

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)		March 31, 2016 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,566,027	19	\$ 3,151,391	24	\$ 3,630,044	29
Financial assets at fair value through profit or loss - current (Note 7)	155,449	1	136,070	1	115,800	1
Debt investments with no active market - current (Notes 9 and 32)	2,842,054	21	2,311,628	17	805,698	6
Notes receivable	1,417	-	1,617	-	5,432	-
Trade receivables (Note 10 and 31)	218,766	2	295,745	2	234,562	2
Other receivables (Note 31)	92,561	1	98,632	1	63,687	1
Current tax assets	3,993	-	21,113	-	11,666	-
Inventories (Note 11)	617,297	5	706,987	5	575,904	5
Prepayments (Note 17)	367,708	3	274,758	2	354,616	3
Other current assets (Note 17)	13,949	-	17,326	-	32,304	-
Total current assets	<u>6,879,221</u>	<u>52</u>	<u>7,015,267</u>	<u>52</u>	<u>5,829,713</u>	<u>47</u>
NONCURRENT ASSETS						
Held-to-maturity financial assets - non-current (Note 8)	30,440	-	32,370	-	32,326	-
Debt investments with no active market - noncurrent (Notes 9 and 32)	127,803	1	133,893	1	194,656	1
Investments accounted for using equity method (Note 13)	88,189	1	79,270	1	79,218	1
Property, plant and equipment (Notes 14 and 32)	4,830,345	37	5,057,520	38	5,220,738	42
Investment properties (Notes 15 and 32)	171,867	1	172,243	1	173,371	1
Intangible assets (Note 16)	60,682	-	63,649	-	90,027	1
Deferred tax assets (Notes 5 and 24)	110,230	1	112,860	1	93,239	1
Prepaid equipment (Note 17)	210,477	2	222,631	2	119,777	1
Refundable deposits (Note 17)	455,249	4	481,341	4	501,384	4
Other noncurrent assets (Note 17)	154,204	1	65,004	-	71,812	1
Total noncurrent assets	<u>6,239,486</u>	<u>48</u>	<u>6,420,781</u>	<u>48</u>	<u>6,576,548</u>	<u>53</u>
TOTAL	<u>\$ 13,118,707</u>	<u>100</u>	<u>\$ 13,436,048</u>	<u>100</u>	<u>\$ 12,406,261</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowing (Notes 18 and 32)	\$ 143,325	1	\$ 187,239	2	\$ 30,930	-
Notes payable	1,428	-	823	-	1,545	-
Trade payables (Note 19)	813,435	6	1,228,936	9	1,119,116	9
Other payables (Notes 20 and 31)	1,082,769	9	1,261,912	9	1,117,103	9
Current tax liabilities	285,453	2	182,174	1	127,829	1
Receipts in advance (Note 20)	1,140,639	9	1,047,509	8	906,214	7
Current portion of long-term borrowings (Notes 18 and 32)	425,655	3	-	-	65,205	1
Other current liabilities (Note 20)	23,194	-	26,787	-	19,053	-
Total current liabilities	<u>3,915,898</u>	<u>30</u>	<u>3,935,380</u>	<u>29</u>	<u>3,386,995</u>	<u>27</u>
NONCURRENT LIABILITIES						
Long-term borrowings (Notes 18, 31 and 32)	158,107	1	614,940	4	846,574	7
Decommission, restoration and rehabilitation provisions (Note 20)	84,085	1	85,093	1	78,485	1
Guarantee deposits received (Note 20)	137,024	1	132,901	1	58,573	-
Total noncurrent liabilities	<u>379,216</u>	<u>3</u>	<u>832,934</u>	<u>6</u>	<u>983,632</u>	<u>8</u>
Total liabilities	<u>4,295,114</u>	<u>33</u>	<u>4,768,314</u>	<u>35</u>	<u>4,370,627</u>	<u>35</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)						
Share capital	1,481,760	11	1,481,760	11	1,411,200	11
Capital surplus						
Additional paid-in capital	2,681,126	21	2,681,126	20	2,681,126	22
Retained earnings						
Reserve	590,779	5	590,779	5	476,860	4
Special reserve	38,098	-	38,098	-	38,098	-
Unappropriated earnings	4,371,512	33	3,893,735	29	3,059,266	25
Total retained earnings	5,000,389	38	4,522,612	34	3,574,224	29
Other equity	(415,919)	(3)	(95,072)	(1)	300,494	2
Total equity attributable to owners of the Company	8,747,356	67	8,590,426	64	7,967,044	64
NON-CONTROLLING INTERESTS	<u>76,237</u>	<u>-</u>	<u>77,308</u>	<u>1</u>	<u>68,590</u>	<u>1</u>
Total equity	<u>8,823,593</u>	<u>67</u>	<u>8,667,734</u>	<u>65</u>	<u>8,035,634</u>	<u>65</u>
TOTAL	<u>\$ 13,118,707</u>	<u>100</u>	<u>\$ 13,436,048</u>	<u>100</u>	<u>\$ 12,406,261</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			
	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Note 36)	\$ 5,353,169	100	\$ 5,468,800	100
OPERATING COSTS (Notes 11,23 and 31)	<u>(2,182,986)</u>	<u>(41)</u>	<u>(2,398,424)</u>	<u>(44)</u>
GROSS PROFIT	<u>3,170,183</u>	<u>59</u>	<u>3,070,376</u>	<u>56</u>
OPERATING EXPENSES				
Selling and marketing expenses	(2,236,973)	(42)	(2,303,860)	(42)
General and administrative expenses	(263,034)	(5)	(264,188)	(5)
Research and development expenses	<u>(9,190)</u>	<u>-</u>	<u>(8,969)</u>	<u>-</u>
Total operating expenses	<u>(2,509,197)</u>	<u>(47)</u>	<u>(2,577,017)</u>	<u>(47)</u>
OPERATING INCOME	<u>660,986</u>	<u>12</u>	<u>493,359</u>	<u>9</u>
NONOPERATING INCOME AND EXPENSES (Notes 14,23,26 and 31)				
Other income	76,400	2	40,319	1
Other gains and losses	(56,222)	(1)	(29,807)	(1)
Finance costs	(8,100)	-	(4,883)	-
Share of profit of associates and joint ventures	<u>8,845</u>	<u>-</u>	<u>8,146</u>	<u>-</u>
Total nonoperating income and expenses	<u>20,923</u>	<u>1</u>	<u>13,775</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	681,909	13	507,134	9
INCOME TAX EXPENSE (Note 24)	<u>(202,564)</u>	<u>(4)</u>	<u>(127,837)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>479,345</u>	<u>9</u>	<u>379,297</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	(407,156)	(8)	(41,272)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>83,670</u>	<u>2</u>	<u>4,998</u>	<u>-</u>
Total other comprehensive income	<u>(323,486)</u>	<u>(6)</u>	<u>(36,274)</u>	<u>(1)</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			
	2017		2016	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 155,859	3	\$ 343,023	6
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 477,777	9	\$ 369,303	7
Non-controlling interests	1,568	-	9,994	-
	\$ 479,345	9	\$ 379,297	7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 156,930	3	\$ 332,903	6
Non-controlling interests	(1,071)	-	10,120	-
	\$ 155,859	3	\$ 343,023	6
EARNINGS PER SHARE (Note 25)				
Basic	\$ 3.22		\$ 2.49	

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			
	Shares	Share Capital	Capital Surplus	Retained Earnings		Unappropriated	Exchange		Non-controlling	Total Equity
	(Thousand)			Reserve	Special Reserve	Earnings	Differences on	Total	Interests	
							Translating			
							Foreign			
							Operations			
BALANCE, 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
Net profit for the three months ended March 31, 2016	-	-	-	-	-	369,303	-	369,303	9,994	379,297
Other comprehensive income (loss) for the three months ended March 31, 2016, net of income tax	-	-	-	-	-	-	(36,400)	(36,400)	126	(36,274)
Total comprehensive income for the three months ended March 31, 2016	-	-	-	-	-	369,303	(36,400)	332,903	10,120	343,023
BALANCE, MARCH 31, 2016	141,120	\$ 1,411,200	\$ 2,681,126	\$ 476,860	\$ 38,098	\$ 3,059,266	\$ 300,494	\$ 7,967,044	\$ 68,590	\$ 8,035,634
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	148,176	\$ 1,481,760	\$ 2,681,126	\$ 590,779	\$ 38,098	\$ 4,371,512	\$ (415,919)	\$ 8,747,356	\$ 76,237	\$ 8,823,593

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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	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 681,909	\$ 507,134
Adjustments for:		
Depreciation expenses	270,233	289,290
Amortization expenses	8,054	9,443
Net gain on fair value change of financial assets at fair value through profit or loss	(17,636)	(6,900)
Interest expense	8,100	4,883
Interest income	(29,298)	(17,457)
Share of profit of associates and joint ventures	(8,845)	(8,146)
Loss on disposal of property, plant and equipment	22,470	2,226
Loss on disposal of intangible assets	4	7
Impairment loss of non-financial assets	9,961	3,935
Amortization of prepayments for lease	299	333
Changes in operating assets and liabilities		
Notes receivable	200	1,090
Trade receivables	77,134	28,063
Other receivables	23,717	26,121
Inventories	87,003	60,882
Prepayments	(92,950)	59,817
Other current assets	3,377	(10,780)
Other operating assets	5,610	937
Notes payable	605	1,545
Trade payables	(415,501)	(84,033)
Other payables	(178,364)	(157,726)
Provisions	(1,008)	5,642
Receipts in advance	93,130	83,810
Other current liabilities	(3,593)	(4,046)
Cash generated from operations	544,611	796,070
Interest paid	(7,906)	(3,617)
Income taxes paid	(79,420)	(109,391)
Net cash generated from operating activities	457,285	683,062
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of debt investments with no active market	(524,336)	-
Proceeds from sale of debt investments with no active market	-	174,399
Acquisition of associates	(74)	-
Payments for property, plant and equipment	(178,766)	(136,867)
Proceeds from disposal of property, plant and equipment	8,215	17,904
Increase in refundable deposits	(19,941)	(19,013)
Decrease in refundable deposits	26,642	22,807

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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	
	2017	2016
Payments for intangible assets	(7,171)	(11,425)
Proceeds from sale of intangible assets	3	-
Increase in prepayments for leases	(95,109)	-
Increase in prepayments for equipment	(79,100)	(60,124)
Interest received	<u>11,652</u>	<u>13,152</u>
Net cash (used in) generated from investing activities	<u>(857,985)</u>	<u>833</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	46,870	-
Repayments of short-term borrowings	(87,282)	-
Repayments of long-term borrowings	-	(97,893)
Proceeds from guarantee deposits received	7,243	7,920
Refund of guarantee deposits received	<u>(908)</u>	<u>(1,138)</u>
Net cash used in generated from financing activities	<u>(34,077)</u>	<u>(91,111)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(150,587)</u>	<u>(17,722)</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(585,364)	575,062
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,151,391</u>	<u>3,054,982</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,566,027</u>	<u>\$ 3,630,044</u>

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