Gourmet Master Co. Ltd. and Subsidiaries

Consolidated Financial Statements for the
Three Months Ended March 31, 2013 and 2012 and
Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Stockholders
Gourmet Master Co. Ltd.

We have reviewed the accompanying consolidated balance sheets of Gourmet Master Co. Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the Financial Supervisory Commission of the Republic of China, and International Financial Reporting Standard 1 "First-time Adoption of International Financial Reporting Standards" and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

May 14, 2013

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

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

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

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

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS								
Cash and cash equivalents (Notes 4 and 6)	$ 2,456,137	28	$ 2,541,543	30	$ 3,443,862	43	$ 3,477,523	44
Financial assets at fair value through profit or loss (Note 4)	9,485	-	9,202	-	9,364	-	9,376	-
Debt investment with no active market - current (Notes 4, 7 and 25)	907,160	10	742,261	9	652,081	8	665,979	8
Notes receivable	1,447	-	2,401	-	3,655	-	6,382	-
Accounts receivable (Notes 4, 5 and 8)	179,426	2	228,083	3	154,687	2	186,853	2
Other receivables	38,610	1	48,872	1	18,522	-	39,505	1
Current tax assets	7,485	-	6,400	-	128	-	133	-
Inventories (Notes 4 and 9)	408,660	5	389,083	4	325,185	4	371,233	5
Prepayments (Note 13)	594,872	7	631,850	7	809,949	10	675,781	8
Other current assets (Note 13)	17,872	-	12,721	-	11,385	-	11,374	-
Total current assets	4,621,154	53	4,612,416	54	5,428,818	67	5,444,139	68
NONCURRENT ASSETS								
Debt investment with no active market - noncurrent (Notes 4, 7 and 25)	1,700	-	1,700	-	1,700	-	1,700	-
Investments accounted for using equity method (Note 10)	92,093	1	96,198	1	-	-	-	-
Property, plant and equipment (Notes 4, 11 and 25)	3,505,170	40	3,397,262	40	2,235,018	28	2,198,689	28
Trademarks (Notes 4 and 12)	2,112	-	2,032	-	1,477	-	1,439	-
Computer software (Notes 4 and 12)	55,383	1	18,191	-	19,453	-	17,820	-
Goodwill	745	-	745	-	745	-	745	-
Other intangible assets (Notes 4 and 12)	4,233	-	3,887	-	4,101	-	4,274	-
Deferred income tax assets - noncurrent (Notes 4 and 5)	47,239	-	46,511	1	53,632	1	45,029	1
Refundable deposits (Note 13)	420,620	5	377,695	4	301,452	4	273,728	3
Other noncurrent assets (Note 13)	5,343	-	6,369	-	8,196	-	8,467	-
Total noncurrent assets	4,134,638	47	3,950,590	46	2,625,774	33	2,551,891	32
TOTAL	$ 8,755,792	100	$ 8,563,006	100	$ 8,054,592	100	$ 7,996,030	100

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES								
Notes payable	$ 1,275	-	$ 1,204	-	$ 460	-	$ 19	-
Accounts payable (Note 14)	687,615	8	744,974	9	648,762	8	755,147	9
Other payables (Note 15)	704,498	8	840,445	10	581,173	7	631,404	8
Current tax liabilities	195,922	2	138,071	1	212,863	3	164,227	2
Receipts in advance (Note 15)	536,191	6	516,498	6	408,496	5	450,085	6
Current portion of long-term borrowings	597	-	668	-	360	-	360	-
Other current liabilities (Note 15)	14,333	-	16,303	-	11,990	-	14,416	-
Total current liabilities	2,140,431	24	2,258,163	26	1,864,104	23	2,015,658	25
NONCURRENT LIABILITIES								
Long-term borrowings	-	-	-	-	589	-	681	-
Decommission, restoration and rehabilitation provisions (Note 4)	20,508	-	19,247	-	14,505	-	14,705	-
Guarantee deposits received (Note 15)	53,180	1	51,552	1	53,653	1	53,568	1
Other noncurrent liabilities (Note 15)	10	-	426	-	43	-	56	-
Total noncurrent liabilities	73,698	1	71,225	1	68,790	1	69,010	1
Total liabilities	2,214,129	25	2,329,388	27	1,932,894	24	2,084,668	26
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 16)								
Share capital	1,411,200	16	1,411,200	16	1,344,000	17	1,344,000	17
Capital surplus								
Additional paid-in capital	2,681,126	31	2,681,126	31	2,748,326	34	2,748,326	34
Retained earnings								
Reserve	268,972	3	268,972	3	156,864	2	156,864	2
Unappropriated earnings	1,939,860	22	1,755,003	21	1,748,321	22	1,424,569	18
Total retained earnings	2,208,832	25	2,023,975	24	1,905,185	24	1,581,433	20
Others	129,964	2	(7,369)	-	14,647	-	127,893	2
Total equity attributable to owners of the Company	6,431,122	74	6,108,932	71	6,012,158	75	5,801,652	73
NON-CONTROLLING INTEREST	110,541	1	124,686	2	109,540	1	109,710	1
Total equity	6,541,663	75	6,233,618	73	6,121,698	76	5,911,362	74
TOTAL	$ 8,755,792	100	$ 8,563,006	100	$ 8,054,592	100	$ 7,996,030	100

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	Three Months Ended March 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 17 and 29)	$ 3,584,732	100	$ 3,291,739	100
OPERATING COSTS	1,573,164	44	1,449,670	44
GROSS PROFIT	2,011,568	56	1,842,069	56
OPERATING EXPENSES				
Selling and marketing expense	1,532,473	43	1,217,428	37
General and administrative expense	182,060	5	157,442	5
Research and development expense	3,854	-	3,115	-
Total operating expenses	1,718,387	48	1,377,985	42
OPERATING INCOME	293,181	8	464,084	14
NONOPERATING INCOME AND EXPENSES (Note 18)				
Other income	25,296	1	19,408	1
Share of the profit or loss of associates and joint ventures	(6,498)	-	-	-
Other gains and losses	(11,394)	(1)	(13,859)	(1)
Finance cost	(96)	-	(21)	-
Total nonoperating income and expense	7,308	-	5,528	-
PROFIT BEFORE INCOME TAX	300,489	8	469,612	14
INCOME TAX EXPENSE (Notes 4 and 19)	(111,098)	(3)	(138,394)	(4)
NET PROFIT FOR THE PERIOD	189,391	5	331,218	10
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	139,226	4	(115,202)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 328,617	9	$ 216,016	7
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 184,857	5	$ 323,752	10
Non-controlling interests	4,534	-	7,466	-
	$ 189,391	5	$ 331,218	10

(Continued)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	Three Months Ended March 31			
	2013		2012	
	Amount	**%**	**Amount**	**%**
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholder of the parent	$ 322,190	9	$ 210,506	7
Non-controlling interests	6,427	-	5,510	-
	$ 328,617	9	$ 216,016	7
EARNINGS PER SHARE (Note 20)				
From continuing operations				
Basic	$1.31		$2.29	

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars)

	Equity Attributable to the Owners of the Company							
			Retained Earnings		Exchange Differences on Translating Foreign Operations			
	Share Capital	Capital Surplus	Reserve	Unappropriated Earnings		Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2012	$ 1,344,000	$ 2,748,326	$ 156,864	$ 1,424,569	$ 127,893	$ 5,801,652	$ 109,710	$ 5,911,362
Appropriation of 2012 earning								
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	(5,680)	(5,680)
Net profit for the three months ended March 31, 2012	-	-	-	323,752	-	323,752	7,466	331,218
Other comprehensive income for the three months ended March 31, 2012, net of income tax	-	-	-	-	(113,246)	(113,246)	(1,956)	(115,202)
Total comprehensive income for the three months ended March 31, 2012	-	-	-	323,752	(113,246)	210,506	5,510	216,016
BALANCE, MARCH 31, 2012	$ 1,344,000	$ 2,748,326	$ 156,864	$ 1,748,321	$ 14,647	$ 6,012,158	$ 109,540	$ 6,121,698
BALANCE, JANUARY 1, 2013	$ 1,411,200	$ 2,681,126	$ 268,972	$ 1,755,003	$ (7,369)	$ 6,108,932	$ 124,686	$ 6,233,618
Appropriation of 2013 earnings								
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	(20,572)	(20,572)
Net profit for the three months ended March 31, 2013	-	-	-	184,857	-	184,857	4,534	189,391
Other comprehensive income for the three months ended March 31, 2013, net of income tax	-	-	-	-	137,333	137,333	1,893	139,226
Total comprehensive income for the three months ended March 31, 2013	-	-	-	184,857	137,333	322,190	6,427	328,617
BALANCE, MARCH 31, 2013	$ 1,411,200	$ 2,681,126	$ 268,972	$ 1,939,860	$ 129,964	$ 6,431,122	$ 110,541	$ 6,541,663

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Three Months Ended March 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 300,489	$ 469,612
Adjustments for:		
Depreciation expenses	172,089	125,667
Amortization expenses	2,836	1,431
Interest expense	95	21
Interest income	(6,587)	(7,959)
Share of profits of associates and joint ventures	6,498	-
Loss on disposal of property, plant and equipment, net	6,128	1,895
Loss on disposal of intangible assets	10	122
Impairment loss of non-financial assets	(965)	(45)
Changes in operating assets and liabilities		
Decrease in notes receivable	954	2,727
Decrease in accounts receivable	48,657	32,166
Decrease in other receivables	10,262	20,981
(Increase) decrease in inventories	(18,649)	46,124
Decrease (increase) in prepayments	36,978	(134,168)
Increase in other current assets	(5,152)	(11)
Decrease in other operating assets	1,026	271
Increase in notes payable	71	441
Decrease in accounts payable	(57,359)	(106,385)
Decrease in other payables	(117,997)	(37,810)
Increase (decrease) in provisions	1,261	(200)
Increase (decrease) in receipts in advance	19,693	(41,589)
Decrease in other current liabilities	(1,970)	(2,425)
Decrease in other operating liabilities	(415)	(13)
Cash generated from operations	397,953	370,853
Interest paid	(95)	(21)
Income taxes paid	(50,147)	(86,806)
Net cash generated from operating activities	347,711	284,026
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition debt investments with no active market	(164,899)	-
Proceeds from debt investments with no active market	-	13,898
Payment for property, plant and equipment	(239,976)	(231,157)
Proceeds from property, plant and equipment	21,694	15,398
Increase in guarantee deposits paid	(41,027)	(37,543)
Decrease in guarantee deposits paid	8,878	3,663
Acquisition of intangible assets	(39,276)	(3,631)
Proceeds from intangible asset	16	14
Interest received	6,587	7,959
Net cash used in investing activities	(448,003)	(231,399)

(Continued)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Three Months Ended March 31	
	2013	**2012**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	$ (71)	$ (92)
Increase in guarantee deposits received	3,767	787
Decrease in guarantee deposits received	(2,768)	(162)
Dividend paid to non-controlling	(20,572)	(5,680)
Net cash used in financing activities	(19,644)	(5,147)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF	34,530	(81,141)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(85,406)	(33,661)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	2,541,543	3,477,523
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	$ 2,456,137	$ 3,443,862

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

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

1. GENERAL INFORMATION

a. Gourmet Master Co. Ltd. (the “Company”) was incorporated in the Cayman Islands in September 2008.

b. The Group mainly engages in the production and wholesale of bakery products, retail of beverages, wholesale of bakery machinery, and the business of multiple shops and alliance shops.

The Company’s shares have been listed on the Taiwan Stock Exchange (“TSE”) since November 22, 2010.

The functional currency of the Company is Renminbi. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s stocks are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial report was approved by the Board of Directors and authorized for issue on May 14, 2013.

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

The Company and its entire controlled subsidiaries (the “Group”) have not applied the following IFRSs that have been issued by the IASB.

As of the date that the consolidated financial statements were approved and authorized for issue, the Financial Supervisory Commission (“FSC”) has not announced the effective dates for the following new and revised Standards, Amendments and Interpretations:

New, Revised Standards, Amendments and Interpretations		Effective Date Announced by IASB (Note)
Endorsed by the FSC but the effective dates have not yet been determined by the FSC		
Amendments to IFRSs	Improvements to IFRSs 2009 - Amendment to IAS 39	January 1, 2009 or January 1, 2010
IFRS 9 (2009)	Financial Instruments	January 1, 2015
Amendment to IAS 39	Embedded Derivatives	Effective in fiscal year beginning on or after June 30, 2009

(Continued)

New, Revised Standards, Amendments and Interpretations		Effective Date Announced by IASB (Note)
Not yet endorsed by the FSC		
Amendments to IFRSs	Improvements to IFRSs 2010 - Amendment to IAS 39	July 1, 2010 or January 1, 2011
Amendments to IFRSs	Annual Improvements to IFRSs 2009 - 2011 Cycle	January 1, 2013
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 1, 2010
Amendments to IFRS 1	Government Loans	January 1, 2013
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011
Amendments to IFRS 7	Disclosures-offsetting Financial Assets and Financial Liabilities	January 1, 2013
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date and Transition Disclosure	January 1, 2015
Amendment to IFRS 7	Disclosures - Transfers of Financial Assets	July 1, 2011
Amendment to IFRS 9	Financial Instruments	January 1, 2015
Amendment to IFRS 10	Consolidated Financial Statements	January 1, 2013
Amendment to IFRS 11	Joint Arrangements	January 1, 2013
Amendment to IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated financial Statements, Joint Arrangements, and Disclosure of Interests in Other Entities: Transition Guidance	January 1, 2013
Amendments to IFRS 10, IFRS 12 and IFRS 27	Investment Entities	January 1, 2014
Amendment to IFRS 13	Fair Value Measurement	January 1, 2013
Amendment to IAS 1	Presentation of Items of Other Comprehensive Income	July 1, 2012
Amendment to IAS 12	Deferred Tax: Recovery of Underlying Assets	January 1, 2012
Amendment to IAS 19	Employee Benefits	January 1, 2013
Amendment to IAS 27	Separate Financial Statements	January 1, 2013
Amendment to IAS 28	Investments in Associates and Joint Ventures	January 1, 2013
Amendment to IAS 32	Offsetting of Financial Assets and Financial Liabilities	January 1, 2014
Amendment to IFRIC 20	Amendment to IAS 32 Surface Mine	January 1, 2013

(Concluded)

Note: Unless otherwise stated, the above new and revised standards, amendments and interpretations are effective for annual periods beginning on or after the respective effective date.

The initial application of the above new and revised standards, amendments and interpretations had not had any material impact on the Group’s accounting policies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and the Interpretations approved by the FSC.

The consolidated financial statements of the Company and its entire controlled subsidiaries are the first IFRS interim financial statements for part of the period covered by its first IFRS financial statements, the consolidated financial statements for 2013. The date of transition to IFRSs was January 1, 2012. Refer to Note 30 for the impact of IFRS conversion on the consolidated financial statements.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in interim financial reports is less than disclosures required in a full set of annual financial reports.

Basis of Preparation

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

The opening consolidated balance sheets as of the date of transition to IFRSs was prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for some aspects where other IFRSs prohibit retrospective application and specified areas where IFRS 1 grants limited exemptions from the requirements of other IFRSs. For the exemptions that the Group elected, refer to Note 30. The significant accounting policies are set out as below.

Classification of Current and Noncurrent Assets and Liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized within twelve months after the reporting period, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than twelve months after the reporting period. Property, plant and equipment, intangible assets, other than assets classified as current are classified as non-current. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that do not have an unconditional right to defer settlement for at least twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue. Liabilities that are not classified as current are classified as non-current. 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.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

Non-controlling interests shall be presented in the consolidated balance sheets within equity, separately from the equity of the owners of the Company.

Attribution of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

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

b. Subsidiary included in consolidated financial statements:

The consolidated entities as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012 were as follows:

Investor	Investee	Main Businesses and Products	% of Ownership			
			March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Gourmet Master Co. Ltd.	85 Degree Co., Ltd.	Investment	100%	100%	100%	100%
	Prime Scope Trading Limited	Investment	100%	100%	100%	100%
	Perfect 85 Degrees C, Inc.	Investment	100%	100%	100%	100%
	85 Degrees Café International Pty Ltd.	Grocery and drink retailing	51%	51%	51%	51%
	Lucky Bakery Limited	Investment	100%	100%	100%	100%
	WinPin 85 Investments, Inc.	Grocery and drink retailing	100%	100%	-	-
Perfect 85 Degrees C, Inc.	Golden 85 Investments, LLC	Grocery and drink retailing	65%	65%	65%	65%
Lucky Bakery Limited	Profit Sky International Limited	Grocery and drink retailing	50%	50%	50%	50%
Profit Sky International Limited	Wincase Limited	Grocery and drink retailing	100%	100%	100%	-
	Worldinn Limited	Manufacturing of baking food and sale	100%	100%	100%	-
85 Degree Co., Ltd.	Comestibles Master Co., Ltd.	Grocery and drink retailing	100%	100%	100%	100%

(Continued)

Investor	Investee	Main Businesses and Products	% of Ownership March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Grocery and drink retailing	100%	100%	100%	100%
	The Hot Pot Food and Beverage Management Co., Ltd.	Grocery and drink retailing	76%	76%	-	-
Mei Wei Master Co., Ltd.	Mei Wei Fu Xing Ltd.	Grocery and drink retailing	60%	60%	60%	60%
	Mei Wei San Min Ltd.	Grocery and drink retailing	-	-	60%	60%
The Hot Pot Food and Beverage Management Co., Ltd.	The Hot Pot Food and Beverage Management Limited	Investment	90%	90%	-	-
Prime Scope Trading Limited	Shanghai Gourmet Master Food & Beverage Ltd.	Grocery and drink retailing	100%	100%	100%	100%
	He-Shia Food & Beverage Ltd.	Grocery and drink retailing	100%	100%	100%	100%
	Sheng-Pin (Hangzhou) Food Ltd.	Manufacturing of baking food and sale	100%	100%	100%	100%
	He-Shia (Nanjing) Food & Beverage Ltd.	Grocery and drink retailing	100%	100%	100%	100%
	Beijing 85 Food & Beverage Ltd.	Grocery and drink retailing	100%	100%	100%	100%
	Zhejiang 85 Food & Beverage Ltd.	Grocery and drink retailing	100%	100%	100%	100%
	Sheng-Pin (Beijing) Food Ltd.	Manufacturing of baking food and sale	100%	100%	100%	100%
	Fuzhou 85 Food & Beverage Ltd.	Grocery and drink retailing	100%	100%	100%	100%
	Sheng-Pin (Jiangsu) Food Ltd.	Manufacturing of baking food and sale	100%	100%	100%	100%
	Sheng-Pin (Xiamen) Food Ltd.	Manufacturing of baking food and sale	100%	100%	-	-
	Sheng-Pin (Qingdao) Food Ltd.	Manufacturing of baking food and sale	100%	100%	-	-
	Xiamen 85 Food & Beverage Ltd.	Grocery and drink retailing	100%	100%	-	-
	Shenyang 85 Food & Beverage Ltd.	Grocery and drink retailing	100%	100%	-	-
	Sheng-Pin (Shenyang) Food Ltd.	Manufacturing of baking food and sale	100%	100%	-	-
	85 Degree (Qingdao) Food & Beverage Management Ltd.	Grocery and drink retailing	100%	100%	-	-
	85 Degree (JIANGSU) Food Ltd.	Manufacturing of baking food and sale	100%	-	-	-
Shanghai Gourmet Master Food & Beverage Ltd.	Sheng-Pin (Shanghai) Food Ltd.	Manufacturing of baking food and sale	100%	100%	100%	100%
	Mai-Jai (Shanghai) Food Ltd.	Manufacturing of baking food and sale	100%	100%	100%	100%
	Shanghai Howco Jing Way Food & Beverage Ltd.	Grocery and drink retailing	100%	100%	100%	100%
	Shenzheng 85 Food & Beverage Ltd.	Grocery and drink retailing	85%	85%	85%	85%
	Chengdu 85 Food & Beverage Ltd.	Grocery and drink retailing	100%	100%	100%	100%
	Sheng-Pin (Wuhan) Food Ltd.	Manufacturing of baking food and sale	100%	100%	100%	-
	Wuhan Jing Way Food & Beverage Ltd.	Grocery and drink retailing	100%	100%	100%	-
	Jianxi Jing Way Food & Beverage Ltd.	Grocery and drink retailing	100%	100%	-	-
	Jin Wei Industrial (Shanghai) Ltd.	Grocery and drink retailing	100%	100%	-	-
	Guangzhou 85 Degree Food & Beverage Management Ltd.	Grocery and drink retailing	100%	100%	-	-
Shenzheng 85 Food & Beverage Ltd.	Sheng-Pin (Shenzheng) Food & Beverage Ltd.	Manufacturing of baking food and sale	100%	100%	100%	100%
85 Degree (Qingdao) Food & Beverage Management Ltd.	Qingdao Jie Wei Food & Beverage Management Ltd.	Manufacturing of baking food and sale	100%	100%	-	-

(Concluded)

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. Functional currency is the currency of the primary economic environment in which the entity operates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

Inventories

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

Investment in Joint Venture

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

Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for administrative purposes, and are expected to be used during more than one period. Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with IAS 23 "Borrowing Costs". Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis which is in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Derecognition of intangible assets

   An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets Other Than Goodwill

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

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

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

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to its recoverable amount.

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

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

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

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1) Measurement category

Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The categories of financial assets held by the Company are available-for-sale financial assets and loans and receivables.

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

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

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

In addition, if a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other gains and losses line item. Fair value is determined in the manner described in Note 23.

Investments in equity instruments under financial assets at fair value through profit or loss that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are recognized in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets cannot be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, cash and cash equivalent, debt investments with no active market, and other receivables) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

2) Impairment of financial assets

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

For certain categories of financial assets, such as trade receivables and other receivables, assets are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days to 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

For all other financial assets, objective evidence of impairment could include:

a) Significant financial difficulty of the issuer or counterparty; or

b) Breach of contract, such as a default or delinquency in interest or principal payments; or

c) It becoming probable that the borrower will enter bankruptcy or financial re-organization; or

d) The disappearance of an active market for that financial asset because of financial difficulties.

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

3) Derecognition of financial assets

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

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

b. Financial liabilities

1) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method, less any impairment (see above for the definition of effective interest method).

2) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

Sale of goods

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

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, sales of goods are recognized when goods are delivered and title has passed.

Dividend and interest income

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

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

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Leasing

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

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Retirement Benefit Costs

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

Taxation

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

<u>Current tax</u>

Interim period income taxes are assessed on an annual basis. Interim period income tax expense is calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

According to R.O.C. Income Tax Law, an additional 10% income tax on unappropriated earnings is provided for as income tax and related liabilities in the year the shareholders approve the retention of these earnings.

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

<u>Deferred tax</u>

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

<u>Current and deferred tax for the year</u>

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the management of the Group are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Critical Judgements in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations (see Note 2 below) that the management of the Group have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Key Sources of Estimation Uncertainty

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

Income Taxes

As of March 31, 2013, December 31, 2012, March 31, 2012, and January 1, 2012, the carrying amount of the deferred tax assets in relation to unused tax losses was $47,239 thousand, $46,511 thousand, $53,632 thousand and $45,029 thousand, respectively. As of March 31, 2013, December 31, 2012, March 31, 2012, and January 1, 2012, no deferred tax asset has been recognized on the tax loss of $105,026 thousand, $89,761 thousand, $6,119 thousand and $7,897 thousand, respectively, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such reversal takes place.

Estimated Impairment of Trade Receivables

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

As of March 31, 2013, December 31, 2012, March 31, 2012, and January 1, 2012, the carrying amount of trade receivables was $179,426 thousand, $228,083 thousand, $154,687 thousand and $186,853 thousand, respectively

Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the Group estimates the net realizable value of inventory taking into consideration obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of inventory is mainly determined based on assumptions of future demand within a specific time horizon.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the balances of inventories were $408,660 thousand, $389,083 thousand, $325,185 thousand and $371,233 thousand, respectively (after deducting allowance for write-down of $3,973 thousand, $4,901 thousand, $5,190 thousand and $5,266 thousand, respectively).

6. CASH AND CASH EQUIVALENTS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Cash on hand	$ 184,744	$ 159,075	$ 73,183	$ 74,281
Checking accounts and demand deposits	2,256,975	1,973,184	1,902,312	2,109,000
Cash equivalent	14,418	409,284	1,468,367	1,294,242
	$ 2,456,137	$ 2,541,543	$ 3,443,862	$ 3,477,523

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Bank balance	0.01%-1.15%	0.01%-1.15%	0.10%-1.31%	0.10%-1.31%
Time deposits	0.60%-2.93%	0.50%-3.15%	0.94%-4.23%	0.45%-4.60%

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying amounts of time deposits with original maturities of over three months were $908,860 thousand, $743,961 thousand, $653,781 thousand and $667,679 thousand, respectively, which were classified as bond investments for which no active market exists (Note 7).

7. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Time deposits with original maturity more than three months	$ 908,860	$ 738,959	$ 653,781	$ 666,907
Trust fund account	-	5,002	-	772
	$ 908,860	$ 743,961	$ 653,781	$ 667,679
Current	$ 907,160	$ 742,261	$ 652,081	$ 665,979
Non-current	1,700	1,700	1,700	1,700
	$ 908,860	$ 743,961	$ 653,781	$ 667,679

a. The market interest rates of the time deposits with original maturity more than 3 months were 0.6%-3.25% and 1.08%-4.23% per annum respectively as of March 31, 2013 and 2012.

b. Refer to Note 25 for information relating to bond investments with no active market pledged as security.

8. ACCOUNTS RECEIVABLE

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Accounts receivable (third parties)	$ 179,426	$ 228,083	$ 154,687	$ 186,853
Less: Allowance for doubtful accounts	-	-	-	-
	$ 179,426	$ 228,083	$ 154,687	$ 186,853

The average credit period of sales of goods was 30 to 60 days. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date the credit was initially granted to the end of the reporting period. The Group recognized an allowance for impairment loss of 100% against all receivables over 60 days because historical experience had been that receivables that are past due beyond 60 days were not recoverable. Allowance for impairment loss is recognized against trade receivables between 0 day and 60 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The concentration of credit risk was limited due to the fact that the customer base was large and unrelated.

More than 5% of the total balance of trade receivables were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
A company	$ 16,828	$ 10,382	$ -	$ -
B company	6,866	7,682	-	-
C company	6,746	3,260	-	-
D company	6,274	18,187	13,974	22,988
E company	1,308	4,962	12,700	22,220
Others (Note)	141,404	183,610	128,013	141,645
	$ 179,426	$ 228,083	$ 154,687	$ 186,853

Note: Each customer's accounts receivable is under 5 percent.

Of the trade receivables balance (see below for aged analysis) that are past due at the end of the reporting period, the Group had not recognized an allowance for impaired notes receivable and trade receivables for $20,348 thousand, $14,693 thousand, $19,967 thousand and $34,555 thousand as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively, because there had not been a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements over these balances nor did it have a legal right to offset against any amounts owed by the Group to the counterparty.

Age of receivables that are past due but not impaired was as follow:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
In 90 days	$ 1,951	$ 79	$ 5,228	$ 5,233
90 days to 180 days	16,987	8,287	9,033	13,425
181 days to 361 days	69	1,482	5,648	10,083
Over 361 days	1,341	4,845	58	5,814
	$ 20,348	$ 14,693	$ 19,967	$ 34,555

Above analysis was based on the billing date.

On the above age of receivables that are past due but not impaired, the receivables of outlets in shopping malls are collected by the mall first, which means the procedures for the billing of the Company is longer. The experience shows that the receivables are collectable, so there was no impairment loss recognized.

9. INVENTORIES

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Raw materials and supplies	$ 318,195	$ 315,182	$ 191,092	$ 201,841
Work in process	3,982	4,046	21,653	21,648
Finished goods	35,022	34,125	31,386	40,846
Inventory in transit	51,461	35,730	81,054	106,898
	$ 408,660	$ 389,083	$ 325,185	$ 371,233

The cost of inventories recognized as cost of goods sold in the three months ended March 31, 2013 and 2012 was $1,573,164 thousand and $1,449,670 thousand, respectively.

The cost of inventories recognized as cost of goods sold in the three months ended March 31, 2013 included $965 thousand reversal of write-downs of inventories. Previous write-downs had been reversed as a result of increased selling prices in certain markets. The cost of inventories recognized as cost of goods sold in the three months ended March 31, 2012 included $45 thousand in inventory write-downs.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Investment in jointly controlled entities	$ 92,093	$ 96,198	$ -	$ -

At the end of the reporting period, the proportion of ownership and voting rights in jointly controlled entities held by the Group were as follows:

Jointly Controlled Entities	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Unlisted companies				
Profit Sky International Limited.	$ 92,093	$ 96,198	$ -	$ -

As the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Company	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Profit Sky International Limited.	50%	50%	-	-

The summarized financial information in respect of the Group's interests in the jointly controlled entities which were accounted for using the equity method was set out below:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Current assets	$ 136,092	$ 176,348	$ -	$ -
Noncurrent assets	$ 68,305	$ 30,976	$ -	$ -
Current liabilities	$ 20,411	$ 15,074	$ -	$ -

	For the Three Months Ended March 31	
	2013	2012
Operating income	$ 49,474	$ 52,924
Net loss	$ (13,047)	$ (33,128)

The equity-method investees' financial statements, which had been used to determine the carrying amount of the Group's investments share of profit and other comprehensive income of associates, had not been reviewed. The Group believes that, had Company's financial statements been reviewed, any adjustments arising would have had no material effect on the Group's financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Land	$ 420,792	$ 417,259	$ 293,761	$ 293,761
Buildings	483,336	381,229	52,048	52,404
Machinery and equipment	1,251,801	1,234,863	948,737	936,366
Leasehold improvements	903,335	894,493	704,125	673,772
Transportation equipment	29,114	27,124	27,193	29,027
Office equipment	209,791	206,524	55,933	51,629
Other equipment	69,668	71,474	153,221	161,730
Construction in process	137,333	164,296	-	-
	$ 3,505,170	$ 3,397,262	$ 2,235,018	$ 2,198,689

	Land	Buildings	Machinery and Equipment	Leasehold Improvements	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost									
January 1, 2012	$ 293,761	$ 70,700	$ 1,284,430	$ 966,125	$ 43,560	$ 89,905	$ 267,795	$ -	$ 3,016,276
Additions		1,132	103,771	99,471	1,174	3,992	9,196	-	218,736
Disposal		-	(25,960)	(10,998)	(1,714)	(3,222)	(4,439)	-	(46,333)
Effect of foreign currency exchange difference	-	(3)	(27,167)	(21,363)	(671)	(990)	(2,870)	-	(53,064)
March 31, 2012	$ 293,761	$ 71,829	$ 1,335,074	$ 1,033,235	$ 42,349	$ 89,685	$ 269,682	$ -	$ 3,135,615
January 1, 2013	$ 417,259	$ 414,094	$ 1,729,320	$ 1,391,242	$ 47,953	$ 354,068	$ 172,067	$ 164,296	$ 4,690,299
Additions	-	10,241	52,680	116,450	3,601	16,791	3,034	19,229	222,026
Reclassified	-	85,950	(578)	(38,413)	-	335	1,248	(48,542)	-
Disposal	-	-	(3,306)	(27,839)	(238)	(845)	(83)	-	(32,311)
Effect of foreign currency exchange difference	3,533	11,871	45,735	41,195	1,024	9,790	815	2,350	116,313
March 31, 2013	$ 420,792	$ 522,156	$ 1,823,851	$ 1,482,635	$ 52,340	$ 380,139	$ 177,081	$ 137,333	$ 4,996,327
Accumulated depreciation and impairment									
January 1, 2012	$ -	$ 18,296	$ 348,064	$ 292,353	$ 14,533	$ 38,276	$ 106,065	$ -	$ 817,587
Depreciation charge for the year	-	1,484	55,678	47,138	2,034	4,326	15,007	-	125,667
Disposal	-	-	(16,270)	(4,513)	(1,226)	(3,142)	(3,889)	-	(29,040)
Reclassified	-	-	5,416	-	-	(5,416)	-	-	-
Effect of foreign currency exchange difference	-	1	(6,551)	(5,868)	(185)	(292)	(722)	-	(13,617)
March 31, 2012	$ -	$ 19,781	$ 386,337	$ 329,110	$ 15,156	$ 33,752	$ 116,461	$ -	$ 900,597
January 1, 2013	$ -	$ 32,865	$ 494,457	$ 496,749	$ 20,829	$ 147,544	$ 100,593	$ -	$ 1,293,037
Depreciation charge for the year	-	5,685	68,092	71,126	2,106	18,386	6,694	-	172,089
Disposal	-	-	(1,908)	(1,899)	(95)	(542)	(45)	-	(4,489)
Reclassified	-	-	(1,124)	-	-	1,124	-	-	-
Effect of foreign currency exchange difference	-	270	12,533	13,324	386	3,836	171	-	30,520
March 31, 2013	$ -	$ 38,820	$ 572,050	$ 579,300	$ 23,226	$ 170,348	$ 107,413	$ -	$ 1,491,157

The above items of property, plant and equipment were depreciated on a straight-line basis at the following rates per annum:

Buildings	3 to 20 years
Machinery and equipment	1 to 10 years
Leasehold improvement	3 to 40 years
Transportation equipment	4 to 6 years
Office equipment	1 to 6 years
Other equipment	1 to 10 years

Refer to note 25 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure borrowings/general banking facilities granted to the Group.

12. OTHER INTANGIBLE ASSETS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Carrying amounts of each class				
Trademarks	$ 2,112	$ 2,032	$ 1,477	$ 1,439
Software	55,383	18,191	19,453	17,820
Others	4,233	3,887	4,101	4,274
	$ 61,728	$ 24,110	$ 25,031	$ 23,533

	Trademarks	Software	Others	Total
Cost				
January 1, 2012	$ 1,439	$ 27,896	$ 5,288	$ 34,623
Additions	38	3,593	-	3,631
Disposal	-	(225)	-	(225)
Effect of foreign currency exchange differences	-	(713)	(135)	(848)
March 31, 2012	$ 1,477	$ 30,551	$ 5,153	$ 37,181
January 1, 2013	$ 2,032	$ 33,311	$ 5,126	$ 40,469
Additions	81	39,195	-	39,276
Disposals	-	(26)	-	(26)
Effect of foreign currency exchange differences	(1)	518	516	1,033
March 31, 2013	$ 2,112	$ 72,998	$ 5,642	$ 80,752
Amortization				
January 1, 2012	$ -	$ (10,076)	$ (1,014)	$ (11,090)
Amortization charge for the year	-	(1,367)	(65)	(1,432)
Disposals	-	90	-	90
Effect of foreign currency exchange differences	-	255	27	282
March 31, 2012	$ -	$ (11,098)	$ (1,052)	$ (12,150)
January 1, 2013	$ -	$ (15,120)	$ (1,239)	$ (16,359)
Amortization charge for the year	-	(2,771)	(83)	(2,854)
Disposal	-	22	-	22
Effect of foreign currency exchange difference	-	254	(87)	167
March 31, 2013	$ -	$ (17,615)	$ (1,409)	$ (19,024)

The above items of other intangible assets were amortized on a straight-line basis at the following rates per annum:

Software	5 to 10 years
Others	1 to 5 years

13. OTHER ASSETS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Prepaid equipment	$ 326,901	$ 304,407	$ 600,590	$ 500,484
Prepaid rent	159,562	198,090	133,361	106,544
Prepayment	54,490	37,603	25,742	8,593
Offset against business tax payable	25,443	56,488	26,539	33,982
Other prepayments	28,476	35,262	23,717	26,178
Refundable deposits	420,620	377,695	301,452	273,728
Others	23,215	19,090	19,581	19,841
	$ 1,038,707	$ 1,028,635	$ 1,130,982	$ 969,350
Current	$ 612,744	$ 644,571	$ 821,334	$ 687,155
Noncurrent	425,963	384,064	309,648	282,195
	$ 1,038,707	$ 1,028,635	$ 1,130,982	$ 969,350

a. Prepaid equipment is due to purchasing new equipment for factory.

b. Refundable deposits are for rental of store and factories.

14. ACCOUNTS PAYABLE

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Accounts payable				
Accounts payable - operating	$ 687,615	$ 744,974	$ 648,762	$ 755,147

Accounts and other payable are non-interest-bearing, have an average term of 45 days, and have carrying amounts that approximate their fair values. The Group has implemented a financial risk management policy to ensure all payables are paid within the required period.

15. OTHER LIABILITIES

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Other payables				
Payables on equipment	$ 123,802	$ 141,752	$ 86,899	$ 99,320
Accrued payroll and bonus	231,780	294,166	192,234	231,529
Utilities	70,097	70,479	50,844	44,756
Insurance	34,622	35,900	38,705	34,747
Rent	26,804	34,036	31,518	35,998
Others (commission, compensation payable to directors and supervisors, etc.)	217,393	264,112	180,973	185,054
	$ 704,498	$ 840,445	$ 581,173	$ 631,404

(Continued)

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Other liabilities				
Receipts in advance	$ 536,191	$ 516,498	$ 408,496	$ 450,085
Guarantee deposits received	53,180	51,552	53,653	53,568
Others	14,343	16,729	12,033	14,472
	$ 603,714	$ 584,779	$ 474,182	$ 518,125
Current				
Other payables	$ 704,498	$ 840,445	$ 581,173	$ 631,404
Other liability	$ 550,524	$ 532,801	$ 420,486	$ 464,501
Noncurrent				
Other liabilities	$ 53,190	$ 51,978	$ 53,696	$ 53,624

(Concluded)

Receipts in advance are mainly issued cash coupons not yet redeemed.

16. SHAREHOLDERS' EQUITY

Share Capital

Ordinary shares

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Authorized shares (thousand)	850,000	850,000	850,000	850,000
Authorized capital	$ 8,500,000	$ 8,500,000	$ 8,500,000	$ 8,500,000
Outstanding shares (thousand)	141,120	141,120	134,400	134,400
Outstanding common stock	$ 1,411,200	$ 1,411,200	$ 1,344,000	$ 1,344,000

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

Capital Surplus

The premium from shares issued in excess of par (share premium from issuance of common shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's capital surplus and once a year).

The capital surplus from long-term investments, employee share options and share warrants may not be used for any purpose.

Retained Earnings and Dividend Policy

The Company's Articles of Incorporation provide that reserve should be set aside at 10% of annual net income less any accumulated losses. In addition, a special reserve should be appropriated as needed. The remainder of the income should be appropriated in the following order:

a. 3% or less as bonus to employees (including subsidiaries' employees);

b. 1% or less as remuneration to directors and supervisors; and

c. The remainder of the earnings appropriated should not be less than 30% of the after-tax earnings. And the cash dividends should not be less than 10% of the sum of cash dividends and stock dividends.

For the three months ended March 31, 2013 and 2012, there were no accrual for bonus to employees and the remuneration to directors and supervisors. Any amounts proposed by the Board of Directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

Based on a Rule No. 100116 issued by the Securities and Futures Bureau and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of certain shareholders' equity accounts shall be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Company's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the company's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the company has earnings and the original need to appropriate a special reserve is not eliminated.

The appropriations of earnings for 2012 and 2011 were approved in the shareholders' meeting held on March 20, 2013 and June 5, 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2012	**2011**	**2012**	**2011**
Surplus reserve	$ 97,734	$ 112,108	$ -	$ -
Cash dividends	705,600	537,600	5	4
Special reserve	38,099	-	-	-

The appropriations of earnings for 2012 bonus to employees and the remuneration to directors and supervisors for 2012 is on a basis of the financial statement in conformity with the before-amendment Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China and reference the balance sheets in conformity with the after-amendment Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards. Thus, they are still subject to the resolution of the shareholders' meeting to be held on June 11, 2013.

	2011	
	Bonus to Employees	**Remuneration to Directors and Supervisors**
Amounts approved in shareholders' meetings.	$ -	$ -
Amounts recognized in respective financial statements	-	-
	$ -	$ -

There was no difference between the accrued bonuses to employees and the remuneration to directors and supervisors and the amounts approved in shareholders' meetings.

Information on the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Provision of Special Reserve for First-time Adoption of IFRSs

There was no provision of special reserve because the first-time adoption of IFRSs decreases the retained earnings.

Other Equity

Foreign currency translation reserve

	For the Three Months Ended March 31	
	2013	**2012**
Balance at January 1	$ (7,369)	$ 127,893
Share of exchange difference of jointly controlled entities accounted for using the equity method	(56,769)	35,565
Exchange differences arising on translating the foreign operations	194,102	(148,811)
Balance at March 31	$ 129,964	$ 14,647

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies, to the Group's presentation currency (New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) were reclassified to profit or loss on the disposal of the foreign operation.

Non-controlling Interests

	For the Three Months Ended March 31	
	2013	**2012**
Balance at January 1	$ 124,686	$ 109,710
Attribute to non-controlling interest		
Net income	4,534	7,466
Exchange differences arising on translation of foreign entities	1,893	(1,956)
Cash dividends	(20,572)	(5,680)
Balance at March 31	$ 110,541	$ 109,540

17. REVENUE

	For the Three Months Ended March 31	
	2013	**2012**
Revenue from sales of goods	$ 3,565,322	$ 3,291,739
Royalty income	19,410	-
	$ 3,584,732	$ 3,291,739

18. NET PROFIT

Net profit from continuing operations had been arrived of after charging:

a. Other income

	For the Three Months Ended March 31	
	2013	**2012**
Interest income	$ 6,587	$ 7,959
Others	18,709	11,449
	$ 25,296	$ 19,408

b. Other gains and losses

	For the Three Months Ended March 31	
	2013	2012
Net foreign exchange gains/(losses)	$ 501	$ (3,602)
Loss on disposal of property, plant and equipment	(6,128)	(1,895)
Others	(5,767)	(8,362)
	$ (11,394)	$ (13,859)

c. Depreciation and amortization

	For the Three Months Ended March 31	
	2013	2012
Property, plant and equipment	$ 172,089	$ 125,667
Intangible assets	2,836	1,431
	$ 174,925	$ 127,098
An analysis of depreciation by function		
Operating costs	$ 29,451	$ 20,162
Operating expenses	142,638	105,505
	$ 172,089	$ 125,667
An analysis of amortization by function		
Operating costs	$ -	$ -
Operating expenses	2,836	1,431
	$ 2,836	$ 1,431

d. Employee benefits expense

	For the Three Months Ended March 31	
	2013	2012
Post-employment benefits		
Defined contribution plans	$ 8,635	$ 7,942
Other employee benefits	881,329	645,331
	$ 889,964	$ 653,273
An analysis of employee benefits expense by function		
Operating costs	$ 130,809	$ 99,157
Operating expenses	759,155	554,116
	$ 889,964	$ 653,273

e. Gain or loss on foreign currency exchange

	For the Three Months Ended March 31	
	2013	2012
Foreign exchange gains	$ 2,746	$ 147
Foreign exchange losses	(2,245)	(3,749)
	$ 501	$ (3,602)

19. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2013	2012
Current tax		
In respect of the current period	$ 110,689	$ 148,105
In respect of prior periods	-	38
	110,689	148,143
Deferred tax		
In respect of the current period	409	(9,749)
Income tax expense recognized in profit or loss	$ 111,098	$ 138,394

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2013	2012
Deferred tax		
Translation of foreign operations	$ 20	$ -

c. Except for the Company is tax-free, income tax returns through 2010 of Comestibles Master Co., Ltd., Mei Wei Master Co., Ltd., Mei Wei San Min, and Mei Wei Fu Xing had been examined and cleared by the Republic of China (Taiwan)'s tax authorities. All other companies prepare their tax returns according to local law.

d. Comestibles Master Co., Ltd.'s profits on expansion projects had been approved by the Industrial Development Bureau of the Ministry of Economic Affairs, ROC for exemption from income tax for five years from December 31, 2011.

20. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2013	2012
Basic earnings per share		
From continuing operations	$ 1.31	$ 2.29

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

Net profit for the period

	For the Three Months Ended March 31	
	2013	2012
Earnings used in computation of basic earnings per share	$ 184,857	$ 323,752

Share (thousand)

	For the Three Months Ended March 31	
	2013	2012
Weighted average number of ordinary shares used in the computation of diluted earnings per share	141,120	141,120

21. OPERATING LEASE ARRANGEMENTS

Operating leases relate to the leases of properties owned by the Company with lease terms between 1 to 10 years. All operating lease contracts over 5 years contain clauses for 1 to 5-yearly market rental reviews. The Group does not have a bargain purchase option to acquire the leased land at the expiry of the lease periods.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, refundable deposits paid under operating lease amounted to $420,620 thousand, $377,695 thousand, $301,452 thousand and $273,728 thousand, respectively.

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

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Not later than 1 year	$ 1,660,610	$ 1,691,242	$ 1,306,857	$ 1,280,746
Later than 1 year and not later than 5 years	3,839,356	4,110,622	3,513,074	3,619,803
Later than 5 years	482,885	589,571	116,342	53,343
	$ 5,982,851	$ 6,391,435	$ 4,936,273	$ 4,953,892

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Group (comprising issued capital, reserves, retained earnings and other equity).

Key management of the Group reviews the capital structure on a quarterly basis. Based on recommendations of the key management, the Group expects to balance the overall capital structure through the payment of dividends, the number of new shares issued or repurchased, and/or existing debt redeemed.

23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

The management considers that the carrying amount of financial assets and financial liabilities recognized in the condensed consolidated financial statements approximate their fair values.

2) Fair value measurements recognized in the consolidated balance sheets

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities are as follows:

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Financial assets at fair value through profit or loss	$ 9,485	$ 9,202	$ 9,364	$ 9,376

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

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

There were no transfers between Level 1 and 2 in the current and prior periods.

3) Valuation techniques and assumptions applied for the purposes of measuring fair value

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices (includes listed redeemable bonds, bills of exchange, corporate bonds and perpetual notes). Where such prices were not available, valuation techniques were applied. The estimates and assumptions used by the Group are consistent with those that market participants would use in setting a price for the financial instrument;

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

b. Categories of financial instruments

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets								
Loans and receivables	$3,584,480	$3,584,480	$3,564,860	$3,564,860	$4,274,507	$4,274,507	$4,377,942	$4,377,942
Fair value through profit or loss (FVTPL)								
Designated as at FVTPL	9,485	14,980	9,202	14,346	9,364	13,045	9,376	12,571
Financial liabilities								
Amortised cost	1,393,985	1,393,985	1,587,291	1,587,291	1,231,344	1,231,344	1,387,611	1,387,611

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, and trade and other receivables. Those reclassified to held-for-sale disposal groups are also included.

2) The balances included financial liabilities measured at amortized cost, which comprise payable, trade and other payables, and bonds issued.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity and borrowings, trade receivable and trade payables. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Corporation treasury function reported quarterly to the Group’s risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

<u>Foreign currency risk</u>

The Company’s primary financial risk is foreign exchange risk. There is no change of financial instrument market risk and exposure of management and measurement since prior period.

The Company’s monetary assets and liabilities on balance sheet date are detailed in Note 27.

Exchange rate risk

Several subsidiaries of the Company had foreign currency deposits, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Assets				
USD	$ 17,931	$ 10,703	$ 10,420	$ 14,810

Interest rate risk

The Group was exposed to interest rate risk because entities in the Group had time deposits and borrowed fund at both fixed and floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Cash flow interest rate risk				
Financial assets	$908,860	$738,959	$653,781	$666,907
Financial liabilities	-	668	360	360

The sensitivity analysis about interest rate is on the basis of fix rate of fair value financial asset and liability on financial report date. As the rate raise for one percentage, the cash inflow on three months ended March 31, 2013 is $9,089 thousand.

2) Credit risk

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the condensed balance sheet.

Most of the Group's counterparties are franchisees traded for a long-term, and the Group monitors trade receivables from franchisees continuously. So impairment loss recognized on trade receivables was not significant. Trade receivables consisted of a large number of customers and spread across diverse industries between geographical areas. Therefore the Group assessed that the concentration of credit risk was limited.

The concentration of credit risk with counterparties was never more than 10 percent of non-monetary assets.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Because most counterparties of excess liquidity are banks monitored by regulators in the People's Republic of China and Republic of China, the credit risk is limited.

3) Liquidity risk

The working capital of the Company is enough to afford the contract so there is no risk of liquidity.

24. TRANSACTIONS WITH RELATED PARTY

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

a. Trading transactions

	Sales of Goods For the Three Months Ended March 31		Purchases of Goods For the Three Months Ended March 31	
	2013	2012	2013	2012
Joint venture	$ 2,009	$ -	$ -	$ -
Related party	$ -	$ -	$ 30,699	$ 37,157

There is no significant difference of sales between the relationship and customers. The purchase price is 65% of the sale price, 30 days after monthly payment.

The following balances of trade receivables from related parties were outstanding at the end of the reporting period:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Joint venture	$ 1,060	$ 610	$ -	$ -

	For the Three Months Ended March 31	
Related Party	**2013**	**2012**
Other receivables		
Affiliated companies	$ 659	$ -
Miscellaneous income		
Affiliated companies	$ 1,091	$ -

b. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the three months ended March 31, 2013 and 2012 were as follows:

	For the Three Months Ended March 31	
	2013	2012
Short-term benefits	$ 9,063	$ 39,169

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

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The assets pledged or mortgaged as collaterals for bank borrowings were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Property, plant and equipment				
Land	$ 202,305	$ 202,305	$ 202,305	$ 202,305
Buildings	14,553	14,818	15,612	15,876
Transporation equipment	1,410	1,401	1,523	1,557
Bond investments with no active market - current				
Trust fund account	-	5,002	-	772
Bond investments with no active market - noncurrent				
Restricted bank deposits	1,700	1,700	1,700	1,700
	$ 219,968	$ 225,226	$ 221,140	$ 222,210

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012 were as follows:

Significant Commitments

a. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately US$2,000 thousand, US$2,000 thousand, US$1,894 thousand and €928 thousand, respectively.

b. Unrecognized commitments are as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Acquisition of property, plant and equipment	$ 30,565	$ 154,284	$ 10,983	$ 38,348

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

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

	March 31, 2013		
	Foreign Currencies	Exchange Rate	Carrying Amount (Thousand, RMB)
Financial assets			
Monetary items			
USD	$ 17,931	6.2689	$ 112,406

	December 31, 2012		
	Foreign Currencies	Exchange Rate	Carrying Amount (Thousand, RMB)
Financial assets			
Monetary items			
USD	$ 10,703	6.2855	$ 67,724

	March 31, 2012		
	Foreign Currencies	Exchange Rate	Carrying Amount (Thousand, RMB)
Financial assets			
Monetary items			
USD	$ 10,420	6.2943	$ 65,584

	January 1, 2012		
	Foreign Currencies	Exchange Rate	Carrying Amount (Thousand, RMB)
Financial assets			
Monetary items			
USD	$ 14,810	6.3009	$ 93,314

28. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

a. Lending funds to others: Table 1 (attached)

b. Providing endorsements or guarantees for others: None

c. Holding of securities at the end of the period: Table 2 (attached)

d. Aggregate purchases or sales of the same securities reaching NT$100 million or 20 percent of paid-in capital or more: Table 3 (attached)

e. Acquisition of real estate reaching NT$100 million or 20 percent of paid-in capital or more: None

f. Disposal of real estate reaching NT$100 million or 20 percent of paid-in capital or more: None

g. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more: None

h. Trade receivables from related parties reaching NT$100 million or 20 percent of paid-in capital or more: None

i. Trading in derivative instruments: None

j. Names, locations, and related information of investees: Table 4 (attached)

k. Investee financing provided: Table 5 (attached)

l. Marketable securities held of investees: Table 6 (attached)

m. Investee and relationship amount of purchase and sales at prices of at least NT$100 million or 20% of the paid-in capital: Table 7 (attached)

n. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Table 9 (attached)

Information on investments in mainland China

a. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area: Table 8 (attached)

29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's principal geographical areas are China and Taiwan.

a. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations categorized by major products and services:

	For the Three Months Ended March 31	
	2013	**2012**
Beverages	$ 1,033,834	$ 958,696
Cake	1,193,514	1,026,087
Bread	1,323,064	1,273,930
Other	34,320	33,026
	$ 3,584,732	$ 3,291,739

b. Geographical information

The Group's revenue from continuing operations from external customers and information about noncurrent assets by geographical location are detailed below:

	Revenue from External Customers For the Three Months Ended March 31		Noncurrent Assets March 31	
	2013	**2012**	**2013**	**2012**
China	$ 2,564,984	$ 2,226,625	$ 2,930,177	$ 1,962,116
Taiwan	823,573	891,429	761,542	568,851
Others	196,175	173,685	442,919	94,807
	$ 3,584,732	$ 3,291,739	$ 4,134,638	$ 2,625,774

Noncurrent assets excluded those classified as non-operating assets, financial instruments, and deferred tax assets.

c. Significant customer information

The consolidated company has no client that its revenue is over 10% of the income statement at three months ended March 31, 2013 and 2012.

30. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

a. Basis of the preparation for financial information under IFRSs

The Group's condensed consolidated financial statements for the three months ended March 31, 2013 were the first IFRS interim financial statements. The Group not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Effects of transition to IFRSs

After transition to IFRSs, the effect on the Group's consolidated balance sheets and consolidated statements of comprehensive income is stated as follows:

1) Reconciliation of consolidated balance sheet as of January 1, 2012

	ROC GAAP	Presentation Difference	IFRSs	Note
Assets				
Cash	$ 4,142,730	$ (665,207)	$ 3,477,523	7) c)
Debt investments with no active market	-	667,679	667,679	7) c)
Restricted assets	2,472	(2,472)	-	7) c)
Deferred income tax - current	32,118	(32,118)	-	7) a)
Deferred income tax - noncurrent	12,911	32,118	45,029	7) a)
Net property, plant and equipment	1,634,284	564,405	2,198,689	6) b) and 7) d)
Prepayments	163,612	512,169	675,781	7) d) and 7) e)
Prepayments for equipment	500,484	(500,484)	-	7) e)
Deferred charges	575,509	(575,509)	-	7) d)
Noncurrent assets	-	8,467	8,467	7) d)

(Continued)

	ROC GAAP	Presentation Difference	IFRSs	Note
Liabilities				
Decommission provisions	$ -	$ 14,705	$ 14,705	7) g)
Equity				
Capital surplus	2,850,226	(101,900)	2,748,326	7) f)
Reserve	162,879	(6,015)	156,864	7) f)
Unappropriated earnings	1,489,930	(65,361)	1,424,569	6) b) and 7) f)
Cumulative translation adjustments	(39,858)	167,751	127,893	7) f)

(Concluded)

2) Reconciliation of consolidated balance sheet as of March 31, 2012

	ROC GAAP	Presentation Difference	IFRSs	Note
Assets				
Cash	$ 4,095,943	$ (652,081)	$ 3,443,862	7) c)
Debt investments with no active market	-	653,781	653,781	7) c)
Restricted assets	1,700	(1,700)	-	7) c)
Deferred income tax assets - current	28,807	(28,807)	-	7) a)
Deferred income tax assets - noncurrent	24,825	(28,807)	53,632	7) a)
Prepayments	204,917	605,032	809,949	7) d) and 7) e)
Net property, plant and equipment	1,635,391	599,627	2,235,018	6) b) and 7) d)
Prepayments for equipment	600,590	(600,590)	-	7) e)
Deferred charges	603,771	(603,771)	-	7) d)
Noncurrent assets	-	8,196	8,196	7) d)
Liabilities				
Decommission provisions	-	14,505	14,505	7) g)
Equity				
Capital surplus	2,777,592	(29,266)	2,748,326	7) f)
Reserve	158,728	(1,864)	156,864	7) f)
Unappropriated earnings	1,775,245	(26,924)	1,748,321	6) b) and 7) f)
Cumulative translation adjustments	(37,522)	52,169	14,647	7) f)

3) Reconciliation of consolidated balance sheet as of December 31, 2012

	ROC GAAP	Presentation Difference	IFRSs	Note
Assets				
Cash	$ 3,278,802	$ (737,259)	$ 2,541,543	7) c)
Debt investments with no active market	-	743,961	743,961	7) c)
Restricted assets	6,702	(6,702)	-	7) c)
Deferred income tax assets - current	33,982	(33,982)	-	7) a)
Deferred income tax assets - noncurrent	12,529	33,982	46,511	7) a)
Prepayments	325,468	373,280	698,748	7) d) and 7) e)
Net property, plant and equipment	2,473,727	814,405	3,288,132	6) b) and 7) d)
Prepayments for equipment	413,537	(369,787)	43,750	7) e)
Deferred charges	813,466	(813,466)	-	7) d)
Noncurrent assets	-	6,369	6,369	7) d)
Liabilities				
Decommission provisions	-	19,247	19,247	7) g)

(Continued)

	ROC GAAP	Presentation Difference	IFRSs	Note
Equity				
Capital surplus	$ 2,696,451	$ (15,325)	$ 2,681,126	7) f)
Reserve	266,578	2,394	268,972	7) f)
Unappropriated earnings	1,781,248	(26,245)	1,755,003	6) b) and 7) f)
Cumulative translation adjustments	(38,099)	30,730	(7,369)	7) f)

(Concluded)

4) Reconciliation of consolidated statement of comprehensive income for the three months ended March 31, 2012

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Operating revenue	$ 3,283,328	$ 8,411	$ 3,291,739	7) f)
Operating cost	(1,445,982)	(3,688)	(1,449,670)	7) f)
Operating expenses	(1,374,859)	(3,126)	(1,377,985)	7) b), 7) f) and 7) g)
Other income and expenses	6,285	(757)	5,528	7) b) and 7) f)
Income tax expense	(138,041)	(353)	(138,394)	7) f)
Income for non-controlling interest, net of tax	(7,447)	(19)	(7,466)	7) f)
Net income	323,284	468	323,752	
Other comprehensive income (losses)				
Cumulative translation adjustments	2,336	(115,582)	(113,246)	7) f)
	$ 325,620	$ (115,114)	$ 210,506	

5) Reconciliation of consolidated statement of comprehensive income for the year ended December 31, 2012

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Operating revenue	$ 13,479,263	$ 71,886	$ 13,551,149	7) f)
Operating cost	(6,033,561)	(32,117)	(6,065,678)	7) f)
Operating expenses	(6,144,506)	(59,421)	(6,203,927)	7) b), 7) f) and 7) g)
Other income and expenses	120,636	25,007	145,643	7) b) and 7) f)
Income tax expense	(416,130)	(2,377)	(418,507)	7) f)
Income for non-controlling interest, net of tax	(28,359)	(179)	(28,538)	7) f)
Net income	977,343	2,799	980,142	
Other comprehensive income (losses)				
Cumulative translation adjustments	1,759	(137,021)	(135,262)	7) f)
	$ 979,102	$ (134,222)	$ 844,880	

6) Exemptions from IFRS 1

IFRS 1 establishes the procedures for the Group’s first consolidated financial statements prepared in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to IFRSs, January 1, 2012; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1.

a) Deemed cost

The carrying values of the Group's property, plant and equipment, investment property and intangible assets are deemed cost in the first-time adoption of IFRSs.

b) Decommissioning liabilities included in property, plant and equipment cost

The Group elected to measure the decommissioning liabilities as at the date of transition to IFRSs in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", and estimated the amount that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date. The accumulated depreciation on that amount had also been calculated as at the date of transition to IFRSs.

7) Explanations of significant reconciling items in the transition to IFRSs

The significant differences between ROC GAAP and under IFRSs were as follows:

a) Deferred tax assets/liabilities

Under ROC GAAP, valuation allowances is provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. In accordance with IAS No 12, "Income Taxes," deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits, and valuation allowance account is not used.

In addition, under ROC GAAP, a deferred tax asset and deferred tax liability are classified as current or noncurrent in accordance with the classification of the related asset or liability. However, if a deferred income tax asset does not relate to an asset in the financial statements, it is classified as either current or noncurrent based on the expected length of time before it is realized or settled. Under IFRSs, deferred tax asset are classified as noncurrent asset.

b) Classification of line items in the statement of comprehensive income

Under IFRSs, based on the nature of operating transactions, the loss on disposal of property, plant and equipment are reclassified under operating expenses.

c) Classification of time deposit

Under ROC GAAP, the time deposit that can be terminated at any time without prejudice to the principal is classified under cash. After transferring to IFRSs, the time deposit for short-term cash commitments is classified under cash, and the rest of time deposit is transferred to bond investments with not active market.

d) Classification of deferred charges

Under ROC GAAP, deferred charges are reclassified under assets. Under IFRSs, deferred charges are reclassified as property, plant and equipment, and prepaid expenses according to their nature.

e) Classification of prepayments for equipment

Under ROC GAAP, prepayments for equipment are classified under property, plant and equipment. Under IFRSs, prepayments for equipment are classified as other prepayments, and according to the expected realization of the assets, the prepayments are classified as current assets or noncurrent assets.

f) Presentation currency

When the consolidated financial statements are translated from functional currency - RMB dollar to presentation currency - N.T. dollar, except for the share capital that is translated to NT$10 per share at the historical exchange rate, the other items of financial statements are translated at the exchange rates on the balance sheet date. Exchange differences resulting from translation to presentation currency are recognized in the cumulative translation adjustments.

Under IFRSs, exchange rates used for the translation to presentation currency are the same as those used in the translation of different foreign functional currency. Assets and liabilities are translated at the exchange rate on the balance sheet date. Equity items are translated at historical exchange rates, and income and expense items are translated at the average exchange rate for the period. The exchange differences resulting from translation of financial statements are recognized in the cumulative translation adjustments.

g) Decommissioning liabilities of property, plant and equipment cost

Under IFRSs, decommissioning, restoration and similar liabilities should be recognized as addition to the cost of related assets, and depreciated over the estimated useful life. As of March 31, 2012, the amounts of depreciation under operating expenses were NT$2,300 thousand (RMB530 thousand).

8) Explanation for the adjustments of IFRSs statement of cash flow

Time deposits that can be readily cancelled without eroding the principal and negotiable certificates of deposit that can be readily sold without eroding the principal meet the definition of cash in accordance with ROC GAAP. However, under IAS 7" Statement of Cash Flow", cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

According to ROC GAAP, interest paid and received and dividends received are classified as operating activities while dividends paid are classified as financing activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7" Statement of Cash Flow", cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interests and dividends received by the Group of $21 thousand for the three months ended March 31, 2012 were presented separately at the date of transition to IFRSs.

Except for the above differences, there are no other significant differences between ROC GAAP and IFRSs in the consolidated statement of cash flows.

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2013
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Financing Company	Financial Statement Account	Counter-party	Maximum Balance for the Period (US$ in Thousands)	Ending Balance (US$ in Thousands)	Amount Actually Drawn (US$ in Thousands)	Interest Rate	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Company's Total Financing Amount Limits
										Item	Value	
1	Gourmet Master Co. Ltd.	Other receivables - related parties	Perfect 85 Degrees C, Inc.	Note 1	$ 165,705 (US$ 5,500)	$ - Note 2	3.75%	Operational requirements	$ -	-	$ -	Note 1

Note 1: The total amount for lending to a company for funding for a short-term period shall not exceed ten percent (10%) of the net worth of Gourmet Master Co. Ltd. The total amount for lending for funding for a short-term period shall not exceed twenty percent (20%) of the net worth of Gourmet Master Co. Ltd. While subsidiaries whose voting shares are 100% owned, directly or indirectly, by Gourmet Master Co. Ltd. are not subject to the above restrictions.

Note 2: The ending balance of actual disbursement amount is NT$0 thousand.

Note 3: Transaction above is already written off in consolidated financial statements.

TABLE 2

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2013
(In Thousands of New Taiwan Dollars)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	March 31, 2013				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
Gourmet Master Co. Ltd.	85 Degree Co., Ltd.	Subsidiary	Investments accounted for by the equity method	12,899,078	$ 1,793,691	100	$ 1,793,691	
	Prime Scope Trading Limited	Subsidiary	Investments accounted for by the equity method	46,742,963	3,837,945	100	3,837,945	
	Prefect 85 Degree C, Inc.	Subsidiary	Investments accounted for by the equity method	4,301,000	254,325	100	254,325	
	85 Degrees Café International Pty Ltd.	Subsidiary	Investments accounted for by the equity method	1,785,000	41,123	51	41,123	
	Lucky Bakery Limited	Subsidiary	Investments accounted for by the equity method	5,500,000	141,328	100	141,248	
	WinPin 85 Investments, Inc.	Subsidiary	Investments accounted for by the equity method	1,600,000	43,171	100	43,171	

TABLE 3

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
MARCH 31, 2013
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units	Amount
Gourmet Master Co. Ltd.	Prime Scope Trading Limited	Investments accounted for using equity method	-	Affiliated companies	41,742,963	$ 1,257,646 (US$ 41,743)	-	$ 150,642 (US$ 5,000)	-	$ -	$ -	$ -	46,742,963	$ 1,408,288 (US$ 46,743)
Prime Scope Trading Limited	85 Degree (Jiangsu) Food Ltd.	Investments accounted for using equity method	-	Affiliated companies	-	-	-	150,642 (US$ 5,000)	-	-	-	-	-	150,642 (US$ 5,000)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
MARCH 31, 2013
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		March 31, 2013			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				March 31, 2013	December 31, 2011	Shares	Percentage of Ownership	Carrying Amount			
Gourmet Master Co. Ltd.	85 Degree Co., Ltd.	Malaysia	Investment	$ 533,447	$ 533,447	12,899,078	100	$ 1,793,691	$ 57,890	$ 57,890	
	Prime Scope Trading Limited	Hong Kong	Investment	1,408,288 (US$ 46,743)	1,257,646 (US$ 41,743)	46,742,963	100	3,837,945	128,949	128,949	(Note 1)
	Perfect 85 Degrees C, Inc.	USA	Investment	197,418 (US$ 6,553)	197,418 (US$ 6,553)	4,301,000	100	254,325	7,517	7,517	(Note 1)
	85 Degrees Café International Pty Ltd.	Australia	Grocery and drink retailing	55,504 (AUD 1,785)	55,504 (AUD 1,785)	1,785,000	51	41,123	(6,115)	(3,119)	(Notes 1 and 2)
	Lucky Bakery Limited	Samoa	Investment	165,706 (US$ 5,500)	165,706 (US$ 5,500)	5,500,000	100	141,328	(6,357)	(6,357)	(Note 1)
	WinPin 85 Investments, Inc.	USA	Grocery and drink retailing	48,205 (US$ 1,600)	48,205 (US$ 1,600)	1,600,000	100	43,171	2,181	2,181	(Note 1)
Perfect 85 Degrees C, Inc.	Golden 85 Investments, LLC	USA	Grocery and drink retailing	59,396 (US$ 1,971)	59,396 (US$ 1,971)	-	65	72,796	25,324	16,460	(Note 1)
Lucky Bakery Limited	Profit Sky International Limited	Hong Kong	Grocery and drink retailing	115,290 (HK$ 30,000)	115,290 (HK$ 30,000)	-	50	92,093	(12,997)	(6,498)	(Notes 1 and 2)
Profit Sky International Limited	Wincase Limited	Hong Kong	Grocery and drink retailing	107,604 (HK$ 28,000)	107,604 (HK$ 28,000)	-	100	87,131	(4,349)	(4,349)	(Notes 1 and 2)
	Worldinn Limited	Hong Kong	Manufacturing of baking food and sale	115,290 (HK$ 30,000)	115,290 (HK$ 30,000)	-	100	93,460	(8,586)	(8,586)	(Notes 1 and 2)
85 Degree Co., Ltd.	Comestibles Master Co., Ltd.	Taichung City, Taiwan (R.O.C.)	Grocery and drink retailing	553,447	553,447	17,054,268	100	1,790,509	57,673	57,673	
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Taichung City, Taiwan (R.O.C.)	Grocery and drink retailing	43,000	43,000	2,060,600	100	7,497	(49)	(49)	(Note 2)
	The Hot Pot Food and Beverage Management Co., Ltd.	Taichung City, Taiwan (R.O.C.)	Grocery and drink retailing	114,000	114,000	11,400,000	76	107,561	882	671	(Note 2)
Mei Wei Master Co., Ltd.	Mei Wei Fu Xing Ltd.	Taichung City, Taiwan (R.O.C.)	Grocery and drink retailing	1,800	1,800	-	60	2,708	191	114	(Note 2)
The Hot Pot Food and Beverage Management Co., Ltd.	The Hot Pot Food and Beverage Management Limited	Hong Kong	Investment	3,464 (US$ 116)	3,464 (US$ 116)	115,893	90	3,451	(61)	(55)	(Notes 1 and 2)
Prime Scope Trading Limited	Shanghai Gourmet Master Food & Beverage Ltd.	Shanghai City	Grocery and drink retailing	300,108 (US$ 9,961)	300,108 (US$ 9,961)	-	100	1,303,133	(2,706)	(2,706)	(Note 1)
	He-Shia Food & Beverage Ltd.	Shanghai City	Grocery and drink retailing	73,946 (US$ 2,454)	73,946 (US$ 2,454)	-	100	1,381,170	80,078	80,078	(Note 1)
	Sheng-Pin (Hangzhou) Food Ltd.	Hangzhou City	Manufacturing of baking food and sale	60,257 (US$ 2,000)	60,257 (US$ 2,000)	-	100	94,327	10,197	10,197	(Note 1)
	He-Shia (Nanjing) Food & Beverage Ltd.	Nanjing City, Jiangsu Province	Grocery and drink retailing	60,257 (US$ 2,000)	60,257 (US$ 2,000)	-	100	350,838	45,999	45,999	(Note 1)
	Beijing 85 Food & Beverage Ltd.	Beijing City	Grocery and drink retailing	60,257 (US$ 2,000)	60,257 (US$ 2,000)	-	100	15,067	(4,081)	(4,081)	(Note 1)
	Zhejiang 85 Food & Beverage Ltd.	Hangzhou City	Grocery and drink retailing	60,257 (US$ 2,000)	60,257 (US$ 2,000)	-	100	22,799	3,050	3,050	(Notes 1 and 2)
	Sheng-Pin (Beijing) Food Ltd.	Beijing City	Manufacturing of baking food and sale	120,513 (US$ 4,000)	120,513 (US$ 4,000)	-	100	75,111	(6,752)	(6,752)	(Note 1)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2013			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				March 31, 2013	December 31, 2011	Shares	Percentage of Ownership	Carrying Amount			
	Fuzhou 85 Food & Beverage Ltd.	Fuzhou City	Grocery and drink retailing	$ 15,064 (US$ 500)	$ 15,064 (US$ 500)	-	100	$ 35,674	$ 16,355	$ 16,355	(Notes 1 and 2)
	Sheng-Pin (Jiangsu) Food Ltd.	Nanjing City, Jiangsu Province	Manufacturing of baking food and sale	135,578 (US$ 4,500)	135,578 (US$ 4,500)	-	100	98,043	4,720	4,720	(Note 1)
	Sheng-Pin (Xiamen) Food Ltd.	Xiamen City	Manufacturing of baking food and sale	60,257 (US$ 2,000)	60,257 (US$ 2,000)	-	100	15,798	(4,497)	(4,497)	(Notes 1 and 2)
	Sheng-Pin (Qingdao) Food Ltd.	Qingdao City	Manufacturing of baking food and sale	75,321 (US$ 2,500)	75,321 (US$ 2,500)	-	100	58,205	(6,359)	(6,359)	(Notes 1 and 2)
	Xiamen 85 Food & Beverage Ltd.	Xiamen City, Fujian Province	Grocery and drink retailing	30,128 (US$ 1,000)	30,128 (US$ 1,000)	-	100	30,303	(37)	(37)	(Notes 1 and 2)
	Shenyang 85 Food & Beverage Ltd.	Shenyang City	Grocery and drink retailing	30,128 (US$ 1,000)	30,128 (US$ 1,000)	-	100	20,215	(5,577)	(5,577)	(Notes 1 and 2)
	Sheng-Pin (Shenyang) Food Ltd.	Shenyang City	Manufacturing of baking food and sale	120,513 (US$ 4,000)	120,513 (US$ 4,000)	-	100	110,409	(4,385)	(4,385)	(Notes 1 and 2)
	85 Degree (Qingdao) Food & Beverage Management Ltd.	Qingdao City	Grocery and drink retailing	60,257 (US$ 2,000)	60,257 (US$ 2,000)	-	100	69,447	1,998	1,998	(Notes 1 and 2)
	85 Degree (Jiangsu) Food Ltd.	Kunshan City	Manufacturing of baking food and sale	150,642 (US$ 5,000)	-	-	100	150,305	253	253	(Notes 1 and 2)
Shanghai Gourmet Master Food & Beverage Ltd.	Sheng-Pin (Shanghai) Food Ltd.	Shanghai City	Manufacturing of baking food and sale	86,508 (RMB 18,000)	86,508 (RMB 18,000)	-	100	53,758	(611)	(611)	(Note 1)
	Mai-Jai (Shanghai) Food Ltd.	Shanghai City	Manufacturing of baking food and sale	34,123 (RMB 7,100)	34,123 (RMB 7,100)	-	100	38,739	(1,919)	(1,984)	(Notes 1 and 2)
	Shanghai Howco Jing Way Food & Beverage Ltd.	Shanghai City	Grocery and drink retailing	72,090 (RMB 15,000)	72,090 (RMB 15,000)	-	100	94,345	351	351	(Notes 1 and 2)
	Shenzheng 85 Food & Beverage Ltd.	Shenzheng City	Grocery and drink retailing	54,590 (RMB 11,359)	54,590 (RMB 11,359)	-	85	(24,495)	(10,765)	(9,150)	(Notes 1 and 2)
	Chengdu 85 Food & Beverage Ltd.	Chengdu City	Grocery and drink retailing	31,672 (RMB 6,590)	31,672 (RMB 6,590)	-	100	31,003	(2,097)	(2,097)	(Notes 1 and 2)
	Sheng-Pin (Wuhan) Food Ltd.	Wuhan City	Manufacturing of baking food and sale	28,836 (RMB 6,000)	28,836 (RMB 6,000)	-	100	2,987	(8,109)	(8,109)	(Note 1)
	Wuhan Jing Way Food & Beverage Ltd.	Wuhan City	Grocery and drink retailing	28,836 (RMB 6,000)	28,836 (RMB 6,000)	-	100	(8,899)	(11,218)	(11,218)	(Notes 1 and 2)
	Jianxi Jing Way Food & Beverage Ltd.	Nanchang City	Grocery and drink retailing	28,836 (RMB 6,000)	28,836 (RMB 6,000)	-	100	26,580	(2,803)	(2,803)	(Notes 1 and 2)
	Jin Wei Industrial (Shanghai) Ltd.	Shanghai City	Grocery and drink retailing	9,612 (RMB 2,000)	9,612 (RMB 2,000)	-	100	32,833	(17)	(17)	(Notes 1 and 2)
	Guangzhou 85 Degree Food & Beverage Management Ltd.	Guangzhou City	Grocery and drink retailing	28,836 (RMB 6,000)	28,836 (RMB 6,000)	-	100	28,493	(370)	(370)	(Notes 1 and 2)
	Chengdu Maijia Food Co., Ltd.	Chengdu City	Manufacturing of baking food and sale	9,612 (RMB 2,000)	9,612 (RMB 2,000)	-	100	9,612	-	-	(Note 1)
Shenzheng 85 Food & Beverage Ltd.	Sheng-Pin (Shenzheng) Food & Beverage Ltd.	Shenzheng City	Manufacturing of baking food and sale	31,239 (RMB 6,500)	31,239 (RMB 6,500)	-	100	(11,738)	(4,731)	(4,731)	(Notes 1 and 2)
85 Degree (Qingdao) Food & Beverage Management Ltd.	Qingdao Jie Wei Food & Beverage Management Ltd.	Qingdao City	Manufacturing of baking food and sale	7,209 (RMB 1,500)	7,209 (RMB 1,500)	-	100	6,656	143	143	(Notes 1 and 2)

Note 1: The exchange rate was US$1=NT$30.13; RMB1=NT$4.806; AUD1=NT$31.09; HK$1=NT$3.84.

Note 2: The carrying amount was based on the net assets of investee, which was not audited as of March 31, 2013.

(Concluded)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

FINANCING PROVIDED BY THE INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
MARCH 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company Name	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Balance Used	Interest Rate %	Financing Provided (Note 3)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
												Item	Value		
1	Shanghai Gourmet Master Food & Beverage Ltd.	Zhejiang 85 Food & Beverage Ltd.	Other receivable - related parties	$ 48,060 (RMB 10,000)	$ 48,060 (RMB 10,000)	$ -	3.75	For short-term financing	$ -	Working capital loan	$ -	-	$ -	$ 643,112	$ 1,286,224
		Shenzheng 85 Food & Beverage Ltd.	Other receivable - related parties	48,060 (RMB 10,000)	48,060 (RMB 10,000)	-	3.75	For short-term financing	-	Working capital loan	-	-	-	643,112	1,286,224
		Wuhan Jing Way Food & Beverage Ltd.	Other receivable - related parties	96,120 (RMB 20,000)	96,120 (RMB 20,000)	-	3.75	For short-term financing	-	Working capital loan				643,112	1,286,224
		Sheng-Pin (Shenzheng) Food Ltd.	Other receivable - related parties	72,090 (RMB 15,000)	72,090 (RMB 15,000)	48,060 (RMB 10,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	643,112	1,286,224
		Sheng-Pin (Wuhan) Food Ltd.	Other receivable - related parties	57,672 (RMB 12,000)	57,672 (RMB 12,000)	57,672 (RMB 12,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	643,112	1,286,224
		Sheng-Pin (Shanghai) Food Ltd.	Other receivable - related parties	96,120 (RMB 20,000)	96,120 (RMB 20,000)	96,120 (RMB 20,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	643,112	1,286,224
2	He-Shia Food & Beverage Ltd.	Sheng-Pin (Xiamen) Food Ltd	Other receivable - related parties	72,090 (RMB 15,000)	72,090 (RMB 15,000)	-	3.75	For short-term financing	-	Working capital loan	-	-	-	643,112	1,286,224
		Fuzhou 85 Food & Beverage Ltd.	Other receivable - related parties	96,120 (RMB 20,000)	96,120 (RMB 20,000)	-	3.75	For short-term financing	-	Working capital loan	-	-	-	643,112	1,286,224
		Beijing 85 Food & Beverage Ltd.	Other receivable - related parties	192,240 (RMB 40,000)	192,240 (RMB 40,000)	-	3.75	For short-term financing	-	Working capital loan	-	-	-	643,112	1,286,224
		Sheng-Pin (Beijing) Food Ltd.	Other receivable - related parties	72,090 (RMB 15,000)	72,090 (RMB 15,000)	72,090 (RMB 15,000)	3.75	For short-term financing	-	Working capital loan	-	-	-	643,112	1,286,224
		Sheng-Pin (Shanghai) Food Ltd.	Other receivable - related parties	96,120 (RMB 20,000)	96,120 (RMB 20,000)	-	3.75	For short-term financing	-	Working capital loan	-	-	-	643,112	1,286,224
3	Comestibles Master Co., Ltd.	Perfect 85 Degrees C, Inc.	Other receivable - related parties	165,706 (US$ 5,500)	165,706 (US$ 5,500)	105,449 (US$ 3,500)	3.75	For short-term financing	-	Working capital loan	-	-	-	643,112	1,286,224
		WinPin 85 Investments Inc.	Other receivable - related parties	54,231 (US$ 1,800)	54,231 (US$ 1,800)	-	3.75	For short-term financing	-	Working capital loan	-	-	-	643,112	1,286,224
		Perfect 85 Degrees C, Inc.	Other receivable - related parties	54,231 (US$ 1,800)	54,231 (US$ 1,800)	-	3.75	For short-term financing	-	Working capital loan	-	-	-	643,112	1,286,224

Note: According to Gourmet Master Co. Ltd. financing provided procedure the limit of amount is calculated as follow:

1. The total amount for lending for funding for a short-term period shall not exceed forty percent (40%) of the net worth of Gourmet Master Co. Ltd., which was reviewed by CPA. While subsidiaries whose voting shares are 100% owned directly or indirectly, by Gourmet Master Co. Ltd. are not subject to the above restrictions.

   $6,431,122 × 40% = $2,572,449

2. The total amount for lending to a company for a short-term period shall not exceed twenty percent (20%) of the net worth of Gourmet Master Co. Ltd., and the amount shall not exceed the amount of transaction.

   $6,431,122 × 20% = $1,286,224

3. The total amount for lending to a company for funding for a short-term period shall not exceed twenty percent (20%) of the net worth of Gourmet Master Co. Ltd. The total amount for lending to a company for funding for a short-term period shall not exceed ten percent (10%) of the net worth of Gourmet Master Co. Ltd.

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2013
(In Thousands of New Taiwan Dollars)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	March 31, 2013				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	Mutual funds							
85 Degrees Café International Pty Ltd.	Merrill Lynch 6-Year AUD Australian Companies Dual High Yield Accrual	NA	Financial assets at FVTPL - current	5,000	$ 9,485	-	$ 14,980	
	Unlisted company							
Perfect 85 Degrees C, Inc.	Golden 85 Investments, LLC	Affiliated companies	Investments accounted for by the equity method	-	72,796	65	72,796	
Lucky Bakery Limited	Profit Sky International Limited	Affiliated companies	Investments accounted for by the equity method	-	92,093	50	92,093	Note 1
Profit Sky International Limited	Wincase Limited	Affiliated companies	Investments accounted for by the equity method	-	87,131	100	87,131	Note 1
	Worldinn Limited	Affiliated companies	Investments accounted for by the equity method	-	93,460	100	93,460	Note 1
85 Degree Co., Ltd.	Comestibles Master Co., Ltd.	Affiliated companies	Investments accounted for by the equity method	17,054,268	1,790,509	100	1,790,509	
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Affiliated companies	Investments accounted for by the equity method	2,060,600	7,497	100	7,497	
	The Hot Pot Food and Beverage Management Co., Ltd.	Affiliated companies	Investments accounted for by the equity method	11,400,000	107,561	76	107,561	Note 1
The Hot Pot Food and Beverage Management Co., Ltd.	The Hot Pot Food and Management Beverage Limited	Affiliated companies	Investments accounted for by the equity method	115,893	3,451	90	3,451	Note 1
Mei Wei Master Co., Ltd.	Mei Wei Fu Xing Ltd.	Affiliated companies	Investments accounted for by the equity method	-	2,708	60	2,708	Note 1
Prime Scope Trading Limited	Shanghai Gourmet Master Food & Beverage Ltd.	Affiliated companies	Investments accounted for by the equity method	-	1,302,133	100	1,303,133	
	He-Shia Food & Beverage Ltd.	Affiliated companies	Investments accounted for by the equity method	-	1,381,170	100	1,380,170	
	Sheng-Pin (Hangzhou) Food Ltd.	Affiliated companies	Investments accounted for by the equity method	-	94,327	100	94,327	

(Continued)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	March 31, 2013				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	He-Shia (Nanjing) Food & Beverage Ltd.	Affiliated companies	Investments accounted for by the equity method	-	$ 350,838	100	$ 350,838	
	Beijing 85 Food & Beverage Ltd.	Affiliated companies	Investments accounted for by the equity method	-	15,067	100	15,067	
	Zhejiang 85 Food & Beverage Ltd.	Affiliated companies	Investments accounted for by the equity method	-	22,799	100	22,799	Note 1
	Sheng-Pin (Beijing) Food Ltd.	Affiliated companies	Investments accounted for by the equity method	-	75,111	100	75,111	
	Fuzhou 85 Food & Beverage Ltd.	Affiliated companies	Investments accounted for by the equity method	-	35,674	100	35,674	Note 1
	Sheng-Pin (Jiangsu) Food Ltd.	Affiliated companies	Investments accounted for by the equity method	-	98,043	100	98,043	
	Sheng-Pin (Xiamen) Food Ltd.	Affiliated companies	Investments accounted for by the equity method	-	15,798	100	15,798	Note 1
	Sheng-Pin (Qingdao) Food Ltd.	Affiliated companies	Investments accounted for by the equity method	-	58,205	100	58,205	Note 1
	Xiamen 85 Food & Beverage Ltd.	Affiliated companies	Investments accounted for by the equity method	-	30,303	100	30,303	Note 1
	Shenyang 85 Food & Beverage Ltd.	Affiliated companies	Investments accounted for by the equity method	-	20,215	100	20,215	Note 1
	Sheng-Pin (Shenyang) Food Ltd.	Affiliated companies	Investments accounted for by the equity method	-	110,409	100	110,409	Note 1
	85 Degree (Qingdao) Food & Beverage Management Ltd.	Affiliated companies	Investments accounted for by the equity method	-	69,447	100	69,447	Note 1
	85 Degree (Jiangsu) Food Ltd.	Affiliated companies	Investments accounted for by the equity method	-	150,305	100	150,305	Note 1
Shanghai Gourmet Master Food & Beverage Ltd.	Sheng-Pin (Shanghai) Food Ltd.	Affiliated companies	Investments accounted for by the equity method	-	53,758	100	53,758	
	Mai-Jai (Shanghai) Food Ltd.	Affiliated companies	Investments accounted for by the equity method	-	38,739	100	33,673	Note 1
	Shanghai Howco Jing Way Food &Beverage Ltd.	Affiliated companies	Investments accounted for by the equity method	-	94,345	100	94,345	Note 1
	Shenzheng 85 Food & Beverage Ltd.	Affiliated companies	Other liability	-	(24,495)	85	(24,495)	Note 1
	Chengdu 85 Food & Beverage Ltd.	Affiliated companies	Investments accounted for by the equity method	-	31,003	100	31,003	Note 1
	Sheng-Pin (Wuhan) Food Ltd.	Affiliated companies	Investments accounted for by the equity method	-	2,987	100	2,987	Note 1
	Wuhan Jing Way Food & Beverage Ltd.	Affiliated companies	Investments accounted for by the equity method	-	(8,899)	100	(8,899)	Note 1
	Jianxi Jing Way Food & Beverage Ltd.	Affiliated companies	Investments accounted for by the equity method	-	26,580	100	26,580	Note 1
	Jin Wei Industrial (Shanghai) Ltd.	Affiliated companies	Investments accounted for by the equity method	-	32,833	100	32,833	
	Guangzhou 85 Degree Food & Beverage Management Ltd.	Affiliated companies	Investments accounted for by the equity method	-	28,493	100	28,493	Note 1
	Chengdu Maijia Food Co., Ltd.	Affiliated companies	Investments accounted for by the equity method	-	9,612	100	9,612	

(Continued)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	March 31, 2013				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
Shenzheng 85 Food & Beverage Ltd.	Sheng Pin (Shenzheng) Food & Beverage Ltd.	Affiliated companies	Other liability	-	$ (11,738)	100	$ (11,738)	Note 1
85 Degree (Qingdao) Food & Beverage Management Ltd.	Qingdao Jie Wei Food & Beverage Management Ltd.	Affiliated companies	Investments accounted for by the equity method	-	6,656	100	6,656	Note 1

Note 1: Market value was based on the net assets of investee, which was not audited, as of March 31, 2013.

(Concluded)

TABLE 7

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2013
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Detail				Non-arm's Length Transaction		Notes/Accounts Payable or Receivable			Note
			Purchases/ Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Account	Ending Balance	% to Total	
Sheng-Pin (Shanghai) Food Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Parent company	Sales	$ 135,745	4%	60 days	Based on the Group's transfer pricing policy	-	Accounts receivable	$ 71,802	38%	
Sheng-Pin (Jiangsu) Food Ltd.	He-Shia (Nanjing) Food & Beverage Ltd.	Affiliated company	Sales	130,517	4%	60 days	Based on the Group's transfer pricing policy	-	Accounts receivable	45,524	24%	

Note: Transaction above is already written off in consolidated financial statements.

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
THREE MONTHS ENDED MARCH 31, 2013
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousands) (Note 1)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2013	Percentage of Ownership	Investment Income (Loss) Recognized	Carrying Amount as of March 31, 2013	Accumulated inward Remittance of Earnings as of March 31, 2013
					Outflow	Inflow					
Prime Scope Trading Limited											
Shanghai Gourmet Master Food & Beverage Ltd.	Grocery and drink retailing	$ 300,108 US$ 9,961	Direct investment	$ -	$ -	$ -	$ -	100	$ (2,706)	$ 1,303,133	$ -
He-Shia Food & Beverage Ltd.	Grocery and drink retailing	73,946 US$ 2,454	Direct investment	-	-	-	-	100	80,078	1,381,170	-
Sheng-Pin (Hangzhou) Food Ltd.	Manufacturing of baking food and sale	60,257 US$ 2,000	Direct investment	-	-	-	-	100	10,197	94,327	-
He-Shia (Nanjing) Food & Beverage Ltd.	Grocery and drink retailing	60,257 US$ 2,000	Direct investment	-	-	-	-	100	45,999	350,838	-
Beijing 85 Food & Beverage Ltd.	Grocery and drink retailing	60,257 US$ 2,000	Direct investment	-	-	-	-	100	(4,081)	15,067	-
Zhejiang 85 Food & Beverage Ltd.	Grocery and drink retailing	60,257 US$ 2,000	Direct investment	-	-	-	-	100	3,050	22,799	-
Sheng-Pin (Beijing) Food Ltd.	Manufacturing of baking food and sale	120,513 US$ 4,000	Direct investment	-	-	-	-	100	(6,752)	75,111	-
Fuzhou 85 Food & Beverage Ltd.	Grocery and drink retailing	15,064 US$ 500	Direct investment	-	-	-	-	100	16,355	35,674	-
Sheng-Pin (Jiangsu) Food Ltd.	Manufacturing of baking food and sale	135,578 US$ 4,500	Direct investment	-	-	-	-	100	4,720	98,043	-
Sheng-Pin (Xiamen) Food Ltd.	Manufacturing of baking food and sale	60,257 US$ 2,000	Direct investment	-	-	-	-	100	(4,497)	15,798	-
Sheng-Pin (Qingdao) Food Ltd.	Manufacturing of baking food and sale	75,321 US$ 2,500	Direct investment	-	-	-	-	100	(6,359)	58,205	-
Xiamen 85 Food & Beverage Ltd.	Grocery and drink retailing	30,128 US$ 1,000	Direct investment	-	-	-	-	100	(37)	30,303	-
Shenyang 85 Food & Beverage Ltd.	Grocery and drink retailing	30,128 US$ 1,000	Direct investment	-	-	-	-	100	(5,577)	20,215	-
Sheng-Pin (Shenyang) Food Ltd.	Manufacturing of baking food and sale	120,513 US$ 4,000	Direct investment	-	-	-	-	100	(4,385)	110,409	-
85 Degree (Qingdao) Food & Beverage Management Ltd.	Grocery and drink retailing	60,257 US$ 2,000	Direct investment	-	-	-	-	100	1,998	69,447	-
85 Degree (Jiangsu) Food Ltd.	Manufacturing of baking food and sale	150,642 US$ 5,000	Direct investment	-	-	-	-	100	253	150,305	-
Shanghai Gourmet Master Food & Beverage Ltd.											
Sheng-Pin (Shanghai) Food Ltd.	Manufacturing of baking food and sale	86,508 RMB 18,000	Direct investment	-	-	-	-	100	(611)	53,758	-
Mai-Jai (Shanghai) Food Ltd.	Manufacturing of baking food and sale	34,123 RMB 7,100	Direct investment	-	-	-	-	100	(1,984)	38,739	-
Shanghai Howco Jing Way Food & Beverage Ltd.	Grocery and drink retailing	72,090 RMB 15,000	Direct investment	-	-	-	-	100	351	94,345	-
Shenzheng 85 Food & Beverage Ltd.	Grocery and drink retailing	54,590 RMB 11,359	Direct investment	-	-	-	-	85	(9,150)	(24,495)	-
Chengdu 85 Food & Beverage Ltd.	Grocery and drink retailing	31,672 RMB 6,590	Direct investment	-	-	-	-	100	(2,097)	31,003	-
Sheng-Pin (Wuhan) Food Ltd.	Manufacturing of baking food and sale	28,836 RMB 6,000	Direct investment	-	-	-	-	100	(8,109)	2,987	-
Wuhan Jing Way Food & Beverage Ltd.	Grocery and drink retailing	28,836 RMB 6,000	Direct investment	-	-	-	-	100	(11,218)	(8,899)	-

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousands) (Note 1)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2013	Percentage of Ownership	Investment Income (Loss) Recognized	Carrying Amount as of March 31, 2013	Accumulated inward Remittance of Earnings as of March 31, 2013
					Outflow	Inflow					
Jianxi Jing Way Food & Beverage Ltd.	Grocery and drink retailing	$ 28,836 RMB 6,000	Direct investment	$ -	$ -	$ -	$ -	100	$ (2,803)	$ 26,580	$ -
Jin Wei Industrial (Shanghai) Ltd.	Grocery and drink retailing	9,612 RMB 2,000	Direct investment	-	-	-	-	100	(17)	32,833	-
Guangzhou 85 Degree Food & Beverage Management Ltd.	Grocery and drink retailing	28,836 RMB 6,000	Direct investment	-	-	-	-	100	(370)	28,493	-
Chengdu Maijia Food Co., Ltd.	Manufacturing of baking food and sale	9,612 RMB 2,000	Direct investment	-	-	-	-	100	-	9,612	-
Shenzheng 85 Food & Beverage Ltd.											
Sheng-Pin (Shenzheng) Food & Beverage Ltd.	Manufacturing of baking food and sale	31,239 RMB 6,500	Direct investment	-	-	-	-	100	(4,731)	(11,738)	-
85 Degree (Qingdao) Food & Beverage Management Ltd.											
Qingdao Jie Wei Food & Beverage Management Ltd.	Grocery and drink retailing	7,209 RMB 1,500	Direct investment	-	-	-	-	100	143	6,656	-

Accumulated Investment in Mainland China as of March 31, 2013	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
NA	NA	NA

Note 1: The exchange rate was US$1=NT$30.13, RMB1= NT$4.806.

(Concluded)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Three months ended March 31, 2013

No.	Company Name	Counterparty	Natural of Relationship (Note 1)	Intercompany Transactions			
				Accounts	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
0	Gourmet Master Co. Ltd.	Perfect 85 Degrees C, Inc.	3	Other receivables/payables	$ 105,449	Financings provided, annual interest rate 3.75%	1
1	Shanghai Gourmet Master Food & Beverage Ltd.	Sheng-Pin (Shanghai) Food Ltd.	3	Accounts receivable/payable	71,802	60 days	1
		Sheng-Pin (Shanghai) Food Ltd.	3	Other receivables/payables	96,120	Financings provided, annual interest rate 3.75%	1
		Sheng-Pin (Shanghai) Food Ltd.	3	Purchases/sales	135,745	60 days	4
		He-Shia Food & Beverage Ltd.	3	Other receivables/payables	151,514	-	2
		Sheng-Pin (Shenzheng) Food Ltd.	3	Other receivables/payables	48,060	Financings provided, annual interest rate 3.75%	1
		Wuhan Jing Way Food & Beverage Ltd.	3	Other receivables/payables	54,644	-	1
		Sheng-Pin (Shenyang) Food Ltd.	3	Other receivables/payables	50,420	-	1
		Sheng-Pin (Wuhan) Food Ltd.	3	Other receivables/payables	57,672	Financings provided, annual interest rate 3.75%	1
		Sheng-Pin (Hangzhou) Food Ltd.	3	Purchases/sales	86,888	60 days	2
		Sheng-Pin (Hangzhou) Food Ltd.	3	Accounts receivable/payable	52,457	60 days	1
2	He-Shia Food & Beverage Ltd.	Beijing 85 Food & Beverage Ltd.	3	Other receivables/payables	180,350	-	2
		Sheng-Pin (Hangzhou) Food Ltd.	3	Purchases/sales	83,533	60 days	2
		Sheng-Pin (Xiamen) Food Ltd.	3	Other receivables/payables	103,161	-	1
		Sheng-Pin (Shanghai) Food Ltd.	3	Prepayments/receipts in advance	103,367	-	1
		Sheng-Pin (Shanghai) Food Ltd.	3	Purchases/sales	53,457	60 days	1
		Sheng-Pin (Shenyang) Food Ltd.	3	Other receivables/payables	65,751	-	1
		Sheng-Pin (Beijing) Food Ltd.	3	Other receivables/payables	72,090	Financings provided, annual interest rate 3.75%	1
3	He-Shia (Nanjing) Food & Beverage Ltd.	Sheng-Pin (Jiangsu) Food Ltd.	3	Accounts receivable/payable	130,517	60 days	4
4	Beijing 85 Food & Beverage Ltd.	Sheng-Pin (Beijing) Food Ltd.	3	Purchases/sales	64,626	60 days	2
		Sheng-Pin (Beijing) Food Ltd.	3	Accounts receivable/payable	123,817	60 days	1

Three months ended March 31, 2012

No.	Company Name	Counterparty	Natural of Relationship (Note 1)	Intercompany Transactions			
				Accounts	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
1	Shanghai Gourmet Master Food & Beverage Ltd.	Sheng-Pin (Shanghai) Food Ltd.	3	Prepayments/receipts in advance	$ 69,641	-	1
		Sheng-Pin (Shanghai) Food Ltd.	3	Purchases/sales	124,302	Prepayments to suppliers	4
		Sheng-Pin (Wuhan) Food Ltd.	3	Other receivables/payables	4,506	-	-
		Sheng-Pin (Hang Zhou) Food Ltd.	3	Purchases/sales	101,230	Prepayments to suppliers	3
2	He-Shia Food & Beverage Ltd.	Beijing 85 Food & Beverage Ltd.	3	Other receivables/payables	125,327	-	1
		Sheng-Pin (Hang Zhou) Food Ltd.	3	Purchases/sales	75,233	Prepayments to suppliers	2
		Sheng-Pin (Hang Zhou) Food Ltd.	3	Other receivables/payables	112,993	-	1
		Sheng-Pin (Shanghai) Food Ltd.	3	Purchases/sales	70,941	60 days	2
		Sheng-Pin (Jiangsu) Food Ltd.	3	Other receivables/payables	121,476	-	1
		Sheng-Pin (Beijing) Food Ltd.	3	Prepayments/receipts in advance	40,001	-	-
3	Sheng-Pin (Shanghai) Food Ltd.	Sheng-Pin (Hang Zhou) Food Ltd.	3	Other receivables/payables	50,181	-	1
4	He-Shia (Nanjing) Food & Beverage Ltd.	Sheng-Pin (Jiangsu) Food Ltd.	3	Accounts receivable	66,922	60 days	1
		Sheng-Pin (Jiangsu) Food Ltd.	3	Purchases/sales	77,305	60 days	2
5	Beijing 85 Food & Beverage Ltd.	Sheng-Pin (Beijing) Food Ltd.	3	Purchases/sales	46,330	60 days	1
6	Sheng-Pin (Hang Zhou) Food Ltd.	Fuzhou 85 Food & Beverage Ltd.	3	Accounts payable	48,815	60 days	1

Note 1: Intercompany relationships and significant intercompany transactions information should be noted in number column.

1 Number 0 represents parent company.
2 Number 1 to 6 represents subsidiaries.

Note 2: 1 Represents the transactions from parent company to subsidiary.
2 Represents the transactions from subsidiary to parent company.
3 Represents the transactions between subsidiaries.

Note 3: The asset accounts and liability accounts amounts are calculated as percentage of consolidated total assets. The income accounts amounts are calculated as percentage of consolidated total gross sales.

(Concluded)