

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)		June 30, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,381,227	20	\$ 2,794,862	18	\$ 3,160,718	22
Financial assets at fair value through profit or loss - current (Note 7)	2,537,024	15	165,148	1	161,828	1
Financial assets at amortized cost - current (Notes 8 and 34)	577,008	4	-	-	-	-
Debt investments with no active market - current (Notes 10 and 34)	-	-	3,702,772	23	2,833,604	20
Notes receivable (Notes 11)	2,425	-	1,908	-	1,905	-
Trade receivables (Notes 11 and 33)	319,605	2	356,296	2	212,468	2
Other receivables (Note 33)	77,905	1	136,188	1	109,881	1
Current tax assets	37,446	-	45,527	-	52,979	-
Inventories (Note 12)	687,440	4	768,453	5	644,707	5
Prepayments (Note 18)	409,937	2	464,907	3	352,072	2
Other current assets (Note 18)	17,887	-	17,771	-	20,677	-
Total current assets	<u>8,047,904</u>	<u>48</u>	<u>8,453,832</u>	<u>53</u>	<u>7,550,839</u>	<u>53</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	960,558	6	-	-	-	-
Held-to-maturity financial assets - non-current (Note 9)	-	-	29,847	-	30,520	-
Financial assets at amortized cost - non-current (Notes 8 and 34)	163,737	1	-	-	-	-
Debt investments with no active market - non-current (Notes 10 and 34)	-	-	369,301	2	130,094	1
Investments accounted for using equity method (Note 14)	80,028	1	87,930	1	76,443	1
Property, plant and equipment (Notes 15 and 34)	6,199,196	37	5,592,612	36	5,132,864	36
Investment properties (Notes 16 and 34)	207,503	1	210,422	1	244,514	2
Intangible assets (Note 17)	46,975	-	46,103	-	57,209	-
Deferred tax assets	97,682	1	96,418	1	66,501	-
Prepaid equipment (Note 18)	182,871	1	212,640	1	214,310	2
Refundable deposits (Note 18)	493,305	3	464,575	3	502,598	4
Other non-current assets (Note 18)	201,323	1	244,065	2	155,981	1
Total non-current assets	<u>8,633,178</u>	<u>52</u>	<u>7,353,913</u>	<u>47</u>	<u>6,611,034</u>	<u>47</u>
TOTAL	<u>\$ 16,681,082</u>	<u>100</u>	<u>\$ 15,807,745</u>	<u>100</u>	<u>\$ 14,161,873</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowing (Notes 19 and 34)	\$ 605,888	4	\$ 784,964	5	\$ 234,458	2
Financial liabilities at fair value through profit or loss - current (Note 7)	2,168	-	3,134	-	3,551	-
Contract liabilities - current (Note 24)	1,500,306	9	-	-	-	-
Notes payable	2,509	-	1,358	-	944	-
Trade payables (Note 20)	1,161,356	7	1,272,022	8	967,954	7
Payables for dividends (Notes 23 and 29)	977,962	6	-	-	740,880	5
Other payables (Notes 21 and 33)	1,475,136	9	1,559,830	10	1,291,482	9
Current tax liabilities	250,073	1	176,495	1	216,271	1
Receipts in advance (Note 21)	-	-	1,230,587	8	1,111,477	8
Deferred revenue - current (Notes 21 and 28)	2,015	-	129,022	1	98,211	1
Current portion of long-term borrowings (Notes 19 and 34)	151,959	1	238,622	1	425,434	3
Other current liabilities (Note 21)	43,954	-	45,051	-	31,366	-
Total current liabilities	<u>6,173,326</u>	<u>37</u>	<u>5,441,085</u>	<u>34</u>	<u>5,122,028</u>	<u>36</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19, 33 and 34)	158,028	1	155,109	1	158,028	1
Decommission, restoration and rehabilitation provisions (Note 21)	148,564	1	119,808	1	89,006	1
Deferred revenue - non-current (Notes 21 and 28)	12,426	-	13,351	-	-	-
Guarantee deposits received (Note 21)	159,333	1	151,534	1	141,429	1
Total non-current liabilities	<u>478,351</u>	<u>3</u>	<u>439,802</u>	<u>3</u>	<u>388,463</u>	<u>3</u>
Total liabilities	<u>6,651,677</u>	<u>40</u>	<u>5,880,887</u>	<u>37</u>	<u>5,510,491</u>	<u>39</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)						
Capital						
Share capital	1,800,000	11	1,629,936	10	1,481,760	11
Stock dividends to be distributed	-	-	-	-	148,176	1
Total capital	<u>1,800,000</u>	<u>11</u>	<u>1,629,936</u>	<u>10</u>	<u>1,629,936</u>	<u>12</u>
Capital surplus						
Additional paid-in capital	2,369,956	14	2,532,950	16	2,532,950	18
Retained earnings						
Reserve	978,691	6	764,883	5	764,883	5
Special reserve	227,788	1	95,072	-	95,072	1
Unappropriated earnings	4,746,710	29	5,059,852	32	3,875,819	27
Total retained earnings	<u>5,953,189</u>	<u>36</u>	<u>5,919,807</u>	<u>37</u>	<u>4,735,774</u>	<u>33</u>
Other equity	(153,630)	(1)	(227,788)	(1)	(311,482)	(2)
Total equity attributable to owners of the Company	<u>9,969,515</u>	<u>60</u>	<u>9,854,905</u>	<u>62</u>	<u>8,587,178</u>	<u>61</u>
NON-CONTROLLING INTERESTS	<u>59,890</u>	<u>-</u>	<u>71,953</u>	<u>1</u>	<u>64,204</u>	<u>-</u>
Total equity	<u>10,029,405</u>	<u>60</u>	<u>9,926,858</u>	<u>63</u>	<u>8,651,382</u>	<u>61</u>
TOTAL	<u>\$ 16,681,082</u>	<u>100</u>	<u>\$ 15,807,745</u>	<u>100</u>	<u>\$ 14,161,873</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			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 38)	\$ 6,144,074	100	\$ 5,338,061	100	\$ 12,280,311	100	\$ 10,691,230	100
OPERATING COSTS (Notes 12, 25 and 33)	<u>(2,495,224)</u>	<u>(41)</u>	<u>(2,144,339)</u>	<u>(40)</u>	<u>(5,025,504)</u>	<u>(40)</u>	<u>(4,327,325)</u>	<u>(40)</u>
GROSS PROFIT	<u>3,648,850</u>	<u>59</u>	<u>3,193,722</u>	<u>60</u>	<u>7,254,807</u>	<u>60</u>	<u>6,363,905</u>	<u>60</u>
OPERATING EXPENSES (Note 25)								
Selling and marketing expenses	(2,711,589)	(44)	(2,341,030)	(44)	(5,338,027)	(43)	(4,578,003)	(43)
General and administrative expenses	(236,008)	(4)	(225,003)	(4)	(493,127)	(5)	(488,037)	(5)
Research and development expenses	<u>(9,034)</u>	<u>-</u>	<u>(9,262)</u>	<u>-</u>	<u>(17,612)</u>	<u>-</u>	<u>(18,452)</u>	<u>-</u>
Total operating expenses	<u>(2,956,631)</u>	<u>(48)</u>	<u>(2,575,295)</u>	<u>(48)</u>	<u>(5,848,766)</u>	<u>(48)</u>	<u>(5,084,492)</u>	<u>(48)</u>
OPERATING INCOME	<u>692,219</u>	<u>11</u>	<u>618,427</u>	<u>12</u>	<u>1,406,041</u>	<u>12</u>	<u>1,279,413</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 15, 25, 28 and 33)								
Other income	74,645	1	99,782	2	167,022	2	176,182	2
Other gains and losses	(30,813)	-	(12,465)	(1)	(61,849)	(1)	(68,687)	(1)
Finance costs	(6,610)	-	(9,621)	-	(13,083)	-	(17,721)	-
Share of profit of associates and joint ventures	<u>1,439</u>	<u>-</u>	<u>2,304</u>	<u>-</u>	<u>7,354</u>	<u>-</u>	<u>11,149</u>	<u>-</u>
Total non-operating income and expenses	<u>38,661</u>	<u>1</u>	<u>80,000</u>	<u>1</u>	<u>99,444</u>	<u>1</u>	<u>100,923</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	730,880	12	698,427	13	1,505,485	13	1,380,336	13
INCOME TAX EXPENSE (Note 26)	<u>(210,042)</u>	<u>(4)</u>	<u>(214,154)</u>	<u>(4)</u>	<u>(476,243)</u>	<u>(4)</u>	<u>(416,718)</u>	<u>(4)</u>
NET PROFIT FOR THE PERIOD	<u>520,838</u>	<u>8</u>	<u>484,273</u>	<u>9</u>	<u>1,029,242</u>	<u>9</u>	<u>963,618</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	(116,453)	(2)	159,249	3	64,396	(2)	(247,907)	(2)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	<u>86,903</u>	<u>2</u>	<u>(54,151)</u>	<u>(1)</u>	<u>10,054</u>	<u>-</u>	<u>29,519</u>	<u>-</u>
Total other comprehensive income	<u>(29,550)</u>	<u>-</u>	<u>105,098</u>	<u>2</u>	<u>74,450</u>	<u>(2)</u>	<u>(218,388)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 491,288</u>	<u>8</u>	<u>\$ 589,371</u>	<u>11</u>	<u>\$ 1,103,692</u>	<u>7</u>	<u>\$ 745,230</u>	<u>7</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 June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE								
TO:								
Owners of the Company	\$ 518,465	8	\$ 476,265	9	\$ 1,018,414	9	\$ 954,042	9
Non-controlling interests	<u>2,373</u>	-	<u>8,008</u>	-	<u>10,828</u>	-	<u>9,576</u>	-
	<u>\$ 520,838</u>	<u>8</u>	<u>\$ 484,273</u>	<u>9</u>	<u>\$ 1,029,242</u>	<u>9</u>	<u>\$ 963,618</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE								
TO:								
Owners of the Company	\$ 488,689	8	\$ 580,702	11	\$ 1,092,572	7	\$ 737,632	7
Non-controlling interests	<u>2,599</u>	-	<u>8,669</u>	-	<u>11,120</u>	-	<u>7,598</u>	-
	<u>\$ 491,288</u>	<u>8</u>	<u>\$ 589,371</u>	<u>11</u>	<u>\$ 1,103,692</u>	<u>7</u>	<u>\$ 745,230</u>	<u>7</u>
EARNINGS PER SHARE (Note 27)								
Basic	<u>\$ 2.88</u>		<u>\$ 2.65</u>		<u>\$ 5.66</u>		<u>\$ 5.30</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 Exchange Differences on Translating Foreign Operations	Total	Non-controlling Interests	Total Equity
		Share Capital	Stock Dividends to Be Distributed	Capital Surplus	Reserve	Special Reserve	Unappropriated Earnings				
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
BALANCE AT JANUARY 1, 2017											
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	148,176	\$ 1,481,760	\$ 148,176	\$ 2,532,950	\$ 764,883	\$ 95,072	\$ 3,875,819	\$ (311,482)	\$ 8,587,178	\$ 64,204	\$ 8,651,382
BALANCE AT 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
Appropriation of 2017 earning											
Reserve	-	-	-	-	213,808	-	(213,808)	-	-	-	-
Special reserve	-	-	-	-	-	132,716	(132,716)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(977,962)	-	(977,962)	-	(977,962)
Stock dividends distributed by the Company	707	7,070	-	-	-	-	(7,070)	-	-	-	-
Other changes in capital surplus											
Issuance of share dividends from capital surplus	16,299	162,994	-	(162,994)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(23,183)	(23,183)
Net profit for the six months ended June 30, 2018	-	-	-	-	-	-	1,018,414	-	1,018,414	10,828	1,029,242
Other comprehensive income (loss) for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	-	-	74,158	74,158	292	74,450
Total comprehensive income for the six months ended June 30, 2018	-	-	-	-	-	-	1,018,414	74,158	1,092,572	11,120	1,103,692
BALANCE AT JUNE 30, 2018	180,000	\$ 1,800,000	\$ -	\$ 2,369,956	\$ 978,691	\$ 227,788	\$ 4,746,710	\$ (153,630)	\$ 9,969,515	\$ 59,890	\$ 10,029,405

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	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,505,485	\$ 1,380,336
Adjustments for:		
Expected credit loss recognized on trade receivables	10,913	-
Impairment loss reversed on trade receivables	-	(307)
Depreciation expenses	588,259	530,822
Amortization expenses	11,780	15,265
Net (gain) loss on fair value change of financial liabilities held for trading	15,428	(20,610)
Interest expense	13,083	17,721
Interest income	(99,949)	(65,821)
Share of profit of associates and joint ventures	(7,354)	(11,149)
Loss on disposal of property, plant and equipment	19,578	37,880
Loss on disposal of intangible assets	1	10
Impairment loss of non-financial assets	2,153	12,695
Amortization of prepayments for leases	2,305	590
Government grants	(1,018)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	504,469	-
Notes receivable	(517)	(288)
Trade receivables	25,916	83,673
Other receivables	13,806	10,313
Inventories	78,762	56,640
Prepayments	54,970	(77,314)
Other current assets	(116)	(3,351)
Other operating assets	38	1,035
Notes payable	1,151	121
Trade payables	(110,666)	(260,982)
Other payables	(138,203)	(46,288)
Provisions	28,756	3,913
Contract liabilities	142,700	-
Receipts in advance	-	162,179
Other current liabilities	(1,097)	4,579
Cash generated from operations	2,660,633	1,831,662
Interest paid	(9,615)	(17,120)
Income taxes paid	(394,860)	(369,772)
Net cash generated from operating activities	<u>2,256,158</u>	<u>1,444,770</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(473,659)	-

(Continued)

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	
	2018	2017
Proceeds from redemption of financial assets at amortized cost	41,187	-
Purchase of debt investments with no active market	-	(521,976)
Acquisition of associates	-	(106)
Payments for property, plant and equipment	(683,747)	(647,184)
Proceeds from disposal of property, plant and equipment	23,457	19,353
Increase in refundable deposits	(54,741)	(86,300)
Decrease in refundable deposits	28,985	52,415
Payments for intangible assets	(12,357)	(10,194)
Proceeds from disposal of intangible assets	-	3
Increase in prepayments for leases	(352,534)	(154,980)
Increase in prepayments for equipment	(18,597)	(95,109)
Interest received	<u>93,995</u>	<u>58,341</u>
Net cash used in investing activities	<u>(1,408,011)</u>	<u>(1,385,737)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	175,972	282,646
Repayments of short-term borrowings	(379,373)	(231,094)
Repayments of long-term borrowings	(90,643)	-
Proceeds from guarantee deposits received	10,382	17,606
Refund of guarantee deposits received	(2,694)	(7,751)
Dividends paid to non-controlling interests	<u>(23,183)</u>	<u>(20,702)</u>
Net cash (used in)/generated from financing activities	<u>(309,539)</u>	<u>40,705</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>47,757</u>	<u>(90,411)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	586,365	9,327
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>\$ 3,381,227</u>	<u>\$ 3,160,718</u>

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

(Concluded)