

# GOURMET MASTER CO. LTD. AND SUBSIDIARIES

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

	June 30, 2017 (Reviewed)		December 31, 2016 (Audited)		June 30, 2016 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 3,160,718	22	\$ 3,151,391	24	\$ 2,935,349	24
Financial assets at fair value through profit or loss - current (Note 7)	161,828	1	136,070	1	111,900	1
Debt investments with no active market - current (Notes 9 and 32)	2,833,604	20	2,311,628	17	1,660,604	13
Notes receivable	1,905	-	1,617	-	1,944	-
Trade receivables (Note 10)	212,468	2	295,745	2	218,890	2
Other receivables	109,881	1	98,632	1	88,858	1
Current tax assets	52,979	-	21,113	-	47,228	-
Inventories (Note 11)	644,707	5	706,987	5	566,496	4
Prepayments (Note 17)	352,072	2	274,758	2	362,109	3
Other current assets (Note 17)	20,677	-	17,326	-	31,623	-
Total current assets	<u>7,550,839</u>	<u>53</u>	<u>7,015,267</u>	<u>52</u>	<u>6,025,001</u>	<u>48</u>
<b>NON-CURRENT ASSETS</b>						
Held-to-maturity financial assets - non-current (Note 8)	30,520	-	32,370	-	32,405	-
Debt investments with no active market - non-current (Notes 9 and 32)	130,094	1	133,893	1	188,955	1
Investments accounted for using the equity method (Note 13)	76,443	1	79,270	1	69,144	1
Property, plant and equipment (Notes 14 and 32)	5,132,864	36	5,057,520	38	5,093,092	41
Investment properties (Notes 15 and 32)	244,514	2	172,243	1	172,995	1
Intangible assets (Note 16)	57,209	-	63,649	-	79,108	1
Deferred tax assets	66,501	-	112,860	1	124,990	1
Prepaid equipment (Note 17)	214,310	2	222,631	2	87,582	1
Refundable deposits (Note 17)	502,598	4	481,341	4	478,509	4
Other non-current assets (Note 17)	155,981	1	65,004	-	70,858	1
Total noncurrent assets	<u>6,611,034</u>	<u>47</u>	<u>6,420,781</u>	<u>48</u>	<u>6,397,638</u>	<u>52</u>
<b>TOTAL</b>	<u>\$ 14,161,873</u>	<u>100</u>	<u>\$ 13,436,048</u>	<u>100</u>	<u>\$ 12,422,639</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowing (Notes 18 and 32)	\$ 234,458	2	\$ 187,239	2	\$ 122,271	1
Financial liabilities at fair value through profit or loss - current (Note 7)	3,551	-	-	-	-	-
Notes payable	944	-	823	-	3,228	-
Trade payables (Note 19)	967,954	7	1,228,936	9	981,387	8
Dividends payable	740,880	5	-	-	352,800	3
Other payables (Note 20)	1,291,482	9	1,261,912	9	1,232,789	10
Current tax liabilities	216,271	1	182,174	1	120,216	1
Receipts in advance (Note 20)	1,209,688	9	1,047,509	8	857,756	7
Current portion of long-term borrowings (Notes 18 and 32)	425,434	3	-	-	17,600	-
Other current liabilities (Note 20)	31,366	-	26,787	-	21,112	-
Total current liabilities	<u>5,122,028</u>	<u>36</u>	<u>3,935,380</u>	<u>29</u>	<u>3,709,159</u>	<u>30</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 18 and 32)	158,028	1	614,940	4	642,771	5
Decommission, restoration and rehabilitation provisions (Note 20)	89,006	1	85,093	1	82,601	-
Guarantee deposits received (Note 20)	141,429	1	132,901	1	82,803	1
Total noncurrent liabilities	<u>388,463</u>	<u>3</u>	<u>832,934</u>	<u>6</u>	<u>808,175</u>	<u>6</u>
Total liabilities	<u>5,510,491</u>	<u>39</u>	<u>4,768,314</u>	<u>35</u>	<u>4,517,334</u>	<u>36</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)</b>						
Capital						
Share capital	1,481,760	11	1,481,760	11	1,411,200	11
Stock dividends to be distributed	148,176	1	-	-	70,560	1
Total capital	<u>1,629,936</u>	<u>12</u>	<u>1,481,760</u>	<u>11</u>	<u>1,481,760</u>	<u>12</u>
Capital surplus						
Additional paid-in capital	2,532,950	18	2,681,126	20	2,681,126	22
Retained earnings						
Reserve	764,883	5	590,779	5	590,779	5
Special reserve	95,072	1	38,098	-	38,098	-
Unappropriated earnings	3,875,819	27	3,893,735	29	2,894,981	23
Total retained earnings	<u>4,735,774</u>	<u>33</u>	<u>4,522,612</u>	<u>34</u>	<u>3,523,858</u>	<u>28</u>
Other equity	(311,482)	(2)	(95,072)	(1)	163,656	1
Total equity attributable to owners of the Company	<u>8,587,178</u>	<u>61</u>	<u>8,590,426</u>	<u>64</u>	<u>7,850,400</u>	<u>63</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>64,204</u>	<u>-</u>	<u>77,308</u>	<u>1</u>	<u>54,905</u>	<u>1</u>
Total equity	<u>8,651,382</u>	<u>61</u>	<u>8,667,734</u>	<u>65</u>	<u>7,905,305</u>	<u>64</u>
<b>TOTAL</b>	<u>\$ 14,161,873</u>	<u>100</u>	<u>\$ 13,436,048</u>	<u>100</u>	<u>\$ 12,422,639</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 June 30				For the Six Months Ended June 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 36)	\$ 5,338,061	100	\$ 5,430,464	100	\$ 10,691,230	100	\$ 10,899,264	100
OPERATING COSTS (Note 23)	<u>(2,144,339)</u>	<u>(40)</u>	<u>(2,255,735)</u>	<u>(42)</u>	<u>(4,327,325)</u>	<u>(40)</u>	<u>(4,654,159)</u>	<u>(42)</u>
GROSS PROFIT	<u>3,193,722</u>	<u>60</u>	<u>3,174,729</u>	<u>58</u>	<u>6,363,905</u>	<u>60</u>	<u>6,245,105</u>	<u>58</u>
OPERATING EXPENSES (Note 23)								
Selling and marketing expenses	(2,341,030)	(44)	(2,392,072)	(44)	(4,578,003)	(43)	(4,695,932)	(43)
General and administrative expenses	(225,003)	(4)	(235,540)	(4)	(488,037)	(5)	(499,728)	(5)
Research and development expenses	<u>(9,262)</u>	<u>-</u>	<u>(7,635)</u>	<u>-</u>	<u>(18,452)</u>	<u>-</u>	<u>(16,604)</u>	<u>-</u>
Total operating expenses	<u>(2,575,295)</u>	<u>(48)</u>	<u>(2,635,247)</u>	<u>(48)</u>	<u>(5,084,492)</u>	<u>(48)</u>	<u>(5,212,264)</u>	<u>(48)</u>
OPERATING INCOME	<u>618,427</u>	<u>12</u>	<u>539,482</u>	<u>10</u>	<u>1,279,413</u>	<u>12</u>	<u>1,032,841</u>	<u>10</u>
NONOPERATING INCOME AND EXPENSES								
Other income (Note 23)	99,782	2	69,775	1	176,182	2	110,094	1
Other gains and losses (Note 23)	(12,465)	(1)	(72,763)	(1)	(68,687)	(1)	(102,570)	(1)
Finance costs (Note 23)	(9,621)	-	(4,716)	-	(17,721)	-	(9,599)	-
Share of profit of associates and joint ventures	<u>2,304</u>	<u>-</u>	<u>1,561</u>	<u>-</u>	<u>11,149</u>	<u>-</u>	<u>9,707</u>	<u>-</u>
Total nonoperating income and expenses	<u>80,000</u>	<u>1</u>	<u>(6,143)</u>	<u>-</u>	<u>100,923</u>	<u>1</u>	<u>7,632</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	698,427	13	533,339	10	1,380,336	13	1,040,473	10
INCOME TAX EXPENSE (Note 24)	<u>(214,154)</u>	<u>(4)</u>	<u>(152,880)</u>	<u>(3)</u>	<u>(416,718)</u>	<u>(4)</u>	<u>(280,717)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>484,273</u>	<u>9</u>	<u>380,459</u>	<u>7</u>	<u>963,618</u>	<u>9</u>	<u>759,756</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	159,249	3	(205,553)	(4)	(247,907)	(2)	(246,825)	(2)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	<u>(54,151)</u>	<u>(1)</u>	<u>67,966</u>	<u>1</u>	<u>29,519</u>	<u>-</u>	<u>72,964</u>	<u>-</u>
Total other comprehensive income	<u>105,098</u>	<u>2</u>	<u>(137,587)</u>	<u>(3)</u>	<u>(218,388)</u>	<u>(2)</u>	<u>(173,861)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 589,371</u>	<u>11</u>	<u>\$ 242,872</u>	<u>4</u>	<u>\$ 745,230</u>	<u>7</u>	<u>\$ 585,895</u>	<u>5</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 476,265	9	\$ 372,994	7	\$ 954,042	9	\$ 742,297	7

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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 June 30				For the Six Months Ended June 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Non-controlling interests	8,008	-	7,465	-	9,576	-	17,459	-
	<u>\$ 484,273</u>	<u>9</u>	<u>\$ 380,459</u>	<u>7</u>	<u>\$ 963,618</u>	<u>9</u>	<u>\$ 759,756</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 580,702	11	\$ 236,156	4	\$ 737,632	7	\$ 569,059	5
Non-controlling interests	<u>8,669</u>	<u>-</u>	<u>6,716</u>	<u>-</u>	<u>7,598</u>	<u>-</u>	<u>16,836</u>	<u>-</u>
	<u>\$ 589,371</u>	<u>11</u>	<u>\$ 242,872</u>	<u>4</u>	<u>\$ 745,230</u>	<u>7</u>	<u>\$ 585,895</u>	<u>5</u>
EARNINGS PER SHARE (Note25)								
Basic	<u>\$ 2.92</u>		<u>\$ 2.29</u>		<u>\$ 5.85</u>		<u>\$ 4.55</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										
	Shares (Thousand)	Capital			Retained Earnings			Other Equity	Total	Non-controlling Interests	Total Equity
		Share Capital	Stock Dividends to Be Distributed	Capital Surplus	Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations			
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											
Legal reserve	-	-	-	-	113,919	-	(113,919)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(352,800)	-	(352,800)	-	(352,800)
Stock dividends distributed by the Company	-	-	70,560	-	-	-	(70,560)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(20,401)	(20,401)
Net profit for the six months ended June 30, 2016	-	-	-	-	-	-	742,297	-	742,297	17,459	759,756
Other comprehensive income (loss) for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	-	-	(173,238)	(173,238)	(623)	(173,861)
Total comprehensive income for the six months ended June 30, 2016	-	-	-	-	-	-	742,297	(173,238)	569,059	16,836	585,895
BALANCE AT JUNE 30, 2016	<u>141,120</u>	<u>\$ 1,411,200</u>	<u>\$ 70,560</u>	<u>\$ 2,681,126</u>	<u>\$ 590,779</u>	<u>\$ 38,098</u>	<u>\$ 2,894,981</u>	<u>\$ 163,656</u>	<u>\$ 7,850,400</u>	<u>\$ 54,905</u>	<u>\$ 7,905,305</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											
Legal 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	-	-	148,176	(148,176)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(20,702)	(20,702)
Net profit for the six months ended June 30, 2017	-	-	-	-	-	-	954,042	-	954,042	9,576	963,618
Other comprehensive income (loss) for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	-	-	(216,410)	(216,410)	(1,978)	(218,388)
Total comprehensive income for the six months ended June 30, 2017	-	-	-	-	-	-	954,042	(216,410)	737,632	7,598	745,230
BALANCE AT JUNE 30, 2017	<u>148,176</u>	<u>\$ 1,481,760</u>	<u>\$ 148,176</u>	<u>\$ 2,532,950</u>	<u>\$ 764,883</u>	<u>\$ 95,072</u>	<u>\$ 3,875,819</u>	<u>\$ (311,482)</u>	<u>\$ 8,587,178</u>	<u>\$ 64,204</u>	<u>\$ 8,651,382</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 Six Months Ended	
	June 30	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,380,336	\$ 1,040,473
Adjustments for:		
Depreciation expenses	530,822	578,241
Amortization expenses	15,265	19,377
Reversal of impairment loss on trade receivables	(307)	-
Net gain on fair value change of financial assets at fair value through profit or loss	(20,610)	(3,000)
Interest expense	17,721	9,599
Interest income	(65,821)	(40,503)
Dividend income	-	(6,600)
Share of profit of associates and joint ventures	(11,149)	(9,707)
Loss on disposal of property, plant and equipment	37,880	14,286
Loss on disposal of intangible assets	10	9
Amortization of prepayments for lease	590	660
Impairment loss of non-financial assets	12,695	21,625
Changes in operating assets and liabilities		
Notes receivable	(288)	4,578
Trade receivables	83,673	43,829
Other receivables	10,313	21,519
Inventories	56,640	70,398
Prepayments	(77,314)	52,324
Other current assets	(3,351)	(10,099)
Other operating assets	1,035	1,564
Notes payable	121	3,228
Trade payables	(260,982)	(221,763)
Other payables	(46,288)	(41,528)
Provisions	3,913	9,758
Receipts in advance	162,179	35,352
Other current liabilities	4,579	(1,987)
Cash generated from operations	1,831,662	1,591,633
Interest paid	(17,120)	(10,396)
Income taxes paid	(369,772)	(338,439)
Net cash generated from operating activities	1,444,770	1,242,798
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of debt investments with no active market	(521,976)	(674,806)
Acquisition of associates	(106)	(148)
Payments for property, plant and equipment	(647,184)	(335,228)
Proceeds from disposal of property, plant and equipment	19,353	20,951
Increase in refundable deposits	(86,300)	(37,877)

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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 Six Months Ended	
	June 30	
	2017	2016
Decrease in refundable deposits	52,415	54,406
Payments for intangible assets	(10,194)	(11,974)
Loss on disposal of intangible assets	3	-
Increase in prepayments for equipment	(154,980)	(125,302)
Increase in prepayments for leases	(95,109)	-
Interest received	58,341	22,229
Dividend received from associates	-	11,783
Net cash used in investing activities	<u>(1,385,737)</u>	<u>(1,075,966)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	282,646	90,143
Repayments of long-term borrowings	(231,094)	(341,019)
Proceeds from guarantee deposits received	17,606	40,724
Refund of guarantee deposits received	(7,751)	(9,030)
Dividends paid to non-trolling interests	<u>(20,702)</u>	<u>(20,401)</u>
Net cash generated from (used in) financing activities	<u>40,705</u>	<u>(239,583)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(90,411)</u>	<u>(46,882)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,327	(119,633)
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>\$ 3,160,718</u>	<u>\$ 2,935,349</u>

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

(Concluded)