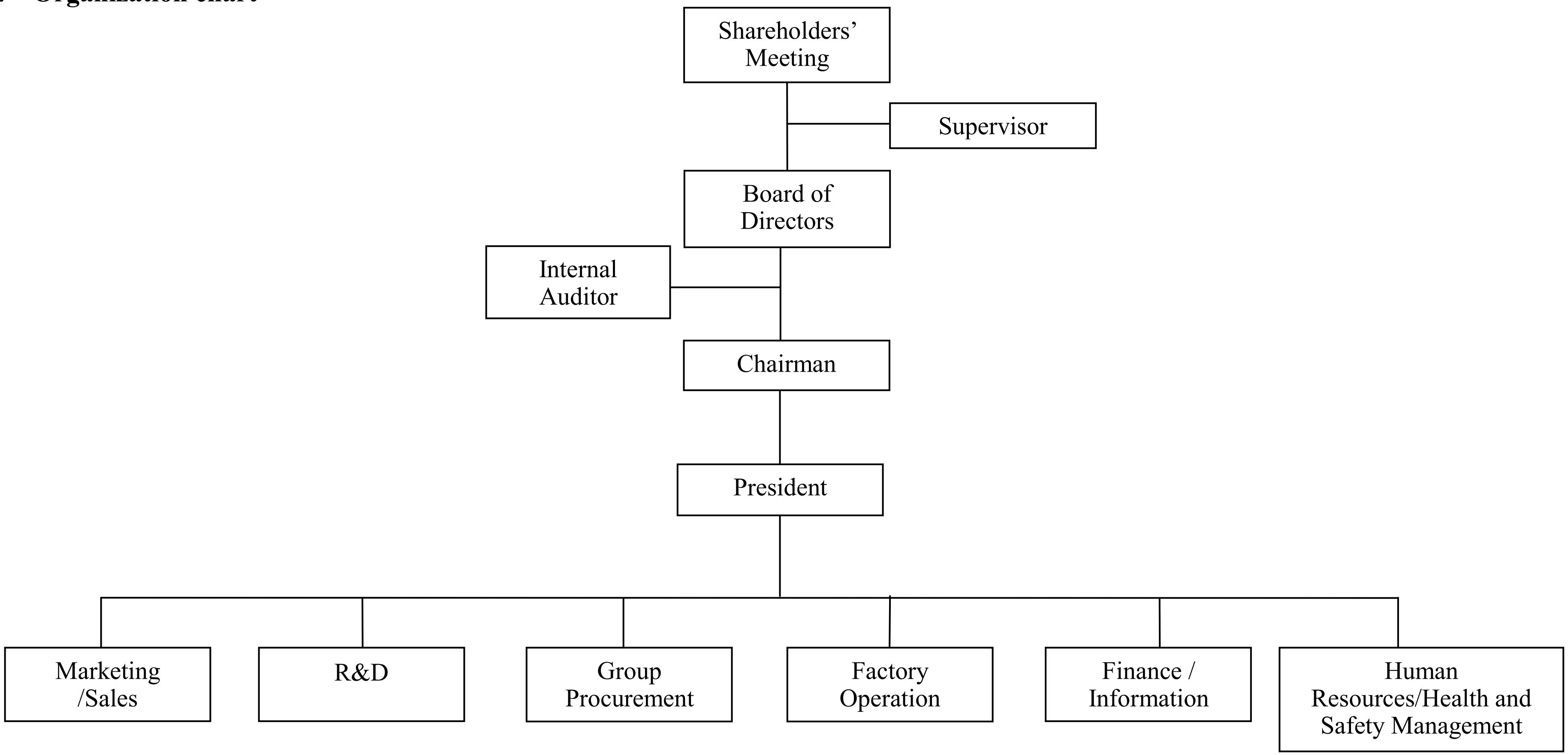
2013 • Increased the paid-in capital to NT$6,611,319,030 with retained earnings of NT$862,345,960.
• Made a cash injection of US$ 15,035,000 to Standard Investment (Cayman) Limited. Total paid-in capital of the Company increased to US$ 45,045,000.
• An increase in cash capital of NT$380,000,000 was invested in Charng Hui Ltd. for a total investment of NT$541,000,000.

2014 • Increased the paid-in capital to NT$7,206,337,740 with retained earnings of NT$595,018,710.
• Increased shareholding of Standard Beverage Ltd. from 97.1% to 100%
• Increased the paid-in capital of Standard Investment (Cayman) Limited to US$66,396,296 with retained earnings of CNY131,211,500 (equivalent to US$21,351,296).
• Established Shanghai Dermalab Corporation with re-investments through Standard Investment (China) Ltd.
• Established Shanghai Lebinto Health Technology Corporation with re-investments through Standard Investment (China) Ltd.

Three. Corporate Governance Report

I. Organization of company

I.1. Organization chart



I.2. Department function description

- Marketing/Sales:

  Sales: Classified into three major distribution channels in accordance with the nature of customers.The General Trade, Post Exchange and Key Accounts. Salespersons are responsible for quotations, new product pricing and launching, product distribution and display, channel, activity planning and execution, annual customer service and operation planning and execution, agreement negotiation and logistics management.

  Marketing: Responsible for product advertising and marketing strategy planning

- R&D:

  For the R&D of innovative products and technology, improvement of product quality, reduction of costs, evaluation of new business and the application for health certification.

- Group Procurement:

  Imported production and packaging materials procurement and sub-contractor management.

- Factory Operation:

  For the production, packaging, quality control, warehousing and delivery of our products.

- Finance/Information:

  Finance: Responsible for the summary and supply of accounting information, management and operation of finances and investment, annual budgeting, bank credit line control, and stock affair services.

  Computer Information: Planning and enforcement of information system, planning and management of network system, and construction and management of system data.

- Human Resources/Health and Safety Management:

  Responsible for the planning and execution of human resource management as well as the stipulations and enforcement of all regulations and systems, business legal risk management, legal affairs and consulting services, general affairs, and labor safety and health management.

- Internal Auditor:

  In charge of the auditing process of the group.

II. Directors, Supervisors, President, Vice President, Assistant VP, and Department Heads
II.1. Directors and Supervisors
II.1.1. Information of directors and supervisors

(By 28 April, 2015)
Unit: Shares/NT$1,000)

Title	Nationality or Residency	Name	Date elected (inaugurated)	Term (year)	Date of First Elected	Shareholding when elected		Current Shareholding		Shareholding of spouse and minor		Shares held by other persons in their names		Experience (Education)	Current Position With Other Company	Executives who are spouses or within 2 degrees of consanguinity		
						Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%			Title	Name	Relation
Chairman	ROC	Ter-Fung Tsao	June 14, 2013	3 years	June 6, 1986	230,665,980	40.12%	289,139,805	40.12%	0	0	0	0	Ph.D., Colorado University, USA R&D Director of Quaker Plant Manager of Quaker(Taiwan) General Manager of Quaker(Taiwan)	President of the Company Chairman of Standard Dairy Products Taiwan Ltd. Chairman of Domex Chairman of Standard Beverage Ltd. Director of Accession Limited Director of GeneFerm Biotechnology Co., Ltd Independent Director of Polytronics Technology Corporation Director of Green Wall Enterprise Co., Ltd. Supervisor of Crosslink Semiconductor, Inc. Director of Standard Investment (Cayman) Limited Director of Shanghai Standard Foods Co. Director of Standard Corp (HK) Ltd. Director of Standard Investment (China) Ltd. Director of Standard Foods (China) Ltd.	Director	Wendy Tsao	Sibling
Director	ROC	Jason Hsuan	June 14, 2013	3 years	June 17, 2010	0	0	0	0	0	0	0	0	Polytechnic Institute of New York University Ph.D. of Systems Engineering	Chairman and Chief Executive Officer of TPV Technology Limited Director of ENC Independent director of Array Inc. Chairman of Shanghai Standard Foods Co. Chairman of Standard Investment (China) Ltd. Chairman of Standard Foods (China) Ltd. Chairman, Shanghai Lebinto Health Technology Corporation	NONE	NONE	NONE
Director	ROC	Wendy Tsao	June 14, 2013	3 years	July 20, 1989	3,112,885	0.54%	3,902,000	0.54%	0	0	0	0	Soochow University, R.O.C.	Chairman of Green Wall Enterprise Co., Ltd. Chairman of Crosslink Semiconductor, Inc. Chairman of SPARKLE Inc. Director of Charng Hui Ltd.	Chairman	Ter-Fung Tsao	Sibling
Director	ROC	Jack Hsieh	June 14, 2013	3 years	December 29, 1992	201,818	0.04%	252,978	0.04%	0	0	0	0	National Chung Hsing University, R.O.C.	Honorary Director of Taiwan Association for Food Science and Technology President of Ying-Po Trading (Shanghai) Co., Ltd.	NONE	NONE	NONE
Director	ROC	Howard Tong	June 14, 2013	3 years	November 27, 2003	0	0	0	0	0	0	0	0	Master, Columbia University	Chairman of the Golden Gate Trading Co. Chairman of Foseco Golden Gate Co., Ltd. Chairman of Li-Hua Trading Co.	NONE	NONE	NONE

Title	Nationality or Residency	Name	Date elected (inaugurated)	Term (year)	Date of First Elected	Shareholding when elected		Current Shareholding		Shareholding of spouse and minor		Shares held by other persons in their names		Experience (Education)	Current Position With Other Company	Executives who are spouses or within 2 degrees of consanguinity		
						Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%			Title	Name	Relation
Supervisor	ROC	Tom A. Chien	June 14, 2013	3 years	November 27, 2003	197,054	0.03%	247,007	0.03%	103,643	0.01%	0	0	MA, Massachusetts Institute of Technology, USA	Representative and agent of Eaton Electrical Inc. Director of Mei-Ning Limited Director of Standard Investment (China) Ltd. Director of Standard Foods (China) Ltd.	NONE	NONE	NONE
Supervisor	ROC	Charng Hui Ltd.	June 14, 2013	3 years	June 17, 2010	4,190,040	0.73%	5,252,215	0.73%	0	0	0	0	-	-	NONE	NONE	NONE
	ROC	Representative: Samson Wang	June 14, 2013	Assignment period	December 29, 1992	4,336,187	0.75%	0	0	0	0	0	0	MA, University of California, Berkeley, USA Certified Civil Engineering Technician (California, USA) Certified Technician (R.O.C.) Arbitrator of R.O.C. Commerce Arbitration Association	Chairman and President of I Cheng Construction & Development Corporation	NONE	NONE	NONE

II.1.2. Major shareholders of institutional shareholders (by 28 April, 2014)

Name of institutional shareholders	Major shareholders of institutional shareholders	Shareholding (%)
Charng Hui Ltd.	Standard Foods Corporation	100.00

II.1.3. Major institutional shareholders of institutional shareholders, if available

(by 28 April, 2014)

Name of legal person	Major shareholders of the legal persons	Shareholding (%)
Standard Foods Corporation	Ter-Fung Tsao	40.12
	H.D. Mon	12.46
	Bright investment Co., Ltd.	3.61
	Cathay Life Insurance Co. Ltd.	1.75
	RBC Emerging Markets Equity Fund under the custody of HSBC	1.67
	Deutsche Bank Escrows FS Fund FS Asia Pacific Fund Investment Account	1.57
	Nan Shan Life Insurance Co., Ltd.	1.43
	Chun-Yao, Lin	1.30
	JP Morgan Chase Escrows University Pension Plan Investment accounts	1.17
	Deutsche Bank Escrows FS Fund FS Asia Pacific Fund Investment Account entrusted by NatWest Bank	0.90

II.1.4. Independence of directors and supervisors

Conditions / Name	With or without five years of work experience or more and the following professional experience: Teachers of public or private colleges for the subject of commerce, law, finance, accounting, or business	Judge, prosecutor, attorney, accountant, or business salesperson who passed national exams & certified specialists or technicians	With job experience in commerce, law, finance, accounting, or business	Independence (Note 1): 1	2	3	4	5	6	7	8	9	10	Also an independent director of another public company
Ter-Fung Tsao			V					V		V		V	V	1
Jason Hsuan			V	V		V	V	V		V	V	V	V	1
Wendy Tsao			V	V				V	V	V		V	V	0
Jack Hsieh			V	V	V	V	V	V	V	V	V	V	V	0
Howard Tong			V	V	V	V	V	V	V	V	V	V	V	0
Tom A. Chien			V	V		V	V	V		V	V	V	V	0
Representative of Charng Hui Ltd.: Samson Wang			V	V	V	V	V	V	V	V	V	V		0

Note 1: Please tick the corresponding items when directors and supervisors comply with the following conditions two years before being elected and during their term.

(1) Not an employee of the Company or any of its affiliates.
(2) Not a director or supervisor of the Company or any of its affiliates (except for being an independent director of the Company or its parent company, or a subsidiary where the Company holds, either directly or indirectly, over 50% of the voting shares).
(3) Does not hold more than 1% of total stock issued directly or indirectly nor is a natural shareholder on the top-ten shareholdings list;
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship in the preceding three subparagraphs;
(5) Not a director, supervisor or employee of the institutional shareholder that holds over 5% of total stock issued directly or indirectly; and is not on the top-five shareholdings list of the Company;
(6) Not a director, supervisor, manager or a shareholder with over 5% shareholdings of a Company or organization that is in business with the Company;
(7) Not an owner, partner, Director, Supervisor, manager of a partnership or institution or his/her spouse that provides commerce, law, finance, accounting and consulting service to the Company or related party; this does not include members from a remuneration committee who exercises his/her power based on Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded over the Counter.
(8) Not the spouse or a relative within two degrees of lineal consanguinity of an individual;
(9) Free of any of the behaviors as defined in Article 30 of Company Act;
(10) Not a governmental officer, juridical person or its representative as defined in Article 27 of Company Act.

II.2. President, Vice President, Assistant V.P. and Department Heads (by 28 April, 2015)

Title	Nationality or Residency	Name	Date elected (inaugurated)	Shareholding		Shareholding of spouse and minor		Shares held by other persons in their names		Experience (Education)	Currently holds a position with other companies	Manager who is with a spouse or 2nd cousin status		
				Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%			Title	Name	Relation
President	ROC	Ter-Fung Tsao	August 6, 1986	289,139,805	40.12%	0	0	0	0	Ph.D., Colorado University, USA R&D Director of Quaker Plant Manager of Quaker(Taiwan) General Manager of Quaker(Taiwan)	President of the Company Director of Shanghai Standard Foods Co. Chairman of Standard Dairy Products Taiwan Ltd. Chairman of Domex Chairman of Standard Beverage Ltd. Director of Accession Limited Director of GeneFerm Biotechnology Co., Ltd Director of Polytronics Technology Corporation Director of Green Wall Enterprise Co., Ltd. Supervisor of Crosslink Semiconductor, Inc. Director of Standard Investment (Cayman) Limited Director of Standard Corp (HK) Ltd. Director of Standard Investment (China) Ltd. Director of Standard Foods (China) Ltd.	NONE	NONE	NONE
Vice President, Sales and Marketing	ROC	Glendy Chiang	July 1, 1992	347,856	0.05%	0	0	0	0	National Taiwan University Marketing Director of Standard Foods Corporation	Director of Standard Beverage Company Ltd. Director of Standard Dairy Products Taiwan Ltd. President of the Company Director of Shanghai Standard Foods Co. Director of Standard Investment (China) Ltd. Director of Standard Foods (China) Ltd.	NONE	NONE	NONE
Vice President of Supply Chain	ROC	Steven Yao	April 17, 2014	0	0	0	0	0	0	Master of Northwestern University U.S.A. Attorney Bluefield Ventures ,partner Dubuglo ,partner Vice President of California Pacific Bank	NONE	NONE	NONE	NONE
Director of Finance and Information	ROC	Larry Chung	April 1, 2002	31,517	0.00%	0	0	0	0	Tamkang University, R.O.C. Chief Financial Officer of Standard Foods Corporation	Chairman of Charng Hui Ltd. Director of Domex Technology Corporation President of the Company Director of Shanghai Standard Foods Co. Director of Standard Beverage Company Ltd. Director of Standard Dairy Products Taiwan Ltd. Director of Standard Investment (China) Ltd. Director of Standard Foods (China) Ltd.	NONE	NONE	NONE
Director of Human Resources	ROC	Larry Fong	March 1, 2011	0	0	0	0	0	0	Master of NCU Director of Human Resources, SINTEK Administration Officer of Sunplus/HT mMobile Inc. Vice Director of Human Resources, HannStar	NONE	NONE	NONE	NONE
Chief Auditor	ROC	Paula Lee	June 18, 2013	0	0	0	0	0	0	National Taiwan University Associated manager of Deloitte Touch Tohmatsu CPA Firm	NONE	NONE	NONE	NONE

II.3. Remuneration of Directors, Supervisors, President and Vice President

II.3.1. Remuneration of Directors

Unit: NT$1,000)

Title	Name	Remuneration of Directors								Ratio of A+B+C+D to Net income (%) (Note 2)		Remuneration of part-time employees														Ratio of A+B+C+D+E+F+G to Net income (%) (Note 2)		Remuneration from the invested company other than the Company's subsidiary
		Remuneration (A)		Pension (B)		Remuneration from retained earnings (C)		Business expense (D) (Note 1)				Salary, bonus, and compensation (E) (Note 1)		Pension (F)		Employees' Cash Bonus Deri From Distributable Earnings (G)				Employee Stock Option Certificates (H)		Granted Employee Restricted Stock (I)				
		From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company		From all consolidated entities in this report		From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	
																Cash dividend	Stock dividend	Cash dividend	Stock dividend							
Chairman	Ter-Fung Tsao																									
Director	Jason Hsuan																									
Director	Wendy Tsao	0	0	0	0	13,683	13,683	300	300	0.67	0.67	8,801	8,801	783	783	200	0	200	0	0	0	0	0	1.14	1.14	NONE
Director	Howard Tong																									
Director	Jack Hsieh																									

Note 1: Expenses incurred from January 1, 2014 ~ December 31, 2014

Note 2: Net income generated from January 1, 2014 ~ December 31, 2014

Remuneration Bracket

Remuneration to directors	Name of directors			
	Total amount of the first four categories(A+B+C+D)		Total amount of the first seven categories(A+B+C+D+E+F+G)	
	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report
Below $2,000,000	0	0	0	0
2,000,000 (inclusive) ~ 5,000,000 (non-inclusive)	Ter-Fung Tsao, Jason Hsuan, Wendy Tsao, Howard Tong, Jack Hsieh	Ter-Fung Tsao, Jason Hsuan, Wendy Tsao, Howard Tong, Jack Hsieh	Jason Hsuan, Wendy Tsao, Howard Tong, Jack Hsieh	Jason Hsuan, Wendy Tsao, Howard Tong, Jack Hsieh
5,000,000 (inclusive) ~ 10,000,000 (non-inclusive)	0	0	0	0
10,000,000 (inclusive) ~ 15,000,000 (non-inclusive)	0	0	Ter-Fung Tsao	Ter-Fung Tsao
15,000,000 (inclusive) ~ 30,000,000 (non-inclusive)	0	0	0	0
30,000,000 (inclusive) ~ 50,000,000 (non-inclusive)	0	0	0	0
50,000,000 (inclusive) ~ 100,000,000 (non-inclusive)	0	0	0	0
$100,000,000 and over	0	0	0	0
Total	5	5	5	5

II.3.2. Remuneration of Supervisors

Unit: Shares/NT$1,000)

Title	Name	Remuneration of Supervisors						Ratio of A+B+C to Net income (%) (Note 2)		Remuneration from the invested company other than the Company's subsidiary
		Remuneration (A)		Remuneration from retained earnings (B)		Business expense (C) (Note 1)				
		From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	
Supervisor	Tom A. Chien	0	0	5,000	5,000	120	120	0.25	0.25	NONE
Supervisor	Charng Hui Ltd.									

Note 1: Expenses incurred from January 1, 2014 ~ December 31, 2014
Note 2: Net income generated from January 1, 2014 ~ December 31, 2014

Remuneration Bracket

Remuneration of Supervisors	Name of Supervisors	
	Total amount of the first three categories(A+B+C)	
	From the Company	All companies in financial statements (D)
Below $2,000,000	0	0
2,000,000 (inclusive) ~ 5,000,000 (non-inclusive)	Tom A. Chien, Charng Hui Ltd.	Tom A. Chien, Charng Hui Ltd.
5,000,000 (inclusive) ~ 10,000,000 (non-inclusive)	0	0
10,000,000 (inclusive) ~ 15,000,000 (non-inclusive)	0	0
15,000,000 (inclusive) ~ 30,000,000 (non-inclusive)	0	0
30,000,000 (inclusive) ~ 50,000,000 (non-inclusive)	0	0
50,000,000 (inclusive) ~ 100,000,000 (non-inclusive)	0	0
$100,000,000 and over	0	0
Total	2	2

II.3.3. Remuneration of President and Vice President

Unit: Shares/NT$1,000)

Title	Name	Salary (A) (Note 2)		Pension (B) (Note 4)		Bonuses and Allowance (C) (Note 2 and Note 3)		Employees' Cash Bonus Derived from Distributable Earnings (D)				Ratio of A+B+C+D to Net income (%) (Note 1)		Employee Stock Option Certificates		Employee stock options received		Remuneration from the invested company other than the Company's subsidiary
		From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	The Company (Note 2)	From all consolidated entities in this report	From the Company		From all consolidated entities in this report		From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend							
President	Ter-Fung Tsao	5,700	5,700	783	783	3,101	3,101	200	0	200	0	0.47	0.47	0	0	0	0	NONE

Note 1: Net income generated from January 1, 2014 ~ December 31, 2014
Note 2: Expenses incurred from January 1, 2014 ~ December 31, 2014
Note 3: A company car with a rent of NT$ 570,000
Note 4: Appropriation of pension expense for the contracted management.

Remuneration Bracket

Remuneration to President and Vice President	Name of President and Vice President	
	From the Company	From all consolidated entities in this report
Below $2,000,000	0	0
2,000,000 (inclusive) ~ 5,000,000 (non-inclusive)	0	0
5,000,000 (inclusive) ~ 10,000,000 (non-inclusive)	Ter-Fung Tsao	Ter-Fung Tsao
10,000,000 (inclusive) ~ 15,000,000 (non-inclusive)	0	0
15,000,000 (inclusive) ~ 30,000,000 (non-inclusive)	0	0
30,000,000 (inclusive) ~ 50,000,000 (non-inclusive)	0	0
50,000,000 (inclusive) ~ 100,000,000 (non-inclusive)	0	0
$100,000,000 and over	0	0
Total	1	1

II.3.4. Employees' Bonus for Management (by 28 April, 2015)

(Unit: Shares/NT$1,000)

	Title	Name	Stock dividend	Cash dividend	Total	Ratio of the Total amount of Net income (%) (Note 1)
Management	President	Ter-Fung Tsao	0	290	290	0.01%
	Vice President, Sales and Marketing	Glendy Chiang				
	Director of Finance and Information	Larry Chung				
	Vice President, Supply Chain	Yi-Chun, Yao				
	Director of Human Resources	Larry Fong				
	Chief Auditor	Paula Lee				

Note 1: Net income generated from January 1, 2014 ~ December 31, 2014

II.4. The ratio of remuneration paid to the directors, supervisors, president and vice president of the Company and the companies included the financial statements in the last two years to the net income, as well as, the correlation of remuneration policy, standard and combination, remuneration procedure, operating performance, and risk:

II.4.1. Remuneration analysis of the last two years

(Unit: Shares/NT$1,000)

Title	2013				2014 (Note)			
	Total amount of remuneration		Ratio of total amount to net income (%)		Total amount of remuneration		Ratio of total amount to net income (%)	
	From the Company	From the Company	From the Company	From the Company	From the Company	Companies in the consolidated financial statements	From the Company	Companies in the consolidated financial statements
Director	12,797	12,797	0.69	0.69	13,983	13,983	0.67	0.67
Supervisor	4,360	4,360	0.23	0.23	5,120	5,120	0.25	0.25
President	9,562	9,562	0.51	0.51	9,784	9,784	0.47	0.47
Total	26,719	26,719	1.43	1.43	28,887	28,887	1.39	1.39

Remuneration to directors and supervisors and bonuses to employees in 2014 are not yet resolved in the shareholder meeting; therefore, it is an estimated amount.
(1) The ratio of remuneration paid to directors, supervisors, and president of the Company in last two years to net income:
The ratio of the remuneration paid to the Company's directors, supervisors, and President by the Company and all the companies included in the consolidated financial statements in 2014 to the net income was lower than that of 2013 and it was mainly due to the Company's 2014 net income less than the year of 2013.
(2) Please refer to Provision (IX) on page 47 for the payment policy of bonus to employees and remuneration to directors and supervisors.

II.4.2. Remuneration policies, standards, portfolio, procedures, and the relevance of operating performance and future risks:

The performance evaluation and remuneration of the Company's directors, supervisors, and managers is determined by referring to the payment standard of the industry, individual performance, Company's operating performance and the reasonableness of related risk.

III. Corporate Governance

III.1. Operation of the Board of Directors

Five board meetings (A) were held last years, director and supervisor attendances were as follows:

Title	Name	Number of attendances (B)	Proxy	Ratio of attendances 【B / A】 (%)	Remarks
Chairman	Ter-Fung Tsao	5	0	100%	
Director	Jason Hsuan	5	0	100%	
Director	Wendy Tsao	5	0	100%	
Director	Howard Tong	5	0	100%	
Director	Jack Hsieh	3	2	60%	
Supervisor	Tom A. Chien	5	0	100%	
Supervisor	Charng Hui Ltd. Representative: Samson Wang	4	0	80%	

Supplementary information:

1. The events stated in SEC Article 14.3 and other opposing or qualified opinions of independent directors that are recorded or declared in writing: Not applicable since the Company does not have any independent director appointed.
2. The name of the directors who have excused themselves from the meeting due to a conflict of interest (the content of the case, the reason for the conflict of interest and the voting must be stated in detail): The Company does not have any director that needs to be excused from the meeting due to a conflict of interest.
3. The goal and the enforcement of reinforcing the function of the board of directors then and in the most recent years: The eighth board meeting in of 11th term had resolved the "Code of Ethics and Conduct."

III.2. The operation of the Auditing Committee: N/A; the Company does not have an Auditing Committee.

III.3. Attendance of supervisors for board meetings

Five Board meetings (A) were held last year, and supervisor attendances are as follows:

Title	Name	Number of attendances (B)	Ratio of attendances[B / A] (%)	Remarks
Supervisor	Tom A. Chien	5	100%	
Supervisor	Charng Hui Ltd. Representative: Samson Wang	4	80%	

Supplementary information:

1. **Composition and responsibilities of supervisors:**
   (1) Communication between supervisors, employees and shareholders:
   In addition to presenting the supervisor's report at the general shareholder's meeting, the shareholders may ask the supervisors questions about the financial position of the Company.
   In addition to attending the board meeting, supervisors may ask to have a meeting arranged with the related personnel responsible for business or financial review or to communicate regarding certain events.
   (2) Communication between supervisors, internal auditors, and the CPA:
   Supervisors will discuss with the CPA current changes in accounting principles and

related matters, and will exchange opinions on material changes in financial conditions or operating risks.

The internal auditing manage shall submit the auditing plan of the year along with monthly audit report to the supervisors for review. Internal auditors can be invited by supervisors to attend the meeting held between the supervisors and CPAs.

2. **For the statement of supervisors made at the board meeting, the date of the board meeting, the term, the proposals, the resolution of the board meeting, and the response of the Company to the statement of the supervisor must all be detailed:** None

III.4. Corporate Governance and Compliance with the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies (CGBPP)

Assessment Item	Status of Implementation			Non-compliance with the CGBPP and reasons
	Yes	No.	Performance Summary	
1. Does the Company establish and disclose own corporate practice principles with reference to the "CGBPP"?		✓	Although the Company has not established our own code of corporate governance practice, we have established documentation relating to corporate governance with reference to the CGBPP to progressively increase information transparency, improve board function, and reinforce corporate governance spirit. In the future, we will comply with relevant statutory and regulatory requirements. Those relevant documentation includes: "Procedures for Shareholder Meetings," "Procedures for Board Meetings," "Procedures for Endorsements and Guarantees ," "Procedures for Loaning of Company Funds," "Procedures for Acquisition and Disposition of Assets , including derivatives trade)", and "Procedures for Handling Material Inside Information ."	Although the Company has not established a code of corporate governance practice, we have established documentation relating to corporate governance with reference to the CGBPP. In the future, we will comply with relevant statutory and regulatory requirements based on actual needs or relevant regulations.
2. Shareholding structure & shareholders' rights:				The Company complies with Articles 10, 13, 14, 19 and 30 of the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies.
(1) Does the Company establish and implement the internal operation procedures to handle shareholders' suggestions, concern, disputes and litigation matters?	✓		1. To protect the rights and benefits of shareholders, the Company has established the spokesperson, stock service, and legal affairs departments to handle shareholders' suggestions and disputes.	
(2) Does the Company maintain a list of major shareholders and their beneficial owners?	✓		2. The Company requests the latest list of major shareholders from the stock agent at regular planned intervals to substantively maintain a list of major shareholders and their beneficial owners; maintains good interaction with major shareholders; and reports and discloses on MOPS relevant changes with reference to the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities .	
(3) Has the Company established and implemented a risk management mechanism and "firewall" between the Company and its affiliates?	✓		3. The Company and affiliates implement independent management over assets, sales, and finance. We have also established relevant regulations, including the "Subsidiaries Supervision Regulations", "Procedures for Acquisition and Disposition of Assets," "Procedures for Loaning of Company Funds," and "Procedures for Endorsements and Guarantees" to manage the risk management mechanism and firewall of affiliates.	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		4. The Company has established the "Insider Trading Prevention Regulations to prohibit employees from trading securities with insider information.	

Assessment Item	Status of Implementation			Non-compliance with the CGBPP and reasons
	Yes	No.	Performance Summary	
3. Formation and responsibility of the board of directors:				Except for 27, the Company complies with Articles 20, 28-1 and 37 of the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies.
(1) Does the Company establish and implement diversified policies with reference to board formation?	✓		1. The Company has five directors and two supervisors. Directors and supervisors perform duties according to the regulations, Articles of Incorporation and resolutions reached in the shareholder meeting.	
(2) After establishing the compensations committee and audit committee by the law, does the Company voluntarily establish other functional committees?		✓	2. Apart from establishing the Compensations Committee with reference to the Company Act, the Company does not establish other functional committees.	
(3) Does the Company establish board performance evaluation regulations and methods to evaluate board performance every year?	✓		3. Based on the Compensations Committee Charter, the Compensations Committee establishes and regularly reviews the annual and long-term performance targets, remuneration policy, system, standard, and structure of directors, supervisors, and managers.	
(4) Does the Company assess the independency of its CPAs?	✓		4. The Company hires one of the leading domestic CPA firms as our certifying accountant. This firm is not a related party of the Company. The Company also assesses the independence of the CPA.	
4. Does the Company establish mechanisms for communicating with stakeholders and a stakeholder site on the corporate website to appropriately respond to material CSR topics they concern about?	✓		Apart from establishing the spokesperson system, the Company effectively discloses information over MOPS for shareholders and stakeholders to fully understand the financial status and status of corporate governance of the Company. Stakeholders can contact relevant departments and units of the Company on demand. We have also established an "investor site" on the corporate website disclosing the contact information for stock services to provide the latest information and smooth communication channels.	The Company complies with Article 51 of the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies.
5. Does the Company assign professional registers to handle shareholder meeting affairs?	✓		The Company assigns Transfer Agency Department of CTBC Bank Co., Ltd. to provide shareholder services.	The Company complies with Article 7 of the CGBPP.
6. Information disclosure				The Company complies with Articles 55-58 of the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies.
(1) Does the Company establish a website to disclose financial and corporate governance information?	✓		1. (1) Financial information disclosure: The Company has established an "investor site" on the corporate website and discloses and updates financial information at regular intervals for investors. (2) Sales information disclosure: The Company discloses the information of all products and the latest promotional activities on the corporate website for customers to enquire. (3) Corporate governance information disclosure: The Company discloses on the corporate website information regarding the internal audit organization and operation, material information notification, board meeting resolutions, and major regulations.	

Assessment Item	Status of Implementation			Non-compliance with the CGBPP and reasons
	Yes	No.	Performance Summary	
(2) Does the Company disclose such information by other methods (e.g. English website, assigning a staff to gather and disclose relevant information, implementing the spokesperson system, and posting the conference call on the corporate website)?	✓		2. The Company has appointed a spokesperson and a deputy spokesperson and assigned a dedicated unit to gather and disclose corporate information. For material information required public disclosure, we proceed with reference to the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities. All investor conferences are taped and published on the corporate website. However no investor conference has been held this year.	
7. Does the Company disclose other information for investors better understand its corporate governance practices (including but not limited to employee rights and benefits, employee care, investor relations, supplier relations, stakeholder rights and benefits, training for directors and supervisors, implementation of risk management policies and risk assessment standards, implementation of customer relations policies, and insurance for directors and supervisors)?	✓		1. Employees benefits and care (1) Given that employee capital is one of the most important corporate assets, the Company has established the Employee Work Rules with reference to the Labor Standards Law and relevant laws and regulations to define the rights, benefits, and obligations of employees. (2) The Company continuously and systematically improves employee quality. Apart from arranging employee education and training, we provide opportunities and funds for external training and cultivate excellent employees through job rotation, project participation, and guidance of senior officers. (3) The Company has established an employee welfare committee. Apart from issuing cash gifts on major festivals and employee birthdays, we subsidize employee club activities and travels and provide allowances for weddings, funerals, childbirth, and occupational injury and disease. In addition, we arrange health examination, group accident insurance, and healthcare insurance for employees all at the Company's expense. (4) Apart from conducting satisfaction surveys and promoting occupational safety and health, the Company has established and implemented a complete recommendation system and the QCC to encourage employees to make recommendations for continual improvement and innovation. In addition, we emphasize a steady and pragmatic team spirit in corporate culture and encourage employees to face work challenges with mutual respect and mutual support. 2. Investor relations: The Company discloses different kinds of information over MOPS to protect the rights and benefits of investors. In addition, we have established the "investor information" site on the corporate website to keep investors posted with relevant corporate information. We have also provided stock service contact information to maintain virtuous and harmonious relations between the Company and shareholders. 3. Supplier relations: The Company maintains unobstructed communication with	The Company complies with Article 59 of the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies.

Assessment Item	Status of Implementation			Non-compliance with the CGBPP and reasons
	Yes	No.	Performance Summary	
			suppliers through unimpeded channels and conduct business with suppliers in a fair and ethical manner, so as to establish long-term, steady, and mutual trust cooperation and pursue sustainable growth together. In addition, we evaluate suppliers at planned intervals to select good suppliers as our partners. 4. Stakeholder rights: The Company provides unimpeded channels to communicate with stakeholders and respects and maintains their rights and benefits proper. For disputes about the legal rights of stakeholders, we will handle them in a fair and ethnical manner. 5. Further education for directors and supervisors: Directors and supervisors of the Company are all professionals in respective fields, and we also provide them with information relating to finance, accounting, and legal affairs at planned intervals. 6. Risk management policy and risk assessment: Please refer to “Risk Management Last Year and by Report Publishing Date” in pp. 213-216 of this Annual Report for the details of the risk management policy, organizational framework, and relevant risk controls of the Company. In addition, the Company has analyzed, followed up, and addressed events that could cause high risk to operational goals to optimize the risk management mechanism. 7. Customer service policy: The Company has set up a customer service line to provide an impeded channel for customer communication. We also actively participate in relevant food safety associations, perform our member responsibilities and obligations, care about community care and philanthropy, and apply for relevant health food certification. 8. Insurance for directors and supervisors: Directors and supervisors of the Company uphold the integrity principle and no involvement in litigation or illegal act has been reported. In the future, they will look in to affairs related to insurance for directors and supervisors with insurance companies, plan and assess overall policies, and report to the board before arranging insurance for directors and supervisors according to the law.	
8. Does the Company implement self-evaluation of its corporate governance practices or appoint a third party to do so and maintain a report? (If yes, please specify the board opinion, self-evaluation or third-party evaluation results, major defects or recommendations and improvement.)	✓		At the end of each year the Company implements self-assessment under the internal control system. The assessment result of this year is appropriate. In addition, we were rated “A” in the 12th Information Disclosure and Transparency Ranking.	The Company complies with Article 60 of the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies.

III.5. Disclosure of the formation, responsibility, and operation of the compensation committee, if any.

III.5.1. Information of members of the Compensations Committee

By identity (Note 1)	Conditions / Name	With or without five years of work experience or more and the following professional experience			Independence (Note 2)								Also an compensation committee member of another public company	Remarks (Note 3)
		Teachers of public or private colleges for the subject of commerce, law, finance, accounting, or business	Judge, prosecutor, attorney, accountant, or business salesperson who passed national exams & certified specialists or technicians	With job experience in commerce, law, finance, accounting, or business	1	2	3	4	5	6	7	8		
Others	Hong-Chi Tsai			V	V	V	V	V	V	V	V	V	NONE	-
Others	Geng-Shen Fang			V	V	V	V	V	V	V	V	V	NONE	-
Others	Feng-Nian Chiang			V	V	V	V	V	V	V	V	V	NONE	-

Please specify whether it's director, independent director, or other under "Position";

Note 2: Please tick the corresponding items when directors and supervisors comply with the following conditions two years before being elected and during their term.
- (1) Not an employee of the Company or any subsidiary.
- (2) Not a director or supervisor of affiliated companies. This does not include in cases where the person is an independent director of the Company, its parent company, or any subsidiaries in which the Company holds, directly or indirectly, more than 50% of the voting shares.
- (3) Does not hold more than 1% of total stock issued directly or indirectly nor is a natural shareholder on the top-ten shareholdings list;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the above three items.
- (5) Not a director, supervisor or employee of the institutional shareholder that holds over 5% of total stock issued directly or indirectly; and is not the top five shareholders of the Company;
- (6) Not a director, supervisor, manager or a shareholder with over 5% shareholdings of a company or organization that has business with the Company;
- (7) Not a professional or an owner, partner, director, supervisor, officer, or spouse of a sole proprietorship, partnership, company, or institution that providing commercial, legal, financial, and accounting services or consultation to the Company or its affiliates.
- (8) No violation of any items specified in Article 30 of the Company Act.

Note 3: If a committee member is also a director of the Company, please specify compliance with paragraph 5 of Article 6 of the "Regulations Governing the Establishment and Exercise of Powers of Compensation Committees of Companies whose Stock is Listed on the TWSE or Traded on the GTSM".

III.5.2. Operation of the Compensation Committee

(1) The Compensations Committee is composed of three members.

(2) Tenure of current members: June 18, 2013 to June 13, 2016. Three (A) Compensations Committee meetings were held last year, with the qualifications and attendance of members are as follows:

Title	Name	Number of attendances (B)	Ratio of attendances [B / A] (%)	Remarks
Convener	Hong-Chi Tsai	3	100%	
Committee members	Geng-Shen Fang	3	100%	
Committee members	Feng-Nian Chiang	3	100%	

Supplementary information:

(1) If the board dissents or modifies the recommendation made by the committee, specify the date and term of the board meeting and proposal content, board resolution and handling of committee opinion: N/A.
(2) When members dissent or have reservations of a resolution made at the committee meeting with track records or written statements, specify the date and term of the committee meeting, proposal content, opinion of all members, and handling of their opinion: N/A.

III.6. CSR Performance

Assessment Item	Implementation: Yes	Implementation: No	Implementation: Performance Summary	Non-compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
1. Corporate governance promotion				Although the Company has not established a CSR policy or mechanism, we have assigned dedicated personnel to promote CSR. In addition, the Company has been concerning about and practicing CSR over time. In the future, we will carry out CSR according to actual needs or with reference relevant defined laws and regulations.
(1) Does the Company establish a CSR policy or system and review the effectiveness of implementation?		✓	1. Although the Company has not established our own code of corporate social responsibility policy (CSR) or mechanism, we have practiced established CSR in routine business activities, including legal compliance, provision of a good and safe work environment and reasonable wage and benefits for employees, active implementation of environmental protection and energy conservation, and involvement in philanthropy.	
(2) Does the Company arrange CSR training on a regular basis?	✓		2. The Company provides education on occupational safety and health and arranges disaster response exercises at planned intervals.	
(3) Does the Company establish a dedicated (concurrent) unit to promote CSR with authorization from top management and to report the effectiveness of implementation to the board?	✓		3. The Company has assigned dedicated personnel to promote CSR and related affairs.	
(4) Does the Company establish a fair compensations policy combing with the employee performance evaluation system and CSR policy and an effective and well-defined reward and punishment system?	✓		4. The Company has defined the organizational reward and punishment policies in the “Employee Work Rules” and has established a well-planned system to evaluate employee performance and reward excellent employees.	
2. Development of a sustainable environment:				The Company complies with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.
(1) Does the Company make efforts to enhance resource efficiency and use recycled materials with lower environmental impact?	✓		1、The Company is committed to enhancing the efficiency of various resources. For example, we have implemented paper recycling, simplified business processes to minimize paper consumption, adopted electronic approval to some processes, and reused Kraft paper envelopes for internal document delivery.	
(2) Does the Company establish an appropriate environmental management system (EMS) according to the characteristics of its industry?	✓		2、The Company has passed TOSHMS certification and is aggressively implementing the ISO14001 environmental management system. For occupational health and safety (OSH), environmental protection, we have established comprehensive specifications that meet the audit standard of competent authorities and fulfill public expectations for corporate requital for society. In addition, the Company has assigned dedicated personnel under the Occupational Health and Safety & Administration Department to implement	

Assessment Item	Implementation			Non-compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Performance Summary	
			and supervise operation of the OSH system and EMS. The Company also established standards to control wastewater and emissions with reference to applicable environmental protection regulations. In practice, we check relevant meters and take samples every four hours to ensure effluent and emissions comply with statutory and regulatory requirements.	
(3) Has the Company noticed the effect of climate change on its business activities and does it implement GHG inventory and establish an energy conservation and GHG reduction strategy?	✓		3、The Company aggressively implements various energy conservation and emission reduction policies. Apart from implementing continuous process monitoring and equipment efficiency enhancement, we have implemented energy conservation management with different means, such as recycling condensate and hot water from bottle washers to save water and reduce wastewater; installing the dissolved air flotation (DAF) equipment at the wastewater treatment system, increasing wastewater treatment, and enhancing fuel and electricity efficiency, so as to achieve targets for energy conservation, emissions reduction, and GHG reduction.	
3. Implementation of philanthropy (1) Does the Company establish relevant management policies and procedures with reference to relevant international regulations and international human rights treaties?	✓		1、The Company has established the "Employee Work Rules" to protect the rights and benefits of employees and contributed pension funds for employees. The Company has also established the Employee Welfare Committee to undertake various employee welfare affairs.	The Company complies with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.
(2) Does the Company establish mechanisms and channels for and properly handle employee grievances?	✓		2、The Company has established a grievance system and procedures as defined in the "Measures for Workplace Sexual Harassment Prevention" and Regulations for Grievances and Punishment". The Company has also established the Grievance Address Committee to implement the grievance system. Apart from reporting grievances to the committee, employees can file their grievances by grievance hotline or e-mail.	
(3) Does the Company provide employees with a safe and healthy work environment and regularly arrange safety and health training/education for employees?	✓		3、The Company arranges education and training activities on occupational safety and health in May and November each year, employee health examination every November, and publicizes safe workplace and health inform from time to time.	
(4) Does the Company establish mechanisms for periodic employee communication and reasonably notify employees of significant operational changes that could substantially affect them?	✓		4、The Company holds the employer-employee (labor/management) meeting at planned intervals and has set up a suggestion box on the intranet mechanism to interact with employees. In addition, the Company gives notices to employees through a harmonious employer-employee communication and maintains sound and harmonious employer-employee relations, so as to prevent significant operational changes.	

Assessment Item	Implementation			Non-compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Performance Summary	
(5) Does the Company establish effective training programs for employees to develop employability?	✓		5、The Company continually and systematically improves employee quality, designs training programs with reference to the required competencies of corresponding positions, and promotes personal and organizational development and growth through a multidimensional learning environment.	
(6) Does the Company establish policies and procedures to protect consumer rights and benefits in R&D, procurement, production, operation, and service processes?	✓		6、The Company provides the customer service line and e-mail on the corporate website to provide immediate services and assistance so as to maintain and protect consumer rights and benefits.	
(7) Does the Company follow relevant regulations and international standards to market and label products and services?	✓		7、The Company labels foods and manages advertisements with reference to the "Act Governing Food Safety and Sanitation" and discloses ingredient supplier information with reference to the "Regulations Governing the Registration of Food Businesses".	
(8) Does the Company assess if suppliers have records of causing impacts on the environment and society?	✓		8、The Company evaluates each supplier prior to having business with them. The evaluation also includes if suppliers have food safety records and assesses the severity of their offences, so as to select excellent suppliers as partners through the supplier evaluation process.	
(9) When signing contracts with major suppliers, does the Company include the following terms in the contract: when suppliers violate the Company's CSR policy and have significant impact on the environment and society, the Company may terminate or rescind the contract at any time?	✓		9、Given food safety is the most important thing to protect consumer rights and benefits, although the Company does not include CSR-related terms in contracts signed with suppliers, through periodic visits and annual evaluation and audit of active suppliers, the Company reinforces supplier management to ensure the quality (Q), cost (C), delivery (D), and service (S) of suppliers and ingredients conform to production needs and thereby ensure consumer health and safety.	
4. Reinforcement of disclosure of CSR information. (1) Does the Company disclose relevant and reliable CSR information on the corporate website and MOPS?	✓		Every year the Company discloses CSR information in the annual report and has assigned dedicated personnel to promote CSR affairs. It is estimated that we will publish an independent CSR report as of 2015.	The Company complies with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.
5. If the Company has established own code of CSR practice with reference to the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," specify its operation and non-compliance with the best practice principles: The Company has not established our own code of corporate social responsibility policy.				

Assessment Item	Implementation			Non-compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Performance Summary	

6. Other material information enabling a better understanding of CSR implementation:
Major activities sponsored by the Company last year

Item	Beneficiary	Item	Beneficiary
1	Chinese Professional Baseball League	11	Taiwan Society of Pediatrics
2	Taipei City Trend Research Foundation	12	Kaohsiung United Charity Association
3	Chinese Christian Relief Association	13	Changhua County Christian Joy Orphanage
4	Taiwan Food Industry Foundation	14	The Garden of Hope Foundation
5	Christian Good 119 Organization	15	Taiwan Society of Nephrology
6	Taipei City People’s Exchange and Service Association Across Taiwan Strait	16	National Taiwan University Academic Development Foundation
7	The Yu’s Education Foundation	17	New Taipei City Happy Mountain Charity Foundation
8	Miaoli County Haiching Home for the Aged	18	Yu-Cheng Social Welfare Foundation
9	Good Shepherd Welfare Services	19	Catholic Marian Long-term Care Center
10	Neuroscience Society of Taiwan	20	Sacred Heart Home

7. If the organizational CSR report has passed the verification standards of relevant certification authorities, please specify: The Company will submit a signed CSR report by December 31, 2015.

III.7. Fair and Ethical Business Operations

Assessment Item	Implementation			Non-compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Performance Summary	
1. Policies and plans for fair and ethical business operations (1) Does the Company specify its policies and practices to maintain fair and ethical business operations in relevant regulations and external documents? Do the board and management actively implement the commitments made in relevant policies? (2) Does the Company draw up programs to prevent unethical conduct and set out in each program and implement SOPs, conduct guidelines, penalties for violation, and a grievance system? (3) Does the Company take precautionary action to prevent business activities specified in paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and other business activities within its scope of business with higher behavioral risk?	✓ ✓ ✓		The Company has specified in the "Employees Work Rules" that employees are not allowed to extort treatments, gifts, kickbacks, or benefits of any forms based on their authority. The Company also makes known to employees that "maintaining business integrity through fair and ethical operations" is the backbone policy of Standard Foods. To protect organizational trade secrets and intellectual property, employees are requested to sign a "letter of undertaking" to promise not to accept commissions, kickbacks, paybacks, cash, loans, or undue or improper advantage (including, but not limited to, treatment or travel or gift). In addition, the Company has specified the policy for avoiding conflicts of interest in the "Rules of Procedure for Board Meetings".	The Company complies with the spirit of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
2. Implementation of fair and ethical business operations (1) Does the Company assess if trading counterparts involved in	✓		The Company does not accept cash gifts or kickbacks of any kind from suppliers to ensure reasonable prices and premium quality. Although the Company does not have a dedicated (concurrent) unit to promote fair and ethical business operations,	The Company complies with the spirit of the Ethical Corporate Management Best Practice

Assessment Item	Implementation			Non-compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Performance Summary	
any unfair and unethical business operations and include the fair and ethical business operations clause in the transaction agreement signed with them?			all departments fulfill the due social responsibilities of enterprises within their scope of business. In addition, the Company has established a sound internal control system where internal auditors audit the performance of each unit at planned intervals.	Principles for TWSE/TPEX Listed Companies.
(2) Does the Company establish a dedicated (concurrent) unit directly under the board to promote fair and ethical business operations and report the effectiveness of implementation directly to the board?	✓			
(3) Does the Company establish and implement policies to prevent conflicts of interest and provide appropriate channels for reporting such conflicts?	✓			
(4) Has the Company established effective accounting and internal control systems to implement fair and ethical business operations? Does the Company have these system audited regularly by the internal audit unit or a CPA?	✓			
(5) Does the Company arrange regular internal/external training/ education for fair and ethical business operations?	✓			
3. Operation of the whistleblower system (1) Does the Company establish a practical whistleblower and reward system and channels to	✓		The audit unit accepts reports on unfair and unethical business operations, and such reports and rewards for informers are handled with reference to relevant personnel affairs regulations. By the publishing date of this report, no relevant case was reported.	The Company complies with the spirit of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation</th><th rowspan="2">Non-compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Performance Summary</th></tr>
<tr><td>facilitate reporting of unfair and unethical business operations and assign appropriate personnel to handle a reported case?</td><td></td><td></td><td></td><td>Listed Companies.</td></tr>
<tr><td>(2) Does the Company establish a SOP and a non-disclosure mechanism of relevant investigations?</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>(3) Does the Company establish and implement an informer protection policy to ensure no informer will receive indecent treatment?</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>4. Reinforcement of information disclosure
(1) Does the Company disclose the content and effectiveness of implementation of the Code of Business Ethics on the corporate website and MOPS?</td><td>✓</td><td></td><td>The Company posts the annual report on the corporate website for investors to download to understand relevant information.</td><td>The Company complies with the spirit of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</td></tr>
<tr><td colspan="5">5. If the Company has established own code of business ethics with reference to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” specify its operation and non-compliance with the best practice principles: The Company has not established our own code of business ethics.</td></tr>
<tr><td colspan="5">6. Other material information enabling a better understanding of fair and ethical business operations (such as review and revise the code of business ethics):
(1) The Company observes the Company Act, Securities and Exchange Act, Business Entity Accounting Act, relevant rules and regulations governing TWSE/TPEX listed companies, and other business behaviors to implement fair and ethical business operations.
(2) The Company has specified the policy for avoiding conflicts of interest in the “Rules of Procedure for Board Meetings”. Under this policy, for proposals constituting a conflict of interest between himself/herself or his/her representatives that may harm the interest of the Company, a director may express opinions and answer to interpellation but is not allowed to join relevant discussions and vote for the proposal. In addition, this director should recur from the discussions and voting of the proposal.
(3) The Company has established the “Insider Trading Prevention Regulations” to prohibit directors, supervisors, managers, and employees from disclosing material internal information to a third party or from enquiring or collecting undisclosed material internal information unrelated with own duties from those acknowledging such material internal information.
They are also requested not to disclose to others undisclosed material internal information acknowledged from work.</td></tr>
</table>

III.8. Corporate governance rules and regulations of the Company

(1) Please visit our corporate website at http://www.quaker.com.tw for updates of corporate governance.

(2) Corporate website information collected and maintained by dedicated personnel, and all disclosed financial information is posted on the corporate website for public retrieval.

III.9. Other material information enabling a better understanding of corporate governance: None.

III.10. Status of implementation of the internal control system
III.10.1. Statement of Internal Control

Standard Foods Corporation
Statement of Compliance of the Internal Control System

Date: March 24, 2015

This Company makes the following statements on the compliance of the internal control system during January 1-December 31, 2014 with reference to self-assessment results.

1. We understand that it is the responsibility of the Company's management to have the internal control system established, enforced, and maintained. The Company has the internal control system established to provide a reasonable assurance for the realization of operating effectiveness and efficiency (including profits, performance, and assets safety), the reliability of financial reports and the conformity to relevant regulations.
2. The internal control system is designed with limitations; therefore, no matter how perfect it is designed, an effective internal control system ensures only the realization of the aforementioned three objectives. Due to the changes in the environment and conditions, the effectiveness of an internal control system could change at any time. Our internal control system is designed with self-monitoring mechanisms; therefore, we are able to have corrective actions initiated upon identifying any nonconformity.
3. We have based the internal control criteria on the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (referred to as “the Governing Rules” hereinafter) to determine the effectiveness of internal control design and enforcement. The internal control criteria of the “Governing Rules” are the management control processes. The internal control, are divided into five elements: Environment control, 2. Risk analysis, 3. Control process, 4. Information and communication and 5. Supervision. Each element is subdivided into several items. Please refer to the “Governing Rules” for the details of the said items.
4. We have established the aforementioned internal control criteria to inspect the effectiveness of internal control design and enforcement.
5. According to the aforementioned examination, the Company’s internal control system on December 31, 2014 (including the supervision and management over the subsidiary), including the fulfillment of business performance and efficiency, the reliability of financial statements, the conformity to governing regulations, and the design and enforcement of the internal control system are effective and feasible to ensure the realization of the aforementioned objectives.
6. The Declaration of Internal Control is in our annual report and prospectus for public information. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Securities Transaction Regulation No. 20, No. 32, No. 171 and No. 174.
7. We hereby declare that the Declaration of Internal Control was approved by the five directors at the board meeting unanimously on March 24, 2015.

Standard Foods Corporation

Chairman: Ter-Fung Tsao (Signature)

President: Ter-Fung Tsao (Signature)

III.10.2. The CPA audit review should be disclosed if the internal control system is audited by a CPA: None.

III.11. Punishment of the Company and employees by the law, punishment of employees by the Company for violation of internal control system regulations, and major defects and improvement in last year and by the report publishing date: None.

III.12. Major resolutions made at the shareholders' meeting and board meeting in last year and by the report publishing date:

(1) Major resolutions made at shareholders' meetings or board meetings in last year

Date	Meeting	Proposals	Resolutions
March 26, 2014	Board Meeting	1. Recognition of the Company's financial statements and consolidated statements for 2013. 2. Recognition of the Company's business plan and budget for 2014. 3. Revision of the "Company Charter". 4. Revision of the "Procedures for Acquisition and Disposition of Assets". 5. Revision of the "Regulations for Director and Supervisor Election". 6. Revision of the "Procedures for Shareholder Meetings". 7. Determination of the date and agenda for general shareholders' meeting 2014. 8. Proposal for capital increase at US$35 million (or equivalent CNY) through Standard Investment (Cayman) Limited Standard Investment (HK) Limited and recall of the resolution on a capital increase at CNY25 million for Standard Investment (China) Limited made at the 3rd meeting of the 11th term of the board. 9. Authorization of the chairman to sign documents with financial institutions for loans and derivatives trade on behalf of the Company. 10. Approval of the Company's "Internal Control System". 11. Approval of the Company's "Statement of Compliance of the Internal Control System". 12. Recognition of the remunerations for managers in 2013 and remuneration proposal for 2014. 13. Recognition of the remuneration for directors and supervisors and employee bonus for 2013.	1. Unanimously approved as proposed by all attended directors.. 2. Unanimously approved as proposed by all attended directors. 3. Unanimously approved as proposed by all attended directors. 4. Unanimously approved as proposed by all attended directors. 5. Unanimously approved as proposed by all attended directors. 6. Unanimously approved as proposed by all attended directors. 7. The meeting date was unanimously approved on June 18, 2014 as proposed by all attended directors. 8. Unanimously approved by all attended directors. 9. Unanimously approved by all attended directors. 10. Unanimously approved as proposed by all attended directors. 11. Unanimously approved as proposed by all attended directors. 12. Unanimously approved as proposed by all attended directors. 13. Unanimously approved as proposed by all attended directors.
May 5, 2014	Board Meeting	1. Approval of the 2013 earnings distribution proposal. 2. Approval of the increase of paid-in capital from 2013 retained earnings to issue new shares. 3. Approval of the revision of the Company Charter.	1. Unanimously approved as proposed by all attended directors. 2. Unanimously approved as proposed by all attended directors. 3. Unanimously approved as proposed by all attended directors.

Date	Meeting	Proposals	Resolutions
		4. Approval of the motion for discussing the agenda of the general shareholders' meeting 2014.	4. Unanimously approved as proposed by all attended directors.
June 19, 2014	Board Meeting	Increase of paid-in capital from retained earnings to issue new shares and cash dividend distribution for 2013.	Unanimously approved as proposed by all attended directors on distribution of dividends at NT$0.9 and cash dividends at NT$1.6.
August 13, 2014	Board Meeting	1. Status reports of new business establishment in China.	
November 11, 2014	Board Meeting	1. Establishment of the Company's "Code of Ethics and Conduct". 2. Revision of the Company's "Internal Control System". 3. Establishment of the Company's 2015 Annual Audit Program. 4. 2014 Director, Supervisor, and Manager Performance Evaluation. 5. Wage/remuneration (regular pay) for directors, supervisors, and managers in 2015.	1. Unanimously approved as proposed by all attended directors.. 2. Unanimously approved as proposed by all attended directors.. 3. Unanimously approved as proposed by all attended directors.. 4. Unanimously approved as proposed by all attended directors.. 5. Unanimously approved as proposed by all attended directors..
March 24, 2015	Board Meeting	1. Recognition of the Company's financial statements and consolidated statements for 2014. 2. Recognition of the Company's business plan and budget for 2015. 3. Determination of the date and agenda for general shareholders' meeting 2015. 4. Authorization of the chairman to sign documents with financial institutions for account opening, loans, and derivatives trade on behalf of the Company. 5. Capital increase for Shanghai Lehe Industrial Co., Ltd. and Shanghai Leming Industrial Co., Ltd. 6. Endorsement and guarantee for sole proprietorship Standard Beverage Co., Ltd. 7. Approval of the Company's "Statement of Compliance of the Internal Control System 2014", 8. Revision of the Company's "Accounting System". 9. Discussion of the remunerations for managers in 2014 and remuneration proposal for 2015. 10. Discussion of the remuneration for directors and supervisors and employee bonus for 2014.	1. Unanimously approved as proposed by all attended directors. 2. Unanimously approved as proposed by all attended directors. 3. Unanimously approved as proposed by all attended directors. 4. Unanimously approved as proposed by all attended directors. 5. Unanimously approved as proposed by all attended directors. 6. Unanimously approved as proposed by all attended directors. 7. Unanimously approved as proposed by all attended directors. 8. Unanimously approved as proposed by all attended directors. 9. Unanimously approved as proposed by all attended directors. 10. Unanimously approved as proposed by all attended directors.

(2) Important resolutions made at the Company’s 2014 general shareholders’ meeting:
   1) Recognition of the business report and financial statements for 2013: Approved.
   2) Recognition of 2013 earnings distribution: Approved.
   3) Revision of the Company Charter: Proceeded with reference to the resolution of the shareholders’ meeting and approved by the Ministry of Economic Affairs on August 20, 2014 in Letter Jing-Sho-Shang-Zi 10301170450.
   4) Capital increase 2013 with retained earnings to issue new shares: Proceeded with reference to the resolution of the shareholders’ meeting and approved by the Ministry of Economic Affairs on August 20, 2014 in Letter Jing-Sho-Shang-Zi 10301170450.
   5) Revision of the Company's "Procedures for Acquisition and Disposition of Assets": Approved.
   6) Revision of the Company's "Regulations for Director and Supervisor Election”: Approved.
   7) Revision of the Company's “Procedures for Shareholder Meetings”: Approved.

III.13. Summary of opinion difference in major resolutions at the board meeting between directors or supervisors in last year and by the report publishing date with written records or statements: None.

III.14. Resignation and relief of relevant roles, including the organization chairman, president, accounting officer, financial officer, chief internal auditor, and R&D officer, in last year and by the report publishing date: None.

IV. CPA fees

CPA Fee Bracket

CPA Firm	CPA's name		Auditing period	Remarks
Deloitte Touch Tohmatsu CPA Firm	CPA Ting-Chen Hsu	CPA Hung-Hsiang Tsai	Januray 2014-December 2014	

Bracket \ CPA Fees	Auditing fees	Non-auditing fees	Total
Below $2,000,000		V	
2,000,000 (including)～4,000,000	V		V
4,000,000 (including)～6,000,000			
6,000,000 (including)～8,000,000			
8,000,000 (including)～10,000,000			
Over 10,000,000 (including)			

The Company should disclose the following items under any of the following circumstances:

(1) Disclose the amount of the audit and non-audit service fees and content of non-audit services when the amount of non-audit service fees paid to CPAs, their firms and affiliates for is over a quarter of the audit service fees:: N/A.

(2) Disclose the amount and proportion reduced and reasons when there is a change of CPA firm that the audit service fee is lower than the year before the CPA change: :N/A.

(3) Disclose the amount and proportion reduced and reasons when the audit service fee is fifteen percent less than last year: N/A.

V. CPA change information: Not applicable in last two years and the period after.

VI. The chairman, president, and/or financial or accounting managers of the Company worked for the CPA or its affiliates last year: None.

VII.VII. Information on shareholding transfer and pledge by Directors, Supervisors, Department Heads and Shareholders with over 10% shareholding in the most recent years and up to the printing of the annual report:

VII.1. Information on the change in shareholding of directors, supervisors, executives, and major shareholders.

Unit: Shares

Title	Name	2014		As of April 28 of the year	
		Shares Increase (decrease)	Shares under pledge Increase (decrease)	Shares Increase (decrease)	Shares under pledge Increase (decrease)
Chairman & President & Shareholder with a 10% or more shareholding	Ter-Fung Tsao	23,873,928	0	0	0
Director	Jason Hsuan	0	0	0	0
Director	Wendy Tsao	322,183	0	0	0
Director	Howard Tong	0	0	0	0
Director	Jack Hsieh	20,888	0	0	0
Supervisor	Tom A. Chien	20,395	0	0	0
Supervisor	Charng Hui Ltd.	433,669	0	0	0
Vice President, Sales and Marketing	Glendy Chiang	28,722	0	0	0
Vice President of Supply Chain (Note 1)	Steven Yao	0	0	0	0
Director of Finance and Information	Larry Chung	2,602	0	0	0
Director of Human Resources	Larry Fong	0	0	0	0
Chief Auditor	Paula Lee	0	0	0	0
Major shareholder	H.D. Mon	7,416,529	0	0	0

Note 1: Inaugurated on April 17, 2014. Change in equity during the period from April 28, 2015 to April 17, 2014.

(1) Shares transferred: N/A.

(2) Shares mortgaged: N/A.

VIII. The relation of the top ten shareholders

April 28, 2015 Unit: Share, %

Name (Note 1)	Shares held by shareholder		Shares held by shareholder's spouse and minor		Shares held in other's names		Name and relationship of spouse or a relative who is a top-ten shareholder and is within second degree of lineal consanguinity of another top-ten shareholder.(Note 3)		Remarks
	Shares	Shareholding ratio% (Note 2)	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Name	Relationship	
Ter-Fung Tsao	289,139,805	40.12%	0	0	0	0	-	-	
H.D. Mon	89,822,407	12.46%	0	0	0	0	-	-	
Bright investment Co., Ltd.	26,018,304	3.61%	0	0	0	0	-	-	
Representative: Su-Win Tseng	129,011	0.02%	0	0	0	0	-	-	
Cathay Life Insurance Co.	12,590,394	1.75%	0	0	0	0	-	-	
Representative: H. T. Tsai	-	-	0	0	0	0	-	-	
RBC Emerging Markets Equity Fund under the custody of HSBC	12,000,000	1.67%	0	0	0	0	-	-	
Deutsche Bank Escrows FS Sub-Fund FS Asia Pacific Fund Investment Account	11,329,875	1.57%	0	0	0	0	-	-	
Nan Shan Life Insurance Co., Ltd.	10,281,260	1.43%	0	0	0	0	-	-	
Representative: W. D. Guo	-	-	0	0	0	0	-	-	
Jan-Yaw Lin	9,365,000	1.30%	0	0	0	0	-	-	
JP Morgan Chase Escrows University Pension Plan Investment accounts	8,414,205	1.17%	0	0	0	0	-	-	
Deutsche Bank Escrows FS Fund FS Asia Pacific Fund Investment Account entrusted by NatWest Bank	6,479,832	0.90%	0	0	0	0	-	-	

Note1: The top-ten shareholders must be stated. For institutional shareholders, the name of the institutional shareholder and representative must be listed separately.
Note2: For computing the shareholding ratio, the shareholding of the shareholders, spouse, minors, and held in other's name must be computed separately.
Note3: Disclose relations between shareholders, including legal and natural person, in the proceeding paragraphs according to "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

IX. The shareholding of the same invested company by the Company, the directors, the supervisors, the managers or another business that is controlled by the Company directly or indirectly

March 31, 2015; Unit: Shares

Transfer invested business (Note 1)	The Company's investment		Investment of director, supervisor, management, and the business controlled by the Company directly or indirectly		Comprehensive investment	
	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %
Standard Dairy Products Taiwan Ltd.	30,000,000	100.0%	—	—	30,000,000	100.0%
Standard Beverage Co., Ltd.	7,907,000	100.0%	—	—	7,907,000	100.0%
Charng Hui Ltd.	54,100,000	100.0%	—	—	54,100,000	100.0%
Domex Technology Corporation	10,374,399	52.0%	—	—	10,374,399	52.0%
Accession Limited	123,600,000	100.0%	—	—	123,600,000	100.0%
Shanghai Standard Foods Co.	—	—	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Inner Mongolia Ja Tai Agriculture Science and Technology Development Co.	—	—	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Standard investment (Cayman) Limited	66,396,296	100.0%	—	—	66,396,296	100.0%
Standard Corporation (Hong Kong) Ltd.	—	—	66,371,296	100.0%	66,371,296	100.0%
Standard Investment (China) Ltd.	—	—	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Standard Foods (China) Corporation	—	—	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Shanghai Dermalab Corporation	—	—	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Shanghai Lebinto Health Technology Co., Ltd.	—	—	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%

Note1: Recorded with equity method.
Note2: It is a limited company without any shares.

Four. Stock subscription

I. Capital and shares

1.History of Capitalization

Year / Month	Issuing price (NTD)	Authorized shares		Issued shares		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital (NTD)	Non-money Capital	Others
75/06	100	50,000	5,000,000	47,883	4,788,300	Incorporation	NONE	1986.06.06 MOEA. Investment Bureau (75) Kong-Son-Tzi No. 2799
75/06	100	50,000	5,000,000	47,884	4,788,400	Capital increased by cash NT$ 100	NONE	1986.06.27 MOEA. Investment Bureau (75) Kong-Son-Tzi No. 3149
75/09	100	150,000	15,000,000	150,000	15,000,000	Capital increased by cash NT$ 10,211,600	NONE	1986.09.22 MOEA. Investment Bureau (75) Kong-Son-Tzi No. 4718
77/04	100	450,000	45,000,000	450,000	45,000,000	Capitalization from retain earnings for NT$ 30,000,000	NONE	1988 04.09 MOEA. Investment Bureau (77) Kong-Son-Tzi No. 1831
79/05	10	16,200,000	162,000,000	16,200,000	162,000,000	Capitalization from retain earnings for NT$ 117,000,000	NONE	1990.05.16 MOEA. Investment Bureau (79) Kong-Son-Tzi No. 3425
80/07	10	19,440,000	194,400,000	19,440,000	194,400,000	Capitalization from retain earnings for NT$ 32,400,000	NONE	1991.05.15 SFE Ruling (80) Tai-Tsai-Cheng (1) No.00935
81/03	10	30,715,200	307,152,000	30,715,200	307,152,000	Capital increased by cash NT$ 48,600,000 Capitalization from retain earnings for NT$ 64,152,000	NONE	1992.02.17 SFE Ruling (81) Tai-Tsai-Cheng (1) NO.00269
82/07	10	43,001,280	430,012,800	43,001,280	430,012,800	Capitalization from retain earnings for NT$ 122,860,800	NONE	1993.04.13 SFE Ruling (82) Tai-Tsai-Cheng (1) No.00771
83/02	10	60,201,792	602,017,920	60,201,792	602,017,920	Capitalization from retain earnings for NT$ 172,005,120	NONE	1994.01.14 SFE Ruling (83) Tai-Tsai-Cheng (1) No.49242
84/03	10	84,833,857	848,338,570	84,833,857	848,338,570	Capitalization from retain earnings for NT$ 240,807,170 Capitalization from employee	NONE	1995.01.07 SFE Ruling (84) Tai-Tsai-Cheng (1) No.52905

Year / Month	Issuing price (NTD)	Authorized shares		Issued shares		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital (NTD)	Non-money Capital	Others
						bonus for NT$ 5,513,480		
85/02	10	119,116,843	1,191,168,430	119,116,843	1,191,168,430	Capitalization from retain earnings for NT$ 339,335,420 Capitalization from employee bonus for NT$ 3,494,440	NONE	1995.12.04 SFE Ruling (84) Tai-Tsai-Cheng (1) No.62578
86/03	10	167,205,291	1,672,052,910	167,205,291	1,672,052,910	Capitalization from retain earnings for NT$ 476,467,380 Capitalization from employee bonus for NT$ 4,417,100	NONE	1996.12.24 SFE Ruling (85) Tai-Tsai-Cheng (1) No.74787
87/03	10	330,000,000	3,300,000,000	209,470,236	2,094,702,360	Capitalization from retain earnings for NT$ 418,013,220 Capitalization from employee bonus for NT$ 4,636,230	NONE	1997.12.16 SFE Ruling (86) Tai-Tsai-Cheng (1) No.92147
88/02	10	330,000,000	3,300,000,000	262,360,651	2,623,606,510	Capitalization from retain earnings for NT$ 523,675,590 Capitalization from employee bonus for NT$ 5,228,560	NONE	1998.12.28 SFE Ruling (87) Tai-Tsai-Cheng (1) No.106085
89/02	10	330,000,000	3,300,000,000	302,264,506	3,022,645,060	Capitalization from retain earnings for NT$ 393,540,980 Capitalization from employee bonus for NT$ 5,497,570	NONE	1999.12.24 SFE Ruling (88) Tai-Tsai-Cheng (1) No.109947
90/02	10	330,000,000	3,300,000,000	320,918,442	3,209,184,420	Capitalization from retain earnings for NT$ 181,358,710 Capitalization from employee bonus for NT$ 5,180,650	NONE	2001.01.02 SFE Ruling (90) Tai-Tsai-Cheng (1) No.103971
98/08	10	330,000,000	3,300,000,000	322,523,034	3,225,230,340	Capitalization from retain earnings for NT$ 16,045,920	NONE	2009.07.03 FSC Far.Tzi No. 0980033057 Letter
99/08	10	380,000,000	3,800,000,000	370,901,489	3,709,014,890	Capitalization from retain earnings for NT$ 483,784,550	NONE	2010.07.05 FSC Far.Tzi No. 0990034588 Letter
100/08	10	480,000,000	4,800,000,000	463,626,861	4,636,268,610	Capitalization from retain earnings for NT$ 927,253,720	NONE	2011.07.04 FSC Far.Tzi No. 1000030659 Letter
101/08	10	580,000,000	5,800,000,000	574,897,307	5,748,973,070	Capitalization from retain earnings for NT$ 1,112,704,460	NONE	2012.06.26 FSC Far.Tzi No. 1010027983 Letter
102/07	10	680,000,000	6,800,000,000	661,131,903	6,611,319,030	Capitalization from retain earnings for NT$ 862,345,960	NONE	2013.07.02 FSC Far.Tzi No. 1020025191 Letter

Year / Month	Issuing price (NTD)	Authorized shares		Issued shares		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital (NTD)	Non-money Capital	Others
103/08	10	740,000,000	7,400,000,000	720,633,774	7,206,337,740	Capitalization from retain earnings for NT$ 595,018,710	NONE	103.07.11 FSC Far.Tzi No. 10230026432 Letter

Type of Share	Authorized shares			Remarks
	Outstanding shares (Available for trading on the TWSE)	Un-issued shares	Total	
Registered common shares	720,633,774	19,366,226	740,000,000	

2.Comprehensive filing system: N/A.

3.Shareholder structure As of April 28, 2015

Shareholder structure QTY / Quantity	Government Agencies	Financial Institutions	Other Institutional Investors	Natural Persons	Foreign Institutions & Natural Persons	Total
Number of persons	0	11	122	28,911	339	29,383
Share Held	0	30,078,157	48,555,879	501,298,719	140,701,019	720,633,774
Shareholding ratio %	0.00%	4.17%	6.74%	69.57%	19.52%	100.00%

4.Dispersal of shareholding NTD 10 Par value As of April 28, 2015

Classification	Number of Shareholders	Share Held	Shareholding ratio %
1-999	10,817	2,276,462	0.32%
1,000-5,000	13,876	28,705,085	3.98%
5,001-10,000	2,363	16,840,752	2.34%
10,001-15,000	829	10,060,884	1.40%
15,001-20,000	382	6,683,571	0.93%
20,001-30,000	392	9,462,498	1.31%
30,001-40,000	198	6,841,586	0.95%
40,001-50,000	116	5,219,689	0.72%
50,001-100,000	197	13,729,532	1.91%
100,001-200,000	86	11,979,702	1.66%
200,001-400,000	39	10,857,832	1.51%
400,001-600,000	25	12,062,658	1.67%
600,001-800,000	11	7,754,657	1.08%
800,001-1,000,000	8	6,996,353	0.97%
Over 1,000,001 shares	44	571,162,513	79.25%
Total	29,383	720,633,774	100.00%

5.Major shareholder As of April 28, 2015

Shares / Name of major shareholders	Share Held	Shareholding ratio %
Ter-Fung Tsao	289,139,805	40.12%
H.D. Mon	89,822,407	12.46%
Bright investment Co., Ltd.	26,018,304	3.61%
Cathay Life Insurance Co.	12,590,394	1.75%
RBC Emerging Markets Equity Fund under the custody of HSBC	12,000,000	1.67%
Deutsche Bank Escrows FS Fund FS Asia Pacific Fund Investment Account	11,329,875	1.57%
Nan Shan Life Insurance Co., Ltd.	10,281,260	1.43%
Jan-Yaw Lin	9,365,000	1.30%
JP Morgan Chase Escrows University Pension Plan Investment accounts	8,414,205	1.17%
Deutsche Bank Escrows FS Fund FS Asia Pacific Fund Investment Account entrusted by NatWest Bank	6,479,832	0.90%

6.Market Price, Net Worth, Earnings & Dividend per Share in the past two years

<table>
<tr><th colspan="3">Fiscal year / Item</th><th>2013</th><th>2014</th><th>As of March 31, 2015 (Note 5)</th></tr>
<tr><td rowspan="3">Market price per share</td><td colspan="2">Highest</td><td>107.50</td><td>94.00</td><td>81.00</td></tr>
<tr><td colspan="2">Lowest</td><td>78.90</td><td>64.60</td><td>65.20</td></tr>
<tr><td colspan="2">Average</td><td>90.47</td><td>79.21</td><td>72.04</td></tr>
<tr><td rowspan="2">Net worth per share</td><td colspan="2">Before appropriation</td><td>16.31</td><td>16.71</td><td>17.90</td></tr>
<tr><td colspan="2">After appropriation</td><td>13.49</td><td>(Note 1)</td><td>(Note 1)</td></tr>
<tr><td rowspan="3">Earnings per share</td><td colspan="2">Weighted average shares</td><td>656,313,357</td><td>715,381,559</td><td>715,381,559</td></tr>
<tr><td colspan="2">Earnings per shares before adjustment</td><td>2.83</td><td>2.90</td><td>1.27</td></tr>
<tr><td colspan="2">Earnings per shares after adjustment</td><td>2.60</td><td>(Note 1)</td><td>(Note 1)</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividends</td><td>1.6</td><td>(Note 1)</td><td>-</td></tr>
<tr><td rowspan="2">Stock dividend</td><td>Earnings distribution</td><td>0.9</td><td>(Note 1)</td><td>-</td></tr>
<tr><td>Capital reserve distribution</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Accumulated unpaid dividends</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Analysis of return on investment</td><td colspan="2">Price/Earnings Ratio (Note 2)</td><td>31.97</td><td>27.31</td><td>-</td></tr>
<tr><td colspan="2">Price/Dividend Ratio (Note 3)</td><td>56.54</td><td>(Note 1)</td><td>-</td></tr>
<tr><td colspan="2">Cash dividends yield rate (Note 4)</td><td>1.77%</td><td>(Note 1)</td><td>-</td></tr>
</table>

Note 1: Subject to the approval of annual shareholders' meeting.
Note 2: Profit ratio = Closing price per share of the year / Earning per share.
Note 3: Earning ratio = Closing price per share of the year / Cash dividend per share.
Note 4: Cash dividend yield rate = Cash dividend per share / Closing price per share of the year.
Note 5: The column of the net worth per share and earnings per share is the data of the latest quarter certified (or reviewed) by auditors while other columns are for the financial data of the year.

7.Execution of Dividend Policy

(1).Dividend Policy:

The Company's net income for the year, if any, should be applied to cover losses, to appropriate legal reserve, and to appropriate or reverse special reserve by law. Then appropriate not less than 1% of the remaining amount as employee's bonus and remuneration to directors and supervisors, respectively. Appropriate 30%-100% of the remaining amount, if any, together with the beginning accumulated unappropriated earnings and the current unappropriated earnings adjustment as shareholder dividends, of which, cash dividends shall equal to 30%-100% of the distributable dividend. However, for a major investment program without the possibility of obtaining other funding, the cash dividend can be reduced to 5%-20% of the distributable dividend.

(2).Proposed Distribution of Dividends:

The Company's board of directors had resolved on May 8, 2015 to have stock dividend distributed at $1/share and cash dividend at $1.6/share; also, the proposal is to be reviewed and discussed at the general shareholders' meeting on June 26, 2015.

8. Impact on Operating performances and EPS that resulted from the stock dividend distribution of this year:

Item \ Fiscal year			2015 (estimated)
Capital collected at the beginning			NT$7,206,337,740
Dividend distribution of the year	Cash dividend per share(Note 1)		NT$1.6
	Stock dividend from retained earnings (Note 1)		0.1 share
	Stock dividend from capital reserve		0 share
Operating performance (Note 2)	Operating income		N/A
	Operating income increase (decrease) from the year before		N/A
	Net income after taxes		N/A
	Net income increase (decrease) from the year before		N/A
	Earnings per share		N/A
	Earnings per share increase (decrease) from the year before		N/A
	Average return on investment ratio (the reciprocal of average profit ratio)		N/A
Pro forma earnings per share and profit ratio (Note 2)	Cash dividend from retained earnings	Pro forma earnings per share	N/A
		Pro forma average return on investment ratio	N/A
	Without capitalization from capital reserve	Pro forma earnings per share	N/A
		Pro forma average return on investment ratio	N/A
	Without capital reserve and all capitalization from retained earnings is distributed as cash dividend	Pro forma earnings per share	N/A
		Pro forma average return on investment ratio	N/A

Note 1: A resolution is to be reached in the 2015 general shareholders' meeting.

Note 2: The Company is not required to publish the 2015 financial forecast in accordance with the "Rules Governing the publication of financial information by public offering companies;" therefore, it is not applicable.

9.**Bonus for Employees and Remuneration to Directors and Supervisors**

(1).Information of employee bonus and directors' and supervisors' remuneration was prescribed in the Articles of Incorporation; please refer to above-mentioned (VII) dividend policy for details.

(2).The basis of estimating the amount of employee bonuses and director/supervisor compensation for calculating the number of shares to be distributed as stock bonuses and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The Company's employee bonuses payable and remuneration payable to directors and supervisors for 2014 are estimated at NT$26,155,720 and NT$18,682,656, respectively. The said employee bonus is an amount equivalent to 1.4% of the 2014 net income less legal surplus. The said remuneration to directors and supervisors is an amount equivalent to 1% of 2014 net income less legal surplus. If the distribution amount resolved by the Board of Directors has changed significantly after the end of the year but before the date the Company's financial statements approved for publication, the said change is adjusted to the originally appropriated expense. If the distribution amount is changed after the date the Company's financial statements approved for publication, it is processed as change in accounting estimate and adjusted to the bookkeeping in the following year. If the distribution of stock dividend to employees is resolved in the shareholder's meeting, the number of stock dividend share is determined by having the bonus amount divided by the fair value of the stock. In terms of share calculation for stock dividends, the fair value of stock meant for the closing price on the day before the shareholder's meeting (after considering the effect of ex-right and ex-dividend).

(3).The distribution for a pro forma employee bonus proposed by the board of directors:

3.1 The distribution of cash dividends and stock dividends to employees and remuneration to directors and supervisors:

3.1.1 Employee cash dividends of NT$26,155,720.

3.1.2 Employee stock dividends of NT$0.

3.1.3 Remuneration to directors and supervisors of NT$18,682,656.

The aforementioned pro forma employee bonus and remuneration to directors and supervisors proposed by the Board was in line with the estimated amount in the 2014 financial statements.

3.2 The pro forma stock dividends to employees and the ratio of the pro forma stock dividend to the total amount of net income and total dividend to employees: N/A.

3.3 Earnings per share after the distribution of pro forma dividends to employees and remuneration to directors and supervisors: The Company's earnings per share in 2014 amounted NT$2.90. The dividend to employees and remuneration to directors and supervisors is expensed instead of booked as the distribution of retained earnings without stock dividend; therefore, the said dividend distribution does not affect the Company's earnings per share.

(4).Actual distribution of dividends to employees and remuneration to directors and supervisors in the prior year:

The Company had cash dividends distributed to employees in the amount of NT$23,430,738 and remuneration to directors and supervisors in the amount of NT$16,736,241 in 2013 that was in line with the amount recognized in the 2013 financial statements.

10.Treasury stock: None.

II. Corporate bond: None.

III. Preferred stock: None.

IV. Issuance of global depository receipts

<table>
<tr><td colspan="3">Date of the initial issuance</td><td>June 19, 1997</td></tr>
<tr><td colspan="3">Place of issuance and listing</td><td>Issued in the United States and Europe and traded at Euro MTF Market of Luxembourg Stock Exchange.</td></tr>
<tr><td colspan="3">Total Amount</td><td>USD29,070,000</td></tr>
<tr><td colspan="3">Offering price per GDR (US$)</td><td>USD9.69</td></tr>
<tr><td colspan="3">Units Issued</td><td>3,000,000 units</td></tr>
<tr><td colspan="3">Underlying Securities</td><td>Common stock of Standard Foods Corporation held by the shareholders</td></tr>
<tr><td colspan="3">Common Shares Represented (Shares)</td><td>15,000,000 share</td></tr>
<tr><td colspan="3">Rights and Obligation of GDR Holders</td><td>Same as those of Common Share Holders</td></tr>
<tr><td colspan="3">Trustee</td><td>NONE</td></tr>
<tr><td colspan="3">Depository Bank</td><td>The Bank of New York Mellon Corporation</td></tr>
<tr><td colspan="3">Custodian Bank</td><td>Trust Department, Mega Bank</td></tr>
<tr><td colspan="3">GDRs Outstanding (Units) as of March 31, 2015</td><td>34,776.8 units</td></tr>
<tr><td colspan="3">Apportionment of the expenses for the Issuance and the maintenance</td><td>All fees and expenses related to the issuance of GDRs were borne by the selling shareholders while the maintenance expenses were borne by issuer</td></tr>
<tr><td colspan="3">Terms and Conditions in the Deposit Agreement and the Custody Agreement</td><td>Please see the Deposit Agreement and the Custody Agreement for details</td></tr>
<tr><td rowspan="6">Market price per unit (USD)</td><td rowspan="3">2014</td><td>Highest</td><td>18.80</td></tr>
<tr><td>Lowest</td><td>12.92</td></tr>
<tr><td>Average</td><td>15.84</td></tr>
<tr><td rowspan="3">As of March 31, 2015</td><td>Highest</td><td>16.12</td></tr>
<tr><td>Lowest</td><td>13.24</td></tr>
<tr><td>Average</td><td>14.34</td></tr>
</table>

V. Employee stock option certificates: None.

VI. Restricted employee rights and new share issue: None

VII. Mergers and acquisitions: None.

VIII. Fund implementation plan

(I) Plan Details

Outstanding equity issuance and marketable security subscription, or the completed equity issuance or subscribed marketable security in the last three years without success up to the last quarter before the printing of the annual report: N/A.

(II) Execution

The implementation of the aforementioned plans: N/A.

Five. Overview of business operation

I. Principal activities

(I) Operating Scope:

1. Major business: Manufacturing and selling of nutritious foods, edible oil, dairy products, and beverages.

2. Operating ratio of current products

	2014
Product type	Business ratio
Nutritious Foods	45%
Cooking products Food product type	50%
Others	5%
Total	100%

(II) Industry Overview:

With the relatively low criteria required to enter the food industry, the differences between products are small and may easily be copied, thus the market is flooded with inferior brands featuring uneven quality. Moreover, due to shortsighted proprietors pursuing profits, they lack intuition for food safety, and a quality control system is further absent, leading to the frequent occurrence of food hygiene and safety issues, disturbing the reputation and order of the overall food market.

In addition, the development of modern channels provide more convenient and fast marketing channels for the consumer goods market, but due to diversified charging items, the expenses have also increased for the suppliers. Along with the expansion of the channels, the development of private brand products, based on the advantage of owning private marketing channels, further threatens the survival and profit margin for the suppliers.

The main source of raw materials for the food industry is husbandry products; although the enhancement of technology increased the agricultural production efficiency, but the process of agricultural production is still inevitably influenced, to a great extent, by the natural conditions. With the increasing wealth index in each country, the demands for raw materials gradually climbs year by year, yet the global cultivable area gradually decreases due to the influential factors of climate and man-made destruction, and the production quantity for the main agricultural area is also highly unstable. Therefore, the rising prices due to the imbalance between the supply and the demand of raw materials have become a long-term trend. Moreover, environmental pollution issues such as pesticide residue and heavy metals further directly threaten the quality and safety of the raw material supply; these quality and quantity ordeals undoubtedly add further operating cost and pressure to the proprietors.

(III) Technology Research and Development

1. R&D spending in the most recent years and up to the printing of the report

Unit: NT$ Thousand

	2014	As of 3/31 of the year
Amount	101,495	23,257

2. Successfully developed technology and products with R&D expenses in last year and by the report publishing date:
   (1) Developed, passed nutritional supplement certification of, and successfully launched new products for the Quaker Complete Nutrition Food: tumor formula, fiber cereal flavor, and fiber light.
   (2) Obtained the permit for infant formula and follow-up infant formula.
   (3) Completed and launched the new-generation child growth milk power and low sugar formula of toddler milk powder.
   (4) Passed the certification of and successfully launched various health foods (High Calcium Milk Powder: reduce body fat formation and High Calcium Milk Powder with Probiotics: blood lipids regulation).
   (5) Developed and successfully launched the Great Day Health Congee and Pottage Series: scallop seafood congee, corn and pork congee, super corn chowder and (super calcium).
   (6) Developed and successfully launched new flavor Quaker Healthy Cereal Drink-Magic Murdock, Quaker Cereals-Gingko, and Golden 3-in-1 Cereal Drink.
   (7) Developed and successfully launched new products for the Quaker Flake Oats: Magic Calcium, Old Fashioned, Vegan, Malt Milk, and Vegetable.
   (8) Developed and successfully launched three products for the Quaker Hokkaido Cereal Drink.
   (9) Developed and successfully launched the Fresh Delight Sterilized Milk: Malt Chocolate.
   (10) Developed and successfully launched the Quaker Finest Bird's Nest and Quaker Shark Cartilage drink.
   (11) Developed and successfully launched the Quaker Tonic Drink-Essence of Chicken upgrade formula and Korean Ginseng Essence of Chicken formula.

3. R&D Projects in the Latest Year:
   (1) Health food R&D
      1.1Research of functional ingredients and their effectiveness of milk powder.
      1.2Research of functional ingredients and efficiency for herbal beverages.
   (2) Research and development of nutritional supplements and development and application of nutritional supplements for patients.
   (3) Analysis and study of the health promotion contents of health food.
   (4) Research of various food processing techniques: supercritical extraction, spray drying, roasting, compression, steaming, grinding and refining.

(IV) Long-term and short-term business development plan

Standard Foods Corporation takes health food development as the core business, in order to provide high-quality products for the country. We have always operated under the principles of being stable and pragmatic. We only concentrate on core-business operation and originate various new products through non-stop developments and scientific researches, so as to foster new product lines and enhance the brand value.

In terms of our short-term business goals, which always revolve around the long-term spindle, we plan to expand the business scale by stages through introduction of new formula and flavors for the existing products to cover the needs of customer from each layer. Also we will grow the China market gradually by applying the successful experience accumulated in Taiwan and flexible marketing strategies.

II. Market analysis and the conditions of sales and production

(I) Market analysis

Sales regions: For Taiwan and China only.

Market supply and demand:

<u>Nutritious Foods</u>:

1. Oats
   (1) Market share
   Our cereal products, including instant oats, three-in one cereal, canned cereal powder, package cereal powder, and Quaker oats drink, are well received among the consumers. Through our unremitting brand management, we have continued to lead the cereal product market in Taiwan in 2014.
   (2) Future supply and demand and market growth:
   With the consumers' rising awareness of health, as well as the increase of knowledge on food safety, the development of grain product not only pioneered in continuously providing the better to the consumers in the domain of health and nutrition, but more importantly is the check-on towards product quality and safety. Our company will provide consumers with trustworthy products with quality safety as the prerequisite, so that the people may consume more happily with peace of mind.
   (3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.
   Our company actively discovers consumer demand for cereal products, catering for the balanced development of health, deliciousness, high quality and diversification. After achieving the two health certifications on "Reducing cholesterol" and "Uneasy body fat formation", Quaker Oats have already become the healthy food trusted by consumers; it will continue to advocate the healthy advantages of oats to the young age group, to enhance people's awareness towards health, and thereby to strengthen the Company's leading status in oats.
   For the Quaker All-In-One Cereal Beverages, we will continue to launch the "Quaker Super Hokkaido Cereal Beverage" and "Quaker Super Herbs & Grains Cereal Beverage" to attract consumers with the distinctive high calcium and sugar-free appeals. The Company will continue to invest in products with macrobiotic demand in 2015, so as to expand the user group, and strengthen the healthy brand image for Quaker's cereals.
   As for refrigerated oat and cereal beverages, the product line has been extended with the launch of "Quaker Nutty Oats Drink", thereby expanding the user group.
   Looking into the future, our company will continue to develop a more complete and diversified oats product line, allowing Quaker oats to become the favored brand for consumers of all ages, thereby satisfying the health choices of different groups. Moreover, continue to enhance the brand value through investment in advertisements, so as to promote the growth of business performance and maintain gross profit.

2. Herbal tonic drink
   (1) Market share

According to the Nielsen market survey, in Taiwan Standard Foods was the number one tonic drink seller in 2014 with a market value of about NT$ 4.3 billion. This has proven recognition among the customers for the product.

(2) Future supply and demand and market growth:
Since the impact of the global financial crisis gradually receded and more and more healthy concepts prevail among modern people, consumers are willing to spend more on nutriment foods in addition to daily necessities. Longevity along with the aging population in Taiwan and hopes of being well when getting old provide growth potential for healthcare food. Well positioned functional products have potential to grow.

(3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.
Standard Foods is the pioneer in the health nutriment market. The popular brands of Four Herbs Drink, Ginseng, and Tonic Linchi Drink are the leading brands in their respective fields. The Company has built up a healthy image and good reputation as a specialist in nutriment food through massive investment in advertisement and dedication to business operations. In addition, the diversified product lines and the spirit of innovation are the keys that make the Company a leader in the market with great development potential in the future.

This company has always devoted ourselves to providing consumers with best quality products, amongst these, the benefits of Quaker Ginseng Essential have been conveyed to consumers through advertisements after passing liver protection certification - it has created outstanding sales with continuous growth, making it the best-selling ginseng tonic beverage on the market so far with critical customer acclaim. The Company continues to cultivate the healthcare and nutritional product market with the brand of Tian Di Her Bu, and launched a vitamin health-jelly in 2014, which has combined several vitamins and nutrients using innovative techniques; it is a vitamin compound specially designed for the Taiwanese people, offering consumers with an alternative new-style vitamin option while taking care of the entire family's health. Moreover, the Company further launched the Quaker Finest Bird's Nest drink to cultivate the tonic drink gift set market to provide consumers with another option of real premium bird's nest product. After launching the Glucosamine Formula through Tien Di Her Bu in 2011, the product also became a bestseller on the market with high future developmental potential through our devoted management.
In the coming year, the Company will continue our efforts to develop and promote tonic drinks to meet the demand of customers in all age groups, We will also continue to invest in advertising to seize the tonic drink market with diversified marketing and distribution activities and raise market share and popularity, so as to boost sales and to contribute to the health of modern consumers.

3. Baby food

(1) Market share
This Company has been the leading brand of baby food since 2008 with the highest relative popularity for eight consecutive years (note 1), becoming the first option of most mothers in Taiwan. We will continue our investments in R&D, advertising and marketing activities to provide babies in Taiwan with innovative and best-quality products. Whether it is baby food, growth milk powder and

children's milk powder, we will strive to maintain leadership and win consumer recognition in these products..

(2) Future supply and demand and market growth:
About 210,000 babies were born in 2014, the year of the horse. As a result of the rise and extension of breastfeeding and increasing food safety problems, the popularity of both infant formula and baby food declined and the overall market scale reduced. While the quality and nutrition of foods for babies and strict quality control have become the key factors affecting mothers' choice of infant formula and baby food, apart from assuring the quality of these products with strict quality control, the Company will continue to develop innovative, nutritious, and functional foods for babies and infants for mothers and babies feel safe to use foods for infants and babies from us.

(3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.
As the leader of baby and infant foods, the Company upholds the spirit of "devoted to the pursuit of good nutrition" to continuously cultivate our brand and innovation image: Quaker, the expert of nutrition, so as to provide nutritious foods that are most suitable for babies in Taiwan and take care of every stage of baby growth. From infant formula to growth milk powder, children's milk powder, and milk power for elementary students, apart from following the recommendation of Taiwan's DRIs, the Company takes care of the intestinal track of babies with the High Calcium Milk Powder with Probiotics. After years of research and experiments, it is proven that the product can effectively take care of the baby's intestinal track and keeps babies away from illness. In fact, it is the only Quaker growth milk powder passing national health certification. In baby food innovation, Quaker's patented HA triple-hydrolyzing technique can reduce celiac allergy and enhance nutrient absorption in babies. We also launch the sugar-free formula to meet with the healthy diet trend. In 2014 we launched the organic malt extract combined with locally produced organic rice extract. The product immediately became the best choice for the baby's first pure bite! As for expectant mother education, we continuously invest in the Quake Mother Classroom and professional nutrition education services. With continuous innovative advert and marketing campaigns for baby food and growth and children's milk powder, we spread the "Quaker, the expert of nutrition" image and turn Quaker into the most popular baby food brand in Taiwan and the ideal baby food brand in mothers for eight consecutive years.

Note 1: Source: The relative popularity of Quaker baby food in the infant food market according to the Kantar World Panel 2014 report.

Dairy products and drinks:

4. Powdered milk (for adults)

(1) Market share
This Company's adult milk powder is leader of Taiwan's skim milk powder market. According to the Kantar World Panel market survey, Quaker adult milk powder has been and is still the leader in the adult skim milk powder market since 2001, with over 50% of market share.

(2) Future supply and demand and market growth:
Although the milk powder market in Taiwan has become mature and stable , this

Company continues to win consumer recognition with quality and multi-functional products, as well as constant innovative marketing strategy planning and comprehensive channel communication.
Looking into the market trend and observing the demographic change and health orientation of Taiwan, the market potential of adult milk powder is still promising. According to the National Development Council, the concept of early intervention has been formed as society aging is accelerating in Taiwan, particularly for the senior group wishing to live longer, better, and healthier. This major consumer group of adult milk powder emphasizes more on healthcare and regimen, thus providing a momentum of growth for adult milk power appealing to health, functionality, and nutrition.

Since the entry to the milk powder market in 1993, Quaker has won over consumers' preference with innovative and quality products. The company's R&D team focuses on the needs for Taiwanese people to blend a collection of macrobiotic milk powder exclusive to individuals, for instance: Quaker pioneered in designing High-Calcium Non-Fat Milk Powder for over 50 year olds; launched the first High-Calcium High-Iron Milk Powder with Collagen Formula dedicated to women's beauty and health, there are further Dream Care Milk Powder for Menopause certified to postpone aging, High-Fiber Milk Powder for over 40 year olds which is beneficial for the excretive issues, and the Quaker High Calcium Sleep Well Milk Supplement that helps people sleep well. Amongst the many outstanding products, the High Calcium Non-Fat Milk Powder with Double Health Certificates featuring two certifications is further the best of the best with the honor of receiving two national health certifications; it is capable of regulating the blood lipid and improve gastrointestinal function, and has received recognition from the consumers with the multiple functions, thereby constantly creating popular sales. Following the market trend, we launched the 100% pure, additive free, high quality Quaker Pure Skim Milk Powder to meet the needs of more consumers and further strengthen the Company's leadership within the skim milk powder market.

(3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.
In order to take care of Taiwanese people's nutritional health in all aspects, the Company continuously strives to become better. After launching the ready-to-drink "Quaker Complete Nutrition Food" in 2006, we launched the diabetes and dialysis formulas to meet the market needs. With comprehensive marketing campaigns and celebrity endorsers, we boosted continuous sales growth. Later on, we continued to launch the tumor formula to strengthen

Quaker's status in the aging product market to fulfill different consumer needs. Standard Foods makes "devoted to the pursuit of good nutrition" the mission of business operations and commits to providing consumers with best quality products. Many products of Standard Foods have passed national health food certification and its brand name is recognized and trusted by consumers. It is our intention to seize the adult supplement market with Quaker's brand name and sales experience, our powerful R&D team and the most flexible marketing strategy, so as to create better sales performance for the Company's supplement business

5. Distribution Product (adult milk powder and cheese)
   (1) Market share
   According to the market survey of AC Nielsen, the Adult Milk Powder market size showed stable and slight growth in 2014. Fonterra milk powder remained one of the three main brand names in the market had the same growth rate as the overall market. The turnover for the overall cheese market in Taiwan has increased by a small amount, but Chesdale cheese still takes the leading position and keeps growing

   (2) Future supply/demand and market growth
   Under new products, new advertisements and promotion activities continuously launched by various brands in 2015, overall sales are expected to stay stable. The ratio of distribution networks was kept the same as the year before in Taiwan.
   Discount stores and distribution network for civil servants and teachers remained as the main channels of Taiwan. The Taiwan's market landscape has not experienced significant change.

   (3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.
   Consumers now care more about getting their money's worth and about quality and brand name. The imported Fernleaf Full Cream Milk Powder features New Zealand's pure quality brand image, hoping to maintain a stable performance in Taiwan's whole-fat market in 2015.
   In 2014 we replaced the endorser of the consumer favorite Anlene milk powder to bring the brand to a new horizon. In 2015 we will continue to aggressively invest in the product's advertising campaign to improve its brand image and to attract more consumers through distributor activities.
   Growth was seen in Taiwan's cheese market compared to 2013. In 2015 we will continue to launch comprehensive consumer and distributor activities for Chesdale with advert campaigns to strengthen the brand's nutrition image and stimulate buying to consolidate the brand's leadership and boost product sales.
   Standard Foods intends to work with the agent companies closely and promotes marketing activities and network operation intensively in the years ahead for higher market share and excellent sales.

Edible oil:

6. Edible oil
   (1) Market share
   "Great Day" has been devoted by the management for the past 20 plus years, continuing to provide families in Taiwan with quality edible oil; its subsidiary oil products including sunflower oil, imported oil products 100% olive oil and grape seed oil, as well as the certified five-Treasures Oil are all favored and supported by consumers based on the macrobiotic and quality images, making it the leading brand in Taiwan, as well as the stable leader for the products it is involved with amongst the other competitive products. After two food safety incidents, "Great Day" survives all food safety crises and maintains stable sales.
   In China, our subsidiary distributes sunflower oil in the brand "Duo Li". After entering the China market in 2003, "Duo Li" has gradually become the No. 1

brand of sunflower oil in China with our insistence on healthy and quality cooking oil.

(2) Future supply/demand and market growth

The two consecutive food safety incidents have severely broke consumer's faith in food safety. Apart from pure oil, some consumers have turned to imported oil products. Steady growth is thus expected in the pure oil and imported oil markets.

Due to the awakening of oil product brands and quality, the need for healthy edible oil is ever increasing. For its excellent quality, Great Day 100% pure sunflower oil has become the first choice for housewives. We will continue to invest in the advert campaign for the Great Day olive oil originally imported from Italy. The Great Day five-Treasures Oil features professional proportion conforming to the macrobiotic 4:8:1 fatty acid ratio indicated by American Heart Association, while also attained the national health food certification, capable of reducing the total cholesterol in serum, thereby making it a widely popular product.

In the China market, GDP growth in 2014 was 7.4%, the lowest since 1990. As the increase of family dispensable income was not as high as it was, and along with the fall of global raw material prices and the low-price competition of competitors to attract consumers, the condition of the already severe market will be more challenging. Capturing the demand for health and good quality of consumers, the scientific oil pressing and nitrogen freshness preservation processes adopted by the production of "Duo Li" sunflower oil have gradually won consumer recognition for its healthy and quality performance.

(3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.

Following the increasing concern about food safety issues, the culinary approaches for families have also gradually transformed to exquisite dining and macrobiotic oil; 100% pure sunflower oil and 100% pure olive oil have become the main oil products on the market, as well as the niche of stable growth for "Great Day".

Under aggressive investment by various brands in 2015, it is expected that the healthy edible oil market will continuously expanded. Great Day will use its professional technology and experience to cultivate the cooking oil market with high quality products and healthy oil image.

We will continue to invest in advertisements to upgrade brand value and the image of health. Also, we will use the spirit of brand innovation to produce good edible oil, to upgrade product value and quality and to satisfy consumers in Taiwan in need of healthy edible oil. In China market, we will also continue to expand the sales network of sunflower oil and to improve the healthy image of "Duo Li" cooking oil with nationwide promotional activities and adverts.

Others:

7. Distribution (candy)

(1) Market share

According to the market survey of AC Nielsen, the Taiwan's soft candy and hard candy market size showed growth in 2014. The market share for Mentos maintained the same level as that of last year.

(2) Future supply/demand and market growth

The growth for the sweets market in Taiwan is expected to be stable in 2015, and the selling price of products will continue to rise. Novel promotional approaches will be launched to convenience stores, and the main marketing channel, together with the store events and new product promotion in order to attract consumers and stimulate purchases; the sales ratio is expected to grow continuously. The ratio for other channels, such as the hyper-market channel, chain-store supermarket channel, and the dealer channel will remain the same.

(3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.
In order to further enhance the market share and increase the variety and reach of product lines, the Company will continue to launch new products and seasonal packages for Mentos in 2015, so as to enrich and stimulate the overall sweets market and enhance product exposure and brand reputation.

Continuing the new product Pure Fresh Mints launched last year, we will launch more new flavors and more attractive new packages to provide more options for the consumers.
This year will continue to launch seasonal and thematic products for different channels to revitalize the market. This Company intends to arrange marketing activities and distribution networks intensively in this year to come to maintain Mentos sales and to introduce new candy products for higher market shares and excellent sales.

8. EMS service (Subsidiary- Domex)

(1) Market share
EMS is professional Electronic Manufacturing Services; at the present, the electronic products around the world are either self-produced or commissioned to EMS for manufacture; our company owns less than 1% of the EMS market share at the moment.

(2) Future supply/demand and market growth
With the various big companies worldwide expanding their productivity through factory establishment or incorporation, the competition within the industry is afraid to become fiercer. In the future, the EMS market will advance into the era with slim margin, and along with the structural transformation of the technological industry, the EMS industry will demonstrate the trend of “the bigger the stronger”.

(3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.
Since our company scale is not big, we are capable of providing flexibly towards the alterations of production process and product line to collaborate with the different demands from the clients, and these are the vital factors for the current competition and development for our company. However, the EMS market is an industry where the bigger the stronger, our company will use diversified strategies in the future to avoid direct competition with large OEM factories.

(II) Application and production process of major products

1. Application of major products

Main product	Product application
Nutritious Foods	High fiber grain-based foods and nutritious beverages for breakfast and health diets.
Cooking products Food product type	For cooking needs.
Others	For leisure foods.
EMS service (Subsidiary - Domex)	Medical and communications products.

2. Production Process of Major Products

Processing Flow Chart for Oat flake:
Raw material → cutting → pressing → cooling → sieving → packaging
Processing Flow Chart for Oat powder:
Raw material → foam slurry → gelatinization → drying → graining → sieving → packaging
Processing Flow Chart for Tonic Drinks:
raw material → extracting → filtering → mixing → bottling → packaging
Processing Flow Chart for Dairy Products:
Raw material → homogenization → pasteurization → refrigerating → bottling → packaging
Processing Flow Chart for Refined Oil:
Raw oil → refining, deacidification → bleaching → deodorization → winterization → packaging
Processing Flow Chart for Three Treasure Oats:
Raw material → extrusion → drying → cooling → packaging
EMS service production process (Subsidiary - Domex):
Components → SMT → DIP → Assembly → Testing → Packaging

(III) Supply of major raw materials

Major raw materials	Sources
Oats	Imported from Australia
Sunflower Seed Oil Crude Oil	Imported from Argentina and Ukraine
Oleic Canola oil Crude Oil	Imported from Canada and Australia
Flour	Domestic suppliers
Cane suger	Taiwan Sugar Corp.
Milk Powder	Suppliers in France, Denmark, Australia, New Zealand, Belgium & Taiwan
Electronic Parts Subsidiary - Domex	Supplied by domestic dealers for international companies, as well as domestic manufacturers.

(IV) Major Customers and Suppliers of the last two fiscal years

1. Major Customers in the past two fiscal years

Unit: NT$ Thousand

	2013				2014				As of March 31, 2015			
Item	Name	Amount	Percentage of total net sale amount (%)	Relationship with the issuer	Name	Amount	Percentage of total net sale amount (%)	Relationship with the issuer	Name	Amount	Percentage of total net sale amount up to the last quarter (%)	Relationship with the issuer
1	A	3,239,932	15.9		A	3,453,169	15.8		A	893,350	12.4	
	Others	17,139,274	84.1		Others	18,346,844	84.2		Others	6,289,702	87.6	
	Net sale amount	20,379,206	100.0		Net sale amount	21,800,013	100.0		Net sale amount	7,183,052	100.0	

Note 1: List the name, sales amount and sales ratio of the customers who have accounted for over 10% of total sales in the last two years. The customers who are not related parties and must be kept in confidence in accordance with the agreement signed and can be identified by code.

Note 2: No substantial change occurred in the last two years.

1. Major Suppliers in the past two fiscal years

Unit: NT$ Thousand

	2013				2014				As of March 31, 2015			
Item	Name	Amount	Percentage of net purchase amount (%)	Relationship with the issuer	Name	Amount	Percentage of net purchase amount (%)	Relationship with the issuer	Name	Amount	Percentage of net purchase amount up to the last quarter (%)	Relationship with the issuer
	Others	15,472,499	100.0		Others	14,397,689	100.0		Others	3,910,315	100.0	
	Net purchase amount	15,472,499	100.0		Net purchase amount	14,397,689	100.0		Net purchase amount	3,910,315	100.0	

Note 1: List the name, sales amount and sales ratio of the customers who have accounted for over 10% of the total sales amount in the last two years. The customers who are not related parties and must be kept in confidence in accordance with the agreement signed and can be identified by code.

Note 2: Our company has no suppliers with a stock amount of above 10% during the recent two years; therefore there is no need to disclose.

(V) Production Quantities and Value over the Past Two Years

Unit: 1 tons / NTD Thousand

Fiscal year / QTY & Value	2013			2014		
Major Products	Capacity	Production Quantity	Production Value	Capacity	Production Quantity	Production Value
Nutritious Foods	104,100.00	84,893.45	6,387,939	104,100.00	85,302.48	6,661,273
Cooking products Food product type	219,000.00	168,069.41	8,730,885	219,000.00	198,078.82	8,875,720
Others	(Note 1)	12,376.39	259,600	(Note 1)	15,303.58	321,385
	(Note 2)	280,411 (Note 3)	197,830	(Note 2)	1,421,551 (Note 3)	410,543
Total	323,100.00	265,339.25 280,411 (Note 3)	15,378,424	323,100.00	298,684.88 1,421,551 (Note 3)	16,268,921

Note 1: Nutritious Foods production line was used for production.
Note 2: Diversified products are produced by a single production line.
Note 3: Pieces as the unit

(VI) Production Sales and Value over the Past Two Years

Unit: 1 tons / NTD Thousand

Fiscal year / Sales Quantities and Value	2013				2014			
Major Products	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Nutritious Foods	82,204.40	9,673,093	1,501.00	104,112	79,776.50	9,658,189	1,578.20	124,796
Cooking products Food product type	21,203.30	1,776,385	135,627.50	8,151,888	23,294.60	1,796,369	162,152.70	9,127,509
Others	12,258.70 37,804.00 (Note)	153,128	0.40 256,744.00 (Note)	520,600	15,278.00 1,127,678.00 (Note)	699,328	0.00 269,400.00 (Note)	393,822
Total	115,666.40 37,804.00 (Note)	11,602,606	137,128.90 256,744.00 (Note)	8,776,600	118,349.10 1,127,678.00 (Note)	12,153,886	163,730.90 269,400.00 (Note)	9,646,127

Note: Pieces as the unit

III. Status of employees over the past two years and up to the printing of the annual report

As of May 11, 2015

Fiscal year		2013	2014	As of May 11, 2015
Number Of Employees	Management & Staff	1,884	2,160	2,180
	Technicians & Laborers	554	602	610
	Total	2,438	2,762	2,790
Average Age		35.67	35.49	35.29
Average Years of Service		6.54	5.94	6.04
Education distribution	Ph. D.	11	7	6
	Masters	158	153	155
	College/ University	1,230	1,406	1,436
	Senior High School	799	948	949
	Junior	240	248	244

Note: Contracted personnel and foreign laborers are included.

IV. Expenditure on environmental protection

We have spared no effort to follow government policy in environmental protection. In addition to environmental management inspections and environmental protection equipment, we have a responsible team designated for the operation, repair and maintenance, and improvement of pollution fighting equipment

(I) Total losses of environmental pollution (including indemnification) and punitive fines amount in the most recent years and up to the printing of the annual report:
New Taiwan Dollar One Hundred and Twelve Thousand Only.

(II) Response strategy and potential expenses

1.Estimated environmental protection expenses in the next three years

Unit: NT$ thousand

	2015	2016	2017
Pollution fighting equipment or expenditure planned	Environmental protection equipment operating expense and garbage clean up expense	Environmental protection equipment operating expense and garbage clean up expense	Environmental protection equipment operating expense and garbage clean up expense
Corrective action planned	Maintain environmental protection equipment and clean up garbage	Maintain environmental protection equipment and clean up garbage	Maintain environmental protection equipment and clean up garbage
Amount	NT$6,250 thousand	NT$6,250 thousand	NT$6,250 thousand

2. Impact afterwards

	2015	2016	2017
Impact on net income	Minor	Minor	Minor
Impact on competitiveness	NONE	NONE	NONE

V. Employee / Employer Relations

(I) Major coordination and implementation of current labor issues

1. Employee's welfare package

Employees' welfare is arranged as follows:

(1) Labor insurance and health insurance are arranged for employees as required by law. The Company will have the employees informed automatically upon the occurrence of insurance settlements and will assist them in applying for the said settlement for their protection.

(2) The Company has group insurance for employees as a whole (including their spouses and children) including life insurance, accident insurance, medical insurance, and cancer-prevention insurance with the premium paid by the Company in full.

(3) Annual bonus and performance prize money from retained earnings are

distributed to employees.

(4) Physical check-ups for employees are arranged periodically.
(5) Gifts are distributed to employees on Moon Festival, Dragon Boat Festival, Chinese New Year, and Labor Day.

The Employee Welfare Committee will handle the employees' welfare as follows:

(1) Gifts are distributed to employees on Moon Festival, Dragon Boat Festival, and Chinese New Year.
(2) Birthday gift money
(3) The Committee offers wedding, birth, consolation and condolence, and disability subsidies to employees.
(4) Company tour compensation.
(5) Group activity compensation.
(6) Festival celebration activities.

The Company has set up employee welfare committee per approvals of 1986.11.03 Taoyuan County Government Ruling Fu-Lao-She-Chi No.148470 and Department of Labor, Taipei City Government 1992.07.14 Ruling Bei-Shi-Lao No.12761. The Committee members are elected by employees and a membership fee is collected monthly for welfare activities.

2. Retirement plan

The Company has a retirement plan defined for the contracted managers and employees.

Since 2005.07.01, those who elected the new pension system, the Company deposits the monthly pension to his/her personal under Bureau of Labor Insurance according to the regulation of "Labor Pension Act ". And those who elected the old pension system and the seniority of service accumulated by the aforementioned employees, according to the regulation of "Labor Pension Act ", the Company deposits the monthly pension of the actuarial computation from actuaries to an account in Taiwan under Supervisory Committee Labor Retirement Reserve for its management. In addition, the Company appoints the relevant managers to expense accrued pension.

3. Education and training

Talents are assets of the Company. We believe that the growth of the Company follows the growth of employees. We have a plan formed to help our employees upgrade in order to have an outstanding team organized for competitive advantages and for the ongoing concern of the organization taken as a whole.

We have helped our employees refine their expertise, communication skills, and management and leadership. A training blueprint is drawn for each department with a focus on various trainings for each job level; moreover, management trainees are recruited for manufacturing operations and a diversified learning environment is provided. For example, orientation training, plant tours, sales joint calls, common course training, intra-departmental on-job training and practice, senior adviser's research and guidance, project study, theme meeting attendance, intra-departmental and inter-company rotation, annual sales meetings, overseas study for management and assigned textbook reading and self-learning for personal and group development and growth in a diversified learning environment are provided.

For the cultivation of expertise, a learning program is designed according to the expertise needed for performing job responsibilities. Technology and experience are to be passed on and the core competence is to be built through the internal instructors' training and accreditation system and the counseling procedure of the management. The industrial growth and employee's personal development needs are to be integrated to construct a talent database for internal promotion.

We provide general new employee training, freshman guidance and factory tours for new colleagues, as well as professional advanced training courses related to the posts to assist new colleagues in blending into the Company and understanding the Company within the shortest period of time, and are capable of performing their skills to work.

Help is given to sales & marketing teams to build up and substantiate the expertise and skills needed for job performance by providing them with special skill courses, comprehensive guidance, and joint call assistance. Moreover, annual sales meetings are arranged to help salespersons understand the Company, products, and marketing strategy in order to be cooperative and maintain energy and creativity.

For the cultivation of the management trainees, courses are arranged and a supervisor will be appointed to prepare the trainees for management responsibilities in the near future. We have a talent database for internal promotion constructed through job rotation, project study, and the instruction of senior management and consultants.

Moreover, various training courses are arranged according to the Company's development, so as to enhance work efficiency and develop employee's abilities; there are also opportunities to be transferred to related enterprises and overseas studying to expand the employee's international perspectives, thereby strengthening team work between different companies.

The education and training expenses of the Company amounted to NT$14,510 thousand in 2014.

4. Protection measures for working environment and employee personal safety:

To protect the working environment of the factory and office and the safety of employees, the Company has all kinds of standard operating manuals and protective measures regulated in accordance with the Labor Safety and Health Act and the Labor Safety and Health Facilities Rules.

(1) Establishment of Labor Health & Safety Committee: Meetings are held annually to discuss labor health and safety and firefighting plans.
(2) Stipulation of occupational hazards prevention plan: Protect labor safety and prevent occupation hazards from occurring.
(3) Stipulation of health and safety inspection plan: Inspect machine and equipment safety automatically to prevent accidents from occurring.
(4) Stipulation of health and safety code: It is stipulated by the Labor Health & Safety Committee and the labor representative to ensure its enforcement by employees.
(5) Employee's health check-up: It includes the physical check-up and health management arranged for the contracted laborers, new recruits, and employees.
(6) Labor health and safety education and training: Labor health & safety education

and disaster prevention training are arranged periodically.

(7) Special training: Machine and equipment operators must be trained by the independent training institutions that are contracted by the government and must receive a certificate of qualification.

(8) Transportation of female workers for graveyard shifts: The Company will have transportation arranged for female workers who get off duty after 22:00 at night.

(9) Employee's dormitory: The Company has a dormitory arranged for male workers and female workers who live too far away or who work the graveyard shift.

(10) Appointment of labor health & safety personnel: The Company has labor health & safety personnel and Class A labor health & safety managers designated in accordance with laws.

(11) Designation of medical personnel: Medical personnel are arranged in the factory to care for the employees in accordance with laws.

(12) Occupational disaster investigation: Analyze the status and causes of occupational disasters and have preventive action stipulated and report the incidents to labor inspection units for the record.

(13) Subcontractor management: A review committee is organized by subcontractors and the Company to study work safety and prevent occupational disasters from occurring.

(14) Operational environment test: Inspect the noise level in the working area annually to protect worker's hearing.

(15) Substantiate control processes: Substantiate fire control processes, restrictive space processes, and firefighting system suspension process according to the standard operation procedure.

(16) Labor health & safety audit: Firefighting directors of each unit and department head are to tour the factory daily to prevent accidents from occurring and to protect the safety of life and property.

5. Employee's codes

Employee's codes are stipulated according to the Labor Standards Law and regulations to define the rights and obligations of employer and employees, to substantiate management systems and to inspire employees to work together as a team. The service codes for employees are detailed as follows:

(1) Employees are obligated to perform tasks responsibly and diligently, follow the regulations of the Company, obey the instructions and supervision of the management in all levels and may not take their job responsibilities lightly. The management is obligated to guide employers in a friendly manner.

(2) Employees are expected to work hard, take care of public property, reduce losses, improve product quality, increase productivity, and to keep business and job responsibilities in confidence.

(3) Employees may not manufacture or package personal objects or ask others to do it for them.

(4) Employees may not leave their work post during working hours without authorization.

(5) Visitors, employee's family and friends, and employees of the Company must obey the access controls of the Company.

(6) Employees may not attack or criticize other departments maliciously. Any constructive suggestions must be reported by the responsible department directly.

(7) Employees are to report for work to their direct supervisors only except in an emergency.

(8) Employees without the written consent of the Company may not work for another company that operates similar business as the Company.
(9) Employees may not run a business for themselves or any third party that is similar in business to the Company without the written consent of the Company. Employees may not be a shareholder with unlimited responsibility, executive shareholder, director or manager, or a general or silent partner of another business entity.
(10) Employees may not take advantage of the position held within the Company to benefit themselves or any third party; also, they may not demand profits, gifts, kickbacks or any illegal gains by performing or not performing certain job responsibilities.
(11) Employees may not bring ammunition, knives or guns, illegal items, cameras, and objects that are irrelevant to their job performance to the Company.
(12) Employees may not take the property of the Company off the premises or the factory without authorization. Employees who take the property of the Company off of the premises must present it to the guard at the gate for inspection and collect a release form from the department head with the signature of the competent authorities affixed on it.
(13) Employees are obligated to obey labor health and safety laws and maintain the health, safety and hygiene of the working area and the surrounding environment; moreover, this will prevent theft, fire and hindrance in case of any natural disaster.

6. Employer-employee relations

Our company elects labor representatives according to the Regulations for Implementing Labor-Management Meetings stipulated by the Council of Labor Affairs; the attendance from the management representative is nominated by the Company. The term of office for labor-management meeting representatives is three years per each term; the labor representative may renew the term of office via election, and the management representative may renew the term of office via designation. The labor-management meeting is composed of representatives from both the labor and the management parties; a labor-management meeting is called for every three months to coordinate the labor-management relationship, to stimulate labor-management collaboration, as well as to prevent all kinds of labor issues. The labor welfare affairs, labor safety and hygiene, enhancement of production efficiency and annual schedule are discussed and negotiated by the labor and the management parties during the meeting, which will then be implemented after reaching agreement to benefit both the labor and the management parties.

(II) Losses resulting from labor disputes in the most recent years and up to the printing of the annual report: None.

VI. Important commitments

As of May 11, 2015

Nature of Agreement	Client	Agreement period	Content	Restrictive Clauses
Technological cooperation	Quaker Co.	83.07-118.07.11 (Note 1)	Quaker oatmeal and baby oatmeal powder in Taiwan	(Note 2)
Exclusive distributor	Fonterra Brands (Far East) Limited	97.04.28-104.04.27	Exclusive sales agent in Taiwan for Fonterra brand products	(Note 3)
Supply & sales agreement	MND PX Ministry	104.01.01-104.10.22 (Note 4)	Welfare for military personnel and their spouses	NONE
Long-term loan	Mega International Commercial Bank	104.06.07-106.06.06 (Note 5)	Credit loan quota NT$300 million	NONE
Long-term loan	Mega International Commercial Bank	104.06.07-106.06.06 (Note 5)	Guaranteed loan quota NT$300 million	Ta Yuan plant facilities used as collateral

Note 1: The terms and conditions for Agreement renewal is for five years each time. The parties shall meet no later than six months prior to the expiration of the term of the Agreement in order to discuss the renewal of the Agreement.

Note 2: If there is a subsequent material decline of 18% or more in Net Sales of the Quaker brand products in any two consecutive quarters as compared with Net Sales in the corresponding quarterly periods in the previous fiscal year due to the non-performance of the agreement; also, the Company could not evidence it to the Quaker Oats Company in the USA that it was due to special causes instead of non-performance of the agreement, the Quaker Oats Company shall have the option to terminate the Agreement with the Company informed in writing six months in advance.

Note 3: The contract term was extended to April 27, 2015. Both parties agreed to extend the contract for another three years on March 17, 2015 without changing any terms and conditions.

Note 4: The Agreement shall be renewed every year.

Note 5: The contract is a long-term contract, which will be regularly reviewed and extended yearly for two years.

Six. FINANCIAL INFORMATION

I. Financial Highlights of Balance Sheet, income statements, and the auditor's opinions over the last five years

(1) Financial Highlights of Balance Sheet and statements of comprehensive income International Financial Reporting Standards

Financial Highlights of Balance Sheet – IFRS -Consolidated

Unit: NT$ Thousand

Item \ Fiscal year		Summarized Balance Sheets of Fiscal Years 2010~2014 (Note 1)					As of March 31, 2015 Financial Information (Note. 2)
		Year	Year	2012	2013	2014	
Current Assets				10,726,585	11,644,056	13,501,577	13,805,691
Property, Plant and Equipment				2,182,934	3,085,188	3,691,574	3,700,908
Intangible Assets				18,164	5,288	7,504	11,574
Other Assets				903,055	1,167,892	940,694	910,054
Total Assets				13,830,738	15,902,424	18,141,349	18,428,227
Current Liabilities	Before appropriation			3,666,820	4,771,995	5,659,720	5,047,869
	After appropriation			4,816,614	5,829,806	(Note 3)	(Note 3)
Noncurrent Liabilities				196,847	286,185	378,442	417,190
Total Liabilities	Before appropriation			3,863,667	5,058,180	6,038,162	5,465,059
	After appropriation			5,013,461	6,115,991	(Note 3)	(Note 3)
Equity attributable to owners of the parent				9,828,250	10,705,823	11,955,482	12,808,716
Capital Stock				5,748,973	6,611,319	7,206,338	7,206,338
Capital Surplus				35,240	43,620	51,331	51,331
Retained Earnings	Before appropriation			4,008,642	3,832,119	4,232,457	5,144,558
	After appropriation			1,996,502	2,179,289	(Note 3)	(Note 3)
Other equity				56,577	239,947	486,538	427,671
Treasury Stock				(21,182)	(21,182)	(21,182)	(21,182)
Non-controlling interest				138,821	138,421	147,705	154,452
Total equity	Before appropriation			9,967,071	10,844,244	12,103,187	12,963,168
	After appropriation			8,817,277	9,786,433	(Note 3)	(Note 3)

Note 1: The Company has adopted international financial reporting standards since the year of 2013, together with the 2012 financial information enclosed.

Note 2: Reviewed by CPA.

Note 3: Subject to the approval of annual shareholders' meeting.

Condensed Comprehensive Income Statement - IFRS - Consolidated

Unit: NTD Thousands, Except EPS

Fiscal year / Item	Summarized Balance Sheets of Fiscal Years 2010~2014 (Note 1)					As of March 31, 2015 Financial Information (Note. 2)
	Year	Year	2012	2013	2014	
Sales revenue			17,853,762	20,379,206	21,800,013	7,183,052
Gross Profit			5,440,171	5,655,886	6,222,406	2,378,275
Operating Income			2,406,198	1,997,306	2,457,158	1,196,898
Non-operating Income/expense			336,831	250,971	112,867	17,834
Earnings before tax			2,743,029	2,248,277	2,570,025	1,214,732
Net income from continuing operations			2,246,294	1,862,855	2,090,360	918,848
Loss from discontinued operations			-	-	-	-
Net income (loss)			2,246,294	1,862,855	2,090,360	918,848
Other comprehensive income (net after tax)			(112,182)	159,561	223,874	(58,867)
Current comprehensive income/loss			2,134,112	2,022,416	2,314,234	859,981
Net earnings attributable to owners of the parent			2,241,130	1,859,582	2,075,851	912,101
Net earnings attributable to non-controlling interest			5,164	3,273	14,509	6,747
Comprehensive income/loss attributable to owners of the parent			2,129,157	2,018,987	2,299,759	853,234
Comprehensive income/loss attributable to non-controlling interest			4,955	3,429	14,475	6,747
Earnings per share (Note 3)			3.13	2.60	2.90	1.27

Note 1: The Company has adopted international financial reporting standards since the year of 2013, together with the 2012 financial information enclosed.

Note 2: Reviewed by CPA.

Note 3: It is calculated in accordance with the weighted average shares after the retrospective adjustment proportionally to the capitalized earnings.

Financial Highlights of Balance Sheet – IFRS -Individual

Unit: NT$ Thousand

Item \ Fiscal year		Summarized Balance Sheets of Fiscal Years 2010~2014 (Note 1)				
		Year	Year	2012	2013	2014
Current Assets				5,367,927	5,226,568	5,515,351
Property, Plant and Equipment				1,051,711	1,116,909	1,291,293
Intangible Assets				17,606	4,031	6,490
Other Assets				5,452,482	6,467,359	7,498,763
Total Assets				11,889,726	12,814,867	14,311,897
Current Liabilities	Before appropriation			1,899,358	1,882,702	2,053,387
	After appropriation			3,049,152	2,940,513	(Note 2)
Noncurrent Liabilities				162,118	226,342	303,028
Total Liabilities	Before appropriation			2,061,476	2,109,044	2,356,415
	After appropriation			3,211,270	3,166,855	(Note 2)
Capital Stock				5,748,973	6,611,319	7,206,338
Capital Surplus				35,240	43,620	51,331
Retained Earnings	Before appropriation			4,008,642	3,832,119	4,232,457
	After appropriation			1,996,502	2,179,289	(Note 2)
Other equity				56,577	239,947	486,538
Treasury Stock				(21,182)	(21,182)	(21,182)
Total equity	Before appropriation			9,828,250	10,705,823	11,955,482
	After appropriation			8,678,456	9,648,012	(Note 2)

Note 1: The Company has adopted international financial reporting standards since the year of 2013, together with the 2012 financial information enclosed.

Note 2: Subject to the approval of annual shareholders' meeting.

Condensed Comprehensive Income Statement - IFRS - Individual

Unit: NTD Thousands, Except EPS

Fiscal year / Item	Summarized Balance Sheets of Fiscal Years 2010~2014 (Note 1)				
	Year	Year	2012	2013	2014
Sales revenue			11,011,135	11,153,037	11,488,057
Gross Profit			3,730,380	3,616,106	3,547,802
Operating Income			2,212,572	2,020,722	2,024,934
Non-operating Income/expense			492,099	186,666	427,912
Earnings before tax			2,704,671	2,207,388	2,452,846
Net income from continuing operations			2,241,130	1,859,582	2,075,851
Loss from discontinued operations			-	-	-
Net income (loss)			2,241,130	1,859,582	2,075,851
Other comprehensive income (net after tax)			(111,973)	159,405	223,908
Total current comprehensive income/loss			2,219,157	2,018,987	2,299,759
Earnings per share (Note 2)			3.13	2.60	2.90

Note 1: The Company has adopted international financial reporting standards since the year of 2013, together with the 2012 financial information enclosed.

Note 2: It is calculated in accordance with the weighted average shares after the retrospective adjustment proportionally to the capitalized earnings.

(2) Condensed balance sheet and income statement - Financial Accounting Standards of the R.O.C.

Financial Highlights of Balance Sheet – Taiwan GAAP-Consolidated

Unit: NT$ Thousand

Item \ Fiscal year		Summarized Balance Sheets of Fiscal Years 2010~2014				
		2010	2011	2012	2013	2014
Current Assets		7,498,364	9,443,213	10,728,265		-
Funds & investments		356,169	345,498	234,744		-
Properties		2,112,636	2,186,837	2,233,417		-
Intangible Assets		25,014	33,395	128,878		-
Other Assets		559,179	455,254	455,963		-
Total Assets		10,551,362	12,464,197	13,781,267		-
Current Liabilities	Before appropriation	3,033,587	3,367,084	3,646,985		-
	After appropriation	3,960,841	4,479,788	4,796,779		-
Long Term Liabilities		126,753	2,184	1,455		-
Other liabilities		69,864	66,884	74,675		-
Total Liabilities	Before appropriation	3,230,204	3,436,152	3,723,115		-
	After appropriation	4,157,458	4,548,856	4,872,909		-
Capital Stock		3,709,015	4,636,269	5,748,973		-
Capital Surplus		33,947	40,704	48,814		-
Retained Earnings	Before appropriation	3,445,609	4,049,459	4,062,113		-
	After appropriation	1,591,101	1,824,051	2,049,973		-
Unrealized gain or loss on financial instrument		21,398	(3,688)	21,665		-
Cumulative Translation Adjustments		(39,756)	154,322	34,912		-
Net Loss not Recognized as Pension Cost		-	-	(128)		-
Unrealized Revaluation Increment		23,134	23,134	23,134		-
Treasury Stock		(21,182)	(21,182)	(21,182)		-
Total equity attributable to stockholder of the parent	Before appropriation	7,172,165	8,879,018	9,918,301		-
	After appropriation	6,244,911	7,766,314	8,768,507		-
Minority interest in subsidies		148,993	149,027	139,851		-
Total Shareholders' Equity	Before appropriation	7,321,158	9,028,045	10,058,152		-
	After appropriation	6,393,904	7,915,341	8,908,358		-

Condensed Income Statement - Taiwan GAAP-Consolidated

Unit: NTD Thousands, Except EPS

Fiscal year / Item	Summarized Balance Sheets of Fiscal Years 2010~2014				
	2010	2011	2012	2013	2014
Sales revenue	17,990,234	19,827,211	20,056,118		-
Gross Profit	7,267,603	7,515,152	7,637,129		-
Operating Income	2,631,139	2,797,993	2,399,713		-
Non-operating Income	82,638	166,463	395,431		-
Non-operating Expenses and losses	93,593	27,449	55,803		-
Income from Continuing Operations before Tax	2,620,184	2,937,007	2,739,341		-
Income from Continuing Operations	2,170,084	2,482,321	2,243,217		-
Income from Discontinued Operations	-	-	-		-
Extraordinary Gain and Loss	-	-	-		-
Cumulative Effect of Change in Accounting Principle	1,678	-	-		-
Net Income	2,171,762	2,482,321	2,243,217		-
Earnings per share (Note 1)	2.97	3.44	3.13		-

Note 1:It is calculated in accordance with the weighted average shares after the retrospective adjustment proportionally to the capitalized earnings.

Condensed balance sheet - Taiwan GAAP - Individual

Unit: NT$ Thousand

Item \ Fiscal year		Summarized Balance Sheets of Fiscal Years 2010~2014				
		2010	2011	2012	2013	2014
Current Assets		3,664,896	5,099,436	5,375,229		-
Funds & investments		3,990,077	4,332,935	5,022,831		-
Properties		986,367	1,079,911	1,093,285		-
Intangible Assets		11,566	21,076	17,606		-
Other Assets		391,956	346,646	355,719		-
Total Assets		9,044,862	10,880,004	11,864,670		-
Current Liabilities	Before appropriation	1,816,336	1,943,164	1,888,553		-
	After appropriation	2,743,590	3,055,868	3,038,347		-
Long Term Liabilities		1,029	2,184	1,455		-
Other liabilities		55,332	55,638	56,361		-
Total Liabilities	Before appropriation	1,872,697	2,000,986	1,946,369		-
	After appropriation	2,799,951	3,113,690	3,096,163		-
Capital Stock		3,709,015	4,636,269	5,748,973		-
Capital Surplus		33,947	40,704	48,814		-
Retained Earnings	Before appropriation	3,445,609	4,049,459	4,062,113		-
	After appropriation	1,591,101	1,824,051	2,049,973		-
Unrealized gain or loss on financial instrument		21,398	(3,688)	21,665		-
Cumulative Translation Adjustments		(39,756)	154,322	34,912		-
Net Loss not Recognized as Pension Cost		-	-	(128)		-
Total Shareholders' Equity	Before appropriation	7,172,165	8,879,018	9,918,301		-
	After appropriation	6,244,911	7,766,314	8,768,507		-

Condensed income statement - Taiwan GAAP - Individual

Unit: NTD Thousands, Except EPS

Item \ Fiscal year	Summarized Balance Sheets of Fiscal Years 2010~2014				
	2010	2011	2012	2013	2014
Sales revenue	11,423,863	12,544,265	12,162,799		-
Gross Profit	4,870,548	5,109,533	4,880,148		-
Operating Income	2,370,888	2,469,255	2,209,876		-
Non-operating Income	241,912	436,867	523,703		-
Non-operating Expenses and losses	36,684	4,255	32,424		-
Income from Continuing Operations before Tax	2,576,116	2,901,867	2,701,145		-
Income from Continuing Operations	2,130,586	2,458,358	2,238,062		-
Income from Discontinued Operations	-	-	-		-
Extraordinary Gain and Loss	-	-	-		-
Cumulative Effect of Change in Accounting Principle	-	-	-		-
Net Income	2,130,586	2,458,358	2,238,062		-
Earnings per share (Note 1)	2.97	3.44	3.13		-

Note 1:It is calculated in accordance with the weighted average shares after the retrospective adjustment proportionally to the capitalized earnings.

(III) CPAs and their auditing opinions in the past five years

Fiscal year	CPA Firm	CPA's name	Auditing opinion
2014	Deloitte Touch Tohmatsu CPA Firm	Ting-Chen Hsu, Hung-Hsiang Tsai	Unqualified
2013	Deloitte Touch Tohmatsu CPA Firm	Ting-Chen Hsu, Hung-Hsiang Tsai	Unqualified
2012	Deloitte Touch Tohmatsu CPA Firm	Ting-Chen Hsu, Hung-Hsiang Tsai	Unqualified
2011	Deloitte Touch Tohmatsu CPA Firm	Ting-Chen Hsu, Hung-Hsiang Tsai	Unqualified
2010	Deloitte Touch Tohmatsu CPA Firm	Wen-Chi Kuo, Ru-Yang Liao	Unqualified

II. Financial analysis in the past five years

(1) Financial Analysis - IFRS (consolidated)

Item (Note 1) \ Fiscal year		Financial analysis in the past five years					As of March 31, 2015
		Year	Year	2012	2013	2014	
Financial structure (%)	Ratio of liabilities to assets(%)			27.93	31.80	33.28	29.65
	Long-term capital to property, plant, and facility(%)			465.60	360.76	338.11	361.54
Solvency (%)	Current ratio(%)			292.53	244.00	238.55	273.49
	Quick ratio(%)			183.23	145.61	142.08	184.02
	(Times) interest earned ratio			391.85	128.38	108.12	213.40
Operating ability	Accounts receivable turnover (times)			5.29	5.70	5.37	6.53
	Days sales in accounts receivable			68.99	64.03	67.97	55.81
	Inventory turnover (times)			4.25	4.64	4.24	5.48
	Accounts payable turnover (times)			10.91	12.21	13.80	11.65
	Average days in sales			85.68	78.66	86.08	66.60
	Property, plant and facility turnover (times)			8.42	7.73	6.43	7.77
	Total assets turnover (times)			1.35	1.37	1.28	1.57
Profitability	Ratio of return on total assets (%)			17.08	12.62	12.39	5.05
	Ratio of return on total equities (%)			23.74	17.90	18.21	7.33
	Ratio of net income before tax to paid-in capital (%) (Note 7)			47.71	34.00	35.66	16.85
	Profit ratio (%)			12.58	9.14	9.58	12.79
	Earnings per share ($)			3.13	2.60	2.90	1.27
Cash flow	Cash flow ratio (%)			46.31	32.87	37.31	24.67
	Cash flow adequacy ratio (%)			159.77	116.39	117.18	115.82
	Cash reinvestment ratio (%)			4.59	3.08	6.89	7.63
Balance	Degree of operating leverage			1.48	2.06	1.42	1.24
	Degree of financial leverage			1.00	1.00	1.01	1.00

Root causes for the financial ratio change in the last two years:

1. The ratio of cash re-investment in 2014 increased because overall profit increased in 2014, and net cash flow for business activities increased and cash dividend distribution reduced as a result.
2. Operational leverage in 2014 reduced because overall profit increased in 2014 and operating profit increased compared to 2013.

Financial Analysis - IFRS (Individual)

Item (Note 1) \ Fiscal year		Financial analysis in the past five years				
		Year	Year	2012	2013	2014
Financial structure (%)	Ratio of liabilities to assets(%)			17.33	16.46	16.46
	Long-term capital to property, plant, and facility%			949.91	978.78	949.32
Solvency (%)	Current ratio(%)			282.61	277.61	268.60
	Quick ratio(%)			182.22	161.81	147.27
	(Times) interest earned ratio			18,275.80	2,377.09	14,345.13
Operating ability	Accounts receivable turnover (times)			5.61	5.96	6.25
	Days sales in accounts receivable			64.94	61.13	58.40
	Inventory turnover (times)			4.29	4.24	4.08
	Accounts payable turnover (times)			8.55	8.68	8.64
	Average days in sales			85.08	85.88	89.46
	Property, plant and facility turnover (times)			10.99	10.28	9.54
	Total assets turnover (times)			0.96	0.90	0.85
Profitability	Ratio of return on total assets (%)			19.65	15.06	15.31
	Ratio of return on total equities (%)			24.05	18.11	18.32
	Ratio of net income before tax to paid-in capital (%) (Note 5)			47.04	33.38	34.04
	Profit ratio (%)			20.35	16.67	18.07
	Earnings per share ($)			3.13	2.60	2.90
Cash flow	Cash flow ratio (%)			99.64	96.44	83.91
	Cash flow adequacy ratio (%)			198.67	177.45	156.21
	Cash reinvestment ratio (%)			6.86	5.36	4.81
Balance	Degree of operating leverage			1.30	1.36	1.32
	Degree of financial leverage			1.00	1.00	1.00

The root causes for the financial ratio change in the last two years:

1. The increase in time interest earned ratio in 2014 was mainly due to the increase in the investment amount of some subsidiaries in Taiwan and Mainland China, resulting in an increase in the profit amount of some subsidiaries applying the equity method which caused an increase in net profit before tax..

Note1:The following equations shall be listed at the bottom of this chart.
Note 1:The following equations shall be listed at the bottom of this chart.

1. Financial structure
   (1) Ratio of debt to assets = Total debt/Total assets.
   (2) Long-term capital to fixed assets ratio＝(total equity＋non-current debt)/total net fixed assets
2. Solvency
   (1) Current ratio = Current assets / Current liability
   (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / Current liabilities
   (3) Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year
3. Operating ability
   (1) Accounts receivable turnover (including accounts receivable and notes receivable derived from business operation) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation).
   (2) Average collection days = 365 / Account receivable turnover
   (3) Inventory turnover = Cost of goods sold / Average inventory amount
   (4) Accounts payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation).
   (5) Average inventory turnover days = 365 / Inventory turnover
   (6) Fixed assets turnover＝Net sales / Average net fixed assets
   (7) Total assets turnover = Net sales / Total assets
4. Profitability
   (1) Return on assets = [Net income (loss) + interest expense x (1-tax rate)] / Average total assets
   (2) Return on shareholder's equity = Net income (loss) / Net average shareholders' equity
   (3) Profit ratio = Net income (loss) / Net sales
   (4) EPS = (Net earnings attributable to owners of the parent - preferred dividend) / Weighted-average shares issued. (Note 2)
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activity / Current liability
   (2) Cash flow adequacy ratio = Net cash flow from operating activities in the past five years / (Capital expenditure + Inventory increase + Cash dividend) in the past five years
   (3) Cash reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Fixed assets + Long-term investment + other assets + Working capital). (Note 3)
6. Leverage:
   (1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income (Note 4).
   (2) Degree of financial leverage = Operating income / (Operating income – interest expense).

Note 2:When analyzing EPS equation above, please note the followings

1. Based on weighted average common stocks, not the shares issued at the end of the year.
2. Calculation for weighted-average common stock shall take into consideration the number of floating days of new shares issued from cash funding and treasury shares
3. Those that had capital increase from retain earnings or capital reserve, the total capital shall be adjusted retroactively by the percentage of increase, and no consideration for the issuing period is needed, when calculate EPS for the entire fiscal year or the first six months
4. If the preferred shares are non-convertible cumulative preferred stocks, the dividend (whether paid or not) shall be deducted from the after-tax net income/loss. If the preferred shares are non-cumulative preferred stocks, the dividends shall be deducted from the after-tax net income. No such adjustment shall be made if after-tax net loss.

Note 3: When analyzing the cash flows, please note the following matters:

1. Cash flows from operating activities mean the business has generated a net inflow of cash.
2. Capital expenditure means cash paid for long-term assets purchase during the year.
3. Inventory addition is only included when inventory balance at the period end is bigger than that at the beginning of the period. No inventory addition is included if inventory balance was down at the year end.

4. Cash dividend includes cash distribution paid to holders of both common stocks and preferred stocks.
5. Gross fixed assets means total fixed assets before depreciation.

Note 4: The issuer shall divide each operation cost and expense into fixed and variable categories based on their natures, if it is done by estimation or subjective judgments, the bases shall be logical and consistent.

Note 5: If the Company's stock is without a par value or the par value is not NT$10, the calculation of paid-in capital ratio referred to above should be replaced with the equity ratio attributable to the shareholders of the parent company on the balance sheet.

(2) Financial Analysis –Taiwan GAAP (Consolidated)

Item (Note 1) \ Fiscal year			Financial analysis in the past five years 2010	2011	2012	2013	2014
Financial structure (%)	Ratio of liabilities to assets(%)		30.61	27.56	27.01		
	Ratio of long-term capital to fixed assets(%)		352.54	412.93	450.41		
Solvency (%)	Current ratio(%)		247.17	280.45	294.16		
	Quick ratio(%)		148.11	177.32	190.28		
	(Times) interest earned ratio		111.28	325.93	391.33		
Operating ability	Accounts receivable turnover (times)		6.28	6.02	5.99		
	Days sales in accounts receivable		58.02	60.53	60.93		
	Inventory turnover (times)		4.23	4.52	4.25		
	Accounts payable turnover (times)		12.68	11.98	10.91		
	Average days in sales		86.08	80.57	85.68		
	Fixed assets turnover (times)		8.20	9.22	9.07		
	Total assets turnover (times)		1.78	1.72	1.52		
Profitability	Ratio of return on total assets (%)		21.69	21.63	17.13		
	Return on shareholder's equity (%)		32.80	30.36	23.50		
	Ratio to total paid-in capital (%)	Operating income	70.93	60.35	41.74		
		Net income before tax	70.64	63.34	47.64		
	Profit ratio (%)		12.07	12.51	11.18		
	Earnings per share ($)		2.97	3.44	3.13		
Cash flow	Cash flow ratio (%)		66.96	72.16	51.91		
	Cash flow adequacy ratio (%)		78.40	123.56	162.42		
	Cash reinvestment ratio (%)		11.57	12.91	5.96		
Balance	Degree of operating leverage		2.22	2.17	2.63		
	Degree of financial leverage		1.00	1.00	1.00		

Financial Analysis –Taiwan GAAP (Individual)

Item (Note 1)			Financial analysis in the past five years: 2010	2011	2012	2013	2014
Financial structure (%)	Ratio of liabilities to assets(%)		20.70	18.39	16.40		
	Ratio of long-term capital to fixed assets(%)		727.23	822.40	907.33		
Solvency (%)	Current ratio(%)		201.77	262.43	284.62		
	Quick ratio(%)		124.65	171.54	193.21		
	(Times) interest earned ratio		1,923.47	18,844.29	18,251.98		
Operating ability	Accounts receivable turnover (times)		7.19	6.68	6.24		
	Days sales in accounts receivable		50.80	54.64	58.49		
	Inventory turnover (times)		4.73	4.83	4.29		
	Accounts payable turnover (times)		10.30	9.62	8.55		
	Average days in sales		77.19	75.56	85.08		
	Fixed assets turnover (times)		11.47	12.14	11.19		
	Total assets turnover (times)		1.40	1.26	1.07		
Profitability	Ratio of return on total assets (%)		26.11	24.68	19.68		
	Return on shareholder's equity (%)		32.83	30.63	23.81		
	Ratio to total paid-in capital (%)	Operating income	63.92	53.26	38.44		
		Net income before tax	69.46	62.59	46.98		
	Profit ratio (%)		18.65	19.60	18.40		
	Earnings per share ($)		2.97	3.44	3.13		
Cash flow	Cash flow ratio (%)		126.84	89.64	121.27		
	Cash flow adequacy ratio (%)		227.29	196.95	213.10		
	Cash reinvestment ratio (%)		18.76	7.67	10.04		
Balance	Degree of operating leverage		1.40	1.42	1.46		
	Degree of financial leverage		1.00	1.00	1.00		

Note1:The following equations shall be listed at the bottom of this chart.

1. Financial structure
   (1) Ratio of debt to assets = Total debt/Total assets.
   (2) Long-term capital to fixed assets ratio＝(total equity＋non-current debt) / total net fixed assets
2. Solvency
   (1) Current ratio = Current assets / Current liability
   (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / Current liabilities
   (3) Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year
3. Operating ability
   (1) Accounts receivable turnover (including accounts receivable and notes receivable derived from business operation) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation).
   (2) Average collection days = 365 / Account receivable turnover.
   (3) Inventory turnover = Cost of goods sold / Average inventory amount.
   (4) Accounts payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation).
   (5) Average inventory turnover days = 365 / Inventory turnover.
   (6) Fixed assets turnover＝Net sales / Average net fixed assets.

(7) Total assets turnover = Net sales / Total assets.

4. Profitability
   (1) Return on assets = [Net income (loss) + interest expense x (1-tax rate)] / Average total assets.
   (2) Return on shareholder's equity = Net income (loss) / Net average shareholders' equity.
   (3) Profit ratio = Net income (loss) / Net sales.
   (4) EPS = (Net earnings attributable to owners of the parent - preferred dividend) / Weighted-average shares issued. (Note 2)
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activity / Current liability
   (2) Cash flow adequacy ratio = Net cash flow from operating activities in the past five years / (Capital expenditure + Inventory increase + Cash dividend) in the past five years
   (3) Cash reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Fixed assets + Long-term investment + other assets + Working capital). (Note 3)
6. Leverage:
   (1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income (Note 4).
   (2) Degree of financial leverage = Operating income / (Operating income – interest expense).

Note 2:When analyzing EPS equation above, please note the followings

1. Based on weighted average common stocks, not the shares issued at the end of the year.
2. Calculation for weighted-average common stock shall take into consideration the number of floating days of new shares issued from cash funding and treasury shares.
3. Those that had capital increase from retain earnings or capital reserve, the total capital shall be adjusted retroactively by the percentage of increase, and no consideration for the issuing period is needed, when calculate EPS for the entire fiscal year or the first six months.
4. If the preferred shares are non-convertible cumulative preferred stocks, the dividend (whether paid or not) shall be deducted from the after-tax net income/loss. If the preferred shares are non-cumulative preferred stocks, the dividends shall be deducted from the after-tax net income. No such adjustment shall be made if after-tax net loss.

Note 3:When analyzing the cash flows, please note the following matters:

1. Cash flows from operating activities mean the business has generated a net inflow of cash.
2. Capital expenditure means cash paid for long-term assets purchase during the year.
3. Inventory addition is only included when inventory balance at the period end is bigger than that at the beginning of the period. No inventory addition is included if inventory balance was down at the year end.
4. Cash dividend includes cash distribution paid to holders of both common stocks and preferred stocks.
5. Gross fixed assets means total fixed assets before depreciation

Note 4:The issuer shall divide each operation cost and expense into fixed and variable categories based on their natures, if it is done by estimation or subjective judgments, the bases shall be logical and consistent.

III. Supervisor's report in the most recent year

Standard Foods Corporation
Supervisor's Audit Report

The Board has submitted the Company's 2014 business report, financial statements and earnings distribution proposal, where financial statements have been audited by CPA Ting-Chen Hsu and CPA Hung-Hsiang Tsai of Deloitte Touche Tohmatsu through the appointment by the Board and an audit report has been issued accordingly.

The aforementioned business report, financial statements and earnings distribution proposal have been audited by the undersigned and are considered in the conformity with applicable laws and regulations. Therefore, the Supervisor's Report is hereby issued in accordance with Article 219 of the Company Act.

Please review and approve

To:

Standard Foods Corporation 2015 General Shareholders Meeting

Standard Foods Corporation

Supervisor: Tom A. Chien

Charng Hui Ltd.
Representative: Samson Wang

May 11, 2015

IV. Company financial reports and consolidated financial feports of the current year

Standard Foods Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013 and Independent Auditors' R90eport

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Standard Foods Corporation

We have audited the accompanying consolidated balance sheets of Standard Foods Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Standard Foods Corporation as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified report.

March 24, 2015

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 1,991,558	11	$ 1,359,032	8
Available-for-sale financial assets - current (Note 8)	496,999	3	757,337	5
Debt investments with no active market - current (Note 10)	1,026,935	6	707,548	4
Notes receivable (Note 11)	41,730	-	29,248	-
Trade receivables (Note 11)	4,286,758	23	3,757,062	24
Other receivables (Note 11)	156,956	1	171,707	1
Current tax assets (Note 27)	31,665	-	21	-
Inventories (Note 12)	3,847,264	21	3,489,168	22
Biological assets - current	16	-	1,967	-
Prepayments (Note 13)	1,612,855	9	1,206,108	8
Other current assets (Notes 19 and 35)	8,841	-	164,858	1
Total current assets	13,501,577	74	11,644,056	73
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Note 9)	124,396	1	145,091	1
Property, plant and equipment (Notes 15 and 35)	3,691,574	20	3,085,188	19
Investment properties (Notes 16 and 35)	259,651	2	262,516	2
Goodwill	558	-	558	-
Other intangible assets (Note 17)	6,946	-	4,730	-
Biological assets - non-current	36	-	4	-
Deferred tax assets (Note 27)	249,018	1	263,652	2
Long-term prepayment for lease (Note 18)	203,160	1	196,128	1
Other non-current assets (Note 19)	104,433	1	300,501	2
Total non-current assets	4,639,772	26	4,258,368	27
TOTAL	$ 18,141,349	100	$ 15,902,424	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	$ 1,336,892	7	$ 1,241,691	8
Short-term bills payable (Note 20)	99,959	1	69,969	-
Notes payable (Note 21)	210,823	1	1,652	-
Trade payables (Note 21)	1,679,757	9	1,266,651	8
Other payables (Note 22)	1,911,768	11	1,831,650	12
Current tax liabilities (Note 27)	256,131	1	128,044	1
Provisions - current (Note 23)	19,404	-	24,359	-
Finance lease payables - current	531	-	758	-
Other current liabilities (Note 22)	144,455	1	207,221	1
Total current liabilities	5,659,720	31	4,771,995	30
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 27)	134,299	1	83,634	1
Finance lease payables - non-current	126	-	657	-
Accrued pension liabilities (Note 24)	197,119	1	167,046	1
Other non-current liabilities (Note 22)	46,898	-	34,848	-
Total non-current liabilities	378,442	2	286,185	2
Total liabilities	6,038,162	33	5,058,180	32
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)				
Common stock	7,206,338	40	6,611,319	42
Capital surplus	51,331	-	43,620	-
Retained earnings				
Legal reserve	1,691,898	9	1,505,940	9
Unappropriated earnings	2,540,559	14	2,326,179	15
Total retained earnings	4,232,457	23	3,832,119	24
Other equity	486,538	3	239,947	1
Treasury share	(21,182)	-	(21,182)	-
Total equity attributable to owners of the Company	11,955,482	66	10,705,823	67
NON-CONTROLLING INTERESTS (Note 25)	147,705	1	138,421	1
Total equity	12,103,187	67	10,844,244	68
TOTAL	$ 18,141,349	100	$ 15,902,424	100

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUES				
Sales	$ 21,800,013	100	$ 20,379,206	100
OPERATING COSTS				
Cost of goods sold	15,577,607	72	14,723,320	72
GROSS PROFIT	6,222,406	28	5,655,886	28
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	3,159,721	15	3,106,699	15
General and administrative expenses	504,032	2	459,059	2
Research and development expenses	101,495	-	92,822	1
Total operating expenses	3,765,248	17	3,658,580	18
OPERATING INCOME	2,457,158	11	1,997,306	10
NON-OPERATING INCOME AND EXPENSES (Note 26)				
Other income	86,398	1	82,122	-
Other gains and losses	50,460	-	186,499	1
Finance costs	(23,991)	-	(17,650)	-
Total non-operating income and expenses	112,867	1	250,971	1
PROFIT BEFORE INCOME TAX	2,570,025	12	2,248,277	11
INCOME TAX EXPENSE (Note 27)	479,665	2	385,422	2
NET PROFIT FOR THE YEAR	2,090,360	10	1,862,855	9
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange differences on translating foreign operations	305,236	1	236,193	1
Unrealized gain or loss on available-for-sale financial assets	(7,620)	-	(14,007)	-
Actuarial loss arising from defined benefit plans	(27,378)	-	(28,638)	-

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	**%**	**Amount**	**%**
Share of the other comprehensive loss of associates	$ -	-	$ (2,158)	-
Income tax relating to the components of other comprehensive income (Note 27)	(46,364)	-	(31,829)	-
Other comprehensive income (loss) for the year, net of income tax	223,874	1	159,561	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,314,234	11	$ 2,022,416	10
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 2,075,851	10	$ 1,859,582	9
Non-controlling interests	14,509	-	3,273	-
	$ 2,090,360	10	$ 1,862,855	9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 2,299,759	11	$ 2,018,987	10
Non-controlling interests	14,475	-	3,429	-
	$ 2,314,234	11	$ 2,022,416	10
EARNINGS PER SHARE (Note 28)				
Basic	$2.90		$2.60	
Diluted	$2.90		$2.60	

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
			Retained Earnings			Other Equity						
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Treasury Stock	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2013	$ 5,748,973	$ 35,240	$ 1,282,134	$ 2,726,508	$ 4,008,642	$ 34,912	$ 21,665	$ 56,577	$ (21,182)	$ 9,828,250	$ 138,821	$ 9,967,071
Appropriation of 2012 earnings												
Legal reserve	-	-	223,806	(223,806)	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	(1,149,794)	(1,149,794)	-	-	-	-	(1,149,794)	-	(1,149,794)
Stock dividends to shareholders	862,346	-	-	(862,346)	(862,346)	-	-	-	-	-	-	-
Adjustment of capital surplus for the Company's cash dividends received by a subsidiary	-	8,380	-	-	-	-	-	-	-	8,380	-	8,380
Cash dividends to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(3,829)	(3,829)
Net profit for the year ended December 31, 2013	-	-	-	1,859,582	1,859,582	-	-	-	-	1,859,582	3,273	1,862,855
Other comprehensive income (loss) for the year ended December 31, 2013, net of income tax	-	-	-	(23,965)	(23,965)	194,248	(10,878)	183,370	-	159,405	156	159,561
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	1,835,617	1,835,617	194,248	(10,878)	183,370	-	2,018,987	3,429	2,022,416
BALANCE AT DECEMBER 31, 2013	6,611,319	43,620	1,505,940	2,326,179	3,832,119	229,160	10,787	239,947	(21,182)	10,705,823	138,421	10,844,244
Appropriation of 2013 earnings												
Legal reserve	-	-	185,958	(185,958)	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	(1,057,811)	(1,057,811)	-	-	-	-	(1,057,811)	-	(1,057,811)
Stock dividends to shareholders	595,019	-	-	(595,019)	(595,019)	-	-	-	-	-	-	-
Adjustment of capital surplus for the Company's cash dividends received by a subsidiary	-	7,710	-	-	-	-	-	-	-	7,710	-	7,710
Acquisition of interest in subsidiaries	-	1	-	-	-	-	-	-	-	1	(2,319)	(2,318)
Cash dividends to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,872)	(2,872)
Net profit for the year ended December 31, 2014	-	-	-	2,075,851	2,075,851	-	-	-	-	2,075,851	14,509	2,090,360
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	(22,683)	(22,683)	253,346	(6,755)	246,591	-	223,908	(34)	223,874
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	2,053,168	2,053,168	253,346	(6,755)	246,591	-	2,299,759	14,475	2,314,234
BALANCE AT DECEMBER 31, 2014	$ 7,206,338	$ 51,331	$ 1,691,898	$ 2,540,559	$ 4,232,457	$ 482,506	$ 4,032	$ 486,538	$ (21,182)	$ 11,955,482	$ 147,705	$ 12,103,187

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,570,025	$ 2,248,277
Adjustments for:		
Depreciation expenses	302,248	220,758
Amortization expenses	87,522	38,458
Impairment loss recognized (reversal of impairment loss) on trade receivables	(249)	1,173
Net gain on fair value change of financial assets designated as at fair value through profit or loss	(27,636)	(78,798)
Finance costs	23,991	17,650
Interest income	(42,274)	(36,110)
Dividend income	(18,242)	(19,240)
Loss on disposal of property, plant and equipment	2,141	477
Gain on disposal of associates	(8,212)	(18,958)
Impairment loss recognized on financial assets measured at cost	22,961	23,319
Loss on change in fair value less cost to sell biological assets	954	1,553
Others	-	(2,158)
Changes in operating assets and liabilities		
Financial assets held for trading	27,636	174,323
Notes receivable	(11,222)	(2,392)
Trade receivables	(425,059)	(346,776)
Other receivables	17,667	(98,050)
Inventories	(269,516)	(566,388)
Biological assets	982	(3,479)
Prepayments	(371,088)	(4,319)
Other current assets	9,361	(5,408)
Notes payable	199,142	(4,660)
Trade payables	386,511	121,471
Other payables	54,374	295,974
Provisions	(4,991)	4,523
Other current liabilities	(70,794)	94,723
Accrued pension liabilities	2,695	2,095
Cash generated from operations	2,458,927	2,058,038
Interest received	40,561	30,861
Interest paid	(21,134)	(18,022)
Income tax paid	(366,246)	(502,132)
Net cash generated from operating activities	2,112,108	1,568,745
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(1,192,120)	(3,736,628)
Proceeds on sale of available-for-sale financial assets	1,460,339	3,670,791
Purchase of debt investments with no active market	(1,267,195)	(1,484,052)
Proceeds from sale of debt investments with no active market	963,938	1,497,479
Purchase of financial assets carried at cost	(10,000)	-

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Proceeds from sale of financial assets carried at cost	$ -	$ 1,179
Proceeds from capital reduction of financial assets carried at cost	8,464	12,553
Net cash inflow on disposal of associates at equity method	-	578
Payments for property, plant and equipment	(654,506)	(1,046,238)
Proceeds from disposal of property, plant and equipment	20,344	3,255
Payments for intangible assets	(11,494)	(1,717)
Increase in other financial assets	(5,828)	(19,444)
Decrease in other financial assets	149,998	144,786
Increase in other non-current assets	(48,826)	(250,811)
Increase in long-term lease prepayment	-	(81,548)
Other dividend received	18,242	19,290
Net cash used in investing activities	(568,644)	(1,270,527)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	30,009	540,612
Increase in short-term bills payable	29,990	69,969
Decrease in finance lease payables	(758)	(768)
Increase in other financial liabilities	10,440	20,240
Decrease in other financial liabilities	(529)	(208)
Dividends paid to owners of the Company	(1,050,101)	(1,141,414)
Acquisition of interest in subsidiaries	(2,318)	-
Dividends paid to non-controlling interests	(2,872)	(3,829)
Net cash used in financing activities	(986,139)	(515,398)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	75,201	45,934
NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS	632,526	(171,246)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,359,032	1,530,278
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,991,558	$ 1,359,032

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

(In Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 24, 2015.

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

a. The amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC not yet effective

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

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

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

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

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

   IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

2) IFRS 13 "Fair Value Measurement"

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

   The fair value measurements under IFRS 13 will be applied prospectively from 2015.

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

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

The Group will retrospectively apply the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets. However, the application of the above amendments will not result in any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

4) Revision to IAS 19 "Employee Benefits"

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

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

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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

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

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

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

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

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

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

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

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

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

Impairment of financial assets

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

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

2) IFRS 15 "Revenue from Contracts with Customers"

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

b. Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

2) Subsidiary included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership December 31 2014	% of Ownership December 31 2013	Remark
The Company	Standard Dairy Products Taiwan Limited ("Standard Dairy Products")	Manufacture and sale of dairy products and beverage	100.0	100.0	-
The Company	Charng Hui Ltd. ("Charng Hui")	Investing	100.0	100.0	-
The Company	Domex Technology Corporation ("Domex Technology")	Manufacture and sale of computer peripherals and computer appliances	52.0	52.0	-
The Company	Standard Beverage Company Limited ("Standard Beverage")	Manufacture and sale of beverage	100.0	97.1	The Company purchased 2.9% equity interest in Standard Beverage in April 2014, to increase the proportion of the Company's shares from 97.1% to 100.0%
The Company	Accession Limited	Investing	100.0	100.0	-
The Company	Standard Investment (Cayman) Limited (Cayman Standard)	Investing	100.0	100.0	In May and July 2013, and July and December 2014, the Company invested US$35 thousand, US$15,000 thousand, RMB92,012 thousand, and RMB 39,200 thousand in Cayman Standard.
Accession Limited	Shanghai Standard Foods Co., Ltd. ("Shanghai Standard Foods")	Manufacture and sale of edible oil and nutritious foods	100.0	100.0	-
Shanghai Standard Foods	Inner Mongolia Jiatai Agriculture Technology Co., Ltd. ("Inner Mongolia Jiatai Agriculture")	Cultivate sunflower seeds	100.0	100.0	-
Cayman Standard	Standard Corporation (Hong Kong) Limited ("Hong Kong Standard")	Investing	100.0	100.0	In May and July 2013, and July and December 2014, Cayman Standard invested US$15 thousand, US$15,000 thousand, RMB92,012 thousand, and RMB39,200 thousand in Hong Kong Standard.
Hong Kong Standard	Standard Investment (China) Co., Ltd. ("China Standard Investment")	Investing and sale of edible oil and nutritious foods	100.0	100.0	In September and October 2013, and July and December 2014, Hong Kong Standard invested US$8,117 thousand, RMB42,284 thousand, RMB92,012 thousand, and RMB39,200 thousand in China Standard Investment.
China Standard Investment	Standard Foods (China) Co., Ltd. ("China Standard Foods")	Manufacture and sale of edible oil and nutritious foods	100.0	100.0	In January, April, September and October 2013, and July and December 2014, China Standard Investment invested US$12,000 thousand, US$8,000 thousand, US$8,133 thousand, RMB23,763 thousand, RMB 62,000 thousand and RMB30,282 thousand in China Standard Foods.
China Standard Investment	Shanghai Le Jun International Trade Co., Ltd. ("Shanghai Le Jun")	Sale of nutritional food and engage in import and export business	100.0	-	In October 2014, China Standard Investment invested RMB500 thousand in Shanghai Le Jun.
China Standard Investment	Shanghai Le Ben Tuo Health Technology Co., Ltd. ("Shanghai Le Ben Tuo")	Sale of nutritional food and engage in import and export business	100.0	-	In December 2014, Cina Standard Investment invested RMB10,000 thousand in Shanghai Le Ben Tuo.

e. Foreign currencies

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

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

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

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including the subsidiaries and associates operating in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of a foreign operation which results in the Company's loss of control or significant influence over the entity, all of the exchange differences accumulated in equity attributable to the owners of the Company in respect of that operation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company's loss of control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

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

g. Investment in associates

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in equity of associates attributable to the Group.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to non-subscription to the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized from part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

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

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

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over the shorter of the lease term and their useful lives using the straight-line method.

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.

i. Investment properties

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

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

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

j. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

Gain or loss on disposal of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in profit or loss when the asset is derecognized.

l. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is held for trading.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method except for financial liabilities at fair value through profit or loss.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments including futures to manage its exposure to price volatility risk of raw materials.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

n. Provisions

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

o. Revenue recognition

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

1) Sale of goods

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

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

b) The Group 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 Group; and

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

2) Dividend and interest income

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

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the 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 the effective interest rate applicable.

p. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

Minimum lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss.

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

q. Borrowing costs

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

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

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

s. Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

t. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. Actual future cash flows could be significantly less than the expected amount; thus, a material impairment loss may arise.

b. Write-down of inventory

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

c. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

d. Income taxes

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

6. CASH AND CASH EQUIVALENTS

	December 31 2014	December 31 2013
Cash on hand	$ 14,850	$ 11,759
Checking accounts and demand deposits	1,319,382	861,768
Cash equivalent		
Time deposits with original maturities less than three months	131,820	236,993
Repurchase agreements collateralized by bonds	525,506	248,512
	$ 1,991,558	$ 1,359,032

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

	December 31 2014	December 31 2013
Bank deposits	0.01%-0.94%	0.17%-3.60%
Repurchase agreement collateralized by bonds	0.60%-0.70%	0.62%-0.63%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group entered into futures contracts during 2014 and 2013 to manage exposures to price volatility risk of raw materials. The contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

As of December 31, 2014, the Group did not have outstanding futures contract.

As of December 31, 2013, information of outstanding futures contracts held by the Group was as follows:

	December 31, 2013				
Financial Instrument	**Type**	**Quantities (Metric Tons)**	**Contract Amount (In Thousands of RMB)**	**Market Price (In Thousands of RMB)**	**Net Gain (Loss) (In Thousands of RMB)**
Soybean oil futures contracts	Sell	1,000	$ 3,258	$ 3,362	$ (104)

As of December 31, 2014 and 2013, the margin deposits paid by the Group amounted to $1,975 thousand and $6,054 thousand, which had been included in other non-current assets.

The Group entered into structured time deposits during the years ended December 31, 2014 and 2013 mainly to earn from favorable effects of fluctuations of interest rates.

As of December 31, 2014 and 2013, the Group did not have outstanding structured time deposit.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31 2014	December 31 2013
Current		
Listed shares	$ 167,281	$ 80,866
Mutual funds	329,718	676,471
	$ 496,999	$ 757,337

9. FINANCIAL ASSETS MEASURED AT COST

	December 31 2014	December 31 2013
Non-current		
Unlisted shares	$ 77,109	$ 71,213
Mutual funds	47,287	73,878
	$ 124,396	$ 145,091
Classified according to measurement categories		
Available-for-sale	$ 124,396	$ 145,091

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

The Group recognized impairment loss to financial assets carried at cost as follow:

	December 31 2014	December 31 2013
Mutual funds	$ 22,961	$ 23,319

The Group disposed of certain financial assets measured at cost with carrying amount of $1,415 thousand and recognized disposal loss of $236 thousand for the year ended December 31, 2013.

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31 2014	December 31 2013
Current		
Time deposits with original maturity of more than 3 months	$ 1,026,935	$ 707,548

The market interest rates of the time deposits with original maturity of more than 3 months were 1.13%-3.45% and 0.80%-3.35% per annum as of December 31, 2014 and 2013, respectively.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2014	2013
Notes receivable		
Notes receivable - operating	$ 41,730	$ 29,248
Trade receivables		
Trade receivables	$ 4,290,266	$ 3,760,765
Less: Allowance for impairment loss	(3,508)	(3,703)
	$ 4,286,758	$ 3,757,062
Other receivables		
Accrued interests	$ 11,797	$ 12,400
Payment on behalf of others	3,119	11,465
Others	142,040	147,842
	$ 156,956	$ 171,707

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

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize allowance for impairment loss because there was no significant change in credit quality and the amounts were still considered recoverable.

The aging of receivables that were past due but not impaired was as follows:

	December 31	
	2014	2013
1-30 days	$ 169,760	$ 84,861
31-90 days	193,971	102,417
91-180 days	15,427	2,637
Over 180 days	3,069	3,764
	$ 382,227	$ 193,679

The aging analysis above is based on the number of days overdue as a benchmark.

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

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ 1,769	$ 711	$ 2,480
Add: Impairment losses recognized on receivables	-	1,593	1,593
Less: Impairment losses reversed	(420)	-	(420)
Foreign exchange translation gains and losses	-	50	50
Balance at December 31, 2013	1,349	2,354	3,703
Add: Impairment losses recognized on receivables	815	62	877
Less: Impairment losses reversed	-	(1,126)	(1,126)
Foreign exchange translation gains and losses	-	54	54
Balance at December 31, 2014	$ 2,164	$ 1,344	$ 3,508

12. INVENTORIES

	December 31	
	2014	2013
Merchandise	$ 621,383	$ 665,254
Finished goods	1,623,558	1,353,864
Work in progress	334,744	220,120
Raw materials	1,192,113	1,175,494
Packing materials	75,466	74,436
	$ 3,847,264	$ 3,489,168

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2014 included $49,406 thousand loss on write-downs of inventories, $46,729 thousand loss on abandonment of inventories and $5,169 thousand of unallocated overheads. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2013 included $13,819 thousand loss on write-downs of inventories, $28,044 thousand loss on abandonment of inventories and $6,169 thousand of unallocated overheads.

13. PREPAYMENTS

	December 31	
	2014	2013
Prepayments for supplies	$ 1,182,956	$ 898,142
Prepayments for rent	6,587	3,880
Prepayments for insurance	7,894	7,276
Excess business tax paid	80,327	78,976
Prepayments for advertisements	67,698	53,382
Others	267,393	164,452
	$ 1,612,855	$ 1,206,108

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

In January 2013, the Group sold all of its interest in RRT to a third party for proceeds of $578 thousand and recognized gain on disposal $578 thousand.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Leased Assets	Other Equipment	Property in Construction	Total
Cost							
Balance at January 1, 2013	$ 702,405	$ 1,333,866	$ 2,642,354	$ 1,664	$ 349,881	$ 126,570	$ 5,156,740
Additions	-	-	357,437	-	53,965	634,836	1,046,238
Disposals	-	(139)	(77,206)	-	(9,668)	-	(87,013)
Transferred from prepayment for equipment	-	-	34,298	-	2,643	-	36,941
Reclassified	-	717,800	-	-	-	(717,800)	-
Effect of foreign currency exchange differences	-	20,621	38,406	-	4,718	12,261	76,006
Balance at December 31, 2013	$ 702,405	$ 2,072,148	$ 2,995,289	$ 1,664	$ 401,539	$ 55,867	$ 6,228,912
Accumulated depreciation and impairment							
Balance at January 1, 2013	$ -	$ 689,937	$ 2,024,633	$ 837	$ 258,399	$ -	$ 2,973,806
Disposals	-	(138)	(74,156)	-	(8,987)	-	(83,281)
Depreciation expense	-	57,143	122,484	278	38,123	-	218,028
Effect of foreign currency exchange differences	-	9,273	22,892	-	3,006	-	35,171
Balance at December 31, 2013	$ -	$ 756,215	$ 2,095,853	$ 1,115	$ 290,541	$ -	$ 3,143,724
Carrying amount at December 31, 2013	$ 702,405	$ 1,315,933	$ 899,436	$ 549	$ 110,998	$ 55,867	$ 3,085,188
Cost							
Balance at January 1, 2014	$ 702,405	$ 2,072,148	$ 2,995,289	$ 1,664	$ 401,539	$ 55,867	$ 6,228,912
Additions	-	-	205,219	-	32,780	416,507	654,506
Disposals	-	(3,273)	(98,899)	-	(22,459)	-	(124,631)
Transferred from prepayment for equipment	-	-	180,581	-	1,371	-	181,952
Reclassified	-	66,567	(6,907)	(738)	3,428	(62,350)	-
Effect of foreign currency exchange differences	-	61,032	52,178	-	6,261	15,811	135,282
Balance at December 31, 2014	$ 702,405	$ 2,196,474	$ 3,327,461	$ 926	$ 422,920	$ 425,835	$ 7,076,021
Accumulated depreciation and impairment							
Balance at January 1, 2014	$ -	$ 756,215	$ 2,095,853	$ 1,115	$ 290,541	$ -	$ 3,143,724
Disposals	-	(2,748)	(79,035)	-	(20,363)	-	(102,146)
Depreciation expense	-	85,778	172,646	267	40,692	-	299,383
Reclassified	-	1,341	(1,806)	(645)	1,110	-	-
Effect of foreign currency exchange differences	-	12,669	26,908	-	3,909	-	43,486
Balance at December 31, 2014	$ -	$ 853,255	$ 2,214,566	$ 737	$ 315,889	$ -	$ 3,384,447
Carrying amount at December 31, 2014	$ 702,405	$ 1,343,219	$ 1,112,895	$ 189	$ 107,031	$ 425,835	$ 3,691,574

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

Building	
Main buildings	20-51 years
Electrical and mechanical equipment	8-20 years
Engineering	3-39 years
Others	3-20 years

(Continued)

Equipment	
Main equipment	2-20 years
Engineering	3-20 years
Others	3-15 years
Leased assets	5 years
Other equipment	2-15 years
	(Concluded)

Refer to Note 35 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings granted to the Group.

16. INVESTMENT PROPERTIES

	Completed Investment Property
Cost	
Balance at January 1 and December 31, 2013	$ 318,021
Accumulated depreciation and impairment	
Balance at January 1, 2013	$ 52,775
Depreciation expense	2,730
Balance at December 31, 2013	$ 55,505
Carrying amount at December 31, 2013	$ 262,516
Cost	
Balance at January 1 and December 31, 2014	$ 318,021
Accumulated depreciation and impairment	
Balance at January 1, 2014	$ 55,505
Depreciation expense	2,865
Balance at December 31, 2014	$ 58,370
Carrying amount at December 31, 2014	$ 259,651

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

Main buildings	35-51 years
Electrical and mechanical equipment	24-25 years
Engineering	28 years
Others	24 years

The fair value of the investment properties was $680,267 thousand and $541,501 thousand as of December 31, 2014 and 2013. The management of the Group arrived at the fair value amounts by reference to market evidence of transaction prices for similar properties.

All of the Group's investment properties are held under freehold interests. The carrying amounts of investment properties pledged by the Group to secure borrowings granted to the Group are disclosed in Note 35.

17. OTHER INTANGIBLE ASSETS

	Computer Software	Technical Know-how	Total
Cost			
Balance at January 1, 2013	$ 185,174	$ 249	$ 185,423
Additions	1,717	-	1,717
Effect of foreign currency exchange differences	1,169	14	1,183
Balance at December 31, 2013	$ 188,060	$ 263	$ 188,323
Accumulated amortization and impairment			
Balance at January 1, 2013	$ 167,568	$ 249	$ 167,817
Amortization expense	14,596	-	14,596
Effect of foreign currency exchange differences	1,166	14	1,180
Balance at December 31, 2013	$ 183,330	$ 263	$ 183,593
Carrying amount at December 31, 2013	$ 4,730	$ -	$ 4,730
Cost			
Balance at January 1, 2014	$ 188,060	$ 263	$ 188,323
Additions	11,494	-	11,494
Disposition	-	(267)	(267)
Effect of foreign currency exchange differences	1,249	4	1,253
Balance at December 31, 2014	$ 200,803	$ -	$ 200,803
Accumulated amortization and impairment			
Balance at January 1, 2014	$ 183,330	$ 263	$ 183,593
Amortization expense	9,287	-	9,287
Disposition	-	(267)	(267)
Effect of foreign currency exchange differences	1,240	4	1,244
Balance at December 31, 2014	$ 193,857	$ -	$ 193,857
Carrying amount at December 31, 2014	$ 6,946	$ -	$ 6,946

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

Computer software	2-3 years
Technical know-how	10 years

18. PREPAYMENTS FOR LEASE

As of December 31, 2014 and 2013, prepayments for lease amounted to $203,160 thousand and $196,128 thousand, respectively. The lease is for rights to use land located in mainland China.

19. OTHER ASSETS

	December 31	
	2014	2013
Current		
Time deposits	$ 700	$ 147,355
Advances to officers	8,141	16,568
Others	-	935
	$ 8,841	$ 164,858
Non-current		
Prepayments for equipment	$ 48,120	$ 234,742
Refundable deposits	32,140	27,917
Others	24,173	37,842
	$ 104,433	$ 300,501

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2014	2013
Secured borrowings (Note 35)		
Bank loans	$ 24,055	$ 131,991
Unsecured borrowings		
Bank loans	1,312,837	1,109,700
	$ 1,336,892	$ 1,241,691

The range of weighted average effective interest rate on bank loans was 1.13%-5.04% and 1.20%-5.32% per annum as of December 31, 2014 and 2013, respectively.

b. Short-term bills payable

	December 31	
	2014	2013
Commercial paper	$ 100,000	$ 70,000
Less: Unamortized discount on commercial paper	(41)	(31)
	$ 99,959	$ 69,969

Outstanding short-term bills payable were as follows:

December 31, 2014

Financial Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	Carrying Value of Collateral
Commercial paper						
Mega Bills Finance Co., Ltd.	$ 40,000	$ (14)	$ 39,986	1.32%	-	$ -
International Bills Finance Corporation	60,000	(27)	59,973	1.43%-1.50%	-	-
	$ 100,000	$ (41)	$ 99,959			$ -

December 31, 2013

Financial Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	Carrying Value of Collateral
Commercial paper						
Mega Bills Finance Co., Ltd.	$ 40,000	$ (18)	$ 39,982	1.30%	-	$ -
International Bills Finance Corporation	30,000	(13)	29,987	1.32%	-	-
	$ 70,000	$ (31)	$ 69,969			$ -

21. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2014	2013
Notes payable		
Notes payable - operating	$ 210,746	$ 1,606
Notes payable - non-operating	77	46
	$ 210,823	$ 1,652
Trade payables		
Trade payables	$ 1,679,757	$ 1,266,651

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

22. OTHER LIABILITIES

	December 31	
	2014	2013
Current		
Other payables		
Payable for purchase of equipment	$ 52,422	$ 184,790
Payable for commission and rebate	747,706	658,042
Payable for advertisement	99,653	120,443
Payable for royalties	25,175	24,638
Salaries or bonus	228,271	200,930
Payable for freight	29,548	19,128
Payable for employee bonus	26,156	23,431
Payable for remuneration to directors and supervisors	18,683	16,736
Others	684,154	583,512
	$ 1,911,768	$ 1,831,650
Other liabilities		
Advance receipts from customers	$ 131,196	$ 198,788
Others	13,259	8,433
	$ 144,455	$ 207,221
Non-current		
Other liabilities		
Guarantee deposits	$ 46,898	$ 34,848

23. PROVISIONS

	December 31	
	2014	2013
Current		
Customer returns	$ 19,404	$ 24,359

	Customer Returns
Balance at January 1, 2013	$ 19,835
Addition	173,566
Usage	(169,190)
Effect of foreign currency exchange differences	148
Balance at December 31, 2013	24,359
Addition	206,406
Usage	(211,398)
Effect of foreign currency exchange differences	37
Balance at December 31, 2014	$ 19,404

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

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and domestic subsidiaries of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The foreign subsidiaries also make contribution in accordance with the local regulations, which is a defined contribution plan.

b. Defined benefit plans

The Company and domestic subsidiaries of the Group adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and domestic subsidiaries of the Group make monthly contributions to their respective pension funds administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The plan assets are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

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

	December 31	
	2014	**2013**
Discount rate	1.62%-2.12%	1.62%-2.00%
Expected return on plan assets	2.00%	2.00%
Expected rate of salary increase	1.75%-3.00%	1.75%-3.00%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

	For the Years Ended December 31	
	2014	**2013**
Current service cost	$ 11,239	$ 9,295
Interest cost	8,781	6,638

(Continued)

	For the Years Ended December 31	
	2014	2013
Expected return on plan assets	$ (6,745)	$ (6,572)
Losses arising from curtailment or settlement	-	2,300
	$ 13,275	$ 11,661
An analysis by function		
Operating cost	$ 8,249	$ 6,983
Marketing expenses	1,240	936
Administration expenses	3,545	3,652
Research and development expenses	241	90
	$ 13,275	$ 11,661

(Concluded)

Actuarial losses recognized in other comprehensive income or loss for the years ended December 31, 2014 and 2013 were $27,378 thousand and $28,638 thousand, respectively. The cumulative amount of actuarial losses recognized in other comprehensive income or loss as of December 31, 2014 and 2013 was $77,872 thousand and $50,494 thousand, respectively.

The amount included in the consolidated balance sheets in respect of its obligation under its defined benefit plans were as follows:

	December 31	
	2014	2013
Present value of funded defined benefit obligation	$ 529,572	$ 500,516
Fair value of plan assets	(332,453)	(333,470)
Accrued pension liabilities	$ 197,119	$ 167,046

Movements in the present value of the defined benefit obligations were as follows:

	For the Years Ended December 31	
	2014	2013
Opening defined benefit obligation	$ 500,516	$ 483,510
Current service cost	11,239	9,295
Interest cost	8,781	6,638
Actuarial losses	28,443	26,376
Losses arising from curtailment or settlement	-	2,300
Benefits paid	(19,407)	(27,603)
Closing defined benefit obligation	$ 529,572	$ 500,516

Movements in the fair value of the plan assets were as follows:

	For the Years Ended December 31	
	2014	2013
Opening fair value of plan assets	$ 333,470	$ 347,197
Expected return on plan assets	6,745	6,572
Actuarial gains (losses)	1,065	(2,262)
Contributions from the employer	10,580	9,566
Benefits paid	(19,407)	(27,603)
Closing fair value of plan assets	$ 332,453	$ 333,470

Actual return on plan assets at 2014 and 2013 were $7,810 thousand and $4,310 thousand respectively.

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Bureau of Labor Funds, Ministry of Labor:

	December 31	
	2014	2013
Bank deposits	19%	23%
Equity instruments	50%	45%
Debt instruments	28%	31%
Others	3%	1%
	100%	100%

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (January 1, 2012):

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 529,572	$ 500,516	$ 483,510	$ 469,623
Fair value of plan assets	$ 332,453	$ 333,470	$ 347,197	$ 353,797
Deficit	$ 197,119	$ 167,046	$ 136,313	$ 115,826
Experience adjustments on plan liabilities	$ 14,576	$ 59,797	$ 12,376	$ -
Experience adjustments on plan assets	$ 1,065	$ 2,618	$ (8,502)	$ -

The Company and domestic subsidiaries of the group expect to make a contribution of $9,596 thousand and $8,870 thousand, respectively, to the defined benefit plans in 2014 and 2013.

25. EQUITY

a. Common stock

1) Ordinary shares

	December 31	
	2014	2013
Number of shares authorized (in thousands)	740,000	680,000
Shares authorized	$ 7,400,000	$ 6,800,000
Number of shares issued and fully paid (in thousands)	720,634	661,132
Shares issued	$ 7,206,338	$ 6,611,319

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

2) Global depositary receipts

As of December 31, 2014, a total of 34,965.8 Global Depositary Receipts (“GDRs”) (representing 174,829 shares of the Company’s common stock), each GDR representing five shares of the Company’s common stock, were traded on the Euro MTF Market of the Luxembourg Stock Exchange. Holders of the GDRs may request at any time that the shares represented by the GDRs be transferred to them.

b. Capital surplus

	December 31	
	2014	2013
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Recognized from treasury share transactions	$ 51,330	$ 43,620
Recognized from the difference between consideration received or paid and the carrying amount of the subsidiaries’ net assets during actual disposal or acquisition	1	-
	$ 51,331	$ 43,620

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

c. Retained earnings and dividend policy

According to the Company’s revised Articles of Incorporation, effective on June 14, 2013, the following shall be appropriated from the annual net income (less any deficit):

1) 10% thereof as legal reserve;

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

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

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

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

For the years ended December 31, 2014 and 2013, the bonus to employees was $26,156 thousand and $23,431 thousand, respectively, and the remuneration to directors and supervisors was $18,683 thousand and $16,736 thousand, respectively. The bonus to employees was 1.4% and the remuneration to directors and supervisors was 1% of the net income for the respective years, minus the legal reserve to be appropriated. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the fair value of the shares. For the calculation of the number of shares, the fair value of the shares refer to the closing price (after considering the effect of cash and stock dividends) of the shares on the day immediately preceding the shareholders' meeting.

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

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

The appropriations of earnings bonus to employees and remuneration to directors and supervisors for 2013 and 2012 had been approved in the shareholders' meetings on June 18, 2014 and June 14, 2013, respectively. The appropriations, dividends per share, bonus to employees and remuneration to directors and supervisors were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Years Ended December 31		For the Years Ended December 31	
	2013	2012	2013	2012
Legal reserve	$ 185,958	$ 223,806		
Cash dividends	1,057,811	1,149,794	$ 1.6	$ 2.0
Stock dividends	595,019	862,346	0.9	1.5

	For the Years Ended December 31	
	2013	2012
Bonus to employees - cash	$ 23,431	$ 28,200
Remuneration of directors and supervisors	16,736	20,143

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standards in the Republic of China ("ROC GAAP").

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings in June 18, 2014 and June 14, 2013 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2013 and 2012, respectively.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other equity items

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

	For the Years Ended December 31	
	2014	**2013**
Balance at January 1	$ 229,160	$ 34,912
Exchange differences arising on translating the financial statement of foreign operations	305,236	236,193
Income tax related to gains arising on translating the financial statement of foreign operations	(51,890)	(40,154)
Disposal of share of exchange difference of associates accounted for using equity method	-	(2,158)
Income tax related to disposal of share of exchange difference of associates accounted for using equity method	-	367
Balance at December 31	$ 482,506	$ 229,160

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

	For the Years Ended December 31	
	2014	**2013**
Balance at January 1	$ 10,787	$ 21,665
Unrealized gain (loss) on revaluation of available-for-sale financial assets	585	4,603
Income tax related to unrealized gain (loss) on revaluation of available-for-sale financial assets	(150)	1,297
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(8,212)	(18,571)
Income tax related to share of unrealized gain on revaluation of available-for-sale financial asset of subsidiaries accounted for using equity method	1,022	1,793
Balance at December 31	$ 4,032	$ 10,787

e. Non-controlling interest

	For the Years Ended December 31	
	2014	2013
Balance at January 1	$ 138,421	$ 138,821
Attributable to non-controlling interests		
Share of profit for the year	14,509	3,273
Unrealized gains (loss) on available-for-sale financial assets	7	(39)
Actuarial gains (loss) on defined benefit plans	(49)	236
Income tax related to actuarial gains and losses	8	(41)
Acquired part of the equity of subsidiary	(2,319)	-
Dividends to non-controlling interest by subsidiaries	(2,872)	(3,829)
	$ 147,705	$ 138,421

f. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2013	4,190
Increase during the year	629
Number of shares at December 31, 2013	4,819
Increase during the year	433
Number of shares at December 31, 2014	5,252

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
December 31, 2014			
Chang Hui	5,252	$ 21,182	$ 367,655
December 31, 2013			
Chang Hui	4,819	$ 21,182	$ 448,167

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

26. NET PROFIT

Net profit includes:

a. Other income

	For the Years Ended December 31	
	2014	2013
Operating lease rental income		
Investment properties	$ 25,882	$ 26,772
Interest income		
Bank deposits	39,156	33,742
Bonds sold under repurchase agreement	3,118	2,368
	42,274	36,110
Dividends	18,242	19,240
	$ 86,398	$ 82,122

b. Other gains and losses

	For the Years Ended December 31	
	2014	2013
Loss on disposal of property, plant and equipment	$ (2,141)	$ (477)
Gain on disposal of available-for-sale financial assets	8,212	18,615
Gain on disposal of associates	-	578
Loss on disposal of financial assets measured at cost	-	(235)
Net foreign exchange gains	11,344	26,847
Net gain arising on financial assets designated as at fair value through profit or loss	27,636	78,798
Impairment loss arising on financial assets measured at cost	(22,961)	(23,319)
Government grants	2,771	82,126
Others	25,599	3,566
	$ 50,460	$ 186,499

c. Finance costs

	For the Years Ended December 31	
	2014	2013
Interest on bank loans	$ 23,190	$ 17,375
Interest on short-term bills payable	807	377
Interest on obligations under finance leases	66	108
Total interest expense on financial liabilities measured at amortized cost	24,063	17,860
Less: Amounts included in the cost of qualifying asset	(72)	(210)
	$ 23,991	$ 17,650

Information about capitalized interest was as follows:

	For the Years Ended December 31	
	2014	2013
Capitalized interest	$ 72	$ 210
Capitalized rate	1.130%-1.134%	1.093%-1.121%

d. Impairment loss on financial assets (reversal of impairment losses)

	For the Years Ended December 31	
	2014	2013
Trade receivables	$ (249)	$ 1,173
Financial assets measured at cost	22,961	23,319
	$ 22,712	$ 24,492

e. Depreciation and amortization

	For the Years Ended December 31	
	2014	2013
Property, plant and equipment	$ 299,383	$ 218,028
Investment property	2,865	2,730
Intangible assets (included in operating costs/operating expense)	9,287	14,596
Long-term prepayment	78,235	23,862
	$ 389,770	$ 259,216
Depreciation expenses		
Operating costs	$ 242,859	$ 168,120
Operating expenses	56,524	49,908
Non-operating revenue and expense	2,865	2,730
	$ 302,248	$ 220,758
Amortization expenses		
Operating costs	$ 56,989	$ 18,161
Operating expenses	30,533	20,297
	$ 87,522	$ 38,458

f. Operating expenses directly related to investment properties

	For the Years Ended December 31	
	2014	2013
Direct operating expenses of investment properties that generated rental income	$ 4,671	$ 4,728
Direct operating expenses of investment properties that did not generated rental income	626	320
	$ 5,297	$ 5,048

g. Employee benefits expense

	For the Years Ended December 31	
	2014	2013
Post-employment benefits (see Note 24)		
Defined contribution plans	$ 78,891	$ 65,139
Defined benefit plans	13,275	11,661
	92,166	76,800
Termination benefits	13,159	1,421
Other employee benefits	1,578,873	1,454,570
Total employee benefits expense	$ 1,684,198	$ 1,532,791
Summary by function		
Operating costs	$ 726,833	$ 674,305
Operating expenses	957,365	858,486
	$ 1,684,198	$ 1,532,791

h. Gain or loss on foreign currency exchange

	For the Years Ended December 31	
	2014	2013
Foreign exchange gains	$ 172,863	$ 107,085
Foreign exchange losses	(161,519)	(80,238)
Net gains	$ 11,344	$ 26,847

i. Impairment losses on non-financial assets

	For the Years Ended December 31	
	2014	2013
Inventories (included in operating costs)	$ 49,406	$ 13,819

27. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Years Ended December 31	
	2014	2013
Current tax		
In respect of the current year	$ 455,079	$ 379,554
Income tax expense of unappropriated earnings	10	378
In respect of prior periods	5,641	5,737
	460,730	385,669
Deferred tax		
In respect of the current year	18,935	(247)
Income tax expense recognized in profit or loss	$ 479,665	$ 385,422

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

	For the Years Ended December 31	
	2014	2013
Profit before tax	$ 2,570,025	$ 2,248,277
Income tax expense calculated at the statutory rate	$ 520,501	$ 373,486
Nondeductible expenses in determining taxable income	13,795	10,563
Tax-exempt income	(58,401)	(11,161)
Unrealized temporary difference and loss carryforwards	(1,881)	6,419
Additional income tax on unappropriated earnings	10	378
Adjustments for prior years' tax	5,641	5,737
Income tax expense recognized in profit or loss	$ 479,665	$ 385,422

The applicable tax rate used above is the corporate tax rate of 17% payable by the Company in ROC, while the applicable tax rate used by subsidiaries in China is 25%.

As the status of 2015 appropriations of earnings is uncertain, the potential income tax consequences of 2014 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Years Ended December 31	
	2014	2013
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ 51,890	$ 40,154
Unrealized gains (loss) on available-for-sale financial assets	150	(1,297)
Actuarial gains and losses on defined benefit plan	(4,654)	(4,868)
	47,386	33,989

(Continued)

	For the Years Ended December 31	
	2014	2013
Arising on income and expenses reclassified from equity to profit or loss:		
On disposal of available-for-sale financial assets	$ (1,022)	$ (1,793)
On disposal of exchange difference of subsidiaries	-	(367)
	(1,022)	(2,160)
Total income tax recognized in other comprehensive income	$ 46,364	$ 31,829

(Concluded)

c. Current tax assets and liabilities

	December 31	
	2014	2013
Current tax assets		
Tax refund receivable	$ 31,665	$ 21
Current tax liabilities		
Income tax payable	$ 256,131	$ 128,044

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Loss on foreign investment	$ 215,636	$ (25,669)	$ -	$ 189,967
Defined benefit obligation	26,444	181	4,654	31,279
Deferred sales return and allowance	8,031	(264)	-	7,767
Allowance for inventory loss	5,464	(65)	-	5,399
Available-for-sale financial assets	44	-	872	916
Others	8,033	5,657	-	13,690
	$ 263,652	$ (20,160)	$ 5,526	$ 249,018
Deferred tax liabilities				
Temporary differences				
Reverse for land value increment tax	$ 33,685	$ -	$ -	$ 33,685
Exchange difference on foreign operations	46,938	-	51,890	98,828
Others	3,011	(1,225)	-	1,786
	$ 83,634	$ (1,225)	$ 51,890	$ 134,299

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Loss on foreign investment	$ 212,794	$ 2,842	$ -	$ 215,636
Defined benefit obligation	22,668	(1,092)	4,868	26,444
Deferred sales return and allowance	7,445	586	-	8,031
Allowance for inventory loss	3,348	2,116	-	5,464
Available-for-sale financial assets	-	-	44	44
Others	10,335	(2,302)	-	8,033
	$ 256,590	$ 2,150	$ 4,912	$ 263,652
Deferred tax liabilities				
Temporary differences				
Reverse for land value increment tax	$ 33,685	$ -	$ -	$ 33,685
Exchange difference on foreign operations	7,151	-	39,787	46,938
Available-for-sale financial assets	3,046	-	(3,046)	-
Others	1,108	1,903	-	3,011
	$ 44,990	$ 1,903	$ 36,741	$ 83,634

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2014	2013
Loss carryforwards		
Expire in 2013	$ -	$ 17,262
Expire in 2014	15,145	17,323
Expire in 2015	13,417	12,681
Expire in 2016	1,884	28,429
Expire in 2017	8,424	33,452
Expire in 2018	3,102	-
Expire in 2020	1,931	1,931
Expire in 2021	1,117	1,117
Expire in 2023	888	-
	$ 45,908	$112,195
Deductible temporary differences	$445,607	$375,466

f. Information about tax-exemption

As of December 31, 2014, profits attributable to the following expansion projects were exempted from income tax for a five-year period:

Expansion	Tax-exemption Period
The Company 2009 capital increase expansion project	2011-2015
Standard dairy 2009 capital increase expansion project	2012-2016

g. Integrated income tax

	December 31	
	2014	2013
Unappropriated earnings		
Generated after January 1, 1998	$ 2,540,559	$ 2,326,179
Imputation credit accounts	$ 287,751	$ 355,688

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company are calculated based on the creditable ratio as of the date of dividend distribution. Because the Company is unable to predict the amount of the imputation credits to be transferred from investees before the dividend distribution date, the creditable ratio for distribution of earnings of 2014 can not be reasonably estimated. The creditable ratio for distribution of earnings of 2013 was 22.77%.

h. Income tax assessments

The tax returns of the Company through 2010 have been assessed by the tax authorities.

The tax returns of Domex Technology and Standard Beverage through 2013 have been assessed by the tax authorities.

The tax returns of Charng Hui through 2012 have been assessed by the tax authorities.

The tax returns of Standard Dairy Products through 2012 have been assessed by the tax authorities. Standard Dairy Products disagreed about the tax authorities' assessment of its 2011 tax returns, now, applying for administrative remedy. Nevertheless, it would not occur significant loss because of above mentioned.

28. EARNINGS PER SHARE

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 11, 2014. This adjustment caused the basic and diluted after-tax earnings per share for the year ended December 31, 2013 to decrease from $2.83 to $2.60 both.

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

Net Profit for the Year

	For the Years Ended December 31	
	2014	**2013**
Profit for the period attributable to owners of the Company	$ 2,075,851	$ 1,859,582
Effect of potentially dilutive ordinary shares:		
Bonus issue to employee	-	-
Earnings used in the computation of diluted earnings per share	$ 2,075,851	$ 1,859,582

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

	For the Years Ended December 31	
	2014	**2013**
Weighted average number of ordinary shares in computation of basic earnings per share	715,382	715,382
Effect of potentially dilutive ordinary shares:		
Bonus issue to employees	520	448
Weighted average number of ordinary shares used in the computation of diluted earnings per share	715,902	715,830

If the Company has the option to settle bonuses paid to employees in cash or shares, the Company assumes the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

29. GOVERNMENT GRANTS

In November 2013, the Group received a government grant of $81,211 thousand for marketing purpose. The amount was recognized as deferred revenue when received and transferred to other gains and losses when marketing expenses are incurred. The Group recognized $81,211 thousand in other gains and losses in 2013.

30. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

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

The above transaction was accounted for as equity transaction, since the Company did not cease to have control over these subsidiary.

	Standard Beverage Company Limited
Cash consideration paid	$ (2,318)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	2,319
Difference recognized from equity transaction	$ 1
Line items adjusted for equity transaction	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	$ 1

31. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of land and building with lease terms between 1 and 20 years. The Company does not have a bargain purchase option to acquire the leased land and building at the expiration of the lease periods.

Domex Technology leases a parcel of land from the HsinChu Science Park Administration. The operating lease expires on August 2019 and can be renewed upon expiration.

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

	December 31	
	2014	2013
Not later than 1 year	$ 45,619	$ 36,053
Later than 1 year and not later than 5 years	60,077	27,241
Later than 5 years	4,022	1,684
	$ 109,718	$ 64,978

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

	For the Years Ended December 31	
	2014	2013
Minimum lease payment	$ 72,682	$ 64,608

b. The Group as lessor

Operating leases relate to the investment property owned by the Company with lease terms for later than 1 year and not later than 3 years. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

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

	December 31	
	2014	**2013**
Not later than 1 year	$ 24,247	$ 14,956
Later than 1 year and not later than 5 years	19,963	-
	$ 44,210	$ 14,956

32. CAPITAL MANAGEMENT

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

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2014

	Level 1	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets				
Listed shares				
Equity securities	$ 167,281	$ -	$ -	$ 167,281
Mutual funds	329,718	-	-	329,718
	$ 496,999	$ -	$ -	$ 496,999

December 31, 2013

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Listed shares				
Equity securities	$ 80,866	$ -	$ -	$ 80,866
Mutual funds	676,471	-	-	676,471
	$ 757,337	$ -	$ -	$ 757,337

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2014 and 2013.

2) Valuation techniques and assumptions applied for the purpose of measuring fair value

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

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

b) The fair values of derivative instruments were calculated using quoted prices.

c) The fair values of other financial assets and financial liabilities (excluding those described above) were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. Categories of financial instruments

	December 31	
	2014	2013
Financial assets		
Loans and receivables (1)	$ 7,536,777	$ 6,199,890
Available-for-sale financial assets (2)	621,395	902,428
Financial liabilities		
Amortized cost (3)	3,431,453	2,802,007

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

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

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

c. Financial risk management objectives and policies

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

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the reporting period are set out in Note 38.

Sensitivity analysis

The Group was mainly exposed to the RMB and USD.

The following table details the Group's sensitivity to a 3% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A change of 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 3% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with New Taiwan dollars weakening 3% against the relevant currency. For a 3% strengthening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	RMB		**USD**	
	For the Years Ended December 31		**For the Years Ended December 31**	
	2014	**2013**	**2014**	**2013**
Profit or loss	$ 7,436 (i)	$ 13,547 (i)	$ (27,451) (ii)	$ (36,051) (ii)

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

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

The Group's sensitivity to RMB exchange rate decreased during the current year mainly due to the decrease in RMB bank deposits and debt investments with no active market; and the sensitivity to USD exchange rate decreased during the current year mainly due to the decrease in short-term borrowings denominated in USD.

b) Interest rate risk

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

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

	December 31	
	2014	**2013**
Fair value interest rate risk		
Financial assets	$ 1,508,561	$ 1,340,408
Financial liabilities	631,541	254,568
Cash flow interest rate risk		
Financial assets	176,400	-
Financial liabilities	805,967	1,058,507

Sensitivity analysis

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

If interest rates had been 1% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2014 and 2013 would decrease/increase by $6,296 thousand and $10,585 thousand, respectively.

The Group's sensitivity to interest rates increased during the current year mainly due to the increase in variable rate debt instruments.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2014 and 2013 would increase/decrease by $4,970 thousand and $7,573 thousand, respectively, as a result of the changes in fair value of available-for-sale shares.

The Group's sensitivity to prices increased during the current year mainly due to the disposal in available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could be the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

The Group's concentration of credit risk of 34% and 36% in total trade receivables as of December 31, 2014 and 2013, respectively, was related to the Group's four largest customers.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized bank loan facilities in the amounts of $6,117,163 thousand and $5,229,891 thousand as of December 31, 2014 and 2013, respectively.

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

December 31, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 352,266	$ 289,223	$ 1,301,513	$ 46,898
Finance lease liabilities	60	100	390	128
Variable interest rate liabilities	329,527	164,337	318,577	-
Fixed interest rate liabilities	436,271	196,680	-	-
	$ 1,118,124	$ 650,340	$ 1,620,480	$ 47,026

December 31, 2013

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 121, 935	$ 242,027	$ 1,089,131	$ 34,848
Finance lease liabilities	73	146	604	658
Variable interest rate liabilities	165,263	149,213	751,758	-
Fixed interest rate liabilities	207,397	51,194	1,290	-
	$ 489,668	$ 442,580	$ 1,842,783	$ 35,506

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Compensation of Key Management Personnel

	For the Years Ended December 31	
	2014	2013
Short-term employee benefits	$ 22,984	$ 21,642
Post-employment benefits	783	717
	$ 23,767	$ 22,359

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

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2014	2013
Time deposits (included in other current assets)	$ 700	$ 147,355
Properties, machinery and equipment, net	321,803	337,556
Investment properties, net	78,822	81,736
	$ 401,325	$ 566,647

36. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

As of December 31, 2014 the Group had the following significant commitments and contingencies:

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

b. Unused letters of credit of approximately US$620 thousand.

c. Commitments for purchase of properties of approximately $112,000 thousand.

37. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

a. On March 3, 2015, Shanghai Standard Foods spun off to establish Shanghai Le Ben De Health Technology Co., Ltd. and invested intangible assets of RMB1,812 thousand and cash of US$700 thousand for a 100% equity.

b. On March 24, 2015, the board of directors of the Company determined the investment projects in mainland China. The Company will invest US$30,200 thousand in Cayman Standard, and Cayman Standard will invest US$30,200 thousand in Hong Kong Standard. Hong Kong Standard will invest to establish Shanghai Le Ho Industrial Co., Ltd. and Shanghai Le Mi Industrial Co., Ltd. for US$18,600 thousand and US$11,600 thousand, respectively.

38. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 634	31.65 (USD:NTD)	$ 20,086
USD	10,226	6.22 (USD:RMB)	323,641
RMB	48,680	5.09 (RMB:NTD)	247,881
EUR	2	38.47 (EUR:NTD)	86
AUD	12	25.91 (AUD:NTD)	303
			$ 591,997
Non-monetary items			
USD	1,227	31.65 (USD:NTD)	$ 38,834
USD	3,903	6.22 (USD:RMB)	123,534
			$ 162,368

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 1,541	31.65 (USD:NTD)	$ 48,756
USD	38,231	6.22 (USD:RMB)	1,210,009
EUR	984	38.47 (EUR:NTD)	37,805
AUD	758	25.91 (AUD:NTD)	19,624
SGD	252	23.95 (SGD:NTD)	6,034
			$ 1,322,228

(Concluded)

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,846	29.81 (USD:NTD)	$ 84,804
USD	9,331	6.10 (USD:RMB)	278,133
RMB	91,799	4.92 (RMB:NTD)	451,557
EUR	2	41.09 (EUR:NTD)	91
AUD	5,781	26.59 (AUD:NTD)	153,686
			$ 968,271
Non-monetary items			
USD	1,895	29.81 (USD:NTD)	$ 56,486
USD	4,081	6.10 (USD:RMB)	121,637
			$ 178,123
Financial liabilities			
Monetary items			
USD	1,500	29.81 (USD:NTD)	$ 44,730
USD	50,995	6.10 (USD:RMB)	1,519,909
EUR	916	41.09 (EUR:NTD)	37,619
			$ 1,602,258

39. ADDITIONAL DISCLOSURES

a. Financings provided: Please see Table 1 attached;

b. Endorsement/guarantee provided: Please see Table 2 attached;

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

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

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

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

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

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

i. Information about the derivative financial instruments transaction: Please see Table 7 attached;

j. Others: Business relationship between parent and subsidiary companies: Please see Table 8 attached;

k Names, locations, and related information of investees over which the Company exercises significant influence: Please see Table 9 attached;

l. Information on investment in Mainland China

1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 10 attached.

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please see Table 11 attached;

40. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

- Standard Foods segment - the Company
- Standard Dairy Products segment - Standard Dairy Products
- China Standard segment - Shanghai Standard, China Standard Investment and China Standard Foods
- Other segments - other than the above corporation

a. Operating segment information:

	Standard Foods Segment	Standard Dairy Products Segment	China Standard Segment	Other Segments	Adjustments and Eliminations	Consolidated
For the year ended December 31, 2014						
Sales from external customers	$ 10,316,706	$ 1,673,300	$ 9,345,194	$ 464,813	$ -	$ 21,800,013
Sales among intersegments	1,171,351	755,400	-	6,916	(1,933,667)	-
Total sales	$ 11,488,057	$ 2,428,700	$ 9,345,194	$ 471,729	$ (1,933,667)	$ 21,801,033

(Continued)

	Standard Foods Segment	Standard Dairy Products Segment	China Standard Segment	Other Segments	Adjustments and Eliminations	Consolidated
Interest income	$ 24,780	$ 510	$ 16,588	$ 396	$ -	$ 42,274
Financial cost	$ 171	$ -	$ 21,315	$ 2,505	$ -	$ 23,991
Depreciation expense	$ 133,808	$ 28,569	$ 121,831	$ 18,040	$ -	$ 302,248
Amortization expense	$ 22,554	$ 5,404	$ 59,564	$ -	$ -	$ 87,522
Other important non-cash items impairment loss on assets	$ 17,473	$ -	$ -	$ 5,488	$ -	$ 22,961
Operating segment income	$ 2,078,398	$ 222,440	$ 160,650	$ 64,158	$ 44,379	$ 2,570,025
Unallocated amount						-
Income before income tax						$ 2,570,025
For the year ended December 31, 2013						
Sales from external customers	$ 10,060,946	$ 1,547,037	$ 8,516,138	$ 255,085	$ -	$ 20,379,206
Sales among intersegments	1,092,091	713,237	-	8,314	(1,813,642)	-
Total sales	$ 11,153,037	$ 2,260,274	$ 8,516,138	$ 263,399	$ (1,813,642)	$ 20,379,206
Interest income	$ 19,938	$ 438	$ 11,853	$ 3,881	$ -	$ 36,110
Financial cost	$ 929	$ 31	$ 15,398	$ 1,292	$ -	$ 17,650
Depreciation expense	$ 119,461	$ 27,478	$ 57,372	$ 16,447	$ -	$ 220,758
Amortization expense	$ 24,628	$ 5,198	$ 2,133	$ 6,499	$ -	$ 38,458
Other important non-cash items impairment loss on assets	$ 15,190	$ -	$ -	$ 8,129	$ -	$ 23,319
Operating segment income (loss)	$ 2,134,464	$ 222,265	$ (118,333)	$ 14,383	$ (4,502)	$ 2,248,277
Unallocated amount						-
Income before income tax						$ 2,248,277

(Concluded)

b. Revenue from major products

The following is an analysis of the Company and subsidiaries' sales from major products:

	For the Years Ended December 31	
	2014	2013
Nutritious foods	$ 9,782,985	$ 9,777,205
Cooking products	10,923,878	9,928,273
Others	1,093,150	673,728
	$ 21,800,013	$ 20,379,206

c. Geographical information:

The Group operates in two principal geographical areas - Taiwan and mainland China.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers For the Years Ended December 31		Non-current Assets December 31	
	2014	2013	2014	2013
Taiwan	$ 12,454,819	$ 11,863,068	$ 2,179,572	$ 2,104,349
Mainland China	9,345,194	8,516,138	2,054,088	1,716,801
	$ 21,800,013	$ 20,379,206	$ 4,233,660	$ 3,821,150

Non-current assets exclude financial instruments, goodwill, and deferred tax assets.

d. Information about major customers:

Sales to any individual customer which exceeded 10% of consolidated net sales for the years ended December 31, 2014 and 2013 are summarized as follows:

	For the Years Ended December 31			
	2014		2013	
	Amount	% of Consolidated Net Sales	Amount	% of Consolidated Net Sales
Customer A	$ 3,453,169	15.8	$ 3,239,932	15.9

Standard Foods Corporation

Financial Statements for the
Years Ended December 31, 2014 and 2013 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Standard Foods Corporation

We have audited the accompanying balance sheets of Standard Foods Corporation as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Standard Foods Corporation as of December 31, 2014 and 2013, and its financial performance and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The accompanying schedules of major accounting items of Standard Foods Corporation as of and for the year ended December 31, 2014 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements required to in the first paragraph.

March 24, 2015

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

STANDARD FOODS CORPORATION

BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 492,209	4	$ 586,556	5
Available-for-sale financial assets - current (Note 7)	24,255	-	31,700	-
Debt investments with no active market - current (Note 9)	597,445	4	550,280	4
Notes receivable (Note 10)	1,312	-	1,491	-
Trade receivables from unrelated parties (Note 10)	1,714,300	12	1,720,623	14
Trade receivables from related parties (Note 30)	133,940	1	104,049	1
Other receivables (Note 10)	20,023	-	33,088	-
Other receivables from related parties (Note 30)	2,742	-	2,120	-
Current tax assets (Note 24)	31,500	-	-	-
Inventories (Note 10)	2,018,314	14	1,873,104	15
Prepayments (Note 12)	473,031	4	306,989	2
Other current assets (Note 17)	6,280	-	16,568	-
Total current assets	5,515,351	39	5,226,568	41
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Note 8)	76,154	-	97,263	1
Investments accounted for using equity method (Note 13)	6,993,262	49	5,846,479	45
Property, plant and equipment (Notes 14 and 31)	1,291,293	9	1,116,909	9
Investment properties (Note 15)	127,511	1	127,926	1
Other intangible assets (Note 16)	6,490	-	4,031	-
Deferred tax assets (Note 24)	239,785	2	256,463	2
Other non-current assets (Note 17)	62,051	-	139,228	1
Total non-current assets	8,796,546	61	7,588,299	59
TOTAL	$ 14,311,897	100	$ 12,814,867	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable (Note 18)	$ 3,170	-	$ 938	-
Trade payables (Note 18)	967,848	7	886,540	7
Other payables (Note 19)	881,661	6	866,539	6
Current tax liabilities (Note 24)	183,377	1	107,503	1
Provisions - current (Note 20)	8,593	-	10,050	-
Finance lease payables - current	531	-	758	-
Other current liabilities (Note 19)	8,207	-	10,374	-
Total current liabilities	2,053,387	14	1,882,702	14
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 24)	134,299	1	83,496	1
Finance lease payables - non-current	126	-	657	-
Accrued pension liabilities (Note 21)	167,643	1	141,289	1
Other non-current liabilities (Note 19)	960	-	900	-
Total non-current liabilities	303,028	2	226,342	2
Total liabilities	2,356,415	16	2,109,044	16
EQUITY (Note 22)				
Common stock	7,206,338	50	6,611,319	52
Capital surplus	51,331	-	43,620	-
Retained earnings				
Legal reserve	1,691,898	12	1,505,940	12
Unappropriated earnings	2,540,559	18	2,326,179	18
Total retained earnings	4,232,457	30	3,832,119	30
Other equity	486,538	4	239,947	2
Treasury shares	(21,182)	-	(21,182)	-
Total equity	11,955,482	84	10,705,823	84
TOTAL	$ 14,311,897	100	$ 12,814,867	100

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

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUES				
Sales	$ 11,488,057	100	$ 11,153,037	100
OPERATING COSTS (Notes 21 and 23)				
Cost of goods sold	7,940,255	69	7,536,931	68
GROSS PROFIT	3,547,802	31	3,616,106	32
OPERATING EXPENSES (Notes 21 and 23)				
Selling and marketing expenses	1,171,156	10	1,256,471	11
General and administrative expenses	258,718	3	254,699	2
Research and development expenses	92,994	1	84,214	1
Total operating expenses	1,522,868	14	1,595,384	14
OPERATING INCOME	2,024,934	17	2,020,722	18
NON-OPERATING INCOME AND EXPENSES (Note 23)				
Other income (Note 30)	29,095	-	30,279	-
Other gains and losses	24,540	-	84,391	1
Finance costs	(171)	-	(929)	-
Share of the profit or loss of subsidiaries and associates (Note 13)	374,448	4	72,925	1
Total non-operating income and expenses	427,912	4	186,666	2
PROFIT BEFORE INCOME TAX	2,452,846	21	2,207,388	20
INCOME TAX EXPENSE (Note 24)	(376,995)	(3)	(347,806)	(3)
NET PROFIT FOR THE YEAR	2,075,851	18	1,859,582	17
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	305,236	3	236,193	2
Unrealized gain on available-for-sale financial assets	(1,334)	-	2,315	-
Actuarial loss arising from defined benefit plans	(25,442)	-	(24,967)	-

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
Share of the other comprehensive income of subsidiaries	$ (7,859)	-	$ (21,683)	-
Income tax relating to the components of other comprehensive income	(46,693)	(1)	(32,453)	(1)
Other comprehensive income for the year, net of income tax	223,908	2	159,405	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,299,759	20	$ 2,018,987	18
EARNINGS PER SHARE (Note 25)				
Basic	$2.90		$2.60	
Diluted	$2.90		$2.60	

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

STANDARD FOODS CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity				
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Treasury Stock	Total Equity
BALANCE AT JANUARY 1, 2013	$ 5,748,973	$ 35,240	$ 1,282,134	$ 2,726,508	$ 4,008,642	$ 34,912	$ 21,665	$ 56,577	$ (21,182)	$ 9,828,250
Appropriation of 2012 earnings										
Legal reserve	-	-	223,806	(223,806)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	(1,149,794)	(1,149,794)	-	-	-	-	(1,149,794)
Stock dividends to shareholders	862,346	-	-	(862,346)	(862,346)	-	-	-	-	-
Adjustment of capital surplus for the Company's cash dividends received by a subsidiary	-	8,380	-	-	-	-	-	-	-	8,380
Net profit for the year ended December 31, 2013	-	-	-	1,859,582	1,859,582	-	-	-	-	1,859,582
Other comprehensive income (loss) for the year ended December 31, 2013, net of income tax	-	-	-	(23,965)	(23,965)	194,248	(10,878)	183,370	-	159,405
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	1,835,617	1,835,617	194,248	(10,878)	183,370	-	2,018,987
BALANCE AT DECEMBER 31, 2013	6,611,319	43,620	1,505,940	2,326,179	3,832,119	229,160	10,787	239,947	(21,182)	10,705,823
Appropriation of 2013 earnings										
Legal reserve	-	-	185,958	(185,958)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	(1,057,811)	(1,057,811)	-	-	-	-	(1,057,811)
Stock dividends to shareholders	595,019	-	-	(595,019)	(595,019)	-	-	-	-	-
Adjustment of capital surplus for the Company's cash dividends received by a subsidiary	-	7,710	-	-	-	-	-	-	-	7,710
Acquisition of interest in subsidiaries	-	1	-	-	-	-	-	-	-	1
Net profit for the year ended December 31, 2014	-	-	-	2,075,851	2,075,851	-	-	-	-	2,075,851
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	(22,683)	(22,683)	253,346	(6,755)	246,591	-	223,908
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	2,053,168	2,053,168	253,346	(6,755)	246,591	-	2,299,759
BALANCE AT DECEMBER 31, 2014	$ 7,206,338	$ 51,331	$ 1,691,898	$ 2,540,559	$ 4,232,457	$ 482,506	$ 4,032	$ 486,538	$ (21,182)	$ 11,955,482

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

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,452,846	$ 2,207,388
Adjustments for:		
Depreciation expenses	133,808	119,461
Amortization expenses	22,554	24,628
Impairment loss recognized on trade receivables	109	282
Net gain on fair value change of financial assets designated as at fair value through profit or loss	-	(67,964)
Finance costs	171	929
Interest income	(24,780)	(19,938)
Dividend income	(2,155)	(7,101)
Share of profit of subsidiaries and associates	(374,448)	(72,925)
(Gain) loss on disposal of property, plant and equipment	963	(426)
Gain on disposal of investments	(333)	(2,193)
Impairment loss recognized on financial assets measured at cost	17,473	15,190
Others	-	(2,158)
Changes in operating assets and liabilities		
Financial assets held for trading	-	163,489
Notes receivable	179	983
Trade receivables	6,214	96,795
Trade receivables - related parties	(29,891)	(12,958)
Other receivables	14,344	877
Other receivables - related parties	(622)	(1,315)
Inventories	(145,210)	(198,463)
Prepayments	(166,042)	(74,781)
Other current assets	10,288	(4,751)
Notes payable	2,232	(454)
Trade payables	81,308	40,210
Trade payables - related parties	-	(647)
Other payables	15,122	43,099
Provisions	(1,457)	(755)
Other current liabilities	(2,167)	6,779
Accrued pension liabilities	912	441
Cash generated from operations	2,011,418	2,253,722
Interest received	23,501	14,968
Interest paid	(171)	(929)
Income tax paid	(311,833)	(451,973)
Net cash generated from operating activities	1,722,915	1,815,788
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	-	(2,180,454)
Proceeds on sale of available-for-sale financial assets	6,444	2,469,958
Purchase of debt investments with no active market	(902,050)	(1,272,979)
Proceeds from sale of debt investments with no active market	854,885	1,016,947

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Proceeds from capital reduction of financial assets measured at cost	$ 3,636	$ 7,609
Net cash inflow on disposal of subsidiaries at equity method	-	578
Payments for property, plant and equipment	(247,949)	(151,149)
Proceeds from disposal of property, plant and equipment	5,611	1,782
Payment for intangible assets	(11,342)	(740)
Increase in other financial assets	(3,966)	-
Decrease in other financial assets	-	332
Increase in other non-current assets	-	(121,119)
Decrease in other non-current assets	1,070	-
Dividend received from subsidiaries	180,198	172,962
Other dividend received	2,155	7,101
Net cash used in investing activities	(111,308)	(49,172)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in finance lease payables	(758)	(768)
Increase in other financial liabilities	60	-
Dividends paid to owners of the Company	(1,057,811)	(1,149,794)
Acquisition of interest in subsidiaries	(647,445)	(830,643)
Net cash used in financing activities	(1,705,954)	(1,981,205)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(94,347)	(214,589)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	586,556	801,145
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 492,209	$ 586,556

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

STANDARD FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on March 24, 2015.

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

a. The amendments to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC not yet effective

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

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

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

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

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

   IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

2) IFRS 13 "Fair Value Measurement"

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

   The fair value measurements under IFRS 13 will be applied prospectively from 2015.

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

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

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

4) Revision to IAS 19 "Employee Benefits"

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

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

The Company has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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

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

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

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

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

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

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

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

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

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

Impairment of financial assets

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

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

2) IFRS 15 “Revenue from Contracts with Customers”

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”).

b. Basis of presentation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

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

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

For the purposes of presenting the financial statements, the assets and liabilities of the Company's foreign operations (including the subsidiaries or associates operating in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation which results in the Company's loss of control or significant influence over the entity, all exchange differences accumulated in equity attributable to the owners of the Company in respect of that operation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company's loss of control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investments accounted for using equity method

Investments in subsidiaries and associates are accounted for using equity method.

1) Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

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

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

When testing for impairment, the cash-generating unit is determined based on the financial statements as a whole by comparing its recoverable amount with its carrying amount. If the recoverable amount of the asset subsequently increases, the reversal of the impairment loss is recognized as a gain, but the increased carrying amount of an asset after a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized on the asset in prior years. An impairment loss recognized on goodwill shall not be reversed in a subsequent period.

When the Company ceases to have control over a subsidiary, any retained investment is measured at fair value at that date and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is included in the determination of the gain or loss. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream with a subsidiary and sidestream transactions between subsidiaries are recognized in the financial statements only to the extent of interests in the subsidiary that are not related to the Company.

2) Investment in associates

An associate is an entity over which the Company has significant influence that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in equity of associates attributable to the Company.

When the Company subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to non-subscription to the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized from part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which it ceases to have significant influence. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the financial statements only to the extent of interests in the associate that are not related to the Company.

g. Property, plant and equipment

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

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

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over the shorter of the lease term and their useful lives using the straight-line method.

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.

h. Investment properties

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

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

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

Gain or loss on disposal of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in profit or loss when the asset is derecognized.

j. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is held for trading.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method except for financial liabilities at fair value through profit or loss.

b) Derecognition of financial liabilities

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

l. Provisions

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

m. Revenue recognition

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

1) Sale of goods

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

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

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

c) The amount of revenue can be measured reliably;

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

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

2) Dividend and interest income

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

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

n. Leasing

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

1) The Company as lessor

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

2) The Company as lessee

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

Minimum lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss.

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

o. Borrowing costs

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

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

p. Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of trade receivables

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

b. Write-down of inventory

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

c. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

d. Income taxes

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	2013
Cash on hand	$ 1,421	$ 1,446
Checking accounts and demand deposits	24,200	188,638
Cash equivalent		
Time deposits with original maturities less than three months	-	147,960
Repurchase agreements collateralized by bonds	466,588	248,512
	$ 492,209	$ 586,556

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

	December 31	
	2014	2013
Bank deposits	0.01%-0.60%	0.17%-3.60%
Repurchase agreement collateralized by bonds	0.62%-0.70%	0.62%-0.63%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2014	2013
Current		
Listed shares	$ 17,059	$ 18,699
Mutual funds	7,196	13,001
	$ 24,255	$ 31,700

8. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2014	2013
Non-current		
Unlisted shares	$ 40,523	$ 44,627
Mutual funds	35,631	52,636
	$ 76,154	$ 97,263
Classified according to measurement categories		
Available-for-sale	$ 76,154	$ 97,263

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

The Company recognized impairment loss of financial assets were as follow:

	December 31	
	2014	2013
Mutual funds	$ 17,473	$ 15,190

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2014	2013
Current		
Time deposits with original maturity of more than 3 months	$ 597,445	$ 550,280

The market interest rates of the time deposits with original maturity of more than 3 months were 1.31%-3.38% and 0.80%-3.20%per annum as of December 31, 2014 and 2013, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2014	2013
Notes receivable		
Operating	$ 1,312	$ 1,491
Trade receivables		
Trade receivables	$ 1,716,464	$ 1,722,678
Less: Allowance for impairment loss	(2,164)	(2,055)
	$ 1,714,300	$ 1,720,623
Other receivables		
Accrued interest	$ 7,729	$ 6,450
Payment on behalf of others	3,119	11,465
Others	9,175	15,173
	$ 20,023	$ 33,088

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

The Company had no receivables that were past due but not impaired as of December 31, 2014 and 2013.

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

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ 1,769	$ 4	$ 1,773
Add: Impairment losses recognized on receivables	-	702	702
Less: Impairment losses reversed	(420)	-	(420)
Balance at December 31, 2013	1,349	706	2,055
Add: Impairment losses recognized on receivables	815	-	815
Less: Impairment losses reversed	-	(706)	(706)
Balance at December 31, 2014	$ 2,164	$ -	$ 2,164

11. INVENTORIES

	December 31	
	2014	2013
Merchandise	$ 621,366	$ 663,909
Finished goods	747,841	579,702
Work in progress	164,333	140,125
Raw materials	446,760	447,370
Packing materials	38,014	41,998
	$ 2,018,314	$ 1,873,104

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2014 included $12,373 thousand loss on write-downs of inventories, $18,012 thousand loss on abandonment of inventories and $1,929 thousand of unallocated overheads. The cost of goods sold for the year ended December 31, 2013 included $11,648 thousand loss on write-downs of inventories, $12,323 thousand loss on abandonment of inventories and $847 thousand of unallocated overheads.

12. PREPAYMENTS

	December 31	
	2014	2013
Prepayments for supplies	$ 394,698	$ 231,359
Prepayments for equipment parts	16,057	14,038
Prepayments for fuel oil	8,898	7,483
Prepayments for insurance	6,441	5,834
Prepayments for advertisements	14,200	6,383
Others	32,737	41,892
	$ 473,031	$ 306,989

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Subsidiaries

	December 31 2014	December 31 2013
Unlisted companies		
Accession Limited	$ 3,548,539	$ 3,261,273
Standard Investment (Cayman) Limited ("Cayman Standard")	2,089,069	1,264,173
Standard Dairy Products Taiwan Limited ("Standard Dairy Products")	552,190	536,074
Charng Hui Ltd. ("Charng Hui")	563,910	561,359
Domex Technology Corporation ("Domex Technology")	160,636	148,105
Standard Beverage Company Limited ("Standard Beverage")	78,918	75,495
	$ 6,993,262	$ 5,846,479

At the end of the reporting periods, the Company's ownership interests and voting rights in subsidiaries were as follows:

Name of Subsidiary	December 31 2014	December 31 2013
Accession Limited	100.0%	100.0%
Cayman Standard	100.0%	100.0%
Standard Dairy Products	100.0%	100.0%
Charng Hui	100.0%	100.0%
Domex Technology	52.0%	52.0%
Standard Beverage	100.0%	97.1%

The Company indirectly held investments in subsidiaries are provided in Note 35.

Investments in Associates

In January 2013, the Company sold all of its interest in RRT to a third party for proceeds of $578 thousand and recognized gain on disposal $578 thousand.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Leased Assets	Other Equipment	Property in Construction	Total
Cost							
Balance at January 1, 2013	$ 396,356	$ 684,759	$ 1,545,588	$ 1,664	$ 156,881	$ 33,150	$ 2,818,398
Additions	-	-	71,347	-	23,740	56,062	151,149
Disposals	-	(139)	(11,510)	-	(3,809)	-	(15,458)
Transferred from prepayment for equipment	-	-	33,885	-	565	-	34,450
Reclassified	-	42,566	-	-	-	(42,566)	-
Balance at December 31, 2013	$ 396,356	$ 727,186	$ 1,639,310	$ 1,664	$ 177,377	$ 46,646	$ 2,988,539

(Continued)

	Freehold Land	Buildings	Equipment	Leased Assets	Other Equipment	Property in Construction	Total
Accumulated depreciation and impairment							
Balance at January 1, 2013	$ -	$ 406,376	$ 1,237,587	$ 837	$ 121,887	$ -	$ 1,766,687
Disposals	-	(139)	(10,154)	-	(3,809)	-	(14,102)
Depreciation expense	-	27,847	72,798	277	18,123	-	119,045
Balance at December 31, 2013	$ -	$ 434,084	$ 1,300,231	$ 1,114	$ 136,201	$ -	$ 1,871,630
Carrying amount at December 31, 2013	$ 396,356	$ 293,102	$ 339,079	$ 550	$ 41,176	$ 46,646	$ 1,116,909
Cost							
Balance at January 1, 2014	$ 396,356	$ 727,186	$ 1,639,310	$ 1,664	$ 177,377	$ 46,646	$ 2,988,539
Additions	-	-	160,305	-	13,259	74,385	247,949
Disposals	-	(3,234)	(49,253)	-	(11,947)	-	(64,434)
Transferred from prepayments for equipment	-	-	65,212	-	1,190	-	66,402
Reclassified	-	38,876	-	(738)	738	(38,876)	-
Balance at December 31, 2014	$ 396,356	$ 762,828	$ 1,815,574	$ 926	$ 180,617	$ 82,155	$ 3,238,456
Accumulated depreciation and impairment							
Balance at January 1, 2014	$ -	$ 434,084	$ 1,300,231	$ 1,114	$ 136,201	$ -	$ 1,871,630
Disposals	-	(2,733)	(44,471)	-	(10,656)	-	(57,860)
Depreciation expense	-	31,506	86,616	267	15,004	-	133,393
Reclassified	-	-	-	(645)	645	-	-
Balance at December 31, 2014	$ -	$ 462,857	$ 1,342,376	$ 736	$ 141,194	$ -	$ 1,947,163
Carrying amount at December 31, 2014	$ 396,356	$ 299,971	$ 473,198	$ 190	$ 39,423	$ 82,155	$ 1,291,293

(Concluded)

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

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

Refer to Note 31 for the carrying amount of property, plant and equipment pledged by the Company to secure general banking facilities granted to the Company.

15. INVESTMENT PROPERTIES

	Completed Investment Property
Cost	
Balance at January 1 and December 31, 2013	$ 141,150
Accumulated depreciation and impairment	
Balance at January 1, 2013	$ 12,808
Depreciation expense	416
Balance at December 31, 2013	$ 13,224
Carrying amount at December 31, 2013	$ 127,926
Cost	
Balance at January 1 and December 31, 2014	$ 141,150
Accumulated depreciation and impairment	
Balance at January 1, 2014	$ 13,224
Depreciation expense	415
Balance at December 31, 2014	$ 13,639
Carrying amount at December 31, 2014	$ 127,511

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

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

The fair value of the investment properties was $399,647 thousand and $284,065 thousand as of December 31, 2014 and 2013. The management of the Company arrived at the fair value amounts by reference to market evidence of transaction prices for similar properties.

16. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2013	$ 163,695
Additions	740
Balance at December 31, 2013	$ 164,435

(Continued)

	Computer Software
Accumulated amortization and impairment	
Balance at January 1, 2013	$ 146,089
Amortization expense	14,315
Balance at December 31, 2013	$ 160,404
Carrying amount at December 31, 2013	$ 4,031
Cost	
Balance at January 1, 2014	$ 164,435
Additions	11,342
Balance at December 31, 2014	$ 175,777
Accumulated amortization and impairment	
Balance at January 1, 2014	$ 160,404
Amortization expense	8,883
Balance at December 31, 2014	$ 169,287
Carrying amount at December 31, 2014	$ 6,490

(Concluded)

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

Computer software	2-3 years

17. OTHER ASSETS

	December 31	
	2014	2013
Current		
Advances to officers	$ 6,280	$ 16,568
Non-current		
Prepayments for equipment	$ 32,366	$ 109,956
Refundable deposits	15,656	11,690
Others	14,029	17,582
	$ 62,051	$ 139,228

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31 2014	December 31 2013
Notes payable		
Notes payable - operating	$ 3,170	$ 938
Trade payables		
Trade payables	$ 967,848	$ 886,540

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

19. OTHER LIABILITIES

	December 31 2014	December 31 2013
Current		
Other payables		
Payable for purchase of equipment	$ 45,665	$ 70,511
Payable for commission and rebate	397,808	398,186
Payable for advertisement	91,769	99,088
Payable for royalties	25,175	24,638
Salaries or bonus	120,039	116,925
Payable for freight	6,841	6,987
Payable for employee bonus	26,156	23,431
Payable for remuneration to directors and supervisors	18,683	16,736
Payable for insurance	11,945	11,215
Payable for green recycle fee	6,962	6,085
Others	130,618	92,937
	$ 881,661	$ 866,539
Other liabilities		
Advance receipts from customers	$ 6,694	$ 9,183
Others	1,513	1,191
	$ 8,207	$ 10,374
Non-current		
Other liabilities		
Guarantee deposits	$ 960	$ 900

20. PROVISIONS

	December 31	
	2014	2013
Current		
Customer returns	$ 8,593	$ 10,050

	Customer Returns
Balance at January 1, 2013	$ 10,805
Addition	92,330
Usage	(93,085)
Balance at December 31, 2013	10,050
Addition	86,612
Usage	(88,069)
Balance at December 31, 2014	$ 8,593

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company makes monthly contributions to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The plan assets are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the return generated by employees' pension contributions should not be below the interest rate for a 2-year time deposit with local banks.

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

	December 31	
	2014	2013
Discount rate	1.75%	1.75%
Expected return on plan assets	2.00%	2.00%
Expected rate of salary increase	3.00%	3.00%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

	For the Years Ended December 31	
	2014	**2013**
Current service cost	$ 5,959	$ 5,981
Interest cost	7,043	5,383
Expected return on plan assets	(5,279)	(5,252)
	$ 7,723	$ 6,112

	For the Years Ended December 31	
	2014	**2013**
An analysis by function		
Operating cost	$ 4,331	$ 2,629
Marketing expenses	880	742
Administration expenses	2,472	2,716
Research and development expenses	40	25
	$ 7,723	$ 6,112

Actuarial losses recognized in other comprehensive income or loss for the years ended December 31, 2014 and 2013 were $25,442 thousand and $24,967 thousand, respectively. The cumulative amount of actuarial losses recognized in other comprehensive income or loss as of December 31, 2014 and 2013 was $74,731 thousand and $49,289 thousand, respectively.

The amounts included in the Company's balance sheets in respect of its obligations under its defined benefit plans were as follows:

	December 31	
	2014	**2013**
Present value of funded defined benefit obligation	$ 431,685	$ 402,473
Fair value of plan assets	(264,042)	(261,184)
Accrued pension liabilities	$ 167,643	$ 141,289

Movements in the present value of the defined benefit obligations were as follows:

	For the Years Ended December 31	
	2014	**2013**
Opening defined benefit obligation	$ 402,473	$ 391,505
Current service cost	5,959	5,981
Interest cost	7,043	5,383

(Continued)

	For the Years Ended December 31	
	2014	2013
Actuarial losses	$ 26,337	$ 23,090
Benefits paid	(10,127)	(23,486)
Closing defined benefit obligation	$ 431,685	$ 402,473

(Concluded)

Movements in the fair value of the plan assets were as follows:

	For the Years Ended December 31	
	2014	2013
Opening fair value of plan assets	$ 261,184	$ 275,624
Expected return on plan assets	5,279	5,252
Actuarial gains (losses)	895	(1,877)
Contributions from the employer	6,811	5,671
Benefits paid	(10,127)	(23,486)
Closing fair value of plan assets	$ 264,042	$ 261,184

For the years ended December 31, 2014 and 2013, the actual return on plan assets were $6,174 thousand and $3,375 thousand, respectively.

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Bureau of Labor Funds, Ministry of Labor:

	December 31	
	2014	2013
Bank deposits	19%	23%
Equity instruments	50%	45%
Debt instruments	28%	31%
Others	3%	1%
	100%	100%

The Company chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (January 1, 2012):

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 431,685	$ 402,473	$ 391,505	$ 370,576
Fair value of plan assets	$ 264,042	$ 261,184	$ 275,624	$ 277,044
Deficit	$ 167,643	$ 141,289	$ 115,881	$ 93,532
Experience adjustments on plan liabilities	$ 13,325	$ 47,188	$ 21,338	$ -
Experience adjustments on plan assets	$ 895	$ (1,877)	$ (2,984)	$ -

The Company expects to make a contribution of $7,149 thousand and $5,557 thousand, respectively, to the defined benefit plans in 2014 and 2013.

22. EQUITY

a. Common stock

1) Ordinary shares

	December 31	
	2014	2013
Number of shares authorized (in thousands)	740,000	680,000
Shares authorized	$ 7,400,000	$ 6,800,000
Number of shares issued and fully paid (in thousands)	720,634	661,132
Shares issued	$ 7,206,338	$ 6,611,319

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

2) Global depositary receipts

As of December 31, 2014, a total of 34,965.8 Global Depositary Receipts (“GDRs”) (representing 174,829 shares of the Company’s common stock), each GDR representing five shares of the Company’s common stock, were traded on the Euro MTF Market of the Luxembourg Stock Exchange. Holders of the GDRs may request at any time that the shares represented by the GDRs be transferred to them.

b. Capital surplus

	December 31	
	2014	2013
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Recognized from treasury share transactions	$ 51,330	$ 43,620
Recognized from the difference between consideration received or paid and the carrying amount of the subsidiaries’ net assets during actual disposal or acquisition	1	-
	$ 51,331	$ 43,620

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

c. Retained earnings and dividend policy

According to the Company’s revised Articles of Incorporation, effective on June 14, 2013, the following shall be appropriated from the annual net income (less any deficit):

1) 10% thereof as legal reserve;

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

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

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

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

For the years ended December 31, 2014 and 2013, the bonus to employees was $26,156 thousand and $23,431 thousand, respectively, and the remuneration to directors and supervisors was $18,683 thousand and $16,736 thousand, respectively. The bonus to employees was 1.4% and the remuneration to directors and supervisors was 1% of the net income for the respective years, minus the legal reserve to be appropriated. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the financial statements are authorized for issue, the differences are recorded as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the fair value of the shares. For the calculation of the number of shares, the fair value of the shares refer to the closing price (after considering the effect of cash and stock dividends) of the shares on the day immediately preceding the shareholders' meeting.

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

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

The appropriations of earnings bonus to employees and remuneration to directors and supervisors for 2013 and 2012 had been approved in the shareholders' meetings on June 18, 2014 and June 14, 2013, respectively. The appropriations, dividends per share, bonus to employees and remuneration to directors and supervisors were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Years Ended December 31		**For the Years Ended December 31**	
	2013	**2012**	**2013**	**2012**
Legal reserve	$ 185,958	$ 223,806		
Cash dividends	1,057,811	1,149,794	$ 1.6	$ 2.0
Stock dividends	595,019	862,346	0.9	1.5

	For the Years Ended December 31	
	2013	**2012**
Bonus to employees - cash	$ 23,431	$ 28,200
Remuneration of directors and supervisors	16,736	20,143

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standards in the Republic of China ("ROC GAAP").

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings in Jun 18, 2014 and Jun14, 2013 and the amounts recognized in the parent company only financial statements for the years ended December 31, 2013 and 2012, respectively.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other equity items

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

	For the Years Ended December 31	
	2014	**2013**
Balance at January 1	$ 229,160	$ 34,912
Exchange differences arising on translating the financial statement of foreign operations	305,236	236,193
Income tax related to gains arising on translating the financial statement of foreign operations	(51,890)	(40,154)
Disposal of share of exchange difference of associates accounted for using equity method	-	(2,158)
Income tax related to disposal of share of exchange difference of associates accounted for using equity method	-	367
Balance at December 31	$ 482,506	$ 229,160

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

	For the Years Ended December 31	
	2014	**2013**
Balance at January 1	$ 10,787	$ 21,665
Unrealized gain (loss) on revaluation of available-for-sale financial assets	(1,001)	3,930
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(333)	(1,615)
Share of unrealized gain (loss) on revaluation of available-for-sale financial assets of subsidiaries accounted for using the equity method	(6,293)	(16,283)
Income tax related to share of unrealized gain on revaluation of available-for-sale financial asset of subsidiaries accounted for using equity method	872	3,090
Balance at December 31	$ 4,032	$ 10,787

e. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2013	4,190
Increase during the year	629
Number of shares at December 31, 2013	4,819
Increase during the year	433
Number of shares at December 31, 2014	5,252

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
December 31, 2014			
Chang Hui	5,252	$ 21,182	$ 367,655
December 31, 2013			
Chang Hui	4,819	$ 21,182	$ 448,167

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

23. NET PROFIT

Net Profit

a. Other income

	For the Years Ended December 31	
	2014	2013
Operating lease rental income		
Investment properties	$ 2,160	$ 3,240
Interest income		
Bank deposits	21,801	17,737
Repurchase agreements collateralized by bonds	2,979	2,201
	24,780	19,938
Dividends	2,155	7,101
	$ 29,095	$ 30,279

b. Other gains and losses

	For the Years Ended December 31	
	2014	2013
Gain/(loss) on disposal of property, plant and equipment	$ (963)	$ 426
Gain on disposal available-for-sale financial assets	333	1,615
Gain on disposal of associates	-	578
Net foreign exchange gains	18,799	23,927
Impairment loss arising on financial assets measured at cost	(17,473)	(15,190)
Others	23,844	73,035
	$ 24,540	$ 84,391

c. Finance costs

	For the Years Ended December 31	
	2014	2013
Interest on bank loans	$ 177	$ 1,031
Interest on obligations under finance leases	66	108
Total interest expense on financial liabilities measured at amortized cost	243	1,139
Less: Amounts included in the cost of qualifying assets	(72)	(210)
	$ 171	$ 929

Information about capitalized interest was as follows:

	For the Years Ended December 31	
	2014	2013
Capitalized interest	$ 72	$ 210
Capitalization rate	1.130%-1.134%	1.093%-1.121%

d. Impairment loss on financial assets

	For the Years Ended December 31	
	2014	2013
Trade receivables	$ 109	$ 282
Financial assets measured at cost	17,473	15,190
	$ 17,582	$ 15,472

e. Depreciation and amortization

	For the Years Ended December 31	
	2014	2013
Property, plant and equipment	$ 133,393	$ 119,045
Investment properties	415	416
Intangible assets (included in operating costs/operating expense)	8,883	14,315
Others	13,671	10,313
	$ 156,362	$ 144,089
Depreciation expenses		
Operating costs	$ 96,855	$ 81,609
Operating expenses	36,538	37,436
Non-operating income and expense	415	416
	$ 133,808	$ 119,461
Amortization expenses		
Operating costs	$ 7,966	$ 9,291
Selling and marketing expenses	6,096	2,522
General and administrative expenses	8,218	12,815
Research and development expenses	274	-
	$ 22,554	$ 24,628

f. Operating expenses directly related to investment properties

	For the Years Ended December 31	
	2014	2013
Direct operating expenses of investment properties that generated rental income	$ 277	$ 416
Direct operating expenses of investment properties that did not generated rental income	138	-
	$ 415	$ 416

g Employee benefits expense

	For the Years Ended December 31	
	2014	2013
Post-employment benefits (see Note 21)		
Defined contribution plans	$ 24,416	$ 23,092
Defined benefit plans	7,723	6,112
	32,139	29,204
Termination benefits	2,040	1,303
Other employee benefits	836,225	783,448
Total employee benefits expense	$ 870,404	$ 813,955

(Continued)

	For the Years Ended December 31	
	2014	2013
Summary by function		
Operating costs	$ 429,663	$ 390,509
Operating expenses	440,741	423,446
	$ 870,404	$ 813,955

(Concluded)

h. Gain or loss on foreign currency exchange

	For the Years Ended December 31	
	2014	2013
Foreign exchange gains	$ 147,581	$ 56,507
Foreign exchange losses	(128,782)	(32,580)
Net gains	$ 18,799	$ 23,927

i Impairment losses on non-financial assets

	For the Years Ended December 31	
	2014	2013
Inventories (included in operating costs)	$ 12,373	$ 11,648

24. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Years Ended December 31	
	2014	2013
Current tax		
In respect of the current year	$ 360,006	$ 341,970
Income tax expense of unappropriated earnings	-	212
In respect of prior periods	(3,799)	4,875
	356,207	347,057
Deferred tax		
In respect of the current year	20,788	749
Income tax expense recognized in profit or loss	$ 376,995	$ 347,806

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

	For the Years Ended December 31	
	2014	2013
Profit before tax	$ 2,452,846	$ 2,207,388
Income tax expense calculated at the statutory rate	$ 416,984	$ 375,256
Nondeductible expenses in determining taxable income	6,509	9,402
Tax-exempt income	(42,699)	(41,939)
Additional income tax on unappropriated earnings	-	212
Adjustments for prior years' tax	(3,799)	4,875
Income tax expense recognized in profit or loss	$ 376,995	$ 347,806

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

As the status of 2015 appropriations of earnings is uncertain, the potential income tax consequences of 2014 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Years Ended December 31	
	2014	2013
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 51,890	$ 40,154
Actuarial gains and losses on defined benefit plan	(4,325)	(4,244)
Share of other comprehensive income of subsidiaries and associates	(872)	(3,090)
	46,963	32,820
Arising on income and expenses reclassified from equity to profit or loss:		
On disposal of exchange difference of associates	-	(367)
Total income tax recognized in other comprehensive income	$ 46,693	$ 32,453

c. Current tax assets and liabilities

	December 31	
	2014	2013
Current tax assets		
Tax refund receivable	$ 31,500	$ -
Current tax liabilities		
Income tax payable	$ 183,377	$ 107,503

d. Deferred tax assets and liabilities

For the year ended December 31, 2014

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

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Loss on foreign investment	$ 212,794	$ 2,842	$ -	$ 215,636
Defined benefit obligation	19,150	64	4,244	23,458
Deferred sales return and allowance	5,911	(201)	-	5,710
Allowance for inventory loss	3,074	1,980	-	5,054
Available-for-sale financial assets	-	-	44	44
Others	9,122	(2,561)	-	6,561
	$ 250,051	$ 2,124	$ 4,288	$ 256,463

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Reverse for land value increment tax	$ 33,685	$ -	$ -	$ 33,685
Exchange difference on foreign operations	7,151	-	39,787	46,938
Available-for-sale financial assets	3,046	-	(3,046)	-
Others	-	2,873	-	2,873
	$ 43,882	$ 2,873	$ 36,741	$ 83,496

(Concluded)

e. Information about tax-exemption

As of December 31, 2014, profits attributable to the following expansion projects were exempted from income tax for a five-year period:

Expansion Project	Tax-exemption Period
Expansion of 2009	From 2011 to 2015

f. Integrated income tax

	December 31	
	2014	2013
Unappropriated earnings		
Generated after January 1, 1998	$ 2,540,559	$ 2,326,179
Imputation credit accounts	$ 287,751	$ 355,688

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company are calculated based on the creditable ratio as of the date of dividend distribution. Because the Company is unable to predict the amount of the imputation credits to be transferred from investees before the dividend distribution date, the creditable ratio for distribution of earnings of 2014 can not be reasonably estimated. The creditable ratio for distribution of earnings of 2013 was 22.77%.

g. Income tax assessments

The tax returns through 2010 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 11, 2014. This adjustment caused the basic and diluted after-tax earnings per share for the year ended December 31, 2013 to decrease from $2.83 to $2.60 both.

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

Net Profit for the Year

	For the Years Ended December 31	
	2014	**2013**
Profit for the period attributable to owners of the Company	$ 2,075,851	$ 1,859,582
Effect of potentially dilutive ordinary shares:		
Bonus issue to employees	-	-
Earnings used in the computation of diluted earnings per share	$ 2,075,851	$ 1,859,582

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

	For the Years Ended December 31	
	2014	**2013**
Weighted average number of ordinary shares in computation of basic earnings per share	715,382	715,382
Effect of potentially dilutive ordinary shares:		
Bonus issue to employees	520	448
Weighted average number of ordinary shares used in the computation of diluted earnings per share	715,902	715,830

If the Company has the option to settle bonuses paid to employees in cash or shares, the Company assumes the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

26. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

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

The above transactions was accounted for as equity transactions, since the Company did not cease to have control over the subsidiary. For details about the acquisition of Standard Beverage Company Limited, please refer to Note 30 to the consolidated financial statements for the year ended December 31, 2014.

27. OPERATING LEASE ARRANGEMENTS

a. The Company as lessee

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

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

	December 31	
	2014	2013
Not later than 1 year	$ 21,717	$ 18,317
Later than 1 year and not later than 5 years	21,811	5,239
	$ 43,528	$ 23,556

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

	For the Years Ended December 31	
	2014	2013
Minimum lease payment	$ 27,632	$ 26,055

b. The Company as lessor

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

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

	December 31	
	2014	2013
Not later than 1 year	$ 3,240	$ 1,350
Later than 1 year and not later than 5 years	1,080	-
	$ 4,320	$ 1,350

28. CAPITAL MANAGEMENT

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

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value measurements recognized in the Company's balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2014

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

December 31, 2013

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Listed shares				
Equity securities	$ 18,699	$ -	$ -	$ 18,699
Mutual funds	13,001	-	-	13,001
	$ 31,700	$ -	$ -	$ 31,700

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2014 and 2013.

2) Valuation techniques and assumptions applied for the purpose of measuring fair value

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

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

b) The fair values of other financial assets and financial liabilities (excluding those described above) were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. Categories of financial instruments

	December 31	
	2014	2013
Financial assets		
Loans and receivables (1)	$ 2,977,627	$ 3,009,897
Available-for-sale financial assets (2)	100,409	128,963
Financial liabilities		
Amortized cost (3)	1,018,300	960,304

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

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

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

c. Financial risk management objectives and policies

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

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

a) Foreign currency risk

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

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

Sensitivity analysis

The Company was mainly exposed to the RMB and USD.

The following table details the Company's sensitivity to a 3% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A change of 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 3% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars weakening 3% against the relevant currency. For a 3% strengthening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	RMB		**USD**	
	For the Years Ended December 31		**For the Years Ended December 31**	
	2014	**2013**	**2014**	**2013**
Profit or loss	$ 7,436 (i)	$ 13,541 (i)	$ 169 (ii)	$ 867 (ii)

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

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

The Company's sensitivity about foreign currency decreased during the current year mainly due to the decrease in RMB and USD bank deposits, and decrease in RMB debt investments with no active market.

b) Interest rate risk

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

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

	December 31	
	2014	**2013**
Fair value interest rate risk		
Financial assets	$ 990,533	$ 946,752
Financial liabilities	657	1,415
Cash flow interest rate risk		
Financial assets	73,500	-

Sensitivity analysis

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

If interest rates had been 1% basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2014 and 2013 would decrease/increase by $735 thousand and zero, respectively.

The Company's sensitivity to interest rates increased during the current year mainly due to the increase in variable rate deposits.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2014 and 2013 would increase/decrease by $243 thousand and $317 thousand, respectively, as a result of the changes in fair value of available-for-sale shares.

The Company's sensitivity to prices decreased during the current year mainly due to the disposal in available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could be the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

The Company's concentration of credit risk of 76% and 74% in total trade receivables as of December 31, 2014 and 2013, respectively, was related to the Company's four largest customers.

3) Liquidity risk

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

The Company had available unutilized bank loan facilities in the amounts of $2,913,064 thousand and $2,487,465 thousand as of December 31, 2014 and 2013, respectively.

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

December 31, 2014

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

December 31, 2013

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 79,832	$ 159,665	$ 718,492	$ 900
Finance lease liabilities	73	146	604	685
	$ 79,905	$ 159,811	$ 719,096	$ 1,585

30. TRANSACTIONS WITH RELATED PARTIES

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

a. Sales of goods

Line Items	Related Party Categories	For the Years Ended December 31 2014	2013
Sales	Subsidiaries	$ 1,171,351	$ 1,092,091

Sales to related parties were conducted on normal commercial terms.

b. Purchases of goods

Related Party Categories	For the Years Ended December 31 2014	2013
Subsidiaries	$ 762,316	$ 721,552

Purchases from related parties were conducted on normal commercial terms.

c. Receivables from related parties (excluding loans to related parties)

Line Items	Related Party Categories	December 31 2014	December 31 2013
Trade receivables	Subsidiaries	$ 133,940	$ 104,049
Other receivables	Subsidiaries	2,742	2,120
		$ 136,682	$ 106,169

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2014 and 2013, no impairment loss was recognized on receivables from related parties.

d. Property, plant and equipment disposed of

Related Party Categories	Proceeds 2014	Proceeds 2013	Gain (Loss) on Disposal 2014	Gain (Loss) on Disposal 2013
Subsidiaries	$ 3,095	$ 1,108	$ (158)	$ 16

e. Other transactions with related parties

Line Items	Related Party Categories	December 31 2014	December 31 2013
Royalty revenues	Subsidiaries	$ 3,104	$ 2,659

f. Compensation of key management personnel

	For the Years Ended December 31 2014	For the Years Ended December 31 2013
Short-term employee benefits	$ 22,984	$ 21,642
Post-employment benefits	783	717
	$ 23,767	$ 22,359

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31 2014	December 31 2013
Properties, plant and equipment	$ 242,227	$ 256,594

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2014 were as follows:

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

b. Unused letters of credit of approximately US$570 thousand.

c. Commitments for purchase of properties of approximately $47,000 thousand.

33. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On March 24, 2015, the board of directors of the Company determined the investment projects in mainland China. The Company will invest US$30,200 thousand in Cayman Standard, and Cayman Standard will invest US$30,200 thousand in Hong Kong Standard. Hong Kong Standard will invest to establish Shanghai Le Ho Industrial Co., Ltd. and Shanghai Le Mi Industrial Co., Ltd. for US$18,600 thousand and US$11,600 thousand, respectively.

34. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 501	31.65 (USD:NTD)	$ 15,872
RMB	48,679	5.09 (RMB:NTD)	247,874
EUR	1	38.47 (EUR:NTD)	33
AUD	12	25.91 (AUD:NTD)	303
			$ 264,082
Non-monetary items			
USD	1,227	31.65 (USD:NTD)	$ 38,834
Financial liabilities			
Monetary items			
USD	323	31.65 (USD:NTD)	$ 10,232
EUR	471	38.47 (EUR:NTD)	18,104
AUD	379	25.91 (AUD:NTD)	9,812
			$ 38,148

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 1,030	29.81 (USD:NTD)	$ 30,692
RMB	91,761	4.92 (RMB:NTD)	451,372
EUR	1	41.09 (EUR:NTD)	34
AUD	5,781	26.59 (AUD:NTD)	153,686
			$ 635,784
Non-monetary items			
USD	1,895	29.81 (USD:NTD)	$ 56,486
Financial liabilities			
Monetary items			
USD	60	29.81 (USD:NTD)	$ 1,798
EUR	482	41.09 (EUR:NTD)	19,808
AUD	704	26.59 (AUD:NTD)	18,713
			$ 40,319

35. ADDITIONAL DISCLOSURES

a. Financings provided: Please see Table 1 attached;

b. Endorsement/guarantee provided: Please see Table 2 attached;

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

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

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

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

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

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

i. Information about the derivative financial instruments transaction: Please see Table 7 attached;

j. Names, locations, and related information of investees over which the Company exercises significant influence: Please see Table 8 attached;

k. Information on investment in Mainland China

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

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please see Table 10 attached.

Financial Report and consolidated financial statements

Affiliates Consolidated Financial Statements

The companies that are to be included in the Company's 2014 (January 1, 2014 ~ December 31, 2014) affiliates consolidated financial statements in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are same as the companies to be included in the preparation of the consolidated financial statements of the parent company and subsidiaries in accordance with International Accounting Standards No. 27; also, the information to be disclosed in the affiliates consolidated financial statements are already disclosed in the consolidated financial statements of the parent company and subsidiaries; therefore, Affiliates Consolidated Financial Statements will not be prepared separately.

Sincerely yours,

Company: Standard Foods Corporation

Chairman: Ter-Fung Tsao

March 24, 2015

V. Financial difficulties of the company and related party in the current year and up to the printing of the annual report: None.

Seven. REVIEW OF FINANCIAL POSITION, MANAGEMENT PERFORMANCE, AND RISK MANAGEMENT

I. Financial position

Comparative financial analysis Unit: NTD Thousand

Item \ Date	As of December 31, 2013	As of December 31, 2014	Difference	
			Amount	%
Current Assets	11,644,056	13,501,577	1,857,521	16
Property, Plant and Equipment	3,085,188	3,691,574	606,386	20
Intangible Assets	5,288	7,504	2,216	42
Other Assets	1,167,892	940,694	(227,198)	(19)
Total Assets	15,902,424	18,141,349	2,238,925	14
Current Liabilities	4,771,995	5,659,720	887,725	19
Noncurrent Liabilities	286,185	378,442	92,257	32
Total Liabilities	5,058,180	6,038,162	979,982	19
Equity attributable to owners of the parent	10,705,823	11,955,482	1,249,659	12
Capital Stock	6,611,319	7,206,338	595,019	9
Capital Surplus	43,620	51,331	7,711	18
Retained Earnings	3,832,119	4,232,457	400,338	10
Other equity	239,947	486,538	246,591	103
Treasury Stock	(21,182)	(21,182)	0	0
Non-controlling interest	138,421	147,705	9,284	7
Total equity	10,844,244	12,103,187	1,258,943	12

Remark:

1. Current assets in 2014 increased mainly because of the cash increase from the growth of subsidiaries in mainland China and the increase in A/R and stock.
2. The increase in property, plant, and equipment in 2014 was mainly due to the plant completion and production line increase of subsidiaries in mainland China.
3. The reduction in other assets in 2014 was mainly due to the reduction in prepaid equipment of subsidiaries in mainland China..
4. Current liabilities in 2014 increased mainly because of the sales growth of subsidiaries in mainland China resulting in the increase in short-term revolving loans from banks and the increase in bills payable, accounts payable, and fees payable.
5. Retained earnings increased in 2014 mainly because the annual net profit increased in 2014.
6. The increase of other equity in 2014 was mainly due to the appreciation of exchange rate of RMB against NT dollar, causing the exchange difference in the conversion of figures in the financial statements of foreign operations to go up.

II. Financial performance

(I) Comparative analysis of operational results

Unit: NT$ Thousand

Item \ Fiscal year	2013	2014	Increase (decrease) amount	Increase (decrease)
Sales revenue	20,379,206	21,800,013	1,420,807	7
Gross Profit	5,655,886	6,222,406	566,520	10
Operating Income	1,997,306	2,457,158	459,852	23
Non-operating Income/expense	250,971	112,867	(138,104)	(55)
Earnings before tax	2,248,277	2,570,025	321,748	14
Income tax expense	385,422	479,665	94,243	24
Net income from continuing operations	1,862,855	2,090,360	227,505	12
Loss from discontinued operations	-	-	-	-
Net income (loss)	1,862,855	2,090,360	227,505	12
Other comprehensive profit and loss for the period (Net amount after tax)	159,561	223,874	64,313	40
Current comprehensive income/loss	2,022,416	2,314,234	291,818	14

Analysis of financial ratio change:

1. The increase in operating gross profit in 2014 was mainly due to the steady growth of the operating income of this Company and the continuing growth of subsidiaries in mainland China as a result of the active market expansion strategy and effective costing.
2. The increase in operating income in 2014 was mainly due to the continuing growth of subsidiaries in mainland China.
3. The decrease of non-operating income and expenses in 2014 was mainly due to the reduction in gains from foreign exchange and loss on valuation of financial asset resulting from exchange rate volatility.
4. Net income before tax, net income from continuing operations, net income, and total comprehensive income increased in 2014 was mainly due to the increase in operating profit (please refer to Note 2 for the root cause of increase in operating profit).

(II) Potential impact on and significant change of the future business operations of the Company: None

III. Analysis of Cash Flows

(I) Cash Flow Analysis of the Current Year

Unit: NT$ Thousand

Cash and Cash Equivalents Beginning of the Year (1)	Net Cash Inflows From Operating Activities during the year (2)	Other Cash Outflows (3) Note	Cash Surplus (Deficit) (1)+(2)- (3)	Remedy for Cash Shortfall	
				Investing Plans	Financing Plans
1,359,032	2,112,108	1,479,582	1,991,558	N/A	N/A

1. Operating activities: Current Net cash inflow was NT$2,112,108,000 mainly due to an increase in operating profit.
2. Investing activities: The current net cash outflow was NT$568,644,000 mainly due to the purchase of real estate, factory buildings, and equipment..
3. The net cash outflow was NT$986,139,000 mainly due to the payment of cash dividends.

Note: It includes the effect of exchange rate on cash and cash equivalents.

(II) Corrective action for insufficient liquidity and liquidity analysis

1. No insufficient liquidity occurred for the year.
2. Analysis of liquidity over the past two years

Fiscal year / Item	2013 (1)	2014 (2)	Increase (decrease) (2)-(1) / (1)
Cash flow ratio	32.87	37.31	13.5%
Cash flow adequacy ratio	116.39	117.18	0.68%
Cash reinvestment ratio	3.08	6.89	123.7%
Analysis of financial ratio change: 1. Cash re-investments increased in 2014 was mainly due to overall profit increase in 2014, which also increased cash flow in business activities.			

(III) Forecast of cash liquidity for the next fiscal year

Unit: NT$ Thousand

Cash and Cash Equivalents Beginning of the Year (1)	Net Cash Inflows From Operating Activities during the year (2)	Other Cash Outflows (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Remedy for Cash Shortfall	
				Investing Plans	Financing Plans
1,991,558	1,596,040	1,675,421	1,912,177	N/A	N/A

1. **Cash Flow Analysis for the Next Fiscal Year**
   (1) **Sales activities:** Estimated cash inflows were the results of estimated operating profit..
   (2) **Investment activities:** It was mainly due to the increase of property, plant, and equipment, and the investment in available-for-sale financial assets.
   (3) **Investment activities:** Mainly due to cash dividend distribution
2. **Corrective action for insufficient cash liquidity and liquidity analysis:** N/A.

IV. Impact of major capital expenditure on finance and business in the current year.

(I) Major capital expenditure and the funding sources of the year

Unit: NT$ Thousand

Projects Item	Actual or Expected Sources of Capital	Actual or Expected Dates of Completion	Total Capital Needed	Actual or expected capital expenditures			
				2014	2015	2016	2017
Procurement of machinery, transportation and office equipment and computer software; betterment projects for premises and buildings	Self-sufficient capital	2015	870,000	666,000	204,000	-	-

(II) Expected effectiveness from expansion plans:

1. **Expected increase in production and sales volume, value and gross profit:** Annual production and sales quantity and value increased by 1% and gross profit by 0.75%.
2. **Other effects:** Allocate the limited resources optimally to reduce costs and improve efficiency. Also, integrate the enterprise's operational system so the management may access accurate information for decision-making in a timely manner.

V. Reasons and remedial plans for investment gain or loss occurred in the current year and the investment plan for the next year

Unit: NT$ Thousand

Item \ Remark	2014 income (loss) amount	Policies	Reasons for gain or loss	Remedial plans	Investment plan in one year
Shanghai Standard Foods Co.	98,540	Investment is focusing on the food-related industry to build brand name, increase market share in China, and increase profit sources.	Steady sales growth and rising capacity utilization.	Continue to enhance the development of new products, integrate resources, and expand sales to improve efficiency.	No defined investment plan is made so far as it will evolve based on future market development.
Standard Dairy Products Taiwan Ltd.	188,385	Focus on the product development and sales of food-related industry for increasing market share and generating profits.	Stable sales growth and high production capacity utilization.	Grasp the pulse of the market, continue to develop new products to meet customer needs with innovative ideas, and manage costs and expenses to maintain profits.	No defined investment plan is made so far.
Standard Investment (China) Ltd.	70,033	Established as Standard Food Group's investment and sales head office in China to expand sales from the local market and generate profits.	Steady sales growth and rising capacity utilization.	Initiates focused marketing by market segmentation, optimizing product structure, and expanding marginal contribution.	Depends on future changes in market demand to enhance multi-channel development and improve competitive advantages.
Standard Foods (China) Ltd.	21,341	Establish as the production base for edible oil and nutritious food products.	Steady sales growth and rising capacity utilization.	Expand product lines to fully utilize production capacity and reduce fixed cost amortization.	Continue to implement relevant product expansion plans.

VI. Risk Management in the most recent year and up to the printing of the annual report:

(I) The impact of interest rates, foreign exchange rates, and inflation on the Company’s profit and loss and the remedial measures:

1. Interest rate: Interest rate risk arises primarily from bank loans. The 2014 bank loan interest expense amounted to 0.9% of the net income before tax; therefore, interest rate changes have little effect on Standard Foods’s profit or loss. In prospect, the Company will continue to monitor the movement of interest rates and will reduce interest rate risk by adjusting the position of assets and liabilities.

2. Exchange rate: As most ingredients were imported overseas, any change in the exchange rate will affect profitability. In 2014 gains from foreign exchange was 0.44% of net income before tax. In addition to establishing clear operational strategies and strict risk control processes, Standard Foods will cope with changes in the spot exchange rate to timely adjust foreign exchange operating strategies in order to avoid exchange risk.

3. Inflation: The Directorate-General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan announced on February 16, 2015 the 2015 CPI forecast at 0.26%, the lowest since 2009 and significantly lower than the five-year average at 1.26%. According to the latest forecast of China Information Center on January 6, 2015, China's CPI in 2015 is only 1.5%, suggesting that inflation will bring no significant impact on the Standard Foods's' profitability and business operations.

(ll) High-risk investments, highly-leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby, and response measures to be taken in the future:

The Company did not engage in any high-risk and high-leverage investment in 2014. However, the subsidiaries in China had used futures contract to hedge risk that was resulted from price fluctuation of raw material. Futures contract is applied to hedge the risk arising from price fluctuations of raw material, but it cannot completely eliminate the risk of price fluctuations.

Loaning of company funds in 2014 all went to subsidiaries directly or indirectly owned by the Company as revolving capital. No company fund was lent to non-affiliates of Standard Foods.

In 2014 Standard Foods provided endorsements and guarantees only for subsidiaries directly or indirectly owned by the Company as guaranty for loan credit and no endorsement or guarantee was provided for non-affiliates of Standard Foods .

(III) Major factor to impact research projects and the expected research expenditures in the future:

Research projects	Completion	Expected research expenditure in the future	Expected completion time	Major factors to impact future success
The research and development of health foods	Completed 7.4%	NT$17,540 thousand	Q4 2015	Product development and clinical test result

(IV) The impact of changes in domestic and foreign policy and law on the Company's financial operations and the response measures: The Legislative Yuan passed on January 20, 2015 the Act Governing Food Safety and Sanitation to specify that food businesses shall voluntarily accept the audit of third-party verification authorities and further define the independence and impartiality of third-party verification authorities. Standard Foodss will uphold its "quality and safety" commitment to continuously control the quality of each part of food production processes and optimize supply chain management to ensure eating health and prioritize food health for consumers.

(V) The impact of technological change on the Company's financial operations and the response measures: Standard Foods values the importance of technological development and industrial changes; also, has always been committed to the use of information technology, such as, introducing ERP, setting up the Group's video conferencing systems, setting up network telephone and the Group's employee internet management systems, and human resources management system in order to reduce cost and enhance the competitiveness of the Company with a positive and effective use of information technology.

(VI) Impact of changes in corporate image on business crisis management and response measures: Standard Foods believes in repaying society in multiple ways, in addition to making donations or sponsoring the activities of educational, charitable and minority groups from time to time, product quality and safety are also closely monitored. The Company has obtained GMP Good Manufacturing Practice, CAS Premium Agricultural Products and ISO22000 Food Safety and Health Certification, and the long-lasting trust of consumers.

(VII) Expected benefits or risks and responsive measures associated with merger and acquisition plans: None.

(VIII) The expected effect and possible risk of plant expansion and the response measures: The Company is mainly to continue having the existing old product line and equipment replaced with new ones in order to improve productivity and quality. Standard Foods (China) Ltd., a subsidiary, is conducting the planned production lines expansion for taking advantage of the convenient geographic proximity to have the regional resources integrated in order to reduce product and transportation cost. The construction of other product lines will be promoted subsequently in response to the sales demand of Standards Foods in China, to further expand sales scale, and to improve operational performance in China; therefore, there should be no risk expected.

(IX) Risk of centralized purchase or sales, and the response measures: The major individual vendor of Standard Foods is for less than 10% of the total purchase amount in 2014. In addition, Company A was the major sales customer for 15.8% of the net sales. The rest of the sales customers were for less than 10% of the total sales; therefore, there was no centralized purchase or sales.

(X) The impact, risk and response measures of material shares transfers or conversions by directors, supervisors, or major shareholders with over 10% shareholdings: None.

(XI) The impact of changes in the company's operation rights, risk and response measures: None.

(XII) The risk of the finalized or pending major litigation, non-litigation, or administrative disputes involving the company and its directors, supervisors, President, person-in-charge, shareholders with over 10% shareholdings, and subsidiaries significantly affecting shareholder equity or security price: None.

(XIII) Other important risks and responsive measures:

1. Risk management policy:
   Standard Foods' risk management policy is to establish risk identification, to measure, monitor and control risk management mechanisms, to structure an overall risk management system, and promote an appropriate risk management-oriented business model in order to achieve business goals and enhance shareholder value.
   For the risks of business marketing, production operations, human resources planning, new product development and financial accounting controls faced by Standard Foods' operations, in addition to the original specification of the system and process, the Company has also developed advanced supervision, assessment and risk control procedures and standards. These take into account safety and efficiency and establish a more cost-effective business model, strengthening the establishment of information systems and enhancing monitoring capabilities.
2. Organizational structure for risk management:
   Standard Foods has a risk response organization setup that is stratified according to organizational units and managed by the President, with the responsible unit of each center designated to promote business risk management.

(1) Financial risk, liquidity risk, credit risk, and legal risk: The Finance & Accounting and Compliance units are responsible for strategy formation and enforcement. In addition, they analyze and assess the responsive measures adopted for changes in laws, policies, and market development, which are audited and monitored though the risk assessment by the auditing unit.
(2) Market risk: The department heads of Standard Foods are to have strategies formed and enforced in accordance with the job responsibilities. In addition, they analyze and assess the responsive measures for changes in laws, policies, and market development.
(3) Internal Auditing unit: It is under the direct administration of the Board of Directors. It regulates the Company's risk assessment and control operating procedures to help complete the overall risk management action plans. In addition, it also applies a risk assessment and audit model to examine high risk items that affect the goal achievement of the Company and affiliated companies; also manages an internal control system to increase the value of the organization and improve management and operational risk.

VII. Other Important Matters: None.

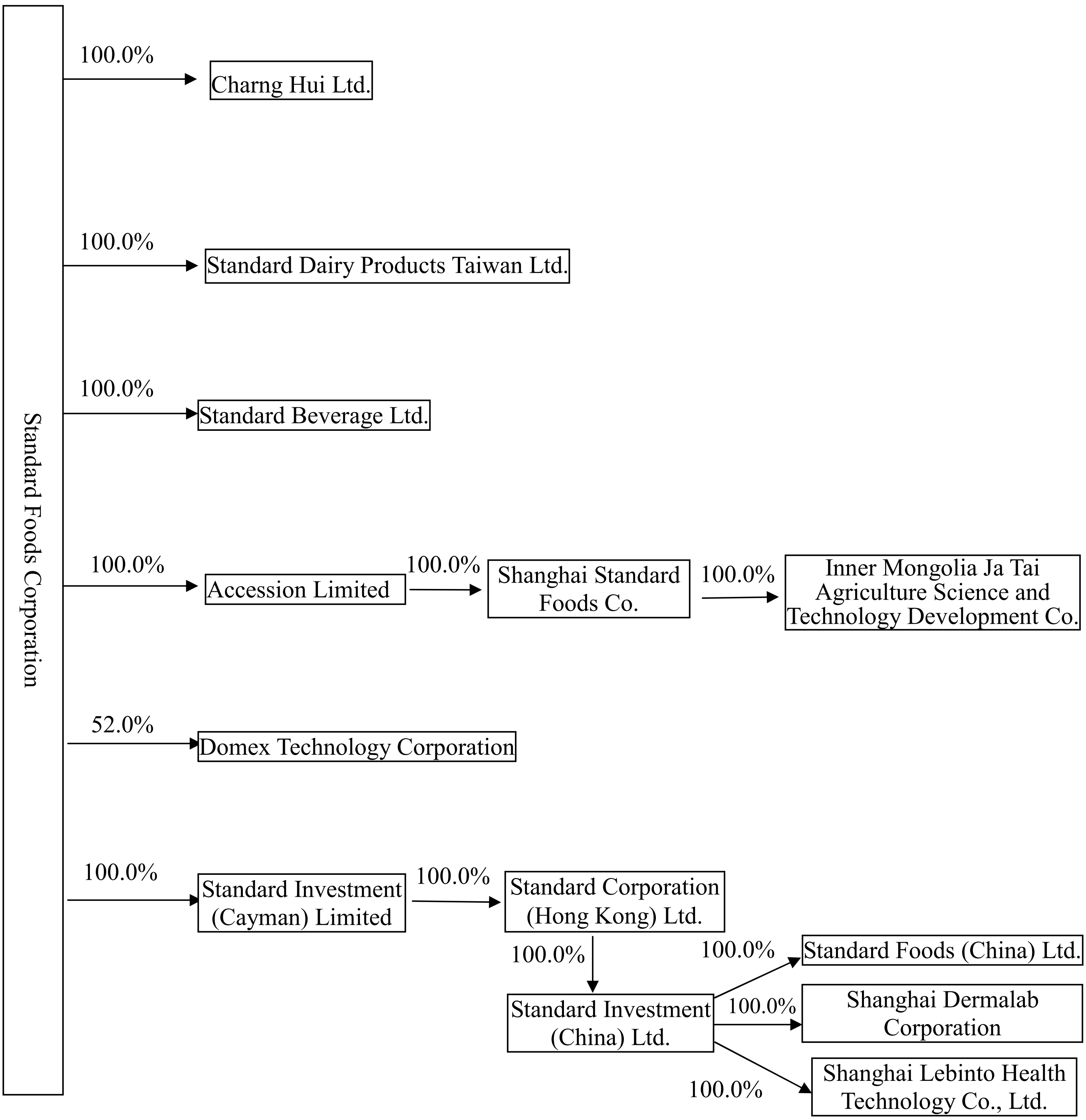
Eight. Special disclosures

I. Related parties

(I) Consolidated business report of the related parties

1. 2014 consolidated business report of the related parties

(1) Organizational chart of the related parties



(2) Related party information

Unit: NTD Thousand, unless otherwise stated

Corporation	Date of Establishment	Address	Total paid-in capital	Major business or products
Standard Dairy Products Taiwan Ltd.	April 16, 1999	5F., No.136, Sec. 3, Ren’ai Rd., Da’an Dist., Taipei City	300,000	Production and sales of dairy products and beverage
Standard Beverage Ltd.	March 24, 1998	5F., No.136, Sec. 3, Ren’ai Rd., Da’an Dist., Taipei City	79,070	Production and sales of beverages
Charng Hui Ltd.	April 28, 1997	5F., No.136, Sec. 3, Ren’ai Rd., Da’an Dist., Taipei City	541,000	Investment
Domex Technology Corporation	July 30, 1986	No.6, Hsinan Road, Hsinchu Science Industrial Park, Hsinchu City	199,471	Manufacture and sale of computer peripherals and computer appliances
Accession Limited	May 17, 2000	Portcullis TrustNet Chambers, P. O. Box 3444, Road Town, Tortola, British Virgin Islands	US$123,600 thousand	Investment
Shanghai Standard Foods Co.	September 11, 2001	No.1128, Wuzhong Road, Shanghai, China	US$124,500 thousand	Production and sales of edible oil and nutritious products
Inner Mongolia Ja Tai Agriculture Science and Technology Development Co.	May 28, 2008	Mon-New Industrial Park, Din-Kou County, Inner Mongolia, China	RMB 20,000 thousand	Farming and produce wholesale and retailing
Standard Investment (Cayman) Limited	August 05, 2011	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands	US$66,396 thousand	Investment
Standard Corporation (Hong Kong) Ltd.	August 30, 2011	Room 1004, AXA Centre, No.151 Gloucester Road, Wanchai, Hong Kong	US$66,371 thousand	Investment
Standard Investment (China) Ltd.	December 26, 2011	No. 88, Shanghai E. Rd., Economy and Technology Development District (New District), Taicang Port	US$66,348 thousand	Investments/selling of cooking oil and nutriments
Standard Foods (China) Ltd.	January 21, 2012	No. 88, Dalian W. Rd., Economy and Technology Development District (New District), Taicang Port	US$55,000 thousand	Making and selling cooking oil and nutriments
Shanghai Dermalab Corporation	July 25, 2014	79 Aona Road, Room 3005, Level 3, Block 1, Shanghai Free-Trade Zone	RMB500 thousand	Sales of nutrition foods and import/export trade.
Shanghai Lebinto Health Technology Co., Ltd.	December 2, 2014	688 Beiqing Highway, Room A302, Minxing District, Shanghai City	RMB10,000 thousand	Sales of nutrition foods and import/export trade.

(3) Shareholders of the Company who are also the shareholders of the wholly owned subsidiaries or the subsidiaries: None.

(4) The division of business operations of affiliated companies and the related business of the affiliated companies: Standard Foods Corporation and its affiliated companies are principally engaged in food industry, trade, investment, and computer peripherals, equipment and IT product manufacturing. The milk and flavored milk of Standard Foods Corporation are sold to Standard Dairy Products Taiwan Ltd. and then to the market. Standard Diary Products Taiwan Ltd. sell its cereal beverages and Quaker Complete Nutrition Food to Standard Foods Corporation to re-sell them to over companies. The beverages of Standard Beverage Ltd. are sold to Standard Foods Corporation and then to the market. The sunflower seeds of Inner Mongolia Jiatai Agriculture Technology Co. are sold to Shanghai Standard Foods Co. as the raw material for edible oil. Standard Investment (China) Ltd. sells edible oil products that are purchased from Shanghai Standard Foods

Co. Ltd. for resale. Standard Foods (China) Ltd. manufactures edible oil factory for Shanghai Standard Foods Co. Ltd. Shanghai Dermalab Corporation and Shanghai Lebinto Health Technology Co., Ltd. sell nutrition foods and engage in import/export trade.

(5) Director, Supervisor and President of the related party

Corporation	Title	Name or Representative	Shareholding	
			Shares (Invested capital)	Shareholding ratio (Capital investment ratio)
Standard Dairy Products Taiwan Ltd.	Director	Standard Foods Corporation Representative: Ter-Fung Tsao Glendy Chiang Larry Chung	30,000,000 share	100.00%
	Supervisor	Standard Foods Corporation Representative: Sophia Huang	30,000,000 share	100.00%
	President	Chris Hong	–	–
Standard Beverage Ltd.	Director	Standard Foods Corporation Representative: Ter-Fung Tsao Glendy Chiang Larry Chung	7,907,000 share	100.00%
	Supervisor	Standard Foods Corporation Representative: Sophia Huang	7,907,000 share	100.00%
Charng Hui Ltd.	Director	Standard Foods Corporation Representative: Larry Chung Wendy Tsao Smart Hsu	54,100,000 share	100.00%
	Supervisor	Standard Foods Corporation Representative: Sophia Huang	54,100,000 share	100.00%
Domex Technology Corporation	Director	Standard Foods Corporation Representative: Ter-Fung Tsao Chun-Hsin Ku Larry Chung	10,374,399 share	52.01%
	Supervisor	Sophia Huang	3,794 shares	0.02%
	President	Chun-Hsin Ku	542,513 shares	2.72%
Accession Limited	Director	Ter-Fung Tsao	– Standard Foods Corporation holds 123,600,000 shares.	– 100.00%
Standard Investment (Cayman) Limited	Director	Ter-Fung Tsao	– 66,396,296 shares held by Standard Foods Corporation	– 100.00%

Corporation	Title	Name or Representative	Shareholding	
			Shares (Invested capital)	Shareholding ratio (Capital investment ratio)
Standard Corporation (Hong Kong) Ltd.	Director	Ter-Fung Tsao	— 66,371,296 shares held by Standard Investment (Cayman) Limited	— 100.00%
Shanghai Standard Foods Co.	Chairman Director Director Director Director	Jason Hsuan Ter-Fung Tsao Glendy Chiang Larry Chung Arthur Tsao	— — — — — US$ 124,500 thousand founded through Accession Limited	— — — — — 100.00%
	Supervisor	Chris Hong	—	—
	President	Arthur Tsao	—	—
Inner Mongolia Ja Tai Agriculture Science and Technology Development Co.	Director	Ter-Fung Tsao	— RMB$ 20,000 thousand founded through Shanghai Standard Foods Co.	— 100.00%
Standard Investment (China) Ltd.	Chairman Director Director Director Director Director	Jason Hsuan Ter-Fung Tsao Glendy Chiang Larry Chung Arthur Tsao Tom A. Chien	— — — — — — US$ 66,348 thousand founded through Standard Corporation (Hong Kong) Limited	— — — — — — 100.00%
	Supervisor	Chris Hong	—	—
	President	Arthur Tsao	—	—

Corporation	Title	Name or Representative	Shareholding	
			Shares (Invested capital)	Shareholding ratio (Capital investment ratio)
Standard Foods (China) Ltd.	Chairman Director Director Director Director Director	Jason Hsuan Ter-Fung Tsao Glendy Chiang Larry Chung Arthur Tsao Tom A. Chien	– – – – – – US$55,000thousand founded through Standard Investment (China) Ltd.	– – – – – – 100.00%
	Supervisor	Chris Hong	–	–
	President	Arthur Tsao	–	–
Shanghai Dermalab Corporation	Chairman Director Director	Arthur Tsao Mchael Chen Kelly Yao	– – – Founded by Standard Investment (China) Ltd. with CNY500 thousand	– – – 100%
	Supervisor	Wei-lun Tang		
	President	Arthur Tsao		
Shanghai Lebinto Health Technology Co., Ltd.	Chairman Director Director Director	Jian-zheng Xuan Arthur Tsao Kelly Yao Young Wang	– – – – Founded by Standard Investment (China) Ltd. with CNY10,000 thousand	– – – – 100%
	Supervisor	Wei-lun Tang		
	President	Arthur Tsao		

(6) Operational highlights of affiliated companies

Unit: NT$ Thousand

Corporation	Stock capital	Total Assets	Total Liabilities	Net worth	Sales revenue	Operating Income (loss)	Net income (loss)	Earnings per share ($) (after-tax)
Standard Dairy Products Taiwan Ltd.	300,000	1,036,729	472,531	564,198	2,428,700	220,969	188,385	6.28
Standard Beverage Ltd.	79,070	80,389	1,022	79,367	6,916	(432)	746	0.09
Charng Hui Ltd.	541,000	931,665	100	931,565	426,118	12,946	14,836	0.27
Domex Technology Corporation	199,471	623,728	315,945	307,783	464,812	15,651	30,163	1.51
Accession Limited	3,930,777	3,563,082	88	3,562,994	0	(419)	111,907	0.91
Shanghai Standard Foods Co.	3,980,795	5,628,975	2,595,705	3,033,270	9,159,880	71,793	94,785	(Note 1)
Inner Mongolia Ja Tai Agriculture Science and Technology Development Co.	92,235	7,171	76	7,095	5,115	(1,793)	(2,337)	(Note 1)
Standard investment (Cayman) Limited	1,990,385	2,089,143	31	2,089,112	0	(167)	69,690	1.33
Standard Corporation (Hong Kong) Ltd.	1,989,635	2,088,790	93	2,088,697	0	(186)	69,853	1.33
Standard Investment (China) Ltd.	1,983,278	4,372,292	2,284,695	2,087,597	6,297,204	83,694	70,033	(Note 1)
Standard Foods (China) Ltd.	1,631,668	1,927,565	149,646	1,777,919	564,880	18,518	21,341	(Note 1)
Shanghai Dermalab Corporation	2,471	2,588	0	2,588	0	0	1	(Note 1)
Shanghai Lebinto Health Technology Co., Ltd.	50,885	51,724	0	51,724	0	0	0	(Note 1)

Note 1: The Company held no stock share.

(II) Consolidated financial statements of the related parties:
Same as the consolidated financial statements of the parent company and the subsidiary. Please refer to pp 90~151 for the 2014 financial statements.

(III) Relationship report of the related parties:
N/A.

II. Private subscription of marketable security in the most recent years and up to the printing of the annual report:

N/A.

III. The stock shares of the Company held or disposed of by the subsidiary in the most recent years and up to the printing of the annual report:

Unit: NTD Thousand; Shares; %

Name of Subsidiary	Total paid-in capital	Fund source	Shareholding ratio of the Company	Date of acquisition or disposition	Shares and amount acquired	Shares and amount disposed	Investment gain (loss)	Shareholdings & amount up to the printing date of the annual report	Under pledge	Endorsement amount made for the subsidiary	Amount loaned to the subsidiary
Charng Hui Ltd.	541,000	Self-sufficient capital	100%	2000	Bought 166,000 shares for NT$4,938 thousand	-	-	5,252,215 shares NT$21,182 thousand	-	-	-
				2000	9,960 shares from stock dividend	-	-				
				2001	Bought 2,163,000 shares for NT$16,244 thousand	-	-				
				2009	11,694 shares from stock dividend	-	-				
				2010	352,598 shares from stock dividend	-	-				
				2011	675,813 shares from stock dividend	-	-				
				2012	810,975 shares from stock dividend	-	-				
				2013	628,506 shares from stock dividend	-	-				
				2014	433,669 shares from stock dividend						
				By the report publishing date this year							

IV. Other disclosures:

(I) Provision for asset and liability impairments

1. Accounts receivable allowance for doubtful accounts

   Purpose: To assess the risk of accounts and notes receivables collection, the impairment of assets is assessed and appropriated in accordance with the collection experience of the customers and the collection rate derived from a depreciation analysis of each sample group.

   Provision basis:

   (1) Recording allowance for bad debt:

   1.1 The Company may classify the accounts and notes receivable account by the number of transactions or by the credit limit of each customer in accordance with the internal accounts receivable management mechanism:

   A. The Company classifies all the uncollected transactions at the closing date of the fiscal year into different groups and assesses the impairment amount for each uncollected transaction and group.

   B. The Company divided the aforementioned groups further into four categories based on the risk features.

   1.2. Three customer categories:

   A. General accounts: The impairment amount is assessed through the recovery rates of each account age for individual account and channel group.

   B. Special accounts: These are the invested subsidiaries under Standard Foods Group. No bad debt provision will be made out of receivables owed by these accounts.

   C. Insolvent accounts: Assess the collectable amount according to the collaterals placed by the customers and set up a separate bad-debt provision ratio to make the provision.

   1.3 Accounting Department adjusts “Bad Debt Allowance” according to the asset impairment amounts derived as above.

   (2) Write-off of bad debt allowance:

   2.1. Bad debt determination:

   A. Receivables are deemed not collectable in part or in full due to insolvency, settlement, bankruptcy declaration or other reasons.

   B. Outstanding principal or interests that are due for more than two years and the efforts of collection have failed.

   2.2. Write-off:

   A. Upon the occurrence of loss from bad debt, the supporting documents are to be submitted to make the write-off, according to Article #94 of “Guidelines for Examination of Profit-Seeking Enterprise Income Tax”.

   B. When writing off bad debts, the allowance account shall be reduced accordingly in the year the bad debt is determined. If the actual bad debt is larger than the allowance balance, the discrepancy shall be recorded as bad debt loss for the year.

2. Allowance for loss on inventories

   Inventories consist of raw materials, packing materials, work-in-process, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price under normal course of business net of the estimated cost needed to complete the project and estimate cost needed to make the sale after completion. Inventory cost is calculated in accordance with the weighted average method.

(II) Key Performance Indicator (KPI): Standard Foods' ' KPI includes Finance KPI and Non-Finance KPI. In addition to examining the finance KPI of sales revenue, debt ratio, business cycle, return on equity, and earnings per share within the industry periodically, non-finance KPI are set to understand Standard Foods'' competitive advantages and industry momentum.

(III) Licenses or certificates acquired by financial personnel:

1. Republic of China (CPA): 4 persons.
2. CMA: 1 person.
3. Certified internal auditor (CIA): 1 person.

V. The impacts to shareholders' equity or security price due to events defined in Securities Transaction Law Article #36.3.2 on in the current recent year and up to the printing of the annual report: None.

Standard Foods Corporation

President: Ter-Fung Tsao

儒風 RU FON 承印 (02) 2225-1430