

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2018 (Reviewed)		December 31, 2017 (Audited)		March 31, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,886,332	17	\$ 2,794,862	18	\$ 2,566,027	19
Financial assets at fair value through profit or loss - current (Note 7)	3,892,713	24	165,148	1	155,449	1
Financial assets at amortized cost - current (Notes 8 and 34)	109,128	1	-	-	-	-
Debt investments with no active market - current (Notes 10 and 34)	-	-	3,702,772	23	2,842,054	21
Notes receivable	1,889	-	1,908	-	1,417	-
Trade receivables (Notes 11 and 33)	318,801	2	356,296	2	218,766	2
Other receivables (Note 33)	67,057	-	136,188	1	92,561	1
Current tax assets	26,138	-	45,527	-	3,993	-
Inventories (Note 12)	774,423	5	768,453	5	617,297	5
Prepayments (Note 18)	458,843	3	464,907	3	367,708	3
Other current assets (Note 18)	15,140	-	17,771	-	13,949	-
Total current assets	<u>8,550,464</u>	<u>52</u>	<u>8,453,832</u>	<u>53</u>	<u>6,879,221</u>	<u>52</u>
NONCURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	471,575	3	-	-	-	-
Held-to-maturity financial assets - non-current (Note 9)	-	-	29,847	-	30,440	-
Financial assets at amortized cost - non-current (Notes 8 and 34)	165,138	1	-	-	-	-
Debt investments with no active market - non-current (Notes 10 and 34)	-	-	369,301	2	127,803	1
Investments accounted for using equity method (Note 14)	93,845	1	87,930	1	88,189	1
Property, plant and equipment (Notes 15 and 34)	6,007,872	36	5,592,612	36	4,830,345	37
Investment properties (Notes 16 and 34)	209,539	1	210,422	1	171,867	1
Intangible assets (Note 17)	47,979	-	46,103	-	60,682	-
Deferred tax assets	89,124	1	96,418	1	110,230	1
Prepaid equipment (Note 18)	191,583	1	212,640	1	210,477	2
Refundable deposits (Note 18)	473,631	3	464,575	3	455,249	4
Other noncurrent assets (Note 18)	186,384	1	244,065	2	154,204	1
Total noncurrent assets	<u>7,936,670</u>	<u>48</u>	<u>7,353,913</u>	<u>47</u>	<u>6,239,486</u>	<u>48</u>
TOTAL	<u>\$ 16,487,134</u>	<u>100</u>	<u>\$ 15,807,745</u>	<u>100</u>	<u>\$ 13,118,707</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowing (Notes 19 and 34)	\$ 549,560	3	\$ 784,964	5	\$ 143,325	1
Financial liabilities at fair value through profit or loss - current (Note 7)	9,647	-	3,134	-	-	-
Contract liabilities - current (Note 24)	1,540,985	9	-	-	-	-
Notes payable	366	-	1,358	-	1,428	-
Trade payables (Note 20)	1,461,134	9	1,272,022	8	813,435	6
Other payables (Notes 21 and 33)	1,417,700	9	1,559,830	10	1,082,769	9
Current tax liabilities	331,107	2	176,495	1	285,453	2
Receipts in advance (Note 21)	-	-	1,230,587	8	1,049,464	8
Deferred revenue - current (Notes 21 and 28)	2,039	-	129,022	1	91,175	1
Current portion of long-term borrowings (Notes 19 and 34)	146,102	1	238,622	1	425,655	3
Other current liabilities (Note 21)	44,853	-	45,051	-	23,194	-
Total current liabilities	<u>5,503,493</u>	<u>33</u>	<u>5,441,085</u>	<u>34</u>	<u>3,915,898</u>	<u>30</u>
NONCURRENT LIABILITIES						
Long-term borrowings (Notes 19, 33 and 34)	151,948	1	155,109	1	158,107	1
Decommission, restoration and rehabilitation provisions (Note 21)	130,736	1	119,808	1	84,085	1
Deferred revenue - non-current (Notes 21 and 28)	13,081	-	13,351	-	-	-
Guarantee deposits received (Note 21)	155,531	1	151,534	1	137,024	1
Total noncurrent liabilities	<u>451,296</u>	<u>3</u>	<u>439,802</u>	<u>3</u>	<u>379,216</u>	<u>3</u>
Total liabilities	<u>5,954,789</u>	<u>36</u>	<u>5,880,887</u>	<u>37</u>	<u>4,295,114</u>	<u>33</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)						
Share capital	1,629,936	10	1,629,936	10	1,481,760	11
Capital surplus						
Additional paid-in capital	2,532,950	15	2,532,950	16	2,681,126	21
Retained earnings						
Reserve	764,883	5	764,883	5	590,779	5
Special reserve	95,072	-	95,072	-	38,098	-
Unappropriated earnings	5,559,801	34	5,059,852	32	4,371,512	33
Total retained earnings	<u>6,419,756</u>	<u>39</u>	<u>5,919,807</u>	<u>37</u>	<u>5,000,389</u>	<u>38</u>
Other equity	(123,854)	(1)	(227,788)	(1)	(415,919)	(3)
Total equity attributable to owners of the Company	10,458,788	63	9,854,905	62	8,747,356	67
NON-CONTROLLING INTERESTS	<u>73,557</u>	<u>1</u>	<u>71,953</u>	<u>1</u>	<u>76,237</u>	<u>-</u>
Total equity	<u>10,532,345</u>	<u>64</u>	<u>9,926,858</u>	<u>63</u>	<u>8,823,593</u>	<u>67</u>
TOTAL	<u>\$ 16,487,134</u>	<u>100</u>	<u>\$ 15,807,745</u>	<u>100</u>	<u>\$ 13,118,707</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 March 31			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Note 24 and 38)	\$ 6,136,237	100	\$ 5,353,169	100
OPERATING COSTS (Notes 2, 25 and 33)	<u>(2,530,280)</u>	<u>(42)</u>	<u>(2,182,986)</u>	<u>(41)</u>
GROSS PROFIT	<u>3,605,957</u>	<u>58</u>	<u>3,170,183</u>	<u>59</u>
OPERATING EXPENSES (Notes 25)				
Selling and marketing expenses	(2,626,438)	(43)	(2,236,973)	(42)
General and administrative expenses	(257,119)	(4)	(263,034)	(5)
Research and development expenses	<u>(8,578)</u>	<u>-</u>	<u>(9,190)</u>	<u>-</u>
Total operating expenses	<u>(2,892,135)</u>	<u>(47)</u>	<u>(2,509,197)</u>	<u>(47)</u>
OPERATING INCOME	<u>713,822</u>	<u>11</u>	<u>660,986</u>	<u>12</u>
NONOPERATING INCOME AND EXPENSES (Notes 15, 25, 28 and 33)				
Other income	92,377	2	76,400	2
Other gains and losses	(31,036)	(1)	(56,222)	(1)
Finance costs	(6,473)	-	(8,100)	-
Share of profit of associates and joint ventures	<u>5,915</u>	<u>-</u>	<u>8,845</u>	<u>-</u>
Total nonoperating income and expenses	<u>60,783</u>	<u>1</u>	<u>20,923</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	774,605	12	681,909	13
INCOME TAX EXPENSE (Note 26)	<u>(266,201)</u>	<u>(4)</u>	<u>(202,564)</u>	<u>(4)</u>
NET PROFIT FOR THE PERIOD	<u>508,404</u>	<u>8</u>	<u>479,345</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	180,849	3	(407,156)	(8)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>(76,849)</u>	<u>(1)</u>	<u>83,670</u>	<u>2</u>
Total other comprehensive income	<u>104,000</u>	<u>2</u>	<u>(323,486)</u>	<u>(6)</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 March 31			
	2018		2017	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 612,404	10	\$ 155,859	3
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 499,949	8	\$ 477,777	9
Non-controlling interests	8,455	-	1,568	-
	\$ 508,404	8	\$ 479,345	9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 603,883	10	\$ 156,930	3
Non-controlling interests	8,521	-	(1,071)	-
	\$ 612,404	10	\$ 155,859	3
EARNINGS PER SHARE (Note 27)				
Basic	\$ 3.07		\$ 2.93	

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, 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
Net profit for the three months ended March 31, 2017	-	-	-	-	-	477,777	-	477,777	1,568	479,345
Other comprehensive income (loss) for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	-	(320,847)	(320,847)	(2,639)	(323,486)
Total comprehensive income for the three months ended March 31, 2017	-	-	-	-	-	477,777	(320,847)	156,930	(1,071)	155,859
BALANCE, MARCH 31, 2017	<u>148,176</u>	<u>\$ 1,481,760</u>	<u>\$ 2,681,126</u>	<u>\$ 590,779</u>	<u>\$ 38,098</u>	<u>\$ 4,371,512</u>	<u>\$ (415,919)</u>	<u>\$ 8,747,356</u>	<u>\$ 76,237</u>	<u>\$ 8,823,593</u>
BALANCE, JANUARY 1, 2018	162,994	\$ 1,629,936	\$ 2,532,950	\$ 764,883	\$ 95,072	\$ 5,059,852	\$ (227,788)	\$ 9,854,905	\$ 71,953	\$ 9,926,858
Net profit for the three months ended March 31, 2018	-	-	-	-	-	499,949	-	499,949	8,455	508,404
Other comprehensive income (loss) for the three months ended March 31, 2018, net of income tax	-	-	-	-	-	-	103,934	103,934	66	104,000
Total comprehensive income for the three months ended March 31, 2018	-	-	-	-	-	499,949	103,934	603,883	8,521	612,404
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(6,917)	(6,917)
BALANCE, MARCH 31, 2018	<u>162,994</u>	<u>\$ 1,629,936</u>	<u>\$ 2,532,950</u>	<u>\$ 764,883</u>	<u>\$ 95,072</u>	<u>\$ 5,559,801</u>	<u>\$ (123,854)</u>	<u>\$ 10,458,788</u>	<u>\$ 73,557</u>	<u>\$ 10,532,345</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 Three Months Ended March 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 774,605	\$ 681,909
Adjustments for:		
Expected credit loss recognized on trade receivables	1,219	-
Depreciation expenses	293,416	270,233
Amortization expenses	6,225	8,054
Net gain on fair value change of financial assets at fair value through profit or loss	11,014	(17,636)
Interest expense	6,473	8,100
Interest income	(46,427)	(29,298)
Share of profit of associates and joint ventures	(5,915)	(8,845)
Loss on disposal of property, plant and equipment	5,935	22,470
Loss on disposal of intangible assets	-	4
Impairment loss of non-financial assets	2,153	9,961
Amortization of prepayments for leases	1,125	299
Government grants	(506)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(276,558)	-
Notes receivable	19	200
Trade receivables	36,516	77,134
Other receivables	5,320	23,717
Inventories	(7,190)	87,003
Prepayments	6,064	(92,950)
Other current assets	2,631	3,377
Other operating assets	1,471	5,610
Notes payable	(992)	605
Trade payables	189,112	(415,501)
Other payables	(159,057)	(178,364)
Provisions	10,928	(1,008)
Contract liabilities	183,379	-
Receipts in advance	-	93,130
Other current liabilities	(198)	(3,593)
Cash generated from operations	1,040,762	544,611
Interest paid	(4,912)	(7,906)
Income taxes paid	(87,275)	(79,420)
Net cash generated from operating activities	<u>948,575</u>	<u>457,285</u>
Net cash used in investing activities		
Purchase of financial assets at amortized cost	(1,594)	-
Proceeds from redemption of financial assets at amortized cost	39,631	-

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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 Three Months Ended March 31	
	2018	2017
Purchase of debt investments with no active market	-	(524,336)
Acquisition of associates	-	(74)
Payments for property, plant and equipment	(479,765)	(178,766)
Proceeds from disposal of property, plant and equipment	13,840	8,215
Increase in refundable deposits	(21,735)	(19,941)
Decrease in refundable deposits	18,925	26,642
Payments for intangible assets	(7,649)	(7,171)
Proceeds from sale of intangible assets	-	3
Increase in prepayments for leases	-	(95,109)
Increase in prepayments for equipment	(137,285)	(79,100)
Interest received	<u>44,551</u>	<u>11,652</u>
Net cash used in investing activities	<u>(531,081)</u>	<u>(857,985)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	122,953	46,870
Repayments of short-term borrowings	(350,641)	(87,282)
Repayments of long-term borrowings	(90,066)	-
Proceeds from guarantee deposits received	4,971	7,243
Refund of guarantee deposits received	(1,597)	(908)
Dividends paid to non-controlling interests	<u>(6,917)</u>	<u>-</u>
Net cash used in generated from financing activities	<u>(321,297)</u>	<u>(34,077)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(4,727)</u>	<u>(150,587)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	91,470	(585,364)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	<u>2,794,862</u>	<u>3,151,391</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	<u>\$ 2,886,332</u>	<u>\$ 2,566,027</u>

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

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