

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	June 30, 2016 (Reviewed)		December 31, 2015 (Audited)		June 30, 2015 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,935,349	24	\$ 3,054,982	25	\$ 3,202,264	30
Financial assets at fair value through profit or loss - current (Note 7)	111,900	1	108,900	1	-	-
Debt investments with no active market - current (Notes 9 and 31)	1,660,604	13	979,185	8	179,805	2
Notes receivable	1,944	-	6,522	-	73	-
Trade receivables (Note 10)	218,890	2	262,608	2	203,318	2
Other receivables	88,858	1	85,503	1	64,066	-
Current tax assets	47,228	-	140	-	960	-
Inventories (Note 11)	566,496	4	636,774	5	436,636	4
Prepayments (Note 17)	362,109	3	414,433	3	330,449	3
Other current assets (Note 17)	31,623	-	21,524	-	13,212	-
Total current assets	6,025,001	48	5,570,571	45	4,430,783	41
NONCURRENT ASSETS						
Held-to-maturity financial assets - non-current (Note 8)	32,405	-	32,969	-	31,687	-
Debt investments with no active market - noncurrent (Notes 9 and 31)	188,955	1	195,568	2	61,593	-
Investments accounted for using equity method (Note 13)	69,144	1	71,072	1	63,082	1
Property, plant and equipment (Notes 14 and 31)	5,093,092	41	5,318,642	43	4,825,357	45
Investment properties (Notes 15 and 31)	172,995	1	173,747	1	174,499	2
Intangible assets (Note 16)	79,108	1	92,275	1	73,810	1
Deferred tax assets	124,990	1	128,349	1	114,190	1
Prepaid equipment (Note 17)	87,582	1	125,761	1	361,769	3
Refundable deposits (Note 17)	478,509	4	507,662	4	514,964	5
Other noncurrent assets (Note 17)	70,858	1	73,082	1	88,788	1
Total noncurrent assets	6,397,638	52	6,719,127	55	6,309,739	59
TOTAL	<u>\$ 12,422,639</u>	<u>100</u>	<u>\$ 12,289,698</u>	<u>100</u>	<u>\$ 10,740,522</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowing (Notes 18 and 31)	\$ 122,271	1	\$ 31,073	-	\$ -	-
Notes payable	3,228	-	-	-	6,723	-
Trade payables (Note 19)	981,387	8	1,203,149	10	822,497	8
Dividends payable	352,800	3	-	-	169,344	1
Other payables (Note 20)	1,232,789	10	1,240,067	10	1,060,349	10
Current tax liabilities	120,216	1	131,479	1	80,014	1
Receipts in advance (Note 20)	857,756	7	822,404	7	638,292	6
Current portion of long-term borrowings (Notes 18 and 31)	17,600	-	54,235	-	42,325	-
Other current liabilities (Note 20)	21,112	-	23,099	-	23,908	-
Total current liabilities	3,709,159	30	3,505,506	28	2,843,452	26
NONCURRENT LIABILITIES						
Long-term borrowings (Notes 18 and 31)	642,771	5	966,327	8	935,163	9
Decommission, restoration and rehabilitation provisions (Note 20)	82,601	-	72,843	1	53,264	-
Deferred tax liabilities	-	-	597	-	-	-
Guarantee deposits received (Note 20)	82,803	1	51,814	-	66,667	1
Total noncurrent liabilities	808,175	6	1,091,581	9	1,055,094	10
Total liabilities	4,517,334	36	4,597,087	37	3,898,546	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)						
Capital						
Share capital	1,411,200	11	1,411,200	11	1,411,200	13
Stock dividends to be distributed	70,560	1	-	-	-	-
Total capital	1,481,760	12	1,411,200	11	1,411,200	13
Capital surplus						
Additional paid-in capital	2,681,126	22	2,681,126	22	2,681,126	25
Retained earnings						
Reserve	590,779	5	476,860	4	476,860	5
Special reserve	38,098	-	38,098	-	38,098	-
Unappropriated earnings	2,894,981	23	2,689,963	22	1,925,707	18
Total retained earnings	3,523,858	28	3,204,921	26	2,440,665	23
Other equity	163,656	1	336,894	3	267,280	2
Total equity attributable to owners of the Company	7,850,400	63	7,634,141	62	6,800,271	63
NON-CONTROLLING INTERESTS	54,905	1	58,470	1	41,705	1
Total equity	7,905,305	64	7,692,611	63	6,841,976	64
TOTAL	<u>\$ 12,422,639</u>	<u>100</u>	<u>\$ 12,289,698</u>	<u>100</u>	<u>\$ 10,740,522</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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING								
REVENUE(Note 35)	\$ 5,430,464	100	\$ 4,743,880	100	\$ 10,899,264	100	\$ 9,519,576	100
OPERATING COSTS (Note 22)	<u>(2,255,735)</u>	<u>(42)</u>	<u>(1,999,174)</u>	<u>(42)</u>	<u>(4,654,159)</u>	<u>(42)</u>	<u>(4,044,292)</u>	<u>(42)</u>
GROSS PROFIT	<u>3,174,729</u>	<u>58</u>	<u>2,744,706</u>	<u>58</u>	<u>6,245,105</u>	<u>58</u>	<u>5,475,284</u>	<u>58</u>
OPERATING EXPENSES (Note 22)								
Selling and marketing expenses	(2,392,072)	(44)	(2,146,408)	(46)	(4,695,932)	(43)	(4,308,488)	(46)
General and administrative expenses	(235,540)	(4)	(234,456)	(5)	(499,728)	(5)	(478,636)	(5)
Research and development expenses	<u>(7,635)</u>	<u>-</u>	<u>(9,378)</u>	<u>-</u>	<u>(16,604)</u>	<u>-</u>	<u>(19,699)</u>	<u>-</u>
Total operating expenses	<u>(2,635,247)</u>	<u>(48)</u>	<u>(2,390,242)</u>	<u>(51)</u>	<u>(5,212,264)</u>	<u>(48)</u>	<u>(4,806,823)</u>	<u>(51)</u>
OPERATING INCOME	<u>539,482</u>	<u>10</u>	<u>354,464</u>	<u>7</u>	<u>1,032,841</u>	<u>10</u>	<u>668,461</u>	<u>7</u>
NONOPERATING INCOME AND EXPENSES								
Other income (Note 22)	69,775	1	61,425	1	110,094	1	79,201	1
Other gains and losses (Note 22)	(72,763)	(1)	(121,069)	(2)	(102,570)	(1)	(190,499)	(2)
Finance costs(Note 22)	(4,716)	-	446	-	(9,599)	-	(1,365)	-
Share of profit of associates and joint ventures	<u>1,561</u>	<u>-</u>	<u>724</u>	<u>-</u>	<u>9,707</u>	<u>-</u>	<u>4,394</u>	<u>-</u>
Total nonoperating income and expenses	<u>(6,143)</u>	<u>-</u>	<u>(58,474)</u>	<u>(1)</u>	<u>7,632</u>	<u>-</u>	<u>(108,269)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	533,339	10	295,990	6	1,040,473	10	560,192	6
INCOME TAX EXPENSE (Note 23)	<u>(152,880)</u>	<u>(3)</u>	<u>(102,071)</u>	<u>(2)</u>	<u>(280,717)</u>	<u>(3)</u>	<u>(174,138)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>380,459</u>	<u>7</u>	<u>193,919</u>	<u>4</u>	<u>759,756</u>	<u>7</u>	<u>386,054</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Exchange differences arising on translation to the presentation currency	(205,553)	(4)	96,697	2	(246,825)	(2)	(160,421)	(1)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	<u>67,966</u>	<u>1</u>	<u>17,620</u>	<u>-</u>	<u>72,964</u>	<u>-</u>	<u>28,235</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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
Total other comprehensive income	(137,587)	(3)	114,317	2	(173,861)	(2)	(132,186)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 242,872</u>	<u>4</u>	<u>\$ 308,236</u>	<u>6</u>	<u>\$ 585,895</u>	<u>5</u>	<u>\$ 253,868</u>	<u>3</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 372,994	7	\$ 185,635	4	\$ 742,297	7	\$ 374,926	4
Non-controlling interests	<u>7,465</u>	-	<u>8,284</u>	-	<u>17,459</u>	-	<u>11,128</u>	-
	<u>\$ 380,459</u>	<u>7</u>	<u>\$ 193,919</u>	<u>4</u>	<u>\$ 759,756</u>	<u>7</u>	<u>\$ 386,054</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 236,156	4	\$ 107,014	2	\$ 569,059	5	\$ 245,722	3
Non-controlling interests	<u>6,716</u>	-	<u>7,828</u>	-	<u>16,836</u>	-	<u>8,146</u>	-
	<u>\$ 242,872</u>	<u>4</u>	<u>\$ 114,842</u>	<u>2</u>	<u>\$ 585,895</u>	<u>5</u>	<u>\$ 253,868</u>	<u>3</u>
EARNINGS PER SHARE								
(Note 24)								
Basic	<u>\$ 2.64</u>		<u>\$ 1.32</u>		<u>\$ 5.26</u>		<u>\$ 2.66</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	Non-controlling Interests	Total Equity
	Shares (Thousand)	Capital		Retained Earnings			Total				
		Share Capital	Stock Dividends to Be Distributed	Capital Surplus	Reserve	Special Reserve		Unappropriated Earnings			
BALANCE AT JANUARY 1, 2015	141,120	\$ 1,411,200	\$ -	\$ 2,681,126	\$ 424,109	\$ 38,098	\$ 1,772,876	\$ 396,484	\$ 6,723,893	\$ 51,182	\$ 6,775,075
Appropriation of 2014 earning											
Reserve	-	-	-	-	52,751	-	(52,751)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(169,344)	-	(169,344)	-	(169,344)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(17,623)	(17,623)
Net profit for the six months ended June 30, 2015	-	-	-	-	-	-	374,926	-	374,926	11,128	386,054
Other comprehensive income (loss) for the six months ended June 30, 2015, net of income tax	-	-	-	-	-	-	-	(129,204)	(129,204)	(2,982)	(132,186)
Total comprehensive income for the six months ended June 30, 2015	-	-	-	-	-	-	374,926	(129,204)	245,722	8,146	253,868
BALANCE AT JUNE 30, 2015	141,120	\$ 1,411,200	\$ -	\$ 2,681,126	\$ 476,860	\$ 38,098	\$ 1,925,707	\$ 267,280	\$ 6,800,271	\$ 41,705	\$ 6,841,976
BALANCE AT JANUARY 1, 2016	141,120	1,411,200	-	2,681,126	476,860	38,098	2,689,963	336,894	7,634,141	58,470	7,692,611
Appropriation of 2015 earning											
Reserve	-	-	-	-	113,919	-	(113,919)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(352,800)	-	(352,800)	-	(352,800)
Stock dividends distributed by the Company	-	-	70,560	-	-	-	(70,560)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(20,401)	(20,401)
Net profit for the six months ended June 30, 2016	-	-	-	-	-	-	742,297	-	742,297	17,459	759,756
Other comprehensive income (loss) for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	-	-	(173,238)	(173,238)	(623)	(173,861)
Total comprehensive income for the six months ended June 30, 2016	-	-	-	-	-	-	742,297	(173,238)	569,059	16,836	585,895
BALANCE AT JUNE 30, 2016	141,120	\$ 1,411,200	\$ 70,560	\$ 2,681,126	\$ 590,779	\$ 38,098	\$ 2,894,981	\$ 163,656	\$ 7,850,400	\$ 54,905	\$ 7,905,305

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)

	For the Six Months Ended June 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,040,473	\$ 560,192
Adjustments for:		
Depreciation expenses	578,241	528,352
Amortization expenses	19,377	12,776
Net gain on fair value change of financial assets at fair value through profit or loss	(3,000)	-
Interest expense	9,599	1,365
Interest income	(40,503)	(14,124)
Dividend income	(6,600)	-
Share of profit of associates and joint ventures	(9,707)	(4,394)
Loss on disposal of property, plant and equipment	14,286	97,292
Loss on disposal of intangible assets	9	149
Amortization of prepayments for lease	660	661
Impairment loss of non-financial assets	21,625	1,426
Changes in operating assets and liabilities		
Notes receivable	4,578	145
Trade receivables	43,829	35,483
Other receivables	21,519	15,675
Inventories	70,398	94,959
Prepayments	52,324	29,979
Other current assets	(10,099)	(596)
Other operating assets	1,564	(15,040)
Notes payable	3,228	6,723
Trade payables	(221,763)	(171,518)
Other payables	(41,528)	(81,390)
Provisions	9,758	(3,462)
Receipts in advance	35,352	(3,682)
Other current liabilities	(1,987)	8,314
Cash generated from operations	1,591,633	1,099,285
Interest paid	(10,396)	(1,365)
Income taxes paid	(338,439)	(205,482)
Net cash generated from operating activities	1,242,798	892,438
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of debt investments with no active market	(674,806)	(185,328)
Purchase of held-to-maturity financial assets	-	(31,687)
Acquisition of associates ventures	(148)	-
Payments for property, plant and equipment	(335,228)	(672,922)
Proceeds from disposal of property, plant and equipment	20,951	29,904
Increase in refundable deposits	(37,877)	(21,825)

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GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2016	2015
Decrease in refundable deposits	54,406	41,460
Payments for intangible assets	(11,974)	(12,241)
Increase in prepayments for equipment	(125,302)	(215,577)
Interest received	22,229	11,333
Dividend received from associates	<u>11,783</u>	<u>-</u>
Net cash used in investing activities	<u>(1,075,966)</u>	<u>(1,056,883)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	90,143	-
Proceeds from long-term borrowings	-	972,102
Repayments of long-term borrowings	(341,019)	(4,380)
Proceeds from guarantee deposits received	40,724	11,992
Refund of guarantee deposits received	(9,030)	(12,208)
Dividends paid to non-trolling interests	<u>(20,401)</u>	<u>(17,623)</u>
Net cash (used in) generated from financing activities	<u>(239,583)</u>	<u>949,883</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(46,882)</u>	<u>(63,277)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(119,633)	722,161
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,054,982</u>	<u>2,480,103</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,935,349</u>	<u>\$ 3,202,264</u>

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

(Concluded)