POYA INTERNATIONAL CO., LTD

FINANCIAL STATEMENTS AND REPORT OF

INDEPENDENT ACCOUNTANTS

December 31, 2013 AND 2012

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Poya International Co., Ltd.

We have audited the accompanying balance sheets of Poya International Co., Ltd. as of December 31, 2013, December 31, 2012, and January 1, 2012, and the related statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2013 and 2012. 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 the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those 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 Poya International Co., Ltd. as of December 31, 2013, December 31, 2012 and January 1, 2012, and its financial performance and cash flows for the years ended December 31, 2013 and 2012 in conformity with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

Republic of China

March 17, 2014

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

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

POYA INTERNATIONAL CO., LTD
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2013 AMOUNT	%	December 31, 2012 AMOUNT	%	January 1, 2012 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 700,491	18	$ 478,948	15	$ 450,586	15
1150	Notes receivable, net		7,299	-	9,520	-	979	-
1170	Accounts receivable, net	6(2)	288,163	7	229,536	7	159,707	5
1200	Other receivables		7,439	-	9,693	-	1,449	-
130X	Inventories	5(2) and 6(3)	1,417,479	36	1,327,328	41	1,310,986	43
1410	Prepayments		39,300	1	51,172	2	61,869	2
11XX	**Total Current Assets**		2,460,171	62	2,106,197	65	1,985,576	65
	Non-current assets							
1600	Property, plant and equipment	6(4)(19)	1,299,689	33	885,032	27	886,128	29
1840	Deferred income tax assets	6(16)	9,515	-	10,700	-	8,257	-
1920	Refundable deposits	6(18)	127,030	3	114,404	4	104,910	4
1985	Long-term prepaid rents		89,094	2	118,641	4	37,358	1
1990	Other non-current assets		12,877	-	12,968	-	15,604	1
15XX	**Total Non-current assets**		1,538,205	38	1,141,745	35	1,052,257	35
1XXX	**Total Assets**		$ 3,998,376	100	$ 3,247,942	100	$ 3,037,833	100

(Continued)

POYA INTERNATIONAL CO., LTD
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2013 AMOUNT	%	December 31, 2012 AMOUNT	%	January 1, 2012 AMOUNT	%
	Current liabilities							
2150	Notes payable	6(19)	$ 313,973	8	$ 282,987	9	$ 277,416	9
2170	Accounts payable	6(19)	656,943	17	557,916	17	548,426	18
2200	Other payables		409,454	10	269,523	8	257,140	9
2230	Current income tax liabilities	6(16)	72,599	2	54,806	2	39,426	2
2310	Receipts in advance		14,677	-	13,443	1	6,486	-
2320	Long-term liabilities, current portion	6(5)	238,391	6	124,957	4	127,100	4
2399	Other current liabilities		10,782	-	12,912	-	8,839	-
21XX	**Total Current Liabilities**		1,716,819	43	1,316,544	41	1,264,833	42
	Non-current liabilities							
2540	Long-term borrowings	6(5)	249,362	6	118,489	4	122,099	4
2570	Deferred income tax liabilities	6(16)	-	-	1,798	-	1,722	-
2640	Accrued pension liabilities	5(2) and 6(6)	7,781	-	14,715	-	10,220	-
2645	Guarantee deposits received		3,118	-	2,718	-	1,818	-
25XX	**Total Non-current Liabilities**		260,261	6	137,720	4	135,859	4
2XXX	**Total Liabilities**		1,977,080	49	1,454,264	45	1,400,692	46
	Equity							
	Share capital							
3110	Common stock	6(7)	929,073	23	916,267	28	900,867	30
3200	Capital surplus	6(7)(8)	346,318	9	309,961	9	285,357	9
	Retained earnings	6(7)(9)(16)						
3310	Legal reserve		228,493	6	185,168	6	151,532	5
3350	Unappropriated retained earnings		517,412	13	382,282	12	299,385	10
3XXX	**Total equity**		2,021,296	51	1,793,678	55	1,637,141	54
	Contingent Liabilities and Commitments	6(18) and 9						
	Total liabilities and equity		$ 3,998,376	100	$ 3,247,942	100	$ 3,037,833	100

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

POYA INTERNATIONAL CO., LTD
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for basic and diluted earnings per share)

			Year ended December 31			
			2013		2012	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	6(10)	$ 7,249,459	100	$ 6,272,815	100
5000	**Operating costs**	6(3)	(4,374,265)	(60)	(3,906,418)	(62)
5900	**Net operating margin**		2,875,194	40	2,366,397	38
	Operating expenses	6(6)(14)(15)(18) and 7				
6100	Selling expenses		(1,842,597)	(26)	(1,637,788)	(26)
6200	General & administrative expenses		(435,952)	(6)	(279,695)	(5)
6000	**Total operating expenses**		(2,278,549)	(32)	(1,917,483)	(31)
6900	**Operating profit**		596,645	8	448,914	7
	Non-operating income and expenses					
7010	Other income	6(11)	86,531	1	68,992	1
7020	Other gains and losses	6(12)	(4,274)	-	(1,607)	-
7050	Finance costs	6(4)(13)	(4,571)	-	(2,551)	-
7000	**Total non-operating income and expenses**		77,686	1	64,834	1
7900	**Profit before income tax**		674,331	9	513,748	8
7950	Income tax expense	6(16)	(115,479)	(1)	(87,577)	(1)
8200	**Profit for the year**		$ 558,852	8	$ 426,171	7
8360	Actuarial gain (loss) on defined benefit plans	6(6)	$ 5,344	-	($ 6,199)	-
8399	Income tax relating to the components of other comprehensive income	6(16)	(908)	-	1,054	-
8300	**Other comprehensive income for the year**		$ 4,436	-	($ 5,145)	-
8500	**Total comprehensive income for the year**		$ 563,288	8	$ 421,026	7
	Basic earnings per share(in dollars)	6(17)				
9750	**Net income**		$ 6.03		$ 4.62	
	Diluted earnings per share(in dollars)	6(17)				
9850	**Net income**		$ 6.01		$ 4.59	

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

POYA INTERNATIONAL CO., LTD
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings: Legal reserve	Retained Earnings: Unappropriated retained earnings	Total equity
For the year ended December 31, 2012						
Balance at January 1, 2012		$ 900,867	$ 285,357	$ 151,532	$ 299,385	$ 1,637,141
Distribution of 2011 net income(Note):						
Legal reserve		-	-	33,636	(33,636)	-
Cash dividends	6(9)	-	-	-	(295,484)	(295,484)
Stock dividends	6(9)	9,009	-	-	(9,009)	-
Employees' stock bonus	6(7)	6,391	24,604	-	-	30,995
Net income for the year ended December 31,2012		-	-	-	426,171	426,171
Other comprehensive income for the year December 31,2012		-	-	-	(5,145)	(5,145)
Balance at December 31, 2012		$ 916,267	$ 309,961	$ 185,168	$ 382,282	$ 1,793,678
For the year ended December 31, 2013						
Balance at January 1, 2013		$ 916,267	$ 309,961	$ 185,168	$ 382,282	$ 1,793,678
Distribution of 2012 net income(Note):						
Legal reserve		-	-	43,325	(43,325)	-
Cash dividends	6(9)	-	-	-	(375,670)	(375,670)
Stock dividends	6(9)	9,163	-	-	(9,163)	-
Employees' stock bonus	6(7)(9)	3,643	36,357	-	-	40,000
Net income for the year ended December 31,2013		-	-	-	558,852	558,852
Other comprehensive income for the year December 31,2013		-	-	-	4,436	4,436
Balance at December 31, 2013		$ 929,073	$ 346,318	$ 228,493	$ 517,412	$ 2,021,296

(Note) The employees' bonuses were $31,000 ($5 were paid in cash) and $40,000, and the directors' and supervisors' remuneration were $4,800 and $4,800 in 2011 and 2012, respectively, which had been deducted from net income for the years.

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

POYA INTERNATIONAL CO., LTD
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 674,331	$ 513,748
Adjustments to reconcile net income to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(4)(14)	238,453	206,575
Gain from disposal of property, plant and equipment	6(12)	-	(896)
Interest expense	6(13)	4,900	3,436
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		2,221	(8,541)
Accounts receivable		(58,627)	(69,829)
Other receivables		2,254	(8,244)
Inventories		(90,151)	(16,342)
Prepayments		11,872	10,697
Net changes in liabilities relating to operating activities			
Notes payables		30,986	6,567
Accounts payable		99,027	9,490
Other payables		92,260	58,382
Receipts in advance		1,234	6,957
Other current liabilities		(2,130)	4,073
Accrued pension liabilities		(1,590)	(1,704)
Cash provided by generated from operations		1,005,040	714,369
Interest paid		(4,571)	(2,551)
Income tax paid		(99,207)	(73,510)
Net cash provided by operating activities		901,262	638,308
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(19)	(565,439)	(222,830)
Interest payments for acquisition of property, plant and equipment	6(4)(13)(19)	(329)	(885)
Proceeds from disposal of property, plant and equipment		-	2,252
Increase in refundable deposits		(12,626)	(9,494)
Decrease (increase) in long-term prepaid rents		29,547	(81,283)
Decrease in other non-current assets		91	2,636
Net cash used in investing activities		(548,756)	(309,604)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		430,000	130,009
Repayment of long-term borrowings		(185,693)	(135,762)
Increase in guarantee deposits received		400	900
Cash dividends paid		(375,670)	(295,484)
Cash paid for odd lots		-	(5)
Net cash used in financing activities		(130,963)	(300,342)
Increase in cash and cash equivalents		221,543	28,362
Cash and cash equivalents at beginning of year	6(1)	478,948	450,586
Cash and cash equivalents at end of year	6(1)	$ 700,491	$ 478,948

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

POYA INTERNATIONAL CO., LTD
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan Dollars, excepts otherwise indicated)

HISTORY AND ORGANIZATION

(1) Poya International Co., LTD (the “Company”) is incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in selling fashion accessories, arts and crafts, food, stationery and a variety of products.

(2) The common shares of the Company have been listed on the Gre Tai Securities Market since September 2002.

THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These financial statements were authorized for issuance by the Board of Directors on March 17, 2014.

APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

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

Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company.

IFRS 9, ‘Financial Instruments: Classification and measurement of financial assets’

1. The International Accounting Standards Board (“IASB”) published IFRS 9, ‘Financial Instruments’, in November, 2009, which will take effect on January 1, 2013 with early application permitted. (Through the amendments to IFRS 9 published on November 19, 2013, the IASB has removed the previous mandatory effective date, but the standard is available for immediate application) Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 (“IAS 39”), ‘Financial Instruments: Recognition and Measurement’ reissued in 2009.

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

3. The Company has not evaluated the overall effect of the IFRS 9 adoption. However, based on preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as ‘available-for-sale financial assets’ held by the Company, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be reported in other comprehensive income, and such amount that has been recognized in other comprehensive income should not be reclassified to profit or loss when such assets are derecognized. The Company did not recognize fair value changes in available-for-sale financial instruments in other comprehensive income for the year ended December 31, 2013.

IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparer received in IFRS 7, 'Financial Instruments: Disclosures' and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. First-time adopters are allowed to apply the derecognition requirements in IAS 39, 'Financial instruments: Recognition and measurement', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognize related gains on the date of transition to IFRSs.	July 1, 2011
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes—recovery of revalued non-depreciable assets'.	January 1, 2012
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the	July 1, 2012

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
	amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9, ‘Financial instruments’, and IAS 20, ‘Accounting for government grants and disclosure of government assistance’, prospectively to government loans that exist at the date of transition to IFRSs; and first-time adopters should not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant.	January 1, 2013
Improvements to IFRSs 2009-2011	Amendments to IFRS 1 and IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013
Disclosures - Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013
IFRS 10, ‘Consolidated financial statements’	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 11,‘Joint arrangements’	Judgments applied when assessing the types of joint arrangements-joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013
IFRS 12,‘Disclosure of interests in other entities’	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other Entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
IFRS 13, ‘Fair value measurement’	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013
IAS 19 revised, ‘Employee benefits’ (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past-service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expenses, is recognised in other comprehensive income.	January 1, 2013
IAS 27,‘Separate financial statements’ (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, ‘Consolidated financial statements’.	January 1, 2013
IAS 28,‘Investments in associates and joint ventures’ (as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11, ‘Joint arrangements’, IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
IFRIC 20, ‘Stripping costs in the production phase of a surface mine’	Stripping costs that meet certain criteria should be recognised as the ‘stripping activity asset’. To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with IAS 2, ‘Inventories’.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	November 19, 2013 (Not mandatory)
IFRS 9 "Financial assets: hedge accounting" and amendments to IFRS 9, IFRS 7 and IAS 39	1. IFRS 9 relaxes the requirements for hedged items and hedging instruments and removes the bright line of effectiveness to better align hedge accounting with the risk management activities of an entity. 2. An entity can elect to early adopt the requirement to recognise the changes in fair value attributable to changes in an entity's own credit risk from financial liabilities that are designated under the fair value option in 'other comprehensive income'.	November 19, 2013 (Not mandatory)
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit of loss instead of consolidating them.	January 1, 2014
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendments clarify the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of 'currently has a legally enforceable right to set off the recognised amounts'; and (ii) that some gross settlement mechanisms with certain features may be considered equivalent to net settlement.	January 1, 2014

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014
IFRIC 21, 'Levies'	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'.	January 1, 2014
Services related contributions from employees or third parties (amendments to IAS 19R)	The amendment allows contributions from employees or third parties that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.	July 1, 2014
Improvements to IFRSs 2010-2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.	July 1, 2014
Improvements to IFRSs 2011-2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	July 1, 2014

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

1. These financial statements are the first financial statements prepared by the Company in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

2. In the preparation of the balance sheet as of January 1, 2012 (the Company's date of transition to IFRSs), the Company has adjusted the amounts that were reported in the financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to IFRSs on the Company's financial position, financial performance and cash flows.

(2) Basis of preparation

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

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

   B. Defined benefit liabilities recognized based on the net amount of pension fund assets plus unrecognized past service cost and unrecognized actuarial losses, and less unrecognized actuarial gains and present value of defined benefit obligation.

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

(3) Foreign currency translation

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

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

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

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

4. In the statement of comprehensive income, all foreign exchange gains and losses related to borrowings and cash and cash equivalents are presented in “Other income” or “Finance costs”, while other foreign exchange gains and losses are presented in “Other gains and losses”.

(4) <u>Classification of current and non-current items</u>

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

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

   (2) Assets held mainly for trading purposes;

   (3) Assets that are expected to be realized within twelve months from the balance sheet date;

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

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

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

   (2) Liabilities arising mainly from trading activities;

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

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

(5) <u>Financial assets at fair value through profit or loss</u>

1. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term.

2. For regular way purchase or sale, financial assets at fair value through profit or loss are

recognized and derecognized using trade date accounting.

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

(6) Loans and receivables

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

(7) Inventories

1. Self-owned inventories: Inventories are initially recognised at cost and subsequently stated at the lower of cost and net realizable value.

2. Licensed income: The concessionaire recognised the full amount collected from customers as revenue while following criteria are met: (1) Concessionaire acts as a principal and provides goods or services to customers. (2) The Company earns a fixed amount or percentage of profits in the transaction. (3) Concessionaire assumes credit risks. The difference between the full amount collected from customers and the amount paid to concessionaire is recognised as licensed income by the Company. If the above are not met, the full amount collected from customers is recognised as revenue.

(8) Impairment of financial assets

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

2. The criteria that the Company uses to determine whether there is objective evidence of impairment loss is as follows:

   (1) Significant financial difficulty of the issuer or debtor;

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

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

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

(9) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(10) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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

3. Property, plant and equipment apply the cost model. Except for land, other property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.

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

Buildings	30 years
Transportation equipment	5 years
Office equipment	3~5 years
Leasehold improvement	2~15 years
Other equipment	5 years

(11) Leased assets/ leases (lessee)

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

(12) Impairment of non-financial assets

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

(13) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method. However, for short-term accounts payable without bearing interest, as the effect of discount is insignificant, they are measured subsequently at original invoice amount.

(14) Borrowings

1. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(15) Employee benefits

1. Short-term employee benefits

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

2. Pensions

   (1) Defined contribution plans

   For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

   (2) Defined benefit plans

   A. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in such corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

B. Actuarial gains and losses arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise, and presented in retained earnings.

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

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

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

(16) <u>Income tax</u>

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

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

3. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an

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

6. A deferred income tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures, to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(17) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(18) Revenue recognition

1. Revenue is measured at the fair value of the consideration received or receivable taking into account the value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods should be recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

2. The Company has customer loyalty programmes where the Company grants loyalty awards credits (such as 'points'; the award credits can be used to exchange for free or discounted goods) to customers as part of a sales transaction. The fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the initial sale of goods and the award credits. The amount of proceeds allocated to the award credits is measured by reference to the fair value of goods that can be redeemed by using the award credits and the proportion of award credits that are expected to be redeemed by customers. The Company recognizes the deferred portion of the proceeds allocated to the award credits are revenue only when it has fulfilled its obligations in respect of the award credits.

(19) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

(1) Critical judgments in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

1. Impairment assessment of tangible assets

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

2. Evaluation of inventories

(1) As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgments and estimates. Because of the change in market demand and the sales strategy, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

(2) As of December 31, 2013, the carrying amount of inventories was $1,417,479.

3. Calculation of accrued pension obligations

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

(2) As of December 31, 2013, the carrying amount of accrued pension obligations was $7,781. If the adopted discount rate used in the actuarial valuation had increased/decreased by 1%, the Company's accrued pension liabilities would decrease/increase by $8,073 and $9,988, respectively.

DETAILS OF SIGNIFICANT ACCOUNTS

(3) Cash and cash equivalents

	December 31, 2013	December 31, 2012	January 1, 2012
Cash:			
Cash on hand	$ 20,849	$ 17,410	$ 18,435
Checking deposits and demand deposits	679,642	461,538	432,151
	$ 700,491	$ 478,948	$ 450,586

1. The Company transacts with a variety of financial institutions all with high credit rankings to diversify credit risk, so it expects that the probability of counterparty default is remote. The Company's maximum exposure to credit risk at the balance sheet date is the carrying amount of all cash and cash equivalents.
2. The Company has no cash and cash equivalents pledged to others as of December 31, 2013, December 31, 2012 and January 1, 2012.

(4) Accounts receivable, net

	December 31, 2013	December 31, 2012	January 1, 2012
Accounts receivable	$ 288,163	$ 229,536	$ 159,707

1. The Company has no significant past due but not impaired accounts receivable.
2. As of December 31, 2013, December 31, 2012 and January 1, 2012, the Company's accounts receivable that are neither past due nor impaired are of good credit quality.
3. The maximum exposure to credit risk at December 31, 2013, December 31, 2012 and January 1, 2012 is the carrying amount of accounts receivable.
4. The Company did not pledge accounts receivable as collateral as of December 31, 2013, December 31, 2012 and January 1, 2012.

(5) Inventories

	December 31, 2013		
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	$ 1,417,479	$ -	$ 1,417,479

	December 31, 2012		
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	$ 1,327,328	$ -	$ 1,327,328

	January 1, 2012		
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	$ 1,310,986	$ -	$ 1,310,986

The costs of inventories recognised as expense were $4,374,265 and $3,906,418 for the years ended December 31, 2013 and 2012, respectively.

(6) Property, plant and equipment

	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvement	Other equipment	Construction in progress	Total
At January 1, 2013								
Cost	$ -	$ -	$ 12,832	$ 455,711	$ 1,010,799	$ 219,970	$ 17,994	$ 1,717,306
Accumulated depreciation	-	-	(5,773)	(237,339)	(478,993)	(110,169)	-	(832,274)
	$ -	$ -	$ 7,059	$ 218,372	$ 531,806	$ 109,801	$ 17,994	$ 885,032
2013								
At January 1, 2013	$ -	$ -	$ 7,059	$ 218,372	$ 531,806	$ 109,801	$ 17,994	$ 885,032
Additions	168,160	20,000	-	-	-	-	464,950	653,110
Reclassification	-	-	2,196	189,243	182,878	26,778	(401,095)	-
Depreciation charge	-	(222)	(2,350)	(89,586)	(114,283)	(32,012)	-	(238,453)
Disposal - Cost	-	-	(438)	(62,824)	(41,450)	(3,978)	-	(108,690)
Accumulated depreciation	-	-	438	62,824	41,450	3,978	-	108,690
At December 31, 2013	$ 168,160	$ 19,778	$ 6,905	$ 318,029	$ 600,401	$ 104,567	$ 81,849	$ 1,299,689
At December 31, 2013								
Cost	$ 168,160	$ 20,000	$ 14,590	$ 582,130	$ 1,152,227	$ 242,770	$ 81,849	$ 2,261,726
Accumulated depreciation	-	(222)	(7,685)	(264,101)	(551,826)	(138,203)	-	(962,037)
	$ 168,160	$ 19,778	$ 6,905	$ 318,029	$ 600,401	$ 104,567	$ 81,849	$ 1,299,689

	Transportation equipment	Office equipment	Leasehold improvement	Other equipment	Construction in progress	Total
At January 1, 2012						
Cost	$ 23,061	$ 429,133	$ 936,781	$ 195,948	$ 62,661	$ 1,647,584
Accumulated depreciation	(12,706)	(225,680)	(428,612)	(94,458)	-	(761,456)
	$ 10,355	$ 203,453	$ 508,169	$ 101,490	$ 62,661	$ 886,128
2012						
At January 1, 2012	$ 10,355	$ 203,453	$ 508,169	$ 101,490	$ 62,661	$ 886,128
Additions	-	3,323	381	326	202,805	206,835
Reclassification	922	80,220	130,648	35,682	(247,472)	-
Depreciation charge	(2,862)	(68,624)	(107,392)	(27,697)	-	(206,575)
Disposal - Cost	(11,151)	(56,965)	(57,011)	(11,986)	-	(137,113)
Accumulated depreciation	9,795	56,965	57,011	11,986	-	135,757
At December 31, 2012	$ 7,059	$ 218,372	$ 531,806	$ 109,801	$ 17,994	$ 885,032
At December 31, 2012						
Cost	$ 12,832	$ 455,711	$ 1,010,799	$ 219,970	$ 17,994	$ 1,717,306
Accumulated depreciation	(5,773)	(237,339)	(478,993)	(110,169)	-	(832,274)
	$ 7,059	$ 218,372	$ 531,806	$ 109,801	$ 17,994	$ 885,032

Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	For the years ended December 31,	
	2013	2012
Amount capitalized	$ 329	$ 885
Interest rate range	1.66%	1.68%

(7) Long-term borrowings

Nature	Borrowing period	Range of interest rates	Collateral	December 31, 2013
Long-term bank borrowings				
Unsecured bank borrowings	2011.8.24~2016.11.25	1.62%~1.80%	None	$ 487,753
Less: current portion of long-term borrowings				(238,391)
				$ 249,362

Nature	Borrowing period	Range of interest rates	Collateral	December 31, 2012
Long-term bank borrowings				
Unsecured bank borrowings	2010.5.11~2015.12.25	1.62%~1.88%	None	$ 243,446
Less: current portion of long-term borrowings				(124,957)
				$ 118,489

Nature	Borrowing period	Range of interest rates	Collateral	January 1, 2012
Long-term bank borrowings				
Unsecured bank borrowings	2010.5.11~2014.11.10	1.60%~1.97%	None	$ 249,199
Less: current portion of long-term borrowings				(127,100)
				$ 122,099

(8) Pensions

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

(2) The accrued pension liabilities recognised in the balance sheet are as follow:

	December 31, 2013	December 31 2012	January 1, 2012
Present value of funded obligations	($ 50,460)	($ 54,637)	($ 47,565)
Fair value of plan assets	42,679	39,922	37,345
Net liability in the balance sheet	($ 7,781)	($ 14,715)	($ 10,220)

(3) Changes in present value of funded obligations are as follows:

	For the years ended December 31,	
	2013	2012
At January 1	($ 54,637)	($ 47,565)
Current service cost	(450)	(367)
Interest expense	(819)	(832)
Actuarial profit or loss	5,446	(5,873)
At December 31	($ 50,460)	($ 54,637)

(4) Changes in fair value of plan assets are as follows:

	For the years ended December 31,	
	2013	2012
At January 1	$ 39,922	$ 37,345
Expected return on plan assets	599	654
Actuarial profit or loss	(102)	(326)
Employer contribution	2,260	2,249
At December 31	$ 42,679	$ 39,922

(5) Amounts of expenses recognised in comprehensive income are as follows:

	For the years ended December 31,	
	2013	2012
Service cost	$ 450	$ 367
Interest cost	819	832
Expected return on plan asset	(599)	(654)
Current pension Costs	$ 670	$ 545

Details of cost and expenses recognised in comprehensive income are as follows:

	For the years ended December 31,	
	2013	2012
Selling expenses	$ 332	$ 346
General and administrative expenses	338	199
	$ 670	$ 545

(6) Amounts recognised under other comprehensive income are as follows:

For the years ended December 31,

	2013	2012
Current period	$ 5,344	($ 6,199)
Accumulated amount	($ 855)	($ 6,199)

(7) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government.

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

Total actual return on plan assets were $497 and $328 for the years ended December 31, 2013 and 2012, respectively.

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

	2013	2012	2011
Discount rate	2.00%	1.50%	1.75%
Future salary increases	2.50%	2.50%	2.50%
Expected return on plan assets	2.00%	1.50%	1.75%

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

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

	2013	2012
Present value of defined benefit obligation	($ 50,460)	($ 54,637)
Fair value of plan assets	42,679	39,922
Deficit in the plan	($ 7,781)	($ 14,715)
Experience adjustments on plan liabilities	($ 722)	($ 2,970)
Experience adjustments on plan assets	($ 102)	$ 326

(10) Total contributions expected to be paid to the defined benefit pension plans of the Company within one year from December 31, 2013 is $2,259.

2. (1) Effective July 1, 2005, the Company has established a defined contribution pension plan (the

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

(2) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2013 and December 31, 2012 were $39,052 and $31,856, respectively.

(9) Share capital- Common stock

1. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	2013	2012
At January 1	$ 91,627	$ 90,087
Stock dividends	916	901
Exercised Employee stock bonuses	364	639
At December 31	$ 92,907	$ 91,627

2. The Board of Directors of the Company adopted a resolution to increase capital by issuing new shares through unappropriated retained earnings amounting to $9,009 and employees' bonus amounting to $31,000 on June 6, 2012. As approved by Financial Supervisory Commission, Executive Yuan and registered, the effective date of the capital increase was July 19, 2012. Of the amount of $31,000 employees' stock bonuses, 639 thousand shares was calculated based on the fair value per share at the preceding day of the shareholders' meeting held in the year following the financial reporting year, after taking into account the effects of ex-rights and ex-dividends. Amounts arising in excess of par value on issuance are classified as capital surplus at the effective date of capital increase.

3. After the event of capitalisation mentioned above, the Company's authorized total capital was $1,200,000 (including $20,000 reserved for employee stock options) and the paid-in capital was $916,267 (91,627 thousand shares) with par value of $10 (in dollars) per share.

4. The Board of Directors of the Company adopted a resolution to increase capital by issuing new shares through unappropriated retained earnings amounting to $9,163 and employees' bonus amounting to $40,000 on June 11, 2013. As approved by Financial Supervisory Commission, Executive Yuan and registered, the effective date of the capital increase was August 5, 2013. Of the amount of $40,000 employees' stock bonuses, 364 thousand shares was calculated based on the fair value per share at the preceding day of the shareholders' meeting held in the year following the financial reporting year, after taking into account the effects of ex-rights and ex-dividends. Amounts arising in excess of par value on issuance are classified as capital surplus at the effective date of capital increase.

5. After the event of capitalisation mentioned above, the Company's authorized total capital was $1,200,000 (including $20,000 reserved for employee stock options) and the paid-in capital was $929,073 (92,907 thousand shares) with par value of $10 (in dollars) per share.

(10) Capital Sueplus

Pursuant to the R.O.C. Company Act, capital reserves arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserves should not be used to offset accumulated deficit unless the legal reserve is used.

(11) Retained earnings

1. Since the Company operates in a volatile business environment and is in stable growth stage, the appropriation of earnings should consider fund requirements and capital budgets to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. According to the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution approved by Board of Directors and then approved at the shareholders' meeting. Of the amount to be distributed by the Company, employees' bonuses shall not be less than 0.1%; directors and supervisors' remuneration shall not exceed 6%. The remaining goes to stockholder dividends, with cash dividends being at least 1% of the total dividends. Amounts shall be distributed as stock dividends when the price per share of cash dividend is less than $0.5 (in dollars).

2. The legal reserve shall be exclusively used to offset accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

3. In accordance with the regulations, the Company shall set aside special reserve arising from the debit balance in other equity items at the balance sheet date before distributing earnings. When debit balance in other equity items is reversed subsequently, an equal amount could then be used for distribution.

4. For the years ended December 31, 2013 and December 31, 2012, employees' bonus and directors and supervisors' remuneration were accrued at $55,800 and $44,800, respectively, which were based on the after tax earnings of related periods, considering legal reserve calculated by the percentage prescribed under the Company's Articles of Incorporation. The actual amount approved at the shareholders' meeting for employees' bonus and directors and supervisors' remuneration for 2012 was $44,800, which was the same as the estimated amount recognised in the 2012 financial statements. The actual number of shares distributed as employees' bonus for the year ended December 31, 2012 was 364 thousand shares. Calculation basis of the shares was based on the share price of $115.

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

5. The Company recognised dividends distributed to owners amounted to $375,670 and $295,484

($4.10 and $3.28 dollars per share, respectively) for cash dividends; and $9,163 and $9,009 ($0.10 and $0.10 dollars per share, respectively) for stock dividends for the years ended December 31, 2013 and December 31, 2012, respectively. On March 17, 2014, the Board of Directors proposed that total dividend for the distribution of earning for the year of 2013 was $445,955 with $4.80 (in dollars) per share and $9,291 with $0.10 (in dollars) for cash and stock dividends, respectively.

(12) Operating revenue

	For the years ended December 31,	
	2013	2012
Merchandised sales	$ 7,145,284	$ 6,207,955
Licensed income	104,175	64,860
	$ 7,249,459	$ 6,272,815

(13) Other income

	For the years ended December 31,	
	2013	2012
Rental income	$ 11,020	$ 4,944
Interest income		
Bank interest income	1,625	1,490
Other income	73,886	62,558
	$ 86,531	$ 68,992

(14) Other gains and losses

	For the years ended December 31,	
	2013	2012
Gains from disposal of property, plant and equipment	$ -	$ 896
Gains on disposal of investments	9	35
Other losses	(4,283)	(2,538)
	($ 4,274)	($ 1,607)

(15) Finance costs

	For the years ended December 31,	
	2013	2012
Interest expense:		
Bank borrowings	$ 4,900	$ 3,436
Less: capitalization of qualifying assets	(329)	(885)
	$ 4,571	$ 2,551

(16) Expenses by nature

	For the years ended December 31,	
	2013	2012
	Operating expense	Operating expense
Employee benefit expenses	$ 997,526	$ 794,938
Depreciation	$ 238,453	$ 206,575

(17) Employee benefit expense

	For the years ended December 31,	
	2013	2012
	Operating expense	Operating expense
Wages and salaries	$ 838,976	$ 668,489
Labor and health insurance expenses	79,967	63,151
Pension costs	39,722	32,401
Other personnel expenses	38,861	30,897
	$ 997,526	$ 794,938

(18) Income tax

1. Income tax

(1) Component of income tax expense:

	For the years ended December 31,	
	2013	2012
Current income tax:		
Income tax expense incurred in current period	$ 114,040	$ 86,323
Adjustments in respect of prior years	(82)	(59)
Total current tax	113,958	86,264
Deferred income tax:		
Origination and reversal of temporary differences	1,521	1,313
Total deferred income tax	1,521	1,313
Income tax expense	$ 115,479	$ 87,577

(2) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2013	2012
Actuarial gains/(losses) on defined benefit obligations	($ 908)	$ 1,054

2. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31, 2013	2012
Income tax expense at the statutory tax rate	$ 114,636	$ 87,337
Effect of items that cannot be recognised for tax purpose according to the laws and regulations	416	299
Over provision of prior year income tax	(82)	(59)
10% tax on unappropriated earnings	509	-
Income tax expense	$ 115,479	$ 87,577

3. Amounts of deferred income tax assets or liabilities as a result of temporary differences, loss carryforwards and investment tax credits are as follows:

	For the year ended December 31, 2013			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred income tax assets:				
Unrealized expenses	$ 3,611	$ 2,154	$ -	$ 5,765
Pensions	4,894	(2,069)	(908)	1,917
Unearned revenue	2,195	(362)	-	1,833
	10,700	(277)	(908)	9,515
－Deferred income tax liabilities:				
Pensions	(1,798)	1,798	-	-
	(1,798)	1,798	-	-
	$ 8,902	$ 1,521	($ 908)	$ 9,515

	For the year ended December 31, 2012			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred income tax assets:				
Unrealized expenses	$ 2,700	$ 911	$ -	$ 3,611
Pensions	4,054	(214)	1,054	4,894
Unearned revenue	1,503	692	-	2,195
	8,257	1,389	1,054	10,700
－Deferred income tax liabilities:				
Pensions	(1,722)	(76)	-	(1,798)
	(1,722)	(76)	-	(1,798)
	$ 6,535	$ 1,313	$ 1,054	$ 8,902

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

5. Unappropriated retained earnings:

	December 31, 2013	December 31 2012	January 1, 2012
Earnings generated in and after 1997	$ -	$ 277	$ 277
Earnings generated in and after 1998	517,412	382,005	299,108
	$ 517,412	$ 382,282	$ 299,385

6. As of December 31, 2013, December 31, 2012 and January 1, 2012, the balance of the imputation tax credit account was $45,959, $34,326 and $30,095, respectively. As dividends were approved at the shareholders' meeting on June 11, 2013 and June 6, 2012 and with the dividend distribution date set on August 5, 2013 and July 19, 2012, by the Board of Directors, the creditable tax rates for the unappropriated retained earnings of 2012 and 2011 are 20.48% and 20.51%, respectively, and the creditable tax for 2013 is expected to be 20.48%. The creditable tax rate will be based on the actual imputation tax credit account on the distribution date for the earnings of 2013; thus, the credit account may be subject to appropriate adjustments as according to tax regulations.

(19) Earnings per share

	For the year ended December 31, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 558,852	$ 92,692	$ 6.03
Diluted earnings per share			
Profit attributable to ordinary shareholders	558,852	92,692	
Assumed conversion of all dilutive potential ordinary			
Employees' bonus	-	283	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 558,852	$ 92,975	$ 6.01

	For the year ended December 31, 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 426,171	$ 92,191	$ 4.62
Diluted earnings per share			
Profit attributable to ordinary shareholders	426,171	92,191	
Assumed conversion of all dilutive potential ordinary			
Employees' bonus	-	565	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 426,171	$ 92,756	$ 4.59

1. As the Company can choose to distribute employees' bonus in the form of shares, the calculation of diluted earnings per share is based on the assumption that the bonus would be issued in shares. When calculating the diluted EPS, those potential common shares that result in dilutive effect would be included in the calculation of the weighted-average outstanding common shares during the reporting period. When calculating the basic EPS, the weighted-average outstanding common shares during the reporting period is calculated based on the actual amount of shares distributed as employees' bonus under the resolution at the shareholder's meeting. In addition, since the employees' stock bonus is no longer regarded as a distribution of stock dividends, the Company did not adjust the effects on the basic and diluted earnings per shares retroactively.

2. The above mentioned weighted average number of ordinary shares outstanding to conversion has been adjusted to unappropriated retained earnings as proportional increase in capital for the year ended December 31, 2012.

(20) Operating leases

The Company has leases contracts with the key management and non-related parties. The lease terms are between 3 and 16 years. As of December 31, 2013, the amount of deposits paid, in line with the lease contracts was $122,064 and was classified as refundable deposits. The Company recognised rental expenses of $457,548 and $394,397 for these leases in profit or loss for the years ended December 31, 2013 and 2012, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2013	December 31 2012	January 1, 2012
Within 1 year	$ 495,820	$ 407,566	$ 383,713
Between 1 and 5 years	1,658,447	1,416,459	1,366,845
Over 5 years	1,584,562	1,225,287	1,094,491
	$ 3,738,829	$ 3,049,312	$ 2,845,049

(21) Non-cash transaction

1. Investing activities with partial cash payments:

	December 31, 2013	December 31, 2012
Purchase of property, plant and equipment	$ 653,110	$ 206,835
Add: Beginning balance of notes payables	-	996
Opening balance of payable on equipment (Other payables)	26,711	42,595
Less: Ending balance of payable on equipment (Other payables)	(114,053)	(26,711)
Capitalization of interest	(329)	(885)
Cash paid for acquisition of property, plant and equipment	$ 565,439	$ 222,830

2. Financing activities with no cash flow effect

	December 31, 2013	December 31, 2012
Transfers of employees' bonus for capitalisation	$ 40,000	$ 30,995

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

Rental expense

	Leased subject	Determination of rental	Payment method	For the years ended December 31, 2013	For the years ended December 31, 2012
Key management	Undergrounds~6F ., No.74, Sec. 3, Minzu Rd., West Central Dist., Tainan City 700.	Negotiation	Monthly payment	$ 3,000	$ 3,000

For details on operating lease agreements, please refer Note 6 (18).

(2) Key management compensation

	December 31, 2013	December 31, 2012
Salaries and other short-term employee benefits	$ 18,152	$ 17,752

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2013	December 31 2012	January 1, 2012
Property, plant and equipment	$ 43,412	$ 4,829	$ 31,845

B. For details on operating lease agreements, please refer Note 6 (18).

10. SIGNIFICANT DISASTER LOSS:

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE:

None.

12. OTHERS

i. Capital risk management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern, to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

ii. Financial Instrument

1. Fair value information of financial instruments

Except for items disclosed in the table below, the financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivable, notes payable, accounts payable, and other payables) are based on their book value as book value approximates to fair value. The fair value information of financial instruments measured at fair value is provided in Note 12. (3) Fair value estimation.

	December 31, 2013		December 31, 2012		January 1, 2012	
	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value
Financial assets:						
Refundable deposits	$ 127,030	$ 127,030	$ 114,404	$ 114,404	$ 104,910	$ 104,910
Financial liabilities:						
Long-term borrowings						
(Inclusive of current portion)	$ 487,753	$ 487,753	$ 243,446	$ 243,446	$ 249,199	$ 249,199
Guarantee deposits received	3,118	3,118	2,718	2,718	1,818	1,818
	$ 490,871	$ 490,871	$ 246,164	$ 246,164	$ 251,017	$ 251,017

2. Financial risk management policies

   The Company adopts an integrated risk management system to identify all risks (including market risk, credit risk, liquidity risk and cash flow risk) and to enable key management to measure and control all risks. The Company's objectives when managing market risk are achieving optimal risk exposure, maintaining appropriate liquidity and managing all market risks centrally by taking economic environment, competition and market risk effect into account.

3. Significant financial risks and degrees of financial risks

   (1) Market risk

      A. Foreign exchange risk

         Since the main trascations of the Company are dominated in NTD, the Company is not engaged in foreign exchange contracts. Therefore, the Company is not exposed to significant foreign exchage risk.

      B. Price risk

         The Company is not engaged in any financial instrument or derivatives investment hence is not exposed to price risk.

      C. Interest rate risk

         For the years ended December 31, 2013 and 2012, if interest rates on borrowings had been 10% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2013 and 2012 would have increased /decreased by $17 and $10, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

   (2) Credit risk

      A. Credit risk refers to the risk that the clients or counterparties of financial instruments will cause a financial loss for the Company by failing to discharge a contractual obligation. According to the Company's credit policy, managing and analysing the credit risk for each of new clients is required. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and outstanding receivables.

      B. For the credit rankings of the Company's financial assets, please refer to Note 6, Financial assets.

   (3) Liquidity risk

      A. Cash flow forecasting is performed by the Company. Company Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

B. The table below analyses the Company's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Notes payable	$ 313,973	$ -	$ -	$ -
Accounts payable	656,943	-	-	-
Other payables	409,454	-	-	-
Long-term borrowings (Including current portion)	238,391	167,986	81,376	-
Guarantee deposits received	-	3,118	-	-

December 31, 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Notes payable	$ 282,987	$ -	$ -	$ -
Accounts payable	557,916	-	-	-
Other payables	269,523	-	-	-
Long-term borrowings (Including current portion)	124,957	70,073	48,416	-
Guarantee deposits received	-	2,718	-	-

January 1, 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Notes payable	$ 277,416	$ -	$ -	$ -
Accounts payable	548,426	-	-	-
Other payables	257,140	-	-	-
Long-term borrowings (Including current portion)	127,100	91,065	31,034	-
Guarantee deposits received	-	1,818	-	-

iii. Fair value estimation

The Company was not engaged in fair value financial instruments as of December 31, 2013, December 31, 2012 and January 1, 2012.

SUPPLEMENTARY DISCLOSURES

A. Significant transaction information

(According to the current regulatory requirements, the Company was only required to disclose the information for the year ended December 31, 2013).

1. Loans to others: None.
2. Endorsements/guarantee provided: None.
3. Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): None.
4. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Derivative financial instruments undertaken during the year ended December 31, 2013: None.
10. Significant inter-company transactions during the year ended December 31, 2013: None.

B. Disclosure information of Investee Company

(Only information for the year ended December 31, 2013 was required to be disclosed)

None.

C. Disclosure of information on indirect investments in Mainland China

(Only information for the year ended December 31, 2013 was required to be disclosed)

As of December 31, 2013, the Company was not involved in any investments in Mainland China.

SEGMENT INFORMATION

A. General information

The Company operates business only in a single industry. The Company's chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

B. Measurement of segment information

The chief operating decision maker evaluates the performance of operating segments based on pre-tax income excluding non-recurring income and expenditure. The policy on segment reporting is consistent with the accounting policy covered in Note 6.

C. Information about segment profit or loss, assets

The segment information provided to the chief operating decision-maker for the reportable segments was as follows:

	For the years ended December 31,	
	2013	2012
	Retailing	Retailing
Segment revenue		
Revenue from external customers (net)	$ 7,249,459	$ 6,272,815
Depreciation	238,453	206,575
Segment pre-tax profits	674,331	513,748
Segment assets	3,998,376	3,247,942
Addition of non-current asset (excluding financial instrument and deferred tax assets)	653,110	288,118
Segment liabilities	1,977,080	1,454,264

1. Sales between segments were carried out at arm’s length. Measurement remained consistent with the revenue from the statements of other comprehensive income and the revenue from external parties reported to the chief operating decision maker.

   A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the years ended December 31, 2013 and 2012 is provided as follows:

	For the years ended December 31,	
	2013	2012
Reportable segments pre-tax profit and loss	$ 674,331	$ 513,748
Other	-	-
Profit before tax and continued operations	$ 674,331	$ 513,748

2. The assets provided to the chief operating decision maker adopts the same measurement for assets in the Company's financial report.

   A reconciliation of assets of reportable segment and total assets is as follow:

	For the years ended December 31,	
	2013	2012
Assets of reportable segments	$ 3,998,376	$ 3,247,942
Unallocated items	-	-
Total assets	$ 3,998,376	$ 3,247,942

3. The liabilities provided to the chief operating decision-maker with respect to total liabilities are measured in a manner consistent with that of the financial statement.

A reconciliation of liabilities of reportable segment and total liabilities is as follow:

	For the years ended December 31,	
	2013	2012
Liabilities of reportable segments	$ 1,977,080	$ 1,454,264
Unallocated items	-	-
Total liabilities	$ 1,977,080	$ 1,454,264

D. Information on products and services

The Company is in a single retail industry hence no disclosure is required.

E. Information on geographic area

As of and for the years ended December 31, 2013 and 2012, the information on geographic area is as follows:

	2013		2012	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 7,249,459	$ 1,528,690	$ 6,272,815	$ 1,131,045

F. Major customer information

In 2013 and 2012, no customers constituted more than 10% of the Company’s total revenue.

INITIAL APPLICATION OF IFRSs

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

A. Exemptions elected by the Company

i. Share-based payment transactions

The Company has elected not to apply the requirements in IFRS 2, ‘Share-based Payment’, retrospectively to equity instruments and liabilities that were vested and settled arising from share-based payment transactions prior to the transition date.

ii. Employee benefits

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

iii. Borrowing costs

The Company has elected to apply the transitional provisions in paragraphs 27 and 28 of IAS 23, ‘Borrowing Costs’, amended in 2007 and apply IAS 23 from the transition date.

B. Exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as it is not applicable to the Company.

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

IFRS 1 requires that entity should make reconciliation for equity, comprehensive income and cash flows for the comparative periods. The Company’s initial application of IFRSs has no significant effect on cash flows from operating activities, investing activities and financing activities. Reconciliation for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

1. Reconciliation for equity on January 1, 2012

	R.O.C. GAAP	Adjustments	IFRSs	Note
Current assets				
Cash and cash equivalents	$ 450,586	$ -	$ 450,586	-
Notes receivable, net	979	-	979	-
Accounts receivables, net	159,707	-	159,707	-
Other receivables	1,449	-	1,449	-
Inventory	1,310,986	-	1,310,986	-
Prepayments	75,495	(13,626)	61,869	(1)
Other current assets	73	(73)	-	(2)
Total current assets	1,999,275	(13,699)	1,985,576	
Non-current assets				
Property, plant and equipment	886,128	-	886,128	-
Deferred income tax assets	-	8,257	8,257	(1)(2)(3)(4)(5)
Refundable deposits	104,910	-	104,910	-
Long-term prepaid rents	37,358	-	37,358	-
Other non-current assets	15,604	-	15,604	-
Total Non-current assets	1,044,000	8,257	1,052,257	
Total assets	$ 3,043,275	($ 5,442)	$ 3,037,833	

	R.O.C. GAAP	Adjustments	IFRSs	Note
Current liabilities				
Notes payable	$ 277,416	$ -	$ 277,416	-
Accounts payable	548,426	-	548,426	-
Other payables	241,686	15,454	257,140	(3)(4)
Current income tax liabilities	39,426	-	39,426	-
Receipts in advance	6,486	-	6,486	-
Long-term liabilities, current portion	127,100	-	127,100	-
Other current liabilities-other	-	8,839	8,839	(5)
Total current liabilities	1,240,540	24,293	1,264,833	
Non-current liabilities				
Long-term borrowings	122,099	-	122,099	-
Deferred income tax liabilities	1,722	-	1,722	-
Accrued pension liabilities	-	10,220	10,220	(1)
Guarantee deposits received	1,818	-	1,818	-
Total non-current liabilities	125,639	10,220	135,859	
Total Liabilities	1,366,179	34,513	1,400,692	
Equity attributable to owners of the parent				
Share capital				
Common stock	900,867	-	900,867	-
Capital surplus	285,357	-	285,357	-
Retained earnings				
Legal reserve	151,532	-	151,532	-
Unappropriated retained earnings	339,340	(39,955)	299,385	(1)(3)(4)(5)
Total equity	1,677,096	(39,955)	1,637,141	
Total liabilities and equity	$ 3,043,275	($ 5,442)	$ 3,037,833	

2. Reconciliation for equity on December 31, 2012

	R.O.C. GAAP	Adjustments	IFRSs	Note
Current assets				
Cash and cash equivalents	$ 478,948	$ -	$ 478,948	-
Notes receivable, net	9,520	-	9,520	-
Accounts receivables, net	229,536	-	229,536	-
Other receivables	9,693	-	9,693	-
Inventory	1,327,328	-	1,327,328	-
Prepayments	69,518	(18,346)	51,172	(1)(4)
Other current assets	13	(13)	-	(2)
Total current assets	2,124,556	(18,359)	2,106,197	
Non-current assets				
Property, plant and equipment	885,032	-	885,032	-
Deferred income tax assets	-	10,700	10,700	(1)(2)(3)(4)(5)
Refundable deposits	114,404	-	114,404	-
Long-term prepaid rents	118,641	-	118,641	-
Other non-current assets	12,968	-	12,968	-
Total Non-current assets	1,131,045	10,700	1,141,745	
Total assets	$ 3,255,601	($ 7,659)	$ 3,247,942	

	R.O.C. GAAP	Adjustments	IFRSs	Note
Current liabilities				
Notes payable	$ 282,987	$ -	$ 282,987	-
Accounts payable	557,916	-	557,916	-
Other payables	252,635	16,888	269,523	(3)(4)
Current income tax liabilities	54,806	-	54,806	-
Receipts in advance	13,443	-	13,443	-
Long-term liabilities, current portion	124,957	-	124,957	-
Other current liabilities-other	-	12,912	12,912	(5)
Total current liabilities	1,286,744	29,800	1,316,544	
Non-current liabilities				
Long-term borrowings	118,489	-	118,489	-
Deferred income tax liabilities	1,798	-	1,798	-
Accrued pension liabilities	-	14,715	14,715	(1)
Guarantee deposits received	2,718	-	2,718	-
Total non-current liabilities	123,005	14,715	137,720	
Total Liabilities	1,409,749	44,515	1,454,264	
Equity attributable to owners of the parent				
Share capital				
Common stock	916,267	-	916,267	-
Capital surplus	309,961	-	309,961	-
Retained earnings				
Legal reserve	185,168	-	185,168	-
Unappropriated retained earnings	434,456	(52,174)	382,282	(1)(3)(4)(5)
Total equity	1,845,852	(52,174)	1,793,678	
Total liabilities and equity	$ 3,255,601	($ 7,659)	$ 3,247,942	

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

	R.O.C. GAAP	Adjustments	IFRSs	Note
Operating revenue	$ 6,683,014	($ 410,199)	$ 6,272,815	(5)(6)
Operating costs	(4,312,544)	406,126	(3,906,418)	(6)
Gross profit	2,370,470	(4,073)	2,366,397	
Operating expenses				
Selling expenses	(1,633,338)	(4,450)	(1,637,788)	(1)(3)(4)
General & administrative expenses	(279,695)	-	(279,695)	
Operating profit	457,437	(8,523)	448,914	
Non-operating revenue and expenses				
Other income	68,992	-	68,992	-
Other gains and losses	(1,607)	-	(1,607)	-
Finance costs	(2,551)	-	(2,551)	-
Profit before income tax	522,271	(8,523)	513,748	
Income tax expense	(89,026)	1,449	(87,577)	(1)(3)(4)(5)
Profit for the period	433,245	(7,074)	426,171	
Other comprehensive income				
Actuarial gain (loss) on defined benefit plan	-	(6,199)	(6,199)	(1)
Income tax relating to the components of other comprehensive income	-	1,054	1,054	(1)
Other comprehensive income for the period, net of tax	-	(5,145)	(5,145)	
Comprehensive income for the period	$ 433,245	($ 12,219)	$ 421,026	

Reasons for reconciliation are outlined below:

Note	Reasons for reconciliation	Account	Amount affected Increase(Decrease) January 1, 2012 (Transition date)	Amount affected Increase(Decrease) December 31, 2012
(1)	A. The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, 'Employee Benefits', requires an entity to determine the rate used to discount employee benefits with reference to market yields at the end of the reporting period on high quality corporate bonds of a currency and term consistent with the currency and term of the benefit obligation; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end of the reporting period) instead.	Prepayments	($ 13,626)	($ 14,071)
		Deferred income tax assets	4,054	4,894
		Accrued pension liabilities	10,220	14,715
		Unappropriated retained	(19,792)	(19,792)
		earnings	-	(1,259)
		Selling expenses	-	214
		Income tax expense	-	(6,199)
		Actuarial loss on defined benefit plan	-	1,054
		Income tax expenses relating to the components of other comprehensive income		
	B. The Company has elected to recognise all cumulative actuarial gains and losses relating to all employee benefit plans in 'retained earnings' at the transition date			
	C. In accordance with R.O.C. GAAP, the Company recognized actuarial gains or losses as current pension expenses using the corridor method. However, according to IAS 19, the Company chose to recognize the current actuarial gain or loss in "other comprehensive income" instead.			
(2)	In accordance with R.O.C. GAAP, a deferred income tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred income tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or	Other current assets	(73)	(13)
		Deferred income tax assets	73	13

Note	Reasons for reconciliation	Account	Amount affected Increase(Decrease) January 1, 2012 (Transition date)	Amount affected Increase(Decrease) December 31, 2012
	noncurrent according to the expected time period to realise or settle a deferred tax asset or liability. However, under IAS 1, ‘Presentation of Financial Statements’, an entity should not classify a deferred tax asset or liability as current. In addition, since deferred income tax assets and liabilities cannot be offset under the requirement of offsetting assets and liabilities of IAS 12, ‘Income Taxes’, the Company accordingly should reclassify deferred income tax assets and liabilities at the transition date.			
(3)	R.O.C. GAAP does not specify the rules on the cost recognition for accumulated unused compensated absences. The Company recognises such costs as expenses upon actual payment. However, IAS 19, ‘Employee Benefits’, requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period.	Deferred income tax assets	1,351	2,238
		Unappropriated retained earnings	(6,595)	(6,595)
		Other payables	7,946	13,161
		Selling expenses	-	5,215
		Income tax expenses	-	(887)
(4)	In accordance with R.O.C. GAAP, for the Company’s long-term lease contracts with variable rents which are adjusted year by year, the lease payment is recognised as an expense for each period based on each rent agreement. However, in accordance with IAS 17, ‘Leases’, all lease payments stipulated in the lease contracts should be recognised as an expense over the lease term on a straight-line basis.	Prepayments	-	(4,275)
		Deferred income tax assets	1,276	1,360
		Other payables	7,508	3,727
		Unappropriated retained earnings	(6,232)	(6,232)
		Selling expenses	-	494
		Income tax expenses	-	(84)
(5)	The Company has customer loyalty programmes (when	Deferred income tax assets	1,503	2,195

Note	Reasons for reconciliation	Account	Amount affected Increase(Decrease) January 1, 2012 (Transition date)	Amount affected Increase(Decrease) December 31, 2012
	customers buy specific goods from the Company that reach a certain amount, the Company will grant loyalty award credits, such as free gifts or other considerations, to customers). In accordance with R.O.C. GAAP, the fair value of the consideration received or receivable shall be recognised as revenue upon sale, and the Company shall estimate the costs and liabilities related to the gifts or other considerations accompanying the sale that may be incurred. However, in accordance with IFRIC 13, ‘Customer Loyalty Programmes’, the fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the initial sale of goods and the award credits. The amount of the consideration allocated to the initial sale of goods is recognised as revenue when the initial sale occurs; the consideration allocated to the award credits shall not be recognised as revenue until the award credits are redeemed.	Other current liabilities-other	8,839	12,912
		Unappropriated retained earnings	(7,336)	(7,336)
		Operating income	-	(4,073)
		Income tax expense		(692)
(6)	In accordance with Accounting Research and Development Foundation (ARDF) Interpretation, considerations received from suppliers for slotting charges, shelf-listing expenses, and other promotion charges are recognized as operating income. However, in accordance with IFRSs, considerations received from suppliers relative to sales transactions should be regarded as reductions of operating costs.	Operating income	-	(406,126)
		Operating costs	-	(406,126)

4. Major adjustments for the statements of cash flows for the year ended December 31, 2012:

   (1) The transition of R.O.C. GAAP to IFRSs has no effect on the Company’s cash flows reported.

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