

# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

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

ASSETS	September 30, 2017 (Reviewed)		December 31, 2016 (Audited)		September 30, 2016 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 3,162,207	21	\$ 3,151,391	24	\$ 2,715,004	22
Financial assets at fair value through profit or loss - current (Note 7)	157,877	1	136,070	1	124,305	1
Debt investments with no active market - current (Notes 9)	2,675,025	18	2,311,628	17	1,755,612	14
Notes receivable	5,648	-	1,617	-	5,264	-
Trade receivables (Note 10 and 31)	374,465	3	295,745	2	229,068	2
Other receivables (Note 31)	128,131	1	98,632	1	120,552	1
Current tax assets	72,313	-	21,113	-	41,850	-
Inventories (Note 11)	848,385	6	706,987	5	619,590	5
Prepayments (Note 17)	503,687	3	274,758	2	503,983	4
Other current assets (Note 17)	21,393	-	17,326	-	22,571	-
Total current assets	<u>7,949,131</u>	<u>53</u>	<u>7,015,267</u>	<u>52</u>	<u>6,137,799</u>	<u>49</u>
<b>NONCURRENT ASSETS</b>						
Held-to-maturity financial assets - non-current (Note 8)	30,359	-	32,370	-	31,496	-
Debt investments with no active market - non-current (Notes 9 and 32)	191,790	1	133,893	1	417,677	3
Investments accounted for using equity method (Note 13)	79,337	1	79,270	1	72,616	1
Property, plant and equipment (Notes 14 and 32)	5,350,383	36	5,057,520	38	4,896,939	39
Investment properties (Notes 15 and 32)	244,749	2	172,243	1	172,619	1
Intangible assets (Note 16)	52,439	-	63,649	-	69,384	1
Deferred tax assets	69,000	1	112,860	1	115,292	1
Prepaid equipment (Note 17)	305,040	2	222,631	2	105,460	1
Refundable deposits (Note 17)	477,892	3	481,341	4	483,058	4
Other noncurrent assets (Note 17)	157,412	1	65,004	-	66,740	-
Total noncurrent assets	<u>6,958,401</u>	<u>47</u>	<u>6,420,781</u>	<u>48</u>	<u>6,431,281</u>	<u>51</u>
<b>TOTAL</b>	<u>\$ 14,907,532</u>	<u>100</u>	<u>\$ 13,436,048</u>	<u>100</u>	<u>\$ 12,569,080</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowing (Notes 18 and 32)	\$ 324,068	2	\$ 187,239	2	\$ 187,238	2
Financial liabilities at fair value through profit or loss - current (Note 7)	11,031	-	-	-	-	-
Notes payable	550	-	823	-	905	-
Trade payables (Note 19)	1,207,237	8	1,228,936	9	974,158	8
Other payables (Note 20 and 31)	1,536,213	10	1,261,912	9	1,282,006	10
Current tax liabilities	283,795	2	182,174	1	150,661	1
Receipts in advance (Note 20)	1,334,831	9	1,047,509	8	999,191	8
Current portion of long-term borrowings (Notes 18 and 32)	422,870	3	-	-	-	-
Other current liabilities (Note 20)	42,177	-	26,787	-	21,261	-
Total current liabilities	<u>5,162,772</u>	<u>34</u>	<u>3,935,380</u>	<u>29</u>	<u>3,615,420</u>	<u>29</u>
<b>NONCURRENT LIABILITIES</b>						
Long-term borrowings (Notes 18, 31 and 32)	157,064	1	614,940	4	532,777	4
Decommission, restoration and rehabilitation provisions (Note 20)	107,117	1	85,093	1	82,689	1
Guarantee deposits received (Note 20)	145,434	1	132,901	1	128,542	1
Total noncurrent liabilities	<u>409,615</u>	<u>3</u>	<u>832,934</u>	<u>6</u>	<u>744,008</u>	<u>6</u>
Total liabilities	<u>5,572,387</u>	<u>37</u>	<u>4,768,314</u>	<u>35</u>	<u>4,359,428</u>	<u>35</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)</b>						
Share capital	1,629,936	11	1,481,760	11	1,481,760	12
Capital surplus						
Additional paid-in capital	2,532,950	17	2,681,126	20	2,681,126	21
Retained earnings						
Reserve	764,883	5	590,779	5	590,779	5
Special reserve	95,072	1	38,098	-	38,098	-
Unappropriated earnings	4,481,164	30	3,893,735	29	3,390,173	27
Total retained earnings	5,341,119	36	4,522,612	34	4,019,050	32
Other equity	(232,036)	(2)	(95,072)	(1)	(30,438)	-
Total equity attributable to owners of the Company	9,271,969	62	8,590,426	64	8,151,498	65
<b>NON-CONTROLLING INTERESTS</b>	63,176	1	77,308	1	58,154	-
Total equity	<u>9,335,145</u>	<u>63</u>	<u>8,667,734</u>	<u>65</u>	<u>8,209,652</u>	<u>65</u>
<b>TOTAL</b>	<u>\$ 14,907,532</u>	<u>100</u>	<u>\$ 13,436,048</u>	<u>100</u>	<u>\$ 12,569,080</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			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 36)	\$ 6,187,871	100	\$ 5,630,047	100	\$ 16,879,101	100	\$ 16,529,311	100
OPERATING COSTS (Note 11, 23 and 31)	<u>(2,540,565)</u>	<u>(41)</u>	<u>(2,305,885)</u>	<u>(41)</u>	<u>(6,867,890)</u>	<u>(41)</u>	<u>(6,960,044)</u>	<u>(42)</u>
GROSS PROFIT	<u>3,647,306</u>	<u>59</u>	<u>3,324,162</u>	<u>59</u>	<u>10,011,211</u>	<u>59</u>	<u>9,569,267</u>	<u>58</u>
OPERATING EXPENSES (Note 23)								
Selling and marketing expenses	(2,591,657)	(42)	(2,411,312)	(43)	(7,169,660)	(43)	(7,107,244)	(43)
General and administrative expenses	(258,105)	(4)	(259,117)	(4)	(746,142)	(4)	(758,845)	(5)
Research and development expenses	<u>(9,365)</u>	<u>-</u>	<u>(7,174)</u>	<u>-</u>	<u>(27,817)</u>	<u>-</u>	<u>(23,778)</u>	<u>-</u>
Total operating expenses	<u>(2,859,127)</u>	<u>(46)</u>	<u>(2,677,603)</u>	<u>(47)</u>	<u>(7,943,619)</u>	<u>(47)</u>	<u>(7,889,867)</u>	<u>(48)</u>
OPERATING INCOME	<u>788,179</u>	<u>13</u>	<u>646,559</u>	<u>12</u>	<u>2,067,592</u>	<u>12</u>	<u>1,679,400</u>	<u>10</u>
NONOPERATING INCOME AND EXPENSES								
Other income (Notes 23, 26 and 31)	75,399	1	88,715	1	245,575	1	198,809	1
Other gains and losses (Note 23)	(19,893)	-	(69,512)	(1)	(88,580)	-	(172,082)	(1)
Finance costs (Note 23 and 31)	(4,924)	-	(2,959)	-	(16,639)	-	(12,558)	-
Share of profit of associates and joint ventures	<u>2,895</u>	<u>-</u>	<u>3,277</u>	<u>-</u>	<u>14,044</u>	<u>-</u>	<u>12,984</u>	<u>-</u>
Total nonoperating income and expenses	<u>53,477</u>	<u>1</u>	<u>19,521</u>	<u>-</u>	<u>154,400</u>	<u>1</u>	<u>27,153</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	841,656	14	666,080	12	2,221,992	13	1,706,553	10
INCOME TAX EXPENSE (Note 24)	<u>(238,088)</u>	<u>(4)</u>	<u>(166,511)</u>	<u>(3)</u>	<u>(654,806)</u>	<u>(4)</u>	<u>(447,228)</u>	<u>(3)</u>
NET PROFIT FOR THE PERIOD	<u>603,568</u>	<u>10</u>	<u>499,569</u>	<u>9</u>	<u>1,567,186</u>	<u>9</u>	<u>1,259,325</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Exchange differences arising on translation to the presentation currency	127,056	2	(251,716)	(5)	(120,851)	(1)	(498,541)	(3)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	<u>(46,861)</u>	<u>(1)</u>	<u>56,494</u>	<u>1</u>	<u>(17,342)</u>	<u>-</u>	<u>129,458</u>	<u>1</u>

(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)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Total other comprehensive income	<u>80,195</u>	<u>1</u>	<u>(195,222)</u>	<u>(4)</u>	<u>(138,193)</u>	<u>(1)</u>	<u>(369,083)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 683,763</u>	<u>11</u>	<u>\$ 304,347</u>	<u>5</u>	<u>\$ 1,428,993</u>	<u>8</u>	<u>\$ 890,242</u>	<u>5</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 605,345	10	\$ 495,192	9	\$ 1,559,387	9	\$ 1,237,489	8
Non-controlling interests	<u>(1,777)</u>	<u>-</u>	<u>4,377</u>	<u>-</u>	<u>7,799</u>	<u>-</u>	<u>21,836</u>	<u>-</u>
	<u>\$ 603,568</u>	<u>10</u>	<u>\$ 499,569</u>	<u>9</u>	<u>\$ 1,567,186</u>	<u>9</u>	<u>\$ 1,259,325</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 684,791	11	\$ 301,098	5	\$ 1,422,423	8	\$ 870,157	5
Non-controlling interests	<u>(1,028)</u>	<u>-</u>	<u>3,249</u>	<u>-</u>	<u>6,570</u>	<u>-</u>	<u>20,085</u>	<u>-</u>
	<u>\$ 683,763</u>	<u>11</u>	<u>\$ 304,347</u>	<u>5</u>	<u>\$ 1,428,993</u>	<u>8</u>	<u>\$ 890,242</u>	<u>5</u>
EARNINGS PER SHARE								
(Note 25)								
Basic	<u>\$ 3.71</u>		<u>\$ 3.04</u>		<u>\$ 9.57</u>		<u>\$ 7.59</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, 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	<u>148,176</u>	<u>\$ 1,481,760</u>	<u>\$ 2,681,126</u>	<u>\$ 590,779</u>	<u>\$ 38,098</u>	<u>\$ 3,390,173</u>	<u>\$ (30,438)</u>	<u>\$ 8,151,498</u>	<u>\$ 58,154</u>	<u>\$ 8,209,652</u>	
BALANCE AT JANUARY 1, 2017	148,176	\$ 1,481,760	\$ 2,681,126	\$ 590,779	\$ 38,098	\$ 3,893,735	\$ (95,072)	\$ 8,590,426	\$ 77,308	\$ 8,667,734	
Appropriation of 2016 earning											
Reserve	-	-	-	174,104	-	(174,104)	-	-	-	-	
Special Reserve	-	-	-	-	56,974	(56,974)	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	-	(740,880)	-	(740,880)	-	(740,880)	
Issuance of share dividends from capital surplus	14,818	148,176	(148,176)	-	-	-	-	-	-	-	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(20,702)	(20,702)	
Net profit for the nine months ended September 30, 2017	-	-	-	-	-	1,559,387	-	1,559,387	7,799	1,567,186	
Other comprehensive income (loss) for the nine months ended September 30, 2017, net of income tax	-	-	-	-	-	-	(136,964)	(136,964)	(1,229)	(138,193)	
Total comprehensive income for the nine months ended September 30, 2017	-	-	-	-	-	1,559,387	(136,964)	1,422,423	6,570	1,428,993	
BALANCE AT SEPTEMBER 30, 2017	<u>162,994</u>	<u>\$ 1,629,936</u>	<u>\$ 2,532,950</u>	<u>\$ 764,883</u>	<u>\$ 95,072</u>	<u>\$ 4,481,164</u>	<u>\$ (232,036)</u>	<u>\$ 9,271,969</u>	<u>\$ 63,176</u>	<u>\$ 9,335,145</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)

	For the Nine Months Ended September 30	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,221,992	\$ 1,706,553
Adjustments for:		
Depreciation expenses	802,309	854,332
Amortization expenses	22,067	27,794
Impairment losses recognized on trade receivables	3,154	-
Net gain on fair value change of financial assets at fair value through profit or loss	(9,096)	(5,405)
Interest expense	16,639	12,558
Interest income	(94,358)	(59,746)
Dividend income	(6,000)	(6,600)
Share of profit of associates and joint ventures	(14,044)	(12,984)
Loss on disposal of property, plant and equipment	45,863	31,339
Loss on disposal of intangible assets	11	323
Impairment loss of non-financial assets	15,905	33,059
Amortization of prepayments for lease	885	970
Changes in operating assets and liabilities		
Increase in financial assets held for trading	-	(10,000)
Notes receivable	(4,031)	1,258
Trade receivables	(81,820)	33,762
Other receivables	(2,567)	(3,728)
Inventories	(147,657)	17,446
Prepayments	(228,929)	(89,550)
Other current assets	(4,067)	(1,047)
Other operating assets	1,455	5,372
Notes payable	(273)	905
Trade payables	(21,699)	(228,992)
Other payables	155,734	3,887
Provisions	22,024	9,846
Receipts in advance	287,322	176,787
Other current liabilities	<u>15,390</u>	<u>(1,838)</u>
Cash generated from operations	2,996,209	2,496,301
Interest paid	(15,905)	(12,797)
Income taxes paid	<u>(562,930)</u>	<u>(459,421)</u>
Net cash generated from operating activities	<u>2,417,374</u>	<u>2,024,083</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of debt investments with no active market	(421,294)	(998,536)
Acquisition of associates	(106)	(343)
Payments for property, plant and equipment	(991,319)	(547,351)
Proceeds from disposal of property, plant and equipment	26,272	33,329

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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	
	2017	2016
Increase in refundable deposits	(113,480)	(73,051)
Decrease in refundable deposits	109,323	71,371
Payments for intangible assets	(11,721)	(12,615)
Proceeds from disposal of intangible assets	3	-
Increase in prepayments for equipment	(346,906)	(177,079)
Increase in prepayments for leases	(95,109)	-
Interest received	67,426	28,425
Dividend received from associates	14,083	11,783
Dividend received from others	<u>6,000</u>	<u>6,600</u>
Net cash used in investing activities	<u>(1,756,828)</u>	<u>(1,657,467)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	598,823	156,165
Repayments of short-term borrowings	(459,960)	-
Repayments of long-term borrowings	-	(445,781)
Proceeds from guarantee deposits received	34,801	84,712
Refund of guarantee deposits received	(21,616)	(4,630)
Dividends paid to owners to the Company	(740,880)	(352,800)
Dividends paid to non-trolling interests	<u>(20,702)</u>	<u>(20,401)</u>
Net cash used in financing activities	<u>(609,534)</u>	<u>(582,735)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(40,196)</u>	<u>(123,859)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	10,816	(339,978)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>3,151,391</u>	<u>3,054,982</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 3,162,207</u>	<u>\$ 2,715,004</u>

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

(Concluded)

