

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2018 (Reviewed)		December 31, 2017 (Audited)		September 30, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,138,450	13	\$ 2,794,862	18	\$ 3,162,207	21
Financial assets at fair value through profit or loss - current (Note 7)	2,272,266	14	165,148	1	157,877	1
Financial assets at amortized cost - current (Notes 8 and 34)	1,326,561	8	-	-	-	-
Debt investments with no active market - current (Notes 10 and 34)	-	-	3,702,772	23	2,675,025	18
Notes receivable (Note 11)	2,884	-	1,908	-	5,648	-
Trade receivables (Notes 11 and 33)	332,135	2	356,296	2	374,465	3
Other receivables (Note 33)	80,330	1	136,188	1	128,131	1
Current tax assets	180,346	1	45,527	-	72,313	-
Inventories (Note 12)	721,559	5	768,453	5	848,385	6
Prepayments (Note 18)	446,408	3	464,907	3	503,687	3
Other current assets (Note 18)	18,774	-	17,771	-	21,393	-
Total current assets	7,519,713	47	8,453,832	53	7,949,131	53
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	915,552	6	-	-	-	-
Held-to-maturity financial assets - non-current (Note 9)	-	-	29,847	-	30,359	-
Financial assets at amortized cost - non-current (Note 8)	30,606	-	-	-	-	-
Debt investments with no active market - non-current (Notes 10 and 34)	-	-	369,301	2	191,790	1
Investments accounted for using equity method (Note 14)	83,386	1	87,930	1	79,337	1
Property, plant and equipment (Notes 15 and 34)	6,296,067	39	5,592,612	36	5,350,383	36
Investment properties (Notes 16 and 34)	204,990	1	210,422	1	244,749	2
Intangible assets (Note 17)	44,899	-	46,103	-	52,439	-
Deferred tax assets	102,163	1	96,418	1	69,000	1
Prepaid equipment (Note 18)	124,251	1	212,640	1	305,040	2
Refundable deposits (Note 18)	477,056	3	464,575	3	477,892	3
Other non-current assets (Note 18)	193,229	1	244,065	2	157,412	1
Total non-current assets	8,472,199	53	7,353,913	47	6,958,401	47
TOTAL	\$ 15,991,912	100	\$ 15,807,745	100	\$ 14,907,532	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowing (Notes 19 and 34)	\$ 591,945	4	\$ 784,964	5	\$ 324,068	2
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	3,134	-	11,031	-
Contract liabilities - current (Note 24)	1,447,486	9	-	-	-	-
Notes payable (Note 33)	3,999	-	1,358	-	550	-
Trade payables (Note 20)	1,179,733	8	1,272,022	8	1,207,237	8
Other payables (Notes 21 and 33)	1,629,772	10	1,559,830	10	1,536,213	10
Current tax liabilities	209,499	1	176,495	1	283,795	2
Receipts in advance (Note 21)	-	-	1,230,587	8	1,225,325	8
Deferred revenue - current (Notes 21 and 28)	1,946	-	129,022	1	109,506	1
Current portion of long-term borrowings (Notes 19 and 34)	152,576	1	238,622	1	422,870	3
Other current liabilities (Note 21)	45,427	-	45,051	-	42,177	-
Total current liabilities	5,262,383	33	5,441,085	34	5,162,772	34
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19, 33 and 34)	158,684	1	155,109	1	157,064	1
Decommission, restoration and rehabilitation provisions (Note 21)	150,490	1	119,808	1	107,117	1
Deferred tax liabilities	126,258	1	-	-	-	-
Deferred revenue - non-current (Notes 21 and 28)	11,514	-	13,351	-	-	-
Guarantee deposits received (Note 21)	160,619	1	151,534	1	145,434	1
Total non-current liabilities	607,565	4	439,802	3	409,615	3
Total liabilities	5,869,948	37	5,880,887	37	5,572,387	37
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)						
Capital						
Share capital	1,800,000	11	1,629,936	10	1,629,936	11
Capital surplus						
Additional paid-in capital	2,369,956	15	2,532,950	16	2,532,950	17
Retained earnings						
Reserve	978,691	6	764,883	5	764,883	5
Special reserve	227,788	1	95,072	-	95,072	1
Unappropriated earnings	5,104,333	32	5,059,852	32	4,481,164	30
Total retained earnings	6,310,812	39	5,919,807	37	5,341,119	36
Other equity	(381,150)	(2)	(227,788)	(1)	(232,036)	(2)
Total equity attributable to owners of the Company	10,099,618	63	9,854,905	62	9,271,969	62
NON-CONTROLLING INTERESTS	22,346	-	71,953	1	63,176	1
Total equity	10,121,964	63	9,926,858	63	9,335,145	63
TOTAL	\$ 15,991,912	100	\$ 15,807,745	100	\$ 14,907,532	100

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 September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 38)	\$ 5,974,753	100	\$ 6,187,871	100	\$ 18,255,064	100	\$ 16,879,101	100
OPERATING COSTS (Notes 12, 25 and 33)	<u>(2,496,291)</u>	<u>(42)</u>	<u>(2,540,565)</u>	<u>(41)</u>	<u>(7,521,795)</u>	<u>(41)</u>	<u>(6,867,890)</u>	<u>(41)</u>
GROSS PROFIT	<u>3,478,462</u>	<u>58</u>	<u>3,647,306</u>	<u>59</u>	<u>10,733,269</u>	<u>59</u>	<u>10,011,211</u>	<u>59</u>
OPERATING EXPENSES (Note 25)								
Selling and marketing expenses	(2,771,357)	(46)	(2,591,657)	(42)	(8,098,471)	(43)	(7,169,660)	(43)
General and administrative expenses	(235,715)	(4)	(258,105)	(4)	(728,842)	(4)	(746,142)	(4)
Research and development expenses	(8,622)	-	(9,365)	-	(26,234)	-	(27,817)	-
Expected credit loss	<u>(40,384)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(51,297)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(3,056,078)</u>	<u>(51)</u>	<u>(2,859,127)</u>	<u>(46)</u>	<u>(8,904,844)</u>	<u>(47)</u>	<u>(7,943,619)</u>	<u>(47)</u>
OPERATING INCOME	<u>422,384</u>	<u>7</u>	<u>788,179</u>	<u>13</u>	<u>1,828,425</u>	<u>12</u>	<u>2,067,592</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 15, 25, 28 and 33)								
Other income	94,050	2	75,399	1	261,072	1	245,575	1
Other gains and losses	(59,475)	(1)	(19,893)	-	(121,324)	-	(88,580)	-
Finance costs	(8,038)	-	(4,924)	-	(21,121)	-	(16,639)	-
Share of profit of associates and joint ventures	<u>3,359</u>	<u>-</u>	<u>2,895</u>	<u>-</u>	<u>10,713</u>	<u>-</u>	<u>14,044</u>	<u>-</u>
Total non-operating income and expenses	<u>29,896</u>	<u>1</u>	<u>53,477</u>	<u>1</u>	<u>129,340</u>	<u>1</u>	<u>154,400</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	452,280	8	841,656	14	1,957,765	13	2,221,992	13
INCOME TAX EXPENSE (Note 26)	<u>(113,064)</u>	<u>(2)</u>	<u>(238,088)</u>	<u>(4)</u>	<u>(589,307)</u>	<u>(4)</u>	<u>(654,806)</u>	<u>(4)</u>
NET PROFIT FOR THE PERIOD	<u>339,216</u>	<u>6</u>	<u>603,568</u>	<u>10</u>	<u>1,368,458</u>	<u>9</u>	<u>1,567,186</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	(349,224)	(6)	127,056	2	(284,828)	(1)	(120,851)	(1)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	<u>118,601</u>	<u>2</u>	<u>(46,861)</u>	<u>(1)</u>	<u>128,655</u>	<u>-</u>	<u>(17,342)</u>	<u>-</u>
Total other comprehensive income	<u>(230,623)</u>	<u>(4)</u>	<u>80,195</u>	<u>1</u>	<u>(156,173)</u>	<u>(1)</u>	<u>(138,193)</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 September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 108,593	2	\$ 683,763	11	\$ 1,212,285	8	\$ 1,428,993	8
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 357,623	6	\$ 605,345	10	\$ 1,376,037	9	\$ 1,559,387	9
Non-controlling interests	(18,407)	-	(1,777)	-	(7,579)	-	7,799	-
	\$ 339,216	6	\$ 603,568	10	\$ 1,368,458	9	\$ 1,567,186	9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 130,103	2	\$ 684,791	11	\$ 1,222,675	8	\$ 1,422,423	8
Non-controlling interests	(21,510)	-	(1,028)	-	(10,390)	-	6,570	-
	\$ 108,593	2	\$ 683,763	11	\$ 1,212,285	8	\$ 1,428,993	8
EARNINGS PER SHARE (Note 27)								
Basic	\$ 1.99		\$ 3.36		\$ 7.64		\$ 8.66	

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)	Share Capital	Capital Surplus	Retained Earnings			Other Equity Exchange Differences on Translating Foreign Operations	Total	Non-controlling Interests	Total Equity
				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
Appropriation of 2016 earnings										
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	14,818	148,176	(148,176)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(20,702)	(20,702)
Net profit for the nine months ended September 30, 2017	-	-	-	-	-	1,559,387	-	1,559,387	7,799	1,567,186
Other comprehensive income (loss) for the nine months ended September 30, 2017, net of income tax	-	-	-	-	-	-	(136,964)	(136,964)	(1,229)	(138,193)
Total comprehensive income for the nine months ended September 30, 2017	-	-	-	-	-	1,559,387	(136,964)	1,422,423	6,570	1,428,993
BALANCE AT SEPTEMBER 30, 2017	<u>162,994</u>	<u>\$ 1,629,936</u>	<u>\$ 2,532,950</u>	<u>\$ 764,883</u>	<u>\$ 95,072</u>	<u>\$ 4,481,164</u>	<u>\$ (232,036)</u>	<u>\$ 9,271,969</u>	<u>\$ 63,176</u>	<u>\$ 9,335,145</u>
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)
Share 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	-	-	-	-	-	-	-	-	(39,217)	(39,217)
Net profit for the nine months ended September 30, 2018	-	-	-	-	-	1,376,037	-	1,376,037	(7,579)	1,368,458
Other comprehensive income (loss) for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	-	(153,362)	(153,362)	(2,811)	(156,173)
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	-	-	1,376,037	(153,362)	1,222,675	(10,390)	1,212,285
BALANCE AT SEPTEMBER 30, 2018	<u>180,000</u>	<u>\$ 1,800,000</u>	<u>\$ 2,369,956</u>	<u>\$ 978,691</u>	<u>\$ 227,788</u>	<u>\$ 5,104,333</u>	<u>\$ (381,150)</u>	<u>\$ 10,099,618</u>	<u>\$ 22,346</u>	<u>\$ 10,121,964</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 Nine Months Ended September 30	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,957,765	\$ 2,221,992
Depreciation expenses	885,610	802,309
Amortization expenses	17,040	22,067
Expected credit loss recognized on trade receivables	51,297	-
Impairment losses recognized on trade receivables	-	3,154
Net (gain) loss on fair value change of financial liabilities held for trading	9,407	(9,096)
Interest expense	21,121	16,639
Interest income	(149,882)	(94,358)
Dividend income	(6,930)	(6,000)
Share of profit of associates and joint ventures	(10,713)	(14,044)
Loss on disposal of property, plant and equipment	34,936	45,863
Loss on disposal of intangible assets	1	11
Impairment loss of non-financial assets	6,753	15,905
Amortization of prepayments for leases	3,899	885
Government grants	(1,517)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	819,911	-
Notes receivable	(976)	(4,031)
Trade receivables	(25,168)	(81,820)
Other receivables	22,318	(2,567)
Inventories	40,452	(147,657)
Prepayments	18,499	(228,929)
Other current assets	(1,003)	(4,067)
Other operating assets	216	1,455
Notes payable	2,641	(273)
Trade payables	(92,289)	(21,699)
Other payables	(70,595)	155,734
Provisions	30,682	22,024
Contract liabilities	89,880	-
Receipts in advance	-	287,322
Other current liabilities	376	15,390
Cash generated from operations	3,653,731	2,996,209
Interest paid	(19,973)	(15,905)
Income taxes paid	(568,803)	(562,930)
Net cash generated from operating activities	<u>3,064,955</u>	<u>2,417,374</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(1,267,812)	-

(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 September 30	
	2018	2017
Proceeds from redemption of financial assets at amortized cost	183,044	-
Purchase of debt investments with no active market	-	(421,294)
Acquisition of associates	-	(106)
Payments for property, plant and equipment	(1,010,260)	(991,319)
Proceeds from disposal of property, plant and equipment	32,343	26,272
Increase in refundable deposits	(85,157)	(113,480)
Decrease in refundable deposits	64,309	109,323
Payments for intangible assets	(16,234)	(11,721)
Proceeds from disposal of intangible assets	-	3
Increase in prepayments for equipment	(442,244)	(346,906)
Increase in prepayments for leases	(18,476)	(95,109)
Interest received	118,391	67,426
Dividend received from associates	15,257	14,083
Dividend received from others	6,930	6,000
	<u>(2,419,909)</u>	<u>(1,756,828)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	266,682	598,823
Repayments of short-term borrowings	(471,639)	(459,960)
Repayments of long-term borrowings	(90,051)	-
Proceeds from guarantee deposits received	14,508	34,801
Refund of guarantee deposits received	(3,784)	(21,616)
Dividends paid to owners to the Company	(977,962)	(740,880)
Dividends paid to non-controlling interests	(39,217)	(20,702)
	<u>(1,301,463)</u>	<u>(609,534)</u>
Net cash used in financing activities		
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>5</u>	<u>(40,196)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(656,412)	10,816
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>\$ 2,138,450</u>	<u>\$ 3,162,207</u>

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

(Concluded)