

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Jun. 30, 2017, Dec. 31, 2016 and Jun. 30, 2016

(In thousands of New Taiwan Dollars, Except Par Value)

Code	Assets	June 30,2017 (Reviewed)		Dec. 31,2016 (Audited)		June 30,2016 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
1100	Cash and cash equivalents	\$ 7,755,825	8	\$ 13,509,941	13	\$ 6,771,577	7
1110	Financial assets at fair value through profit or loss - current	501,293	1	504,315	-	327,413	-
1125	Available-for-sale financial assets - current	497,623	-	446,079	-	437,550	1
1147	Bond investments without active market-current	1,481,133	2	587,511	-	421,886	-
1150	Notes receivable	12,100	-	15,894	-	13,664	-
1170	Accounts receivable	399,578	-	767,248	1	390,706	-
1180	Accounts receivable due from related parties	155,467	-	163,085	-	178,323	-
1200	Other receivables	1,645,690	2	1,829,561	2	1,876,781	2
1220	Current tax assets	83,789	-	88,192	-	88,198	-
130X	Inventories	2,328,269	2	2,761,106	3	2,440,250	3
1429	Prepayments	927,748	1	978,303	1	918,192	1
1460	Noncurrent asset held for sale	-	-	10,515	-	-	-
1470	Other current assets	97,772	-	79,317	-	73,843	-
11XX	Total current assets	<u>15,886,287</u>	<u>16</u>	<u>21,741,067</u>	<u>20</u>	<u>13,938,383</u>	<u>14</u>
NONCURRENT ASSETS							
1523	Available-for-sale financial assets - noncurrent	3,525,558	4	3,522,515	3	3,656,329	4
1543	Financial assets measured at cost - noncurrent	608,494	1	609,521	1	610,549	1
1546	Bond investments without active market - non-current	227,000	-	229,000	-	227,000	-
1550	Investments accounted for by equity method	8,263,906	8	8,438,059	8	8,470,005	8
1600	Property, plant and equipment	44,175,606	45	43,626,582	41	44,524,852	44
1760	Investment properties	8,803,796	9	10,166,796	10	10,035,226	10
1780	Intangible assets	6,248,958	6	6,244,854	6	7,229,289	7
1840	Deferred tax assets	831,911	1	1,023,507	1	692,690	1
1985	Long-term prepayments for lease	8,413,285	8	8,615,400	8	8,869,847	9
1990	Other noncurrent assets	1,795,975	2	1,978,309	2	2,194,507	2
15XX	Total noncurrent assets	<u>82,894,489</u>	<u>84</u>	<u>84,454,543</u>	<u>80</u>	<u>86,510,294</u>	<u>86</u>
1XXX	TOTAL	<u>\$ 98,780,776</u>	<u>100</u>	<u>\$ 106,195,610</u>	<u>100</u>	<u>\$ 100,448,677</u>	<u>100</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
2100	Short-term debts	\$ 12,945,665	13	\$ 9,886,363	10	\$ 9,358,872	9
2110	Short-term notes and bills payable	2,989,982	3	2,690,946	3	3,656,095	4
2150	Notes payable	3,390	-	37,892	-	34,490	-
2170	Accounts payables	10,396,350	11	16,250,674	15	11,184,847	11
2180	Notes and accounts payable to related parties	51,180	-	113,817	-	60,847	-
2219	Other payables	4,940,125	5	4,518,254	4	5,801,056	6
2230	Current tax liabilities	280,692	-	740,459	1	447,007	1
2250	Provision-current	5,083	-	18,596	-	3,996	-
2310	Advance receipts	7,492,924	8	7,594,619	7	8,123,301	8
2313	Deferred revenue - current	58,037	-	92,267	-	80,618	-
2322	Long-term borrowings - current portion	4,015,830	4	5,965,315	6	5,318,400	5
2399	Other current liabilities	244,966	-	278,656	-	265,964	-
21XX	Total current liabilities	<u>43,424,224</u>	<u>44</u>	<u>48,187,858</u>	<u>46</u>	<u>44,335,493</u>	<u>44</u>
NONCURRENT LIABILITIES							
2530	Bonds issued	997,215	1	996,282	1	995,350	1
2540	Long-term borrowings	13,395,200	14	14,959,267	14	13,960,642	14
2550	Provision-noncurrent	28,122	-	27,995	-	30,203	-
2570	Deferred tax liabilities	2,086,557	2	2,053,903	2	2,012,522	2
2640	Net defined benefit liability	891,774	1	982,919	1	805,715	1
2670	Other noncurrent liabilities	2,290,788	2	2,544,584	2	2,619,182	2
25XX	Total noncurrent liabilities	<u>19,689,656</u>	<u>20</u>	<u>21,564,950</u>	<u>20</u>	<u>20,423,614</u>	<u>20</u>
2XXX	Total liabilities	<u>63,113,880</u>	<u>64</u>	<u>69,752,808</u>	<u>66</u>	<u>64,759,107</u>	<u>64</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY							
Share Capital							
3110	Ordinary share	14,169,406	14	14,169,406	13	14,169,406	14
3200	Capital surplus	3,315,927	3	3,319,868	3	3,315,420	3
Retained earnings							
3310	Legal reserve	3,013,281	3	2,899,856	3	2,899,856	3
3320	Special reserve	2,643,743	3	2,529,594	2	2,529,594	3
3350	Unappropriated earnings	1,154,364	1	2,013,557	2	1,423,932	1
3300	Total retained earnings	6,811,388	7	7,443,007	7	6,853,382	7
3400	Other equity	3,837,086	4	3,795,400	4	3,922,730	4
3500	Treasury stock	(97,110)	-	(97,110)	-	(97,110)	-
31XX	Total equity attributable to owners of the Company	<u>28,036,697</u>	<u>28</u>	<u>28,630,571</u>	<u>27</u>	<u>28,163,828</u>	<u>28</u>
36XX	NON-CONTROLLING INTERESTS	<u>7,630,199</u>	<u>8</u>	<u>7,812,231</u>	<u>7</u>	<u>7,525,742</u>	<u>8</u>
3XXX	Total equity	<u>35,666,896</u>	<u>36</u>	<u>36,442,802</u>	<u>34</u>	<u>35,689,570</u>	<u>36</u>
	TOTAL	<u>\$ 98,780,776</u>	<u>100</u>	<u>\$ 106,195,610</u>	<u>100</u>	<u>\$ 100,448,677</u>	<u>100</u>

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From Apr. 1 to June 30, 2017 and 2016, and Year ended June 30, 2017 and 2016

(In thousands of New Taiwan Dollars, Except Par Value)

Code		From Apr. 1 to June 30, 2017		From Apr. 1 to June 30, 2016		Year ended June 30, 2017		Year ended June 30, 2016	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	REVENUES	\$ 9,353,827	100	\$10,064,295	100	\$19,036,805	100	\$20,938,771	100
5000	COSTS	<u>4,598,960</u>	<u>49</u>	<u>4,885,095</u>	<u>48</u>	<u>9,333,750</u>	<u>49</u>	<u>10,229,700</u>	<u>49</u>
5900	GROSS PROFIT	<u>4,754,867</u>	<u>51</u>	<u>5,179,200</u>	<u>52</u>	<u>9,703,055</u>	<u>51</u>	<u>10,709,071</u>	<u>51</u>
	OPERATING EXPENSES								
6100	Selling	233,735	2	307,600	3	497,752	3	611,931	3
6200	General and administrative	<u>3,984,243</u>	<u>43</u>	<u>4,407,272</u>	<u>44</u>	<u>7,997,016</u>	<u>42</u>	<u>8,772,896</u>	<u>42</u>
6000	Total operating expenses	<u>4,217,978</u>	<u>45</u>	<u>4,714,872</u>	<u>47</u>	<u>8,494,768</u>	<u>45</u>	<u>9,384,827</u>	<u>45</u>
6900	OPERATING INCOME	<u>536,889</u>	<u>6</u>	<u>464,328</u>	<u>5</u>	<u>1,208,287</u>	<u>6</u>	<u>1,324,244</u>	<u>6</u>
	NONOPERATING INCOME AND EXPENSES								
7190	Other income	16,568	-	11,393	-	31,568	-	24,420	-
7020	Other gains and losses	3,660	-	(70,883)	(1)	(100,025)	(1)	(194,352)	(1)
7050	Finance costs	(112,690)	(1)	(106,785)	(1)	(227,300)	(1)	(215,015)	(1)
7060	Share of profit (loss) of associates accounted for using equity method	(<u>91,445</u>)	(<u>1</u>)	(<u>110</u>)	-	(<u>95,778</u>)	-	(<u>35,587</u>)	-
7000	Total Non-operating income and expenses	(<u>183,907</u>)	(<u>2</u>)	(<u>166,385</u>)	(<u>2</u>)	(<u>391,535</u>)	(<u>2</u>)	(<u>420,534</u>)	(<u>2</u>)
7900	INCOME BEFORE INCOME TAX	352,982	4	297,943	3	816,752	4	903,710	4
7950	INCOME TAX EXPENSE	<u>220,034</u>	<u>3</u>	<u>174,056</u>	<u>2</u>	<u>395,358</u>	<u>2</u>	<u>391,775</u>	<u>2</u>
8200	NET INCOME	<u>132,948</u>	<u>1</u>	<u>123,887</u>	<u>1</u>	<u>421,394</u>	<u>2</u>	<u>511,935</u>	<u>2</u>
	OTHER COMPREHENSIVE INCOME								
	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Other comprehensive income, before tax, exchange differences on translation	(1,526)	-	26,105	-	37,543	-	43,730	-
8362	Other comprehensive income, before tax, available-for-sale financial assets	(475,173)	(5)	(260,396)	(2)	38,457	1	(64,144)	-
8370	Share of other comprehensive income of associates accounted for using equity method	(<u>7,803</u>)	-	(<u>12,779</u>)	-	(<u>2,877</u>)	-	(<u>28,376</u>)	-
8300	Total other comprehensive income, net	(<u>484,502</u>)	(<u>5</u>)	(<u>247,070</u>)	(<u>2</u>)	<u>73,123</u>	<u>1</u>	(<u>48,790</u>)	-
8500	COMPREHENSIVE INCOME	(<u>\$ 351,554</u>)	(<u>4</u>)	(<u>\$ 123,183</u>)	(<u>1</u>)	<u>\$ 494,517</u>	<u>3</u>	<u>\$ 463,145</u>	<u>2</u>
8600	NET INCOME ATTRIBUTED TO :								
8610	Owners of parent	\$ 118,605	1	\$ 103,239	1	\$ 360,239	2	\$ 407,957	2
8620	Non-controlling interests	<u>14,343</u>	-	<u>20,648</u>	-	<u>61,155</u>	-	<u>103,978</u>	-
		<u>\$ 132,948</u>	<u>1</u>	<u>\$ 123,887</u>	<u>1</u>	<u>\$ 421,394</u>	<u>2</u>	<u>\$ 511,935</u>	<u>2</u>
8700	CONPREHENSIVE INCOME CONTRIBUTED TO :								
8710	Owners of parent	(\$ 351,862)	(4)	(\$ 159,559)	(1)	\$ 401,925	2	\$ 334,897	1
8720	Non-controlling interests	<u>308</u>	-	<u>36,376</u>	-	<u>92,592</u>	<u>1</u>	<u>128,248</u>	<u>1</u>
		(<u>\$ 351,554</u>)	(<u>4</u>)	(<u>\$ 123,183</u>)	(<u>1</u>)	<u>\$ 494,517</u>	<u>3</u>	<u>\$ 463,145</u>	<u>2</u>
	EARNINGS PER SHARE								
9750	Basic	<u>\$ 0.08</u>		<u>\$ 0.07</u>		<u>\$ 0.26</u>		<u>\$ 0.29</u>	
9850	Diluted	<u>\$ 0.08</u>		<u>\$ 0.07</u>		<u>\$ 0.26</u>		<u>\$ 0.29</u>	

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended June 30, 2017 and 2016

(In thousands of New Taiwan Dollars)

<u>C o d e</u>		<u>Year ended June 30, 2017</u>	<u>Year ended June 30, 2016</u>
	CASH FLOWS FROM (USED IN)		
	OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 816,752	\$ 903,710
A20000	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	1,337,128	1,474,685
A20200	Amortization expense	20,816	20,893
A20300	Gain on reversal of losses on doubtful debts	30	-
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	3,022	23,695
A20900	Finance costs	227,300	215,015
A23500	Impairment loss on financial assets	1,027	1,027
A23700	Loss (gain) on disposal of property, plant and equipment, net	2,022	-
A24600	Loss (gain) on change in fair value of investment properties	(56,996)	4,600
A29900	Amortization of prepayments	14,991	9,826
A29900	Amortization of prepayments for lease	162,842	163,798
A29900	Reversal unrealized purchase discounts	-	(106,800)
A29900	Reversal of deferred revenue	(92,267)	(98,552)
A22300	Share of loss (profit) of associates accounted for using equity method	95,778	35,587
A21200	Interest income	(31,459)	(24,146)
A21300	Dividend income	(109)	(274)
A22800	Loss (gain) on disposal of intangible assets	1,112	-
A22500	Loss (gain) on disposal of property, plant and equipment, net	181,985	16,411
A23000	Loss (gain) on disposal of non-current assets classified as held for sale	(6,628)	-
A23100	Loss (gain) on disposal of investments	(3,958)	-
A23800	Loss for market price decline and obsolete and slow-moving inventories	9,025	(128,439)
A30000	Net changes in operating assets and liabilities		
A31110	Financial assets held for trading	-	3
A31130	Notes receivable	3,794	(10,271)

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C o d e		Year ended June 30, 2017	Year ended June 30, 2016
A31150	Accounts receivable	351,511	124,936
A31160	Notes and accounts receivable due from related parties	7,618	4,647
A31180	Other receivable	247,843	304,039
A31200	Inventories	423,812	792,229
A31230	Prepayments	45,709	35,124
A31240	Other current assets	(18,455)	16,259
A32130	Notes payable	(34,502)	(17,734)
A32150	Accounts payable	(5,854,324)	(5,421,119)
A32160	Notes and accounts payable to related parties	(62,637)	(58,907)
A32180	Other payables	(905,565)	(632,935)
A32200	Provisions	(13,513)	-
A32210	Receipts in advance	5,533	179,316
A32210	Deferred revenue	58,037	80,618
A32240	Net defined benefit liability	(91,145)	3,107
A32230	Other current liabilities	(33,689)	(43,800)
A33000	Cash inflow (outflow) generated from operations	(3,187,560)	(2,133,452)
A33300	Interests paid	(209,335)	(197,280)
A33100	Interests received	27,794	19,741
A33200	Dividend received	53,574	1
A33500	Income taxes returned	3,237	500
A33500	Income taxes paid	(629,537)	(154,802)
AAAA	Net cash flows from (used in) operating activities	(3,941,827)	(2,465,292)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
B00300	Acquisitions of available-for-sale financial assets	(92,331)	-
B00400	Proceeds from disposal of available-for-sale financial assets	80,160	-
B00600	Acquisition of investments in debt instrument without active market	(891,623)	354,961
B01800	Acquisition of investments accounted for using equity method	(136,655)	-
B02100	Decrease in prepayments for long-term investment	36,393	55,972
B02600	Proceeds from disposal of non-current assets classified as held for sale	12,643	-
B02700	Acquisition of property, plant and equipment	(859,849)	(666,348)
B02800	Proceeds from disposal of property, plant and equipment	1,404	8,608
B04500	Acquisition of intangible assets	(16,594)	(10,299)
B04600	Proceeds from disposal of intangible assets	-	306
B05400	Acquisition of investment properties	(1,004)	(3,743)
B06700	Increase (decrease) in other non-current assets	100,707	(263,780)
BBBB	Net cash flows from (used in) investing activities	(1,766,749)	(524,323)

(Continued)

(Continued)

<u>C o d e</u>		<u>Year ended June</u> <u>30, 2017</u>	<u>Year ended June</u> <u>30, 2016</u>
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	65,321,222	51,388,140
C00200	Decrease in short-term loans	(62,081,383)	(51,406,270)
C00500	Increase in short-term notes and bills payable	16,008,543	15,152,531
C00600	Decrease in short-term notes and bills payable	(15,709,507)	(13,847,456)
C01600	Proceeds from long-term debt	28,177,564	20,790,097
C01700	Repayment of long-term debt	(31,694,200)	(22,300,000)
C04400	Decrease in other non-current liabilities	(23,541)	(24,527)
C04500	Dividends paid by parent company	(108)	(36)
C05800	Dividends paid to non-controlling interests	-	(39,098)
C05800	Non-controlling Interests	-	(50,186)
CCCC	Net cash flows from (used in) financing activities	<u>(1,410)</u>	<u>(336,805)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>(44,130)</u>	<u>71,367</u>
EEEE	Net increase (decrease) in cash and cash equivalents	<u>(5,754,116)</u>	<u>(3,255,053)</u>
E00100	Cash and cash equivalents at beginning of period	<u>13,509,941</u>	<u>10,026,630</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 7,755,825</u>	<u>\$ 6,771,577</u>

(Concluded)