

# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

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

ASSETS	September 30, 2016 (Reviewed)		December 31, 2015 (Audited)		September 30, 2015 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 2,715,004	22	\$ 3,054,982	25	\$ 3,496,179	29
Financial assets at fair value through profit or loss - current (Note 7)	124,305	1	108,900	1	109,500	1
Debt investments with no active market - current (Notes 9 and 31)	1,755,612	14	979,185	8	121,957	1
Notes receivable	5,264	-	6,522	-	7,340	-
Trade receivables (Note 10)	229,068	2	262,608	2	364,764	3
Other receivables	120,552	1	85,503	1	85,763	1
Current tax assets	41,850	-	140	-	46,031	-
Inventories (Note 11)	619,590	5	636,774	5	569,669	5
Prepayments (Note 17)	503,983	4	414,433	3	416,205	3
Other current assets (Note 17)	22,571	-	21,524	-	24,916	-
Total current assets	<u>6,137,799</u>	<u>49</u>	<u>5,570,571</u>	<u>45</u>	<u>5,242,324</u>	<u>43</u>
<b>NONCURRENT ASSETS</b>						
Held-to-maturity financial assets - non-current (Note 8)	31,496	-	32,969	-	33,026	-
Debt investments with no active market - noncurrent (Notes 9 and 31)	417,677	3	195,568	2	163,116	1
Investments accounted for using equity method (Note 13)	72,616	1	71,072	1	65,079	1
Property, plant and equipment (Notes 14 and 31)	4,896,939	39	5,318,642	43	5,475,688	45
Investment properties (Notes 15 and 31)	172,619	1	173,747	1	174,123	2
Intangible assets (Note 16)	69,384	1	92,275	1	99,181	1
Deferred tax assets	115,292	1	128,349	1	109,850	1
Prepaid equipment (Note 17)	105,460	1	125,761	1	124,675	1
Refundable deposits (Note 17)	483,058	4	507,662	4	523,868	4
Other noncurrent assets (Note 17)	66,740	-	73,082	1	76,303	1
Total noncurrent assets	<u>6,431,281</u>	<u>51</u>	<u>6,719,127</u>	<u>55</u>	<u>6,844,909</u>	<u>57</u>
<b>TOTAL</b>	<u>\$ 12,569,080</u>	<u>100</u>	<u>\$ 12,289,698</u>	<u>100</u>	<u>\$ 12,087,233</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowing (Notes 18 and 31)	\$ 187,238	2	\$ 31,073	-	\$ 32,199	-
Notes payable	905	-	-	-	472	-
Trade payables (Note 19)	974,158	8	1,203,149	10	1,011,854	9
Other payables (Note 20)	1,282,006	10	1,240,067	10	1,362,298	11
Current tax liabilities	150,661	1	131,479	1	129,265	1
Receipts in advance (Note 20)	999,191	8	822,404	7	832,183	7
Current portion of long-term borrowings (Notes 18 and 31)	-	-	54,235	-	54,379	1
Other current liabilities (Note 20)	21,261	-	23,099	-	26,425	-
Total current liabilities	<u>3,615,420</u>	<u>29</u>	<u>3,505,506</u>	<u>28</u>	<u>3,449,075</u>	<u>29</u>
<b>NONCURRENT LIABILITIES</b>						
Long-term borrowings (Notes 18 and 31)	532,777	4	966,327	8	984,226	8
Decommission, restoration and rehabilitation provisions (Note 20)	82,689	1	72,843	1	56,750	-
Deferred tax liabilities	-	-	597	-	-	-
Guarantee deposits received (Note 20)	128,542	1	51,814	-	69,784	1
Total noncurrent liabilities	<u>744,008</u>	<u>6</u>	<u>1,091,581</u>	<u>9</u>	<u>1,110,760</u>	<u>9</u>
Total liabilities	<u>4,359,428</u>	<u>35</u>	<u>4,597,087</u>	<u>37</u>	<u>4,559,835</u>	<u>38</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)</b>						
Capital						
Share capital	1,481,760	12	1,411,200	11	1,411,200	12
Total capital	<u>1,481,760</u>	<u>12</u>	<u>1,411,200</u>	<u>11</u>	<u>1,411,200</u>	<u>12</u>
Capital surplus						
Additional paid-in capital	2,681,126	21	2,681,126	22	2,681,126	22
Retained earnings						
Reserve	590,779	5	476,860	4	476,860	4
Special reserve	38,098	-	38,098	-	38,098	-
Unappropriated earnings	3,390,173	27	2,689,963	22	2,339,521	20
Total retained earnings	<u>4,019,050</u>	<u>32</u>	<u>3,204,921</u>	<u>26</u>	<u>2,854,479</u>	<u>24</u>
Other equity	(30,438)	-	336,894	3	531,070	4
Total equity attributable to owners of the Company	<u>8,151,498</u>	<u>65</u>	<u>7,634,141</u>	<u>62</u>	<u>7,477,875</u>	<u>62</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>58,154</u>	<u>-</u>	<u>58,470</u>	<u>1</u>	<u>49,523</u>	<u>-</u>
Total equity	<u>8,209,652</u>	<u>65</u>	<u>7,692,611</u>	<u>63</u>	<u>7,527,398</u>	<u>62</u>
<b>TOTAL</b>	<u>\$ 12,569,080</u>	<u>100</u>	<u>\$ 12,289,698</u>	<u>100</u>	<u>\$ 12,087,233</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 September 30				For the Nine Months Ended September 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING								
REVENUE(Note 35)	\$ 5,630,047	100	\$ 5,485,843	100	\$ 16,529,311	100	\$ 15,005,419	100
OPERATING COSTS (Note 22)	<u>(2,305,885)</u>	<u>(41)</u>	<u>(2,402,083)</u>	<u>(44)</u>	<u>(6,960,044)</u>	<u>(42)</u>	<u>(6,446,375)</u>	<u>(43)</u>
GROSS PROFIT	<u>3,324,162</u>	<u>59</u>	<u>3,083,760</u>	<u>56</u>	<u>9,569,267</u>	<u>58</u>	<u>8,559,044</u>	<u>57</u>
OPERATING EXPENSES (Note 22)								
Selling and marketing expenses	(2,411,312)	(43)	(2,282,589)	(41)	(7,107,244)	(43)	(6,591,077)	(44)
General and administrative expenses	(259,117)	(4)	(268,559)	(5)	(758,845)	(5)	(747,195)	(5)
Research and development expenses	<u>(7,174)</u>	<u>-</u>	<u>(8,066)</u>	<u>-</u>	<u>(23,778)</u>	<u>-</u>	<u>(27,765)</u>	<u>-</u>
Total operating expenses	<u>(2,677,603)</u>	<u>(47)</u>	<u>(2,559,214)</u>	<u>(46)</u>	<u>(7,889,867)</u>	<u>(48)</u>	<u>(7,366,037)</u>	<u>(49)</u>
OPERATING INCOME	<u>646,559</u>	<u>12</u>	<u>524,546</u>	<u>10</u>	<u>1,679,400</u>	<u>10</u>	<u>1,193,007</u>	<u>8</u>
NONOPERATING INCOME AND EXPENSES								
Other income (Note 22)	88,715	1	81,664	1	198,809	1	160,865	1
Other gains and losses (Note 22)	(69,512)	(1)	(62,876)	(1)	(172,082)	(1)	(253,375)	(2)
Finance costs(Note 22)	(2,959)	-	(801)	-	(12,558)	-	(2,166)	-
Share of profit of associates and joint ventures	<u>3,277</u>	<u>-</u>	<u>1,855</u>	<u>-</u>	<u>12,984</u>	<u>-</u>	<u>6,249</u>	<u>-</u>
Total nonoperating income and expenses	<u>19,521</u>	<u>-</u>	<u>19,842</u>	<u>-</u>	<u>27,153</u>	<u>-</u>	<u>(88,427)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	666,080	12	544,388	10	1,706,553	10	1,104,580	7
INCOME TAX EXPENSE (Note 23)	<u>(166,511)</u>	<u>(3)</u>	<u>(123,532)</u>	<u>(3)</u>	<u>(447,228)</u>	<u>(3)</u>	<u>(297,670)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>499,569</u>	<u>9</u>	<u>420,856</u>	<u>7</u>	<u>1,259,325</u>	<u>7</u>	<u>806,910</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Exchange differences arising on translation to the presentation currency	(251,716)	(5)	289,585	5	(498,541)	(3)	129,164	1
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	<u>56,494</u>	<u>1</u>	<u>(24,867)</u>	<u>-</u>	<u>129,458</u>	<u>1</u>	<u>3,368</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 September 30				For the Nine Months Ended September 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
Total other comprehensive income	(195,222)	(4)	264,718	5	(369,083)	(2)	132,532	1
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 304,347</u>	<u>5</u>	<u>\$ 685,574</u>	<u>12</u>	<u>\$ 890,242</u>	<u>5</u>	<u>\$ 939,442</u>	<u>6</u>
<b>NET PROFIT</b>								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 495,192	9	\$ 413,814	8	\$ 1,237,489	8	\$ 788,740	5
Non-controlling interests	<u>4,377</u>	-	<u>7,042</u>	-	<u>21,836</u>	-	<u>18,170</u>	-
	<u>\$ 499,569</u>	<u>9</u>	<u>\$ 420,856</u>	<u>8</u>	<u>\$ 1,259,325</u>	<u>8</u>	<u>\$ 806,910</u>	<u>5</u>
<b>TOTAL COMPREHENSIVE INCOME</b>								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 301,098	5	\$ 677,604	12	\$ 870,157	5	\$ 923,326	6
Non-controlling interests	<u>3,249</u>	-	<u>7,970</u>	-	<u>20,085</u>	-	<u>16,116</u>	-
	<u>\$ 304,347</u>	<u>5</u>	<u>\$ 685,574</u>	<u>12</u>	<u>\$ 890,242</u>	<u>5</u>	<u>\$ 939,442</u>	<u>6</u>
<b>EARNINGS PER SHARE</b>								
(Note 24)								
Basic	<u>\$ 3.34</u>		<u>\$ 2.93</u>		<u>\$ 8.35</u>		<u>\$ 5.59</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
	Shares (Thousand)	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings				
				Reserve	Special Reserve					
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	-	-	-	-	-	-	-	-	(17,775)	(17,775)
Net profit for the nine months ended September 30, 2015	-	-	-	-	-	788,740	-	788,740	18,170	806,910
Other comprehensive income (loss) for the nine months ended September 30, 2015, net of income tax	-	-	-	-	-	-	134,586	134,586	(2,054)	132,532
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	788,740	134,586	923,326	16,116	939,442
BALANCE AT SEPTEMBER 30, 2015	141,120	\$ 1,411,200	\$ 2,681,126	\$ 476,860	\$ 38,098	\$ 2,339,521	\$ 531,070	\$ 7,477,875	\$ 49,523	\$ 7,527,398
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	7,056	70,560	-	-	-	(70,560)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(20,401)	(20,401)
Net profit for the nine months ended September 30, 2016	-	-	-	-	-	1,237,489	-	1,237,489	21,836	1,259,325
Other comprehensive income (loss) for the nine months ended September 30, 2016, net of income tax	-	-	-	-	-	-	(367,332)	(367,332)	(1,751)	(369,083)
Total comprehensive income for the nine months ended September 30, 2016	-	-	-	-	-	1,237,489	(367,332)	870,157	20,085	890,242
BALANCE AT SEPTEMBER 30, 2016	148,176	\$ 1,481,760	\$ 2,681,126	\$ 590,779	\$ 38,098	\$ 3,390,173	\$ (30,438)	\$ 8,151,498	\$ 58,154	\$ 8,209,652

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 Nine Months Ended September 30	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,706,553	\$ 1,104,580
Adjustments for:		
Depreciation expenses	854,332	794,471
Amortization expenses	27,794	21,047
Net gain on fair value change of financial assets at fair value through profit or loss	(5,405)	(4,500)
Interest expense	12,558	2,166
Interest income	(59,746)	(26,616)
Dividend income	(6,600)	-
Share of profit of associates and joint ventures	(12,984)	(6,249)
Loss on disposal of property, plant and equipment	31,339	156,796
Loss on disposal of intangible assets	323	503
Amortization of prepayments for lease	970	995
Impairment loss of non-financial assets	33,059	5,787
Changes in operating assets and liabilities		
Increase in financial assets held for trading	(10,000)	(105,000)
Notes receivable	1,258	(7,122)
Trade receivables	33,762	(126,390)
Other receivables	(3,728)	(2,650)
Inventories	17,446	(41,500)
Prepayments	(89,550)	(55,116)
Other current assets	(1,047)	(12,300)
Other operating assets	5,372	(3,550)
Notes payable	905	472
Trade payables	(228,992)	17,839
Other payables	3,887	28,047
Provisions	9,846	24
Receipts in advance	176,787	190,209
Other current liabilities	(1,838)	10,831
Cash generated from operations	2,496,301	1,942,774
Interest paid	(12,797)	(2,166)
Income taxes paid	(459,421)	(318,372)
Net cash generated from operating activities	<u>2,024,083</u>	<u>1,622,236</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of debt investments with no active market	(998,536)	(229,003)
Purchase of held-to-maturity financial assets	-	(33,026)
Acquisition of associates ventures	(343)	(173)
Payments for property, plant and equipment	(547,351)	(965,821)
Proceeds from disposal of property, plant and equipment	33,329	37,117

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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 Nine Months Ended September 30	
	2016	2015
Increase in refundable deposits	(73,051)	(47,825)
Decrease in refundable deposits	71,371	77,677
Payments for intangible assets	(12,615)	(43,005)
Increase in prepayments for equipment	(177,079)	(376,318)
Interest received	28,425	20,453
Dividend received from associates	11,783	-
Dividend received from others	6,600	-
Proceeds from disposal of intangible assets	<u>-</u>	<u>7</u>
Net cash used in investing activities	<u>(1,657,467)</u>	<u>(1,559,917)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	156,165	32,199
Proceeds from long-term borrowings	-	1,006,362
Repayments of long-term borrowings	(445,781)	(8,779)
Proceeds from guarantee deposits received	84,712	19,580
Refund of guarantee deposits received	(4,630)	(18,276)
Dividends paid to non-trolling interests	(20,401)	(17,775)
Dividends paid to owners to the Company	<u>(352,800)</u>	<u>(169,344)</u>
Net cash (used in) generated from financing activities	<u>(582,735)</u>	<u>843,967</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(123,859)</u>	<u>109,790</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(339,978)	1,016,076
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>3,054,982</u>	<u>2,480,103</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 2,715,004</u>	<u>\$ 3,496,179</u>

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

(Concluded)