

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2015 and 2014 and  
Independent Auditors' Report**

# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

ASSETS	2015		2014	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 3,054,982	25	\$ 2,480,103	25
Financial assets at fair value through profit or loss - current (Note 7)	108,900	1	-	-
Debt investments with no active market - current (Notes 9 and 31)	979,185	8	56,070	1
Notes receivable	6,522	-	218	-
Trade receivables (Notes 10 and 30)	262,608	2	238,551	2
Other receivables (Note 30)	85,503	1	76,950	1
Current tax assets	140	-	7,291	-
Inventories (Note 11)	636,774	5	533,994	5
Prepayments (Note 16)	414,433	3	361,089	4
Other current assets (Note 16)	21,524	-	12,616	-
Total current assets	<u>5,570,571</u>	<u>45</u>	<u>3,766,882</u>	<u>38</u>
<b>NONCURRENT ASSETS</b>				
Held-to-maturity financial assets - non - current (Note 8)	32,969	-	-	-
Debt investments with no active market - non - current (Notes 9 and 31)	195,568	2	-	-
Investments accounted for using equity method (Note 13)	71,072	1	58,710	1
Property, plant and equipment (Notes 14 and 31)	5,318,642	43	4,922,226	50
Investment properties	173,747	1	-	-
Intangible assets	92,275	1	75,936	1
Deferred tax assets (Notes 5 and 22)	128,349	1	81,596	1
Prepaid equipment (Note 16)	125,761	1	297,939	3
Refundable deposits (Note 16)	507,662	4	545,718	5
Other noncurrent assets (Note 16)	73,082	1	73,748	1
Total non - current assets	<u>6,719,127</u>	<u>55</u>	<u>6,055,873</u>	<u>62</u>
<b>TOTAL</b>	<u>\$ 12,289,698</u>	<u>100</u>	<u>\$ 9,822,755</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ 31,073	-	\$ -	-
Trade payables (Note 18)	1,203,149	10	994,015	10
Other payables (Note 19)	1,240,067	10	1,171,192	12
Current tax liabilities	131,479	1	83,823	1
Receipts in advance (Note 19)	822,404	7	641,974	7
Current portion of long-term borrowings	54,235	-	934	-
Other current liabilities (Note 19)	23,099	-	15,594	-
Total current liabilities	<u>3,505,506</u>	<u>28</u>	<u>2,907,532</u>	<u>30</u>
<b>NONCURRENT LIABILITIES</b>				
Long-term borrowings (Note 17)	966,327	8	14,846	-
Decommission, restoration and rehabilitation provisions (Note 19)	72,843	1	56,726	-
Deferred tax liabilities (Notes 5 and 22)	597	-	653	-
Guarantee deposits received (Note 19)	51,814	-	67,923	1
Total non - current liabilities	<u>1,091,581</u>	<u>9</u>	<u>140,148</u>	<u>1</u>
Total liabilities	<u>4,597,087</u>	<u>37</u>	<u>3,047,680</u>	<u>31</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>				
Share capital	1,411,200	11	1,411,200	14
Capital surplus				
Additional paid-in capital	2,681,126	22	2,681,126	27
Retained earnings				
Reserve	476,860	4	424,109	4
Special reserve	38,098	-	38,098	1
Unappropriated earnings	2,689,963	22	1,772,876	18
Total retained earnings	3,204,921	26	2,235,083	23
Other equity	336,894	3	396,484	4
Total equity attributable to owners of the Company	7,634,141	62	6,723,893	68
<b>NON-CONTROLLING INTERESTS</b>	<u>58,470</u>	<u>1</u>	<u>51,182</u>	<u>1</u>
Total equity	<u>7,692,611</u>	<u>63</u>	<u>6,775,075</u>	<u>69</u>
<b>TOTAL</b>	<u>\$ 12,289,698</u>	<u>100</u>	<u>\$ 9,822,755</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 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE (Note 30)	\$ 20,457,364	100	\$ 17,921,236	100
OPERATING COSTS (Note 21)	<u>(8,868,154)</u>	<u>(43)</u>	<u>(7,836,415)</u>	<u>(44)</u>
GROSS PROFIT	<u>11,589,210</u>	<u>57</u>	<u>10,084,821</u>	<u>56</u>
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	(8,893,598)	(44)	(8,265,903)	(46)
General and administrative expenses	(979,232)	(5)	(935,236)	(5)
Research and development expenses	<u>(36,033)</u>	<u>-</u>	<u>(35,868)</u>	<u>-</u>
Total operating expenses	<u>(9,908,863)</u>	<u>(49)</u>	<u>(9,237,007)</u>	<u>(51)</u>
PROFIT FROM OPERATIONS	<u>1,680,347</u>	<u>8</u>	<u>847,814</u>	<u>5</u>
NON - OPERATING INCOME AND EXPENSES (Notes 21 and 30)				
Gain from bargain purchase acquisition of subsidiaries	-	-	8,310	-
Other income	203,103	1	169,001	1
Other gains and losses	(318,812)	(1)	(90,602)	(1)
Finance costs	(6,397)	-	-	-
Share of profit or loss of associates and joint ventures	<u>11,653</u>	<u>-</u>	<u>(21,622)</u>	<u>-</u>
Total nonoperating income and expenses	<u>(110,453)</u>	<u>-</u>	<u>65,087</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,569,894	8	912,901	5
INCOME TAX EXPENSE (Note 22)	<u>(403,851)</u>	<u>(2)</u>	<u>(369,115)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>1,166,043</u>	<u>6</u>	<u>543,786</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	(139,707)	(1)	222,766	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>78,167</u>	<u>-</u>	<u>(44,786)</u>	<u>-</u>

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# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
Other comprehensive income for the year, net of income tax	<u>(61,540)</u>	<u>(1)</u>	<u>177,980</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,104,503</u>	<u>5</u>	<u>\$ 721,766</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	\$ 1,139,182	6	\$ 527,509	3
Non-controlling interests	<u>26,861</u>	<u>-</u>	<u>16,277</u>	<u>-</u>
	<u>\$ 1,166,043</u>	<u>6</u>	<u>\$ 543,786</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 1,079,592	5	\$ 705,756	4
Non-controlling interests	<u>24,911</u>	<u>-</u>	<u>16,010</u>	<u>-</u>
	<u>\$ 1,104,503</u>	<u>5</u>	<u>\$ 721,766</u>	<u>4</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 8.07</u>		<u>\$ 3.74</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 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	Equity Attributable to the Owners of the Company							Other Equity Exchange Differences on Translating Foreign Operations	Total	Non-controlling Interests	Total Equity
	Share (Thousand)	Share Capital	Capital Surplus	Retained Earnings			Unappropriated Earnings				
				Reserve	Special Reserve						
BALANCE AT JANUARY 1, 2014	141,120	\$ 1,411,200	\$ 2,681,126	\$ 366,706	\$ 38,098	\$ 1,487,603	\$ 218,237	\$ 6,202,970	\$ 71,184	\$ 6,274,154	
Appropriation of 2013 earnings											
Reserve	-	-	-	57,403	-	(57,403)	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	-	(183,456)	-	(183,456)	-	(183,456)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(36,012)	(36,012)	
Change in capital surplus from investments in associates accounted for by using equity method	-	-	-	-	-	(1,377)	-	(1,377)	-	(1,377)	
Net profit for the year ended December 31, 2014	-	-	-	-	-	527,509	-	527,509	16,277	543,786	
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	-	-	178,247	178,247	(267)	177,980	
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	527,509	178,247	705,756	16,010	721,766	
BALANCE AT DECEMBER 31, 2014	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 earnings											
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 year ended December 31, 2015	-	-	-	-	-	1,139,182	-	1,139,182	26,861	1,166,043	
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	-	-	(59,590)	(59,590)	(1,950)	(61,540)	
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	-	1,139,182	(59,590)	1,079,592	24,911	1,104,503	
BALANCE AT DECEMBER 31, 2015	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	

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

# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,569,894	\$ 912,901
Adjustments for:		
Depreciation expenses	1,079,035	898,613
Amortization expenses	29,765	21,685
Impairment loss recognized (reversal of impairment loss) on trade receivables	(6,869)	10,335
Net gain on fair value change of financial assets at fair value through profit or loss	(3,900)	-
Interest expense	6,397	-
Interest income	(54,810)	(35,732)
Share of (profit) loss of associates and joint ventures	(11,653)	21,622
Loss on disposal of property, plant and equipment	165,692	60,274
Loss on disposal of intangible assets	597	149
Impairment loss of non-financial assets	8,785	1,688
Amortization of prepayments for lease	1,329	-
Gain from bargain purchase acquisition of subsidiaries	-	(8,310)
Changes in operating assets and liabilities		
(Increase) decrease in Financial assets held for trading	(105,000)	-
(Increase) decrease in Notes receivable	(6,304)	823
(Increase) decrease in Trade receivables	(17,037)	(12,852)
(Increase) decrease in Other receivables	(311)	(15,172)
(Increase) decrease in Inventories	(111,499)	(72,522)
(Increase) decrease in Prepayments	(53,344)	41,067
(Increase) decrease in Other current assets	(8,908)	(9)
(Increase) decrease in Other operating assets	(663)	(60,180)
Increase (decrease) in Notes payable	-	(296)
Increase (decrease) in Trade payables	209,134	174,742
Increase (decrease) in Other payables	50,065	179,968
Increase (decrease) in Provisions	16,117	19,511
Increase (decrease) in Receipts in advance	180,430	73,348
Increase (decrease) in Other current liabilities	7,505	(7,810)
Cash generated from operations	2,944,447	2,203,843
Interest paid	(6,397)	-
Income taxes paid	(395,194)	(336,681)
Net cash generated from operating activities	<u>2,542,856</u>	<u>1,867,162</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of debt investments with no active market	(1,118,683)	-
Purchase of held-to-maturity financial assets	(32,969)	-
Proceeds on sale of debt investments with no active market	-	229,625
Acquisition of investment accounted for by equity method	(164)	(841)
Net cash outflow on acquisition of subsidiaries	-	(21,859)

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# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
Proceeds from capital reduction of investment accounted for by equity method	-	53,239
Payment for property, plant and equipment	(1,328,655)	(1,864,835)
Proceeds from disposal of property, plant and equipment	34,376	114,219
Increase in refundable deposits	(75,856)	(144,284)
Decrease in refundable deposits	107,547	48,559
Acquisition of intangible assets	(47,814)	(21,520)
Proceeds from disposal of intangible assets	7	94
Increase in prepaid equipment	(450,738)	(116,450)
Interest received	<u>46,568</u>	<u>34,407</u>
Net cash used in investing activities	<u>(2,866,381)</u>	<u>(1,689,646)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	31,073	-
Proceeds from long-term borrowings	1,026,912	15,780
Repayments of long-term borrowings	(13,161)	-
Increase in guarantee deposits received	37,635	47,653
Decrease in guarantee deposits received	(53,302)	(68,670)
Dividends paid to owners of the Company	(169,344)	(183,456)
Dividends paid to non-controlling interests	<u>(17,623)</u>	<u>(36,012)</u>
Net cash generated from (used in) financing activities	<u>842,190</u>	<u>(224,705)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>56,214</u>	<u>23,576</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>574,879</b>	<b>(23,613)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>2,480,103</b></u>	<u><b>2,503,716</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 3,054,982</b></u>	<u><b>\$ 2,480,103</b></u>

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

(Concluded)