

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

**CONSOLIDATED BALANCE SHEETS**

Jun. 30, 2015, Dec. 31, 2014, Jun. 30, 2014 and Jan.1, 2014

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

Code	Assets	2015/6/30		2014/12/31		2014/6/30		2014/1/1	
		Amount	%	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>									
1100	Cash and cash equivalents	\$ 8,027,809	8	\$ 10,952,918	10	\$ 8,560,045	8	\$ 13,221,405	12
1110	Financial assets at fair value through profit or loss - current	336,229	-	290,895	-	230,766	-	239,974	-
1125	Available-for-sale financial assets - current	498,162	1	487,231	-	490,482	-	552,555	-
1147	Bond investments without active market-current	602,048	1	1,204,317	1	744,838	1	437,497	-
1150	Notes receivable	16,695	-	2,410	-	4,839	-	28,119	-
1170	Accounts receivable	389,687	-	527,659	1	581,389	1	766,445	1
1180	Accounts receivable due from related parties	136,758	-	191,931	-	84,986	-	57,302	-
1200	Other receivables	1,530,272	1	1,508,732	1	1,458,417	1	1,779,487	2
1220	Current tax assets	86,697	-	200,615	-	245,777	-	418,064	-
130X	Inventories	2,604,668	2	2,870,727	3	2,633,044	3	2,976,244	3
1429	Prepayments	910,554	1	975,457	1	1,193,112	1	1,090,656	1
1460	Noncurrent asset held for sale	-	-	115	-	111	-	377	-
1470	Other current assets	65,305	-	102,260	-	68,487	-	83,987	-
11XX	Total current assets	<u>15,204,884</u>	<u>14</u>	<u>19,315,267</u>	<u>17</u>	<u>16,296,293</u>	<u>15</u>	<u>21,652,112</u>	<u>19</u>
<b>NONCURRENT ASSETS</b>									
1523	Available-for-sale financial assets - noncurrent	4,814,987	4	4,989,668	4	5,096,251	5	4,986,339	4
1543	Financial assets measured at cost - noncurrent	612,604	1	783,652	1	774,210	1	776,374	1
1546	Bond investments without active market - non-current	225,000	-	125,000	-	534,896	-	521,897	1
1550	Investments accounted for by equity method	9,325,829	9	9,546,534	9	9,387,927	9	9,050,368	8
1600	Property, plant and equipment	46,507,881	44	47,426,385	43	51,861,561	48	52,166,888	46
1760	Investment properties	9,665,654	9	9,667,344	9	2,730,495	3	3,070,495	3
1780	Intangible assets	7,220,503	7	7,226,592	6	7,711,343	7	7,715,184	7
1840	Deferred tax assets	888,317	1	926,612	1	935,942	1	940,225	1
1975	Net defined benefit asset	181,608	-	185,782	-	218,628	-	222,615	-
1985	Long-term prepayments for lease	9,342,326	9	9,472,460	8	9,340,570	9	9,464,677	8
1990	Other noncurrent assets	1,926,295	2	1,954,939	2	1,934,974	2	1,920,123	2
15XX	Total noncurrent assets	<u>90,711,004</u>	<u>86</u>	<u>92,304,968</u>	<u>83</u>	<u>90,526,797</u>	<u>85</u>	<u>90,835,185</u>	<u>81</u>
1XXX	TOTAL	<u>\$ 105,915,888</u>	<u>100</u>	<u>\$ 111,620,235</u>	<u>100</u>	<u>\$ 106,823,090</u>	<u>100</u>	<u>\$ 112,487,297</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>									
<b>CURRENT LIABILITIES</b>									
2100	Short-term debts	\$ 7,092,884	7	\$ 6,674,285	6	\$ 7,851,703	7	\$ 7,462,340	7
2110	Short-term notes and bills payable	2,473,265	2	2,991,683	3	4,054,138	4	3,047,306	3
2150	Notes payable	44,346	-	63,303	-	49,074	-	159,194	-
2170	Accounts payables	12,148,355	12	17,601,054	16	12,292,228	12	17,693,401	16
2180	Notes and accounts payable to related parties	68,223	-	153,238	-	66,915	-	151,909	-
2219	Other payables	6,509,120	6	5,495,103	5	6,420,122	6	5,252,331	5
2230	Current tax liabilities	328,231	-	512,116	-	318,410	-	401,874	-
2250	Provision-current	-	-	4,135	-	4,135	-	4,135	-
2313	Deferred revenue - current	92,252	-	65,656	-	116,083	-	101,136	-
2310	Advance receipts	7,981,289	8	7,829,288	7	8,046,997	8	7,720,500	7
2321	Bond issued - current portion	1,000,000	1	1,000,000	1	-	-	2,493,512	2
2322	Long-term borrowings - current portion	2,200,000	2	1,764,429	2	2,444,733	2	1,445,159	1
2399	Other current liabilities	325,465	-	265,157	-	226,921	-	252,891	-
21XX	Total current liabilities	<u>40,263,430</u>	<u>38</u>	<u>44,419,447</u>	<u>40</u>	<u>41,891,459</u>	<u>39</u>	<u>46,185,688</u>	<u>41</u>
<b>NONCURRENT LIABILITIES</b>									
2530	Bonds issued	993,489	1	992,560	1	1,991,631	2	1,990,702	2
2540	Long-term borrowings	21,888,654	21	21,548,341	19	21,977,499	21	21,841,434	19
2550	Provision-noncurrent	33,880	-	31,222	-	31,083	-	30,483	-
2640	Net defined benefit liability	561,030	-	563,292	-	532,516	-	535,105	1
2570	Deferred tax liabilities	1,763,344	2	1,729,061	2	1,579,312	1	1,608,841	1
2670	Other noncurrent liabilities	2,779,124	2	2,878,845	3	2,716,999	3	2,841,682	3
25XX	Total noncurrent liabilities	<u>28,019,521</u>	<u>26</u>	<u>27,743,321</u>	<u>25</u>	<u>28,829,040</u>	<u>27</u>	<u>28,848,247</u>	<u>26</u>
2XXX	Total liabilities	<u>68,282,951</u>	<u>64</u>	<u>72,162,768</u>	<u>65</u>	<u>70,720,499</u>	<u>66</u>	<u>75,033,935</u>	<u>67</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>									
<b>Share Capital</b>									
3110	Ordinary share	14,391,956	14	14,391,956	13	14,109,761	13	14,109,761	13
3150	Stock dividend to be distributed	-	-	-	-	282,195	-	-	-
3100	Total capital stock	<u>14,391,956</u>	<u>14</u>	<u>14,391,956</u>	<u>13</u>	<u>14,391,956</u>	<u>13</u>	<u>14,109,761</u>	<u>13</u>
3200	Capital surplus	3,498,252	3	3,498,252	3	3,498,174	3	3,498,174	3
<b>Retained earnings</b>									
3310	Legal reserve	2,728,379	3	2,575,473	2	2,575,473	3	2,358,917	2
3320	Special reserve	2,461,168	2	2,461,168	2	2,461,168	2	1,931,285	2
3350	Unappropriated earnings	1,624,633	2	2,936,463	3	2,141,414	2	4,107,920	3
3300	Total retained earnings	<u>6,814,180</u>	<u>7</u>	<u>7,973,104</u>	<u>7</u>	<u>7,178,055</u>	<u>7</u>	<u>8,398,122</u>	<u>7</u>
3400	Other equity	5,686,357	5	5,900,851	5	3,727,302	4	3,659,643	3
3500	Treasury stock	( 97,110 )	-	( 97,110 )	-	( 97,110 )	-	( 97,110 )	-
31XX	Total equity attributable to owners of the Company	<u>30,293,635</u>	<u>29</u>	<u>31,667,053</u>	<u>28</u>	<u>28,698,377</u>	<u>27</u>	<u>29,568,590</u>	<u>26</u>
36XX	NON-CONTROLLING INTERESTS	<u>7,339,302</u>	<u>7</u>	<u>7,790,414</u>	<u>7</u>	<u>7,404,214</u>	<u>7</u>	<u>7,884,772</u>	<u>7</u>
3XXX	Total equity	<u>37,632,937</u>	<u>36</u>	<u>39,457,467</u>	<u>35</u>	<u>36,102,591</u>	<u>34</u>	<u>37,453,362</u>	<u>33</u>
TOTAL		<u>\$ 105,915,888</u>	<u>100</u>	<u>\$ 111,620,235</u>	<u>100</u>	<u>\$ 106,823,090</u>	<u>100</u>	<u>\$ 112,487,297</u>	<u>100</u>

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

From Apr. 1 to June 30, 2015 and 2014, and Year ended June 30, 2015 and 2014

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

Code		From Apr. 1 to June 30, 2015		From Apr. 1 to June 30, 2014		Year ended June 30, 2015		Year ended June 30, 2014	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	REVENUES	\$10,371,295	100	\$10,604,931	100	\$21,383,637	100	\$21,685,126	100
5000	COSTS	<u>5,048,080</u>	<u>48</u>	<u>5,243,206</u>	<u>50</u>	<u>10,409,191</u>	<u>49</u>	<u>10,671,978</u>	<u>49</u>
5900	GROSS PROFIT	<u>5,323,215</u>	<u>52</u>	<u>5,361,725</u>	<u>50</u>	<u>10,974,446</u>	<u>51</u>	<u>11,013,148</u>	<u>51</u>
	OPERATING EXPENSES								
6100	Selling	274,894	3	277,014	2	569,863	2	626,686	3
6200	General and administrative	<u>4,571,402</u>	<u>44</u>	<u>4,521,792</u>	<u>43</u>	<u>9,178,890</u>	<u>43</u>	<u>9,028,890</u>	<u>41</u>
6000	Total operating expenses	<u>4,846,296</u>	<u>47</u>	<u>4,798,806</u>	<u>45</u>	<u>9,748,753</u>	<u>45</u>	<u>9,655,576</u>	<u>44</u>
6900	OPERATING INCOME	<u>476,919</u>	<u>5</u>	<u>562,919</u>	<u>5</u>	<u>1,225,693</u>	<u>6</u>	<u>1,357,572</u>	<u>7</u>
	NONOPERATING INCOME AND EXPENSES								
7190	Other income	21,670	-	45,457	-	47,641	-	71,110	-
7020	Other gains and losses	57,176	-	2,759	-	( 73,253)	( 1)	35,117	-
7050	Finance costs	( 117,617)	( 1)	( 111,017)	( 1)	( 232,064)	( 1)	( 223,063)	( 1)
7060	Share of profit (loss) of associates accounted for using equity method	( 8,556)	-	83,134	1	( 51,090)	-	111,004	1
7000	Total Non-operating income and expenses	( 47,327)	( 1)	20,333	-	( 308,766)	( 2)	( 5,832)	-
7900	INCOME BEFORE INCOME TAX	429,592	4	583,252	5	916,927	4	1,351,740	7
7950	INCOME TAX EXPENSE	<u>209,130</u>	<u>2</u>	<u>148,339</u>	<u>1</u>	<u>495,642</u>	<u>2</u>	<u>416,628</u>	<u>2</u>
8200	NET INCOME	<u>220,462</u>	<u>2</u>	<u>434,913</u>	<u>4</u>	<u>421,285</u>	<u>2</u>	<u>935,112</u>	<u>5</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	( 27,144)	-	( 27,345)	-	( 44,760)	-	( 4,842)	-
8362	Other comprehensive income, before tax, available-for-sale financial assets	( 251,411)	( 3)	261,817	3	( 163,750)	( 1)	47,839	-
8370	Share of other comprehensive income of associates accounted for using equity method	( 35,451)	-	41,801	-	( 10,418)	-	22,096	-
8300	Total other comprehensive income, net	( 314,006)	( 3)	276,273	3	( 218,928)	( 1)	65,093	-
8500	COMPREHENSIVE INCOME	<u>(\$ 93,544)</u>	<u>( 1)</u>	<u>\$ 711,186</u>	<u>7</u>	<u>\$ 202,357</u>	<u>1</u>	<u>\$ 1,000,205</u>	<u>5</u>
	NET INCOME ATTRIBUTED TO :								
8610	Owners of parent	\$ 135,324	1	\$ 299,222	3	\$ 280,272	1	\$ 684,751	3
8620	Non-controlling interests	<u>85,138</u>	<u>1</u>	<u>135,691</u>	<u>1</u>	<u>141,013</u>	<u>1</u>	<u>250,361</u>	<u>1</u>
8600		<u>\$ 220,462</u>	<u>2</u>	<u>\$ 434,913</u>	<u>4</u>	<u>\$ 421,285</u>	<u>2</u>	<u>\$ 935,112</u>	<u>4</u>
	CONPREHENSIVE INCOME CONTRIBUTED TO :								
8710	Owners of parent	( \$ 176,362)	( 2)	\$ 582,647	6	\$ 65,778	-	\$ 752,410	4
8720	Non-controlling interests	<u>82,818</u>	<u>1</u>	<u>128,539</u>	<u>1</u>	<u>136,579</u>	<u>1</u>	<u>247,795</u>	<u>1</u>
8700		<u>( \$ 93,544)</u>	<u>( 1)</u>	<u>\$ 711,186</u>	<u>7</u>	<u>\$ 202,357</u>	<u>1</u>	<u>\$ 1,000,205</u>	<u>5</u>
	EARNINGS PER SHARE								
9750	Basic	<u>\$ 0.09</u>		<u>\$ 0.21</u>		<u>\$ 0.20</u>		<u>\$ 0.48</u>	
9850	Diluted	<u>\$ 0.09</u>		<u>\$ 0.21</u>		<u>\$ 0.20</u>		<u>\$ 0.48</u>	

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Year ended June 30, 2015 and 2014

(In thousands of New Taiwan Dollars)

Code		Year ended June 30, 2015	Year ended June 30, 2014
	CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 916,927	\$ 1,351,740
A20000	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	1,520,215	1,455,085
A20200	Amortization expense	15,935	12,763
A20300	Gain on reversal of losses on doubtful debts	( 712)	( 2,658)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	( 27,726)	2,451
A20900	Finance costs	232,064	223,063
A23000	Loss (gain) on disposal of non-current assets classified as held for sale	97	( 316)
A23500	Impairment loss on financial assets	168,253	1,027
A24600	Loss (gain) on change in fair value of investment properties	2,459	-
A29900	Amortization of prepayments	( 1,627)	-
A29900	Amortization of prepayments for lease	6,889	7,032
A29900	Reversal of provisions	162,569	160,298
A29900	Reversal unrealized purchase discounts	( 6,200)	( 15,700)
A29900	Reversal of deferred revenue	( 65,656)	( 101,136)
A22300	Share of loss (profit) of associates accounted for using equity method	51,090	( 111,004)
A21200	Interest income	( 47,640)	( 49,408)
A21300	Dividend income	( 1)	( 21,702)
A22500	Loss (gain) on disposal of property, plant and equipment, net	17,363	11,778
A23700	Loss for market price decline and obsolete and slow-moving inventories	( 2,027)	16,120
A30000	Net changes in operating assets and liabilities		
A31110	Financial assets held for trading	( 17,608)	6,757
A31130	Notes receivable	( 14,285)	23,280

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( Continued )

C o d e		Year ended June 30, 2015	Year ended June 30, 2014
A31150	Accounts receivable	145,707	185,042
A31160	Notes and accounts receivable due from related parties	55,173	( 27,684 )
A31180	Other receivable	116,352	173,312
A31200	Inventories	274,286	342,780
A31230	Prepayments	64,138	( 100,207 )
A31240	Other current assets	36,955	15,500
A31990	Net defined benefit asset	4,174	3,987
A32130	Notes payable	( 18,957 )	( 110,120 )
A32150	Accounts payable	( 5,452,699 )	( 5,401,173 )
A32160	Notes and accounts payable to related parties	( 85,015 )	( 84,994 )
A32180	Other payables	( 899,856 )	( 1,079,969 )
A32210	Advance receipts	305,618	461,768
A32210	Deferred revenue	92,252	116,083
A32240	Net defined benefit liability	( 2,262 )	( 2,589 )
A32230	Other current liabilities	<u>60,308</u>	<u>( 25,970 )</u>
A33000	Cash inflow (outflow) generated from operations	( 2,393,447 )	( 2,564,764 )
A33300	Interests paid	( 202,774 )	( 223,453 )
A33100	Interests received	40,395	63,511
A33500	Income tax returned	19,233	210,212
A33500	Income taxes paid	( 511,581 )	( 533,101 )
AAAA	Net cash flows from (used in) operating activities	<u>( 3,048,174 )</u>	<u>( 3,047,595 )</u>
	CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
B00600	Acquisition of investments in debt instrument without active market	502,269	( 320,340 )
B01800	Acquisition of investments accounted for using equity method	( 106,000 )	( 360,000 )
B02100	Decrease in prepayments for long-term investment	78,346	-
B02600	Proceeds from disposal of non-current assets classified as held for sale	16	582
B02700	Acquisition of property, plant and equipment	( 974,083 )	( 1,038,575 )
B02800	Proceeds from disposal of property, plant and equipment	457	133
B04100	Decrease (increase) in other receivable	-	296,016
B04500	Acquisition of intangible assets	( 9,208 )	( 9,036 )

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( Continued )

<u>C o d e</u>		<u>Year ended June 30, 2015</u>	<u>Year ended June 30, 2014</u>
B05400	Acquisition of investment properties	( 769 )	-
B06700	Increase (decrease) in other non-current assets	( 3,399 )	( 7,714 )
B07300	Increase in prepayments for lease	-	( 71,369 )
B07600	Dividends received	<u>1</u>	<u>1</u>
BBBB	Net cash flows from (used in) investing activities	<u>( 512,370 )</u>	<u>( 1,510,302 )</u>
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	21,089,308	35,871,617
C00200	Decrease in short-term loans	( 20,574,263 )	( 35,484,841 )
C00500	Increase in short-term notes and bills payable	11,024,656	11,297,924
C00600	Decrease in short-term notes and bills payable	( 11,543,074 )	( 10,291,092 )
C01300	Repayments of bonds	-	( 2,500,000 )
C01600	Proceeds from long-term debt	26,300,313	23,659,639
C01700	Repayment of long-term debt	( 25,525,000 )	( 22,524,000 )
C04300	Increase in other non-current liabilities	( 23,149 )	( 8,823 )
C04500	Dividends paid by parent company	( 15 )	( 21 )
C05800	Dividends paid to non-controlling interests	<u>( 81,392 )</u>	<u>( 122,387 )</u>
CCCC	Net cash flows from (used in) financing activities	<u>667,384</u>	<u>( 101,984 )</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>( 31,949 )</u>	<u>( 1,479 )</u>
EEEE	Net increase (decrease) in cash and cash equivalents	( 2,925,109 )	( 4,661,360 )
E00100	Cash and cash equivalents at beginning of period	<u>10,952,918</u>	<u>13,221,405</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 8,027,809</u>	<u>\$ 8,560,045</u>

(Concluded)