

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Mar. 31, 2019, Dec. 31, 2018 and Mar. 31, 2018

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

Code	Assets	2019/3/31 (Reviewed)		2018/12/31 (Audited)		2018/3/31 (Reviewed)	
		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							
1100	Cash and cash equivalents	\$ 4,875,837	4	\$ 14,594,847	14	\$ 7,662,480	8
1110	Financial assets at fair value through profit or loss - current	439,101	-	437,747	-	527,625	-
1120	Current financial assets at fair value through other comprehensive income	271,111	-	244,785	-	238,773	-
1136	Current financial assets at amortized cost	2,560,482	2	2,077,919	2	1,843,945	2
1150	Notes receivable	1,781	-	2,287	-	12,193	-
1170	Accounts receivable	1,268,571	1	1,582,273	2	670,806	1
1180	Accounts receivable due from related parties	155,794	-	155,942	-	120,098	-
1200	Other receivables	901,501	1	2,159,355	2	1,566,233	2
1220	Current tax assets	3,717	-	5,655	-	3,218	-
130X	Inventories	2,852,400	2	2,729,234	3	2,840,084	3
1429	Prepayments	618,438	1	977,014	1	1,259,669	1
1470	Other current assets	86,640	-	85,798	-	48,331	-
11XX	Total current assets	<u>14,035,373</u>	<u>11</u>	<u>25,052,856</u>	<u>24</u>	<u>16,793,455</u>	<u>17</u>
<b>NONCURRENT ASSETS</b>							
1517	Non-current financial assets at fair value through other comprehensive income	4,493,466	4	3,960,014	4	3,448,875	4
1535	Non-current financial assets at amortized cost	223,400	-	227,400	-	227,000	-
1550	Investments accounted for by equity method	9,838,816	8	8,678,647	8	8,507,164	9
1600	Property, plant and equipment	33,791,136	27	43,532,941	42	43,448,180	45
1755	Right-of-use assets	38,751,777	31	-	-	-	-
1760	Investment properties	9,237,404	8	8,690,640	8	8,675,713	9
1780	Intangible assets	3,474,516	3	3,449,258	3	5,050,694	5
1840	Deferred tax assets	759,086	1	772,100	1	781,428	1
1985	Long-term prepayments for lease	6,655,651	5	7,704,464	8	8,082,265	8
1990	Other noncurrent assets	1,846,932	2	1,678,021	2	1,598,380	2
15XX	Total noncurrent assets	<u>109,072,184</u>	<u>89</u>	<u>78,693,485</u>	<u>76</u>	<u>79,819,699</u>	<u>83</u>
1XXX	TOTAL	<u>\$ 123,107,557</u>	<u>100</u>	<u>\$ 103,746,341</u>	<u>100</u>	<u>\$ 96,613,154</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
2100	Short-term debts	\$ 10,888,822	9	\$ 12,957,612	13	\$ 11,546,468	12
2110	Short-term notes and bills payable	3,761,582	3	3,480,365	3	3,540,290	4
2130	Contract liabilities-Current	7,794,356	6	7,525,468	7	8,015,702	8
2150	Notes payable	3,248	-	3,683	-	13,360	-
2170	Accounts payables	11,939,116	10	17,579,453	17	11,473,823	12
2180	Notes and accounts payable to related parties	52,043	-	104,999	-	44,482	-
2219	Other payables	3,141,644	2	3,687,578	4	3,537,717	4
2230	Current tax liabilities	806,912	1	609,796	1	725,294	1
2250	Provision-current	3,000	-	6,592	-	4,784	-
2280	Lease liabilities - current	3,375,044	3	-	-	-	-
2310	Advance receipts	326,571	-	354,277	-	-	-
2320	Long-term bonds payable - current portion	-	-	-	-	998,616	1
2322	Long-term borrowings - current portion	2,000,000	2	-	-	1,500,000	1
2399	Other current liabilities	300,960	-	320,947	-	262,304	-
21XX	Total current liabilities	<u>44,393,298</u>	<u>36</u>	<u>46,630,770</u>	<u>45</u>	<u>41,662,840</u>	<u>43</u>
<b>NONCURRENT LIABILITIES</b>							
2540	Long-term borrowings	11,289,161	9	15,090,000	15	13,057,917	13
2550	Provision-noncurrent	24,966	-	24,909	-	26,525	-
2570	Deferred tax liabilities	2,131,336	2	2,114,362	2	2,112,000	2
2580	Lease liabilities - non-current	25,993,675	21	-	-	-	-
2640	Net defined benefit liability	770,944	1	808,480	1	872,031	1
2670	Other noncurrent liabilities	491,233	-	1,387,430	1	1,509,663	2
25XX	Total noncurrent liabilities	<u>40,701,315</u>	<u>33</u>	<u>19,425,181</u>	<u>19</u>	<u>17,578,136</u>	<u>18</u>
2XXX	Total liabilities	<u>85,094,613</u>	<u>69</u>	<u>66,055,951</u>	<u>64</u>	<u>59,240,976</u>	<u>61</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>							
Share Capital							
3110	Ordinary share	14,169,406	11	14,169,406	14	14,169,406	15
3200	Capital surplus	3,315,420	3	3,315,420	3	3,315,931	3
Retained earnings							
3310	Legal reserve	3,166,880	3	3,166,880	3	3,013,281	3
3320	Special reserve	2,792,021	2	2,656,286	2	2,643,743	3
3350	Unappropriated earnings	1,818,491	1	2,081,772	2	2,767,743	3
3300	Total retained earnings	7,777,392	6	7,904,938	7	8,424,767	9
3400	Other equity	4,758,113	4	4,231,252	4	3,518,512	4
3500	Treasury stock	(97,110)	-	(97,110)	-	(97,110)	-
31XX	Total equity attributable to owners of the Company	<u>29,923,221</u>	<u>24</u>	<u>29,523,906</u>	<u>28</u>	<u>29,331,506</u>	<u>31</u>
36XX	NON-CONTROLLING INTERESTS	<u>8,089,723</u>	<u>7</u>	<u>8,166,484</u>	<u>8</u>	<u>8,040,672</u>	<u>8</u>
3XXX	Total equity	<u>38,012,944</u>	<u>31</u>	<u>37,690,390</u>	<u>36</u>	<u>37,372,178</u>	<u>39</u>
TOTAL		<u>\$ 123,107,557</u>	<u>100</u>	<u>\$ 103,746,341</u>	<u>100</u>	<u>\$ 96,613,154</u>	<u>100</u>

(Concluded)

**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Year ended Mar. 31, 2019 and 2018

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

Code		2019		2018	
		Year ended Mar. 31		Year ended Mar. 31	
		Amount	%	Amount	%
4000	REVENUES	\$ 9,226,599	100	\$ 9,346,408	100
5000	COSTS	<u>4,420,401</u>	<u>48</u>	<u>4,434,838</u>	<u>47</u>
5900	GROSS PROFIT	<u>4,806,198</u>	<u>52</u>	<u>4,911,570</u>	<u>53</u>
	OPERATING EXPENSES				
6100	Selling	218,362	2	216,313	2
6200	General and administrative	3,545,913	39	3,698,992	40
6450	Expected credit loss (Gain)	<u>514</u>	<u>-</u>	<u>(13,474)</u>	<u>-</u>
6000	Total operating expenses	<u>3,764,789</u>	<u>41</u>	<u>3,901,831</u>	<u>42</u>
6900	OPERATING INCOME	<u>1,041,409</u>	<u>11</u>	<u>1,009,739</u>	<u>11</u>
	NONOPERATING INCOME AND EXPENSES				
7190	Other income	28,380	-	29,503	-
7020	Other gains and losses	( 64,878)	( 1)	( 24,045)	-
7050	Finance costs	( 220,050)	( 2)	( 101,944)	( 1)
7060	Share of profit (loss) of associates accounted for using equity method	<u>30,377</u>	<u>1</u>	<u>5,485</u>	<u>-</u>
7000	Total Non-operating income and expenses	<u>(226,171)</u>	<u>(2)</u>	<u>(91,001)</u>	<u>(1)</u>
7900	INCOME BEFORE INCOME TAX	815,238	9	918,738	10
7950	INCOME TAX EXPENSE	<u>236,788</u>	<u>3</u>	<u>347,761</u>	<u>4</u>
8200	NET INCOME	<u>578,450</u>	<u>6</u>	<u>570,977</u>	<u>6</u>

( Continued )

( Continued )

Code		2019		2018	
		Year ended Mar. 31		Year ended Mar. 31	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	559,778	6	17,048	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method	( 55,874 )	-	791	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	13,271	-
8310		<u>503,904</u>	<u>6</u>	<u>31,110</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Other comprehensive income, before tax, exchange differences on translation	( 21,650 )	-	( 752 )	-
8370	Share of other comprehensive income of associates accounted for using equity method	<u>6,795</u>	<u>-</u>	<u>( 576 )</u>	<u>-</u>
8360		<u>( 14,855 )</u>	<u>-</u>	<u>( 1,328 )</u>	<u>-</u>
8300	Total other comprehensive income, net	<u>489,049</u>	<u>6</u>	<u>29,782</u>	<u>-</u>
8500	COMPREHENSIVE INCOME	<u>\$ 1,067,499</u>	<u>12</u>	<u>\$ 600,759</u>	<u>6</u>
8600	NET INCOME ATTRIBUTED TO :				
8610	Owners of parent	\$ 457,648	5	\$ 390,415	4
8620	Non-controlling interests	<u>120,802</u>	<u>1</u>	<u>180,562</u>	<u>2</u>
		<u>\$ 578,450</u>	<u>6</u>	<u>\$ 570,977</u>	<u>6</u>
8700	COMPREHENSIVE INCOME CONTRIBUTED TO :				
8710	Owners of parent	\$ 984,509	11	\$ 419,547	4
8720	Non-controlling interests	<u>82,990</u>	<u>1</u>	<u>181,212</u>	<u>2</u>
		<u>\$ 1,067,499</u>	<u>12</u>	<u>\$ 600,759</u>	<u>6</u>
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 0.32</u>		<u>\$ 0.28</u>	
9850	Diluted	<u>\$ 0.32</u>		<u>\$ 0.28</u>	

(Concluded)

**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Year ended Mar. 31, 2019 and 2018

(In thousands of New Taiwan Dollars)

<u>C o d e</u>		<u>2019</u> Year ended Mar. 31	<u>2018</u> Year ended Mar. 31
	<b>CASH FLOWS FROM (USED IN)</b>		
	<b>OPERATING ACTIVITIES</b>		
A00010	Income before income tax	\$ 815,238	\$ 918,738
A20010	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	1,403,504	626,298
A20200	Amortization expense	14,137	12,582
A20300	Expected credit loss (gain)	514	( 13,474)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	( 1,354)	( 9,242)
A20900	Finance costs	220,050	101,944
A22700	Loss (gain) on disposal of investment properties	-	90,621
A24600	Loss (gain) on fair value adjustment of investment property	-	( 28,118)
A29900	Amortization of prepayments	4,946	6,311
A29900	Amortization of prepayments for lease	-	81,545
A21200	Interest income	( 28,380)	( 29,503)
A22300	Share of loss (profit) of associates accounted for using equity method	( 30,377)	( 5,485)
A22500	Loss (gain) on disposal of property, plant and equipment, net	884	1,515
A23800	Unrealized loss (gain) on physical inventory and slow-moving inventories	( 1,292)	( 477)
A30000	Net changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets at fair value through profit or loss, measured at fair value	-	( 21,928)
A31130	Notes receivable	506	( 11,064)
A31150	Accounts receivable	312,495	446,323
A31160	Notes and accounts receivable due from related parties	859	6,266
A31180	Other receivable	280,877	232,744
A31200	Inventories	( 121,874)	( 256,332)
A31230	Prepayments	( 11,217)	( 199,457)
A31240	Other current assets	( 842)	20,737

( Continued )

( Continued )

<u>C o d e</u>		<u>2019</u> <u>Year ended Mar. 31</u>	<u>2018</u> <u>Year ended Mar. 31</u>
A32125	Contract liability	268,888	888,139
A32130	Notes payable	( 435 )	10,289
A32150	Accounts payable	( 5,640,337 )	( 6,811,282 )
A32160	Notes and accounts payable to related parties	( 52,956 )	( 83,398 )
A32180	Other payables	( 481,686 )	( 774,240 )
A32200	Provisions	( 405 )	( 1,920 )
A32210	Advance receipts	11,862	( 376,446 )
A32230	Other current liabilities	( 19,987 )	( 2,241 )
A32240	Net defined benefit liability	( <u>37,536</u> )	( <u>63,939</u> )
A33000	Cash inflow (outflow) generated from operations	( 3,093,918 )	( 5,244,494 )
A33100	Interests received	29,606	23,664
A33300	Interests paid	( 102,282 )	( 103,827 )
A33500	Income tax returned	2,114	-
A33500	Income taxes paid	( <u>13,169</u> )	( <u>27,087</u> )
AAAA	Net cash flows from (used in) operating activities	( <u>3,177,649</u> )	( <u>5,351,744</u> )
	CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
B00050	Proceeds from disposal of financial assets at amortized cost	( 478,563 )	70,443
B01800	Acquisition of investments accounted for using equity method	( 1,138,000 )	-
B02700	Acquisition of property, plant and equipment	( 452,021 )	( 411,796 )
B02800	Proceeds from disposal of property, plant and equipment	38,305	334
B04200	Decrease in other receivables	970,133	-
B04500	Acquisition of intangible assets	( 36,854 )	( 2,392 )
B04600	Proceeds from disposal of intangible assets	139	-
B05400	Acquisition of investment properties	( 7,181 )	-
B06700	Increase (decrease) in other non-current assets	( <u>632,072</u> )	<u>3,409</u>
BBBB	Net cash flows from (used in) investing activities	( <u>1,736,114</u> )	( <u>340,002</u> )
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	41,054,329	48,325,954
C00200	Decrease in short-term loans	( 43,209,917 )	( 49,937,789 )
C00500	Increase in short-term notes and bills payable	8,680,977	6,745,196
C00600	Decrease in short-term notes and bills payable	( 8,399,760 )	( 5,719,606 )
C01600	Proceeds from long-term debt	18,379,161	10,549,815
C01700	Repayment of long-term debt	( 20,180,000 )	( 12,750,000 )
C04020	Repayment of the principal portion of lease liabilities	( 1,162,072 )	-
C04400	Decrease in other non-current liabilities	( <u>2,336</u> )	( <u>12,043</u> )

( Continued )

( Continued )

<u>C o d e</u>		<u>2019</u> <u>Year ended Mar. 31</u>	<u>2018</u> <u>Year ended Mar. 31</u>
CCCC	Net cash flows from (used in) financing activities	( <u>4,839,618</u> )	( <u>2,798,473</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>34,371</u>	<u>36,215</u>
EEEE	Net increase (decrease) in cash and cash equivalents	( <u>9,719,010</u> )	( <u>8,454,004</u> )
E00100	Cash and cash equivalents at beginning of period	<u>14,594,847</u>	<u>16,116,484</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 4,875,837</u>	<u>\$ 7,662,480</u>

(Concluded)