

**Gourmet Master Co. Ltd. and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2014 and 2013 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' 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 as of March 31, 2014 and 2013 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended. 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 in the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

May 14, 2014

### Notice to Readers

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

*For the convenience of readers, the independent auditors' 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 auditors' review report and consolidated financial statements shall prevail.*

# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2014 (Reviewed)		December 31, 2013 (Audited)		March 1, 2013 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 2,559,074	29	\$ 2,503,716	28	\$ 2,456,137	28
Financial assets at fair value through profit or loss - current	-	-	-	-	9,485	-
Debt investments with no active market - current (Notes 7 and 26)	204,820	3	285,695	3	907,160	10
Notes receivable	102	-	1,041	-	1,447	-
Trade receivables (Note 8)	210,169	3	236,397	3	179,426	2
Other receivables	110,208	1	60,453	1	38,610	1
Current tax assets	23,950	-	43,139	-	7,485	-
Inventories (Note 9)	470,571	5	455,331	5	408,660	5
Prepayments (Note 12)	362,103	4	396,800	5	267,971	3
Other current assets (Note 12)	13,046	-	12,607	-	17,872	-
Total current assets	<u>3,954,043</u>	<u>45</u>	<u>3,995,179</u>	<u>45</u>	<u>4,294,253</u>	<u>49</u>
<b>NONCURRENT ASSETS</b>						
Debt investments with no active market - noncurrent (Notes 7 and 26)	-	-	-	-	1,700	-
Investments accounted for using equity method (Note 10)	137,634	1	188,759	2	92,093	1
Property, plant and equipment (Notes 11 and 26)	4,049,762	46	3,899,390	44	3,505,170	40
Intangible assets	78,898	1	74,355	1	62,473	1
Deferred tax assets	57,856	1	63,346	1	47,239	-
Prepaid equipment (Note 12)	140,669	1	175,661	2	326,901	4
Refundable deposits (Note 12)	429,076	5	418,421	5	420,620	5
Other noncurrent assets (Note 12)	12,639	-	13,328	-	5,343	-
Total noncurrent assets	<u>4,906,534</u>	<u>55</u>	<u>4,833,260</u>	<u>55</u>	<u>4,461,539</u>	<u>51</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,860,577</u>	<u>100</u>	<u>\$ 8,828,439</u>	<u>100</u>	<u>\$ 8,755,792</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Notes payable	\$ 3,656	-	\$ 296	-	\$ 1,275	-
Trade payables (Note 13)	718,326	8	812,497	9	687,615	8
Other payables (Note 14)	912,167	11	934,551	11	704,498	8
Current tax liabilities	168,627	2	98,554	1	195,922	2
Receipts in advance (Note 14)	544,996	6	568,626	7	536,191	6
Current portion of long-term borrowings	-	-	-	-	597	-
Other current liabilities (Note 14)	14,207	-	23,280	-	14,333	-
Total current liabilities	<u>2,361,979</u>	<u>27</u>	<u>2,437,804</u>	<u>28</u>	<u>2,140,431</u>	<u>24</u>
<b>NONCURRENT LIABILITIES</b>						
Decommission, restoration and rehabilitation provisions (Note 14)	30,527	-	29,233	-	20,508	-
Guarantee deposits received (Note 14)	53,298	1	87,248	1	53,180	1
Other noncurrent liabilities (Note 14)	-	-	-	-	10	-
Total noncurrent liabilities	<u>83,825</u>	<u>1</u>	<u>116,481</u>	<u>1</u>	<u>73,698</u>	<u>1</u>
Total liabilities	<u>2,445,804</u>	<u>28</u>	<u>2,554,285</u>	<u>29</u>	<u>2,214,129</u>	<u>25</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 15)</b>						
Share capital	1,411,200	16	1,411,200	16	1,411,200	16
Capital surplus						
Additional paid-in capital	2,681,126	30	2,681,126	30	2,681,126	31
Retained earnings						
Reserve	366,706	4	366,706	4	268,972	3
Special reserve	38,098	1	38,098	-	-	-
Unappropriated earnings	1,669,412	19	1,487,603	17	1,939,860	22
Total retained earnings	2,074,216	24	1,892,407	21	2,208,832	25
Other equity	207,660	2	218,237	3	129,964	2
Total equity attributable to owners of the Company	6,374,202	72	6,202,970	70	6,431,122	74
<b>NON-CONTROLLING INTERESTS</b>	40,571	-	71,184	1	110,541	1
Total equity	<u>6,414,773</u>	<u>72</u>	<u>6,274,154</u>	<u>71</u>	<u>6,541,663</u>	<u>75</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 8,860,577</u>	<u>100</u>	<u>\$ 8,828,439</u>	<u>100</u>	<u>\$ 8,755,792</u>	<u>100</u>

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			
	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 16 and 30)	\$ 4,218,788	100	\$ 3,584,732	100
OPERATING COSTS	<u>(1,807,100)</u>	<u>(43)</u>	<u>(1,573,164)</u>	<u>(44)</u>
GROSS PROFIT	<u>2,411,688</u>	<u>57</u>	<u>2,011,568</u>	<u>56</u>
OPERATING EXPENSES				
Selling and marketing expenses	(1,893,323)	(45)	(1,532,473)	(43)
General and administrative expenses	(227,796)	(5)	(182,060)	(5)
Research and development expenses	<u>(7,141)</u>	<u>-</u>	<u>(3,854)</u>	<u>-</u>
Total operating expenses	<u>(2,128,260)</u>	<u>(50)</u>	<u>(1,718,387)</u>	<u>(48)</u>
OPERATING INCOME	<u>283,428</u>	<u>7</u>	<u>293,181</u>	<u>8</u>
NONOPERATING INCOME AND EXPENSES (Note 17)				
Other income	37,231	1	25,296	1
Share of the profit or loss of associates and joint ventures	1,400	-	(6,498)	-
Other gains and losses	(23,520)	(1)	(11,394)	(1)
Finance costs	<u>-</u>	<u>-</u>	<u>(96)</u>	<u>-</u>
Total nonoperating income and expenses	<u>15,111</u>	<u>-</u>	<u>7,308</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	298,539	7	300,489	8
INCOME TAX EXPENSE (Notes 4 and 18)	<u>(112,778)</u>	<u>(3)</u>	<u>(111,098)</u>	<u>(3)</u>
NET PROFIT FOR THE PERIOD	<u>185,761</u>	<u>4</u>	<u>189,391</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	<u>(8,081)</u>	<u>-</u>	<u>139,226</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 177,680</u>	<u>4</u>	<u>\$ 328,617</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	\$ 182,826	4	\$ 184,857	5
Non-controlling interests	<u>2,935</u>	<u>-</u>	<u>4,534</u>	<u>-</u>

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# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

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

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	Three Months Ended March 31			
	2014		2013	
	Amount	%	Amount	%
	<u>\$ 185,761</u>	<u>4</u>	<u>\$ 189,391</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owner of the Company	\$ 172,249	4	\$ 322,190	9
Non-controlling interests	<u>5,431</u>	<u>-</u>	<u>6,427</u>	<u>-</u>
	<u>\$ 177,680</u>	<u>4</u>	<u>\$ 328,617</u>	<u>9</u>
EARNINGS PER SHARE (Note 19)				
Basic	<u>\$1.30</u>		<u>\$1.31</u>	

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**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to the Owners of the Company					Other Equity Exchange Differences on Translating Foreign Operations	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings				
			Reserve	Special Reserve					
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
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	<u>\$ 1,411,200</u>	<u>\$ 2,681,126</u>	<u>\$ 268,972</u>	<u>\$ -</u>	<u>\$ 1,939,860</u>	<u>\$ 129,964</u>	<u>\$ 6,431,122</u>	<u>\$ 110,541</u>	<u>\$ 6,541,663</u>
BALANCE, JANUARY 1, 2014	\$ 1,411,200	\$ 2,681,126	\$ 366,706	\$ 38,098	\$ 1,487,603	\$ 218,237	\$ 6,202,970	\$ 71,184	\$ 6,274,154
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(36,044)	(36,044)
Change in capital surplus from investments in associates accounted for by using equity method	-	-	-	-	(1,017)	-	(1,017)	-	(1,017)
Net profit for the three months ended March 31, 2014	-	-	-	-	182,826	-	182,826	2,935	185,761
Other comprehensive income for the three months ended March 31, 2014, net of income tax	-	-	-	-	-	(10,577)	(10,577)	2,496	(8,081)
Total comprehensive income for the three months ended March 31, 2014	-	-	-	-	182,826	(10,577)	172,249	5,431	177,680
BALANCE, MARCH 31, 2014	<u>\$ 1,411,200</u>	<u>\$ 2,681,126</u>	<u>\$ 366,706</u>	<u>\$ 38,098</u>	<u>\$ 1,669,412</u>	<u>\$ 207,660</u>	<u>\$ 6,374,202</u>	<u>\$ 40,571</u>	<u>\$ 6,414,773</u>

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)

	<b>Three Months Ended March 31</b>	
	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 298,539	\$ 300,489
Adjustments for:		
Depreciation expenses	212,004	172,089
Amortization expenses	5,065	2,836
Interest expense	-	96
Interest income	(4,550)	(6,587)
Share of the profit or loss of associates and joint ventures	(1,400)	6,498
Loss on disposal of property, plant and equipment	18,028	6,128
Loss on disposal of intangible assets	55	10
Impairment loss of non-financial assets	1,072	-
Changes in operating assets and liabilities		
Decrease in notes receivable	939	954
Decrease in trade receivables	26,228	48,657
Decrease in other receivables	6,910	10,262
Increase in inventories	(16,373)	(19,614)
Decrease in prepayments	34,697	59,472
Increase in other current assets	(439)	(5,152)
Decrease in other operating assets	689	1,026
Increase in notes payable	3,360	71
Decrease in trade payables	(94,171)	(57,359)
Decrease in other payables	(35,473)	(117,997)
Increase in provisions	1,294	1,261
(Decrease) increase in receipts in advance	(23,630)	19,693
Decrease in other current liabilities	(9,073)	(1,970)
Decrease in other operating liabilities	-	(415)
Cash generated from operations	<u>423,771</u>	<u>420,448</u>
Interest paid	-	(96)
Income taxes paid	<u>(17,231)</u>	<u>(50,147)</u>
Net cash generated from operating activities	<u>406,540</u>	<u>370,205</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of debt investments with no active market	-	(164,899)
Proceeds from debt investments with no active market	80,875	-
Payment for property, plant and equipment	(385,264)	(239,976)
Proceeds from property, plant and equipment	11,814	21,694
Increase in guarantee deposits paid	(16,259)	(41,027)
Decrease in guarantee deposits paid	4,189	8,878
Acquisition of intangible assets	(9,895)	(39,276)
Proceeds from intangible asset	-	16
Decrease (increase) in payments for equipment	34,992	(22,494)
Interest received	<u>1,124</u>	<u>6,587</u>

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# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<u>Three Months Ended March 31</u>	
	<u>2014</u>	<u>2013</u>
Net cash used in investing activities	<u>(278,424)</u>	<u>(470,497)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term borrowings	-	(71)
Increase in guarantee deposits received	621	3,767
Decrease in guarantee deposits received	(34,853)	(2,768)
Dividend paid to non-controlling interests	<u>(36,044)</u>	<u>(20,572)</u>
Net cash used in financing activities	<u>(70,276)</u>	<u>(19,644)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURENCIES	<u>(2,482)</u>	<u>34,530</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	55,358	(85,406)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,503,716</u>	<u>2,541,543</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,559,074</u>	<u>\$ 2,456,137</u>

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

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