

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

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

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

Code	Assets	Sep. 30, 2015 (Reviewed)		Dec. 31, 2014 (Audited for applicability and adjusted retrospectively)		Sep. 30, 2014 (Reviewed for applicability and adjusted retrospectively)		Jan. 1, 2014 (Audited for applicability and adjusted retrospectively)	
		Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS									
1100	Cash and cash equivalents	\$ 5,817,019	6	\$ 10,952,918	10	\$ 4,990,052	5	\$ 13,221,405	12
1110	Financial assets at fair value through profit or loss - current	474,833	1	290,895	-	276,840	-	239,974	-
1125	Available-for-sale financial assets - current	471,443	1	487,231	-	474,363	1	552,555	-
1147	Bond investments without active market-current	347,492	-	1,204,317	1	1,204,190	1	437,497	-
1150	Notes receivable	10,003	-	2,410	-	19,394	-	28,119	-
1170	Accounts receivable	1,163,351	1	527,659	1	434,378	1	766,445	1
1180	Accounts receivable due from related parties	291,934	-	191,931	-	135,292	-	57,302	-
1200	Other receivables	1,512,459	1	1,508,732	1	1,320,031	1	1,779,487	2
1220	Current tax assets	47,354	-	200,615	-	246,174	-	418,064	-
130X	Inventories	3,387,433	3	2,870,727	3	3,100,463	3	2,976,244	3
1429	Prepayments	1,022,973	1	975,457	1	1,343,804	1	1,090,656	1
1460	Noncurrent asset held for sale	-	-	115	-	113	-	377	-
1470	Other current assets	64,159	-	102,260	-	62,933	-	83,987	-
11XX	Total current assets	<u>14,610,453</u>	<u>14</u>	<u>19,315,267</u>	<u>17</u>	<u>13,608,027</u>	<u>13</u>	<u>21,652,112</u>	<u>19</u>
NONCURRENT ASSETS									
1523	Available-for-sale financial assets - noncurrent	4,293,150	4	4,989,668	4	4,942,040	4	4,986,339	4
1543	Financial assets measured at cost - noncurrent	612,090	1	783,652	1	776,667	1	776,374	1
1546	Bond investments without active market - non-current	127,000	-	125,000	-	436,897	-	521,897	1
1550	Investments accounted for by equity method	9,245,224	9	9,546,534	9	9,258,206	9	9,050,368	8
1600	Property, plant and equipment	46,080,597	44	47,426,385	43	47,861,828	45	52,166,888	46
1760	Investment properties	9,665,704	9	9,667,344	9	9,689,275	9	3,070,495	3
1780	Intangible assets	7,229,372	7	7,226,592	6	7,723,849	7	7,715,184	7
1840	Deferred tax assets	894,903	1	926,612	1	943,706	1	940,225	1
1975	Net defined benefit asset	179,520	-	185,782	-	216,634	-	222,615	-
1985	Long-term prepayments for lease	9,281,989	9	9,472,460	8	9,252,179	9	9,464,677	8
1990	Other noncurrent assets	1,960,860	2	1,954,939	2	1,946,701	2	1,920,123	2
15XX	Total noncurrent assets	<u>89,570,409</u>	<u>86</u>	<u>92,304,968</u>	<u>83</u>	<u>93,047,982</u>	<u>87</u>	<u>90,835,185</u>	<u>81</u>
1XXX	TOTAL	<u>\$ 104,180,862</u>	<u>100</u>	<u>\$ 111,620,235</u>	<u>100</u>	<u>\$ 106,656,009</u>	<u>100</u>	<u>\$ 112,487,297</u>	<u>100</u>
LIABILITIES AND EQUITY									
CURRENT LIABILITIES									
2100	Short-term debts	\$ 6,982,405	7	\$ 6,674,285	6	\$ 10,714,741	10	\$ 7,462,340	7
2110	Short-term notes and bills payable	2,754,608	3	2,991,683	3	3,768,892	4	3,047,306	3
2150	Notes payable	438,567	-	63,303	-	34,019	-	159,194	-
2170	Accounts payables	12,250,329	12	17,601,054	16	12,398,501	12	17,693,401	16
2180	Notes and accounts payable to related parties	46,795	-	153,238	-	66,875	-	151,909	-
2219	Other payables	4,646,139	4	5,495,103	5	4,973,206	5	5,252,331	5
2230	Current tax liabilities	94,393	-	512,116	-	234,108	-	401,874	-
2250	Provision-current	2,967	-	4,135	-	4,135	-	4,135	-
2313	Deferred revenue - current	135,961	-	65,656	-	165,429	-	101,136	-
2310	Advance receipts	8,215,001	8	7,829,288	7	8,321,753	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	2,444,361	2	1,445,159	1
2399	Other current liabilities	365,628	-	265,157	-	258,825	-	252,891	-
21XX	Total current liabilities	<u>38,132,793</u>	<u>36</u>	<u>44,419,447</u>	<u>40</u>	<u>44,384,845</u>	<u>42</u>	<u>46,185,688</u>	<u>41</u>
NONCURRENT LIABILITIES									
2530	Bonds issued	993,954	1	992,560	1	992,095	1	1,990,702	2
2540	Long-term borrowings	22,888,293	22	21,548,341	19	17,828,000	17	21,841,434	19
2550	Provision-noncurrent	30,989	-	31,222	-	31,152	-	30,483	-
2640	Net defined benefit liability	558,037	-	563,292	-	531,366	-	535,105	1
2570	Deferred tax liabilities	1,788,353	2	1,729,061	2	1,714,468	2	1,608,841	1
2670	Other noncurrent liabilities	2,795,900	3	2,878,845	3	2,760,424	2	2,841,682	3
25XX	Total noncurrent liabilities	<u>29,055,526</u>	<u>28</u>	<u>27,743,321</u>	<u>25</u>	<u>23,857,505</u>	<u>22</u>	<u>28,848,247</u>	<u>26</u>
2XXX	Total liabilities	<u>67,188,319</u>	<u>64</u>	<u>72,162,768</u>	<u>65</u>	<u>68,242,350</u>	<u>64</u>	<u>75,033,935</u>	<u>67</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY									
Share Capital									
3110	Ordinary share	14,391,956	14	14,391,956	13	14,391,956	14	14,109,761	13
3200	Capital surplus	3,498,174	3	3,498,252	3	3,498,174	3	3,498,174	3
Retained earnings									
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	2,307,262	2	2,936,463	3	2,474,942	2	4,107,920	3
3300	Total retained earnings	<u>7,496,809</u>	<u>7</u>	<u>7,973,104</u>	<u>7</u>	<u>7,511,583</u>	<u>7</u>	<u>8,398,122</u>	<u>7</u>
3400	Other equity	4,600,074	5	5,900,851	5	5,655,307	5	3,659,643	3
3500	Treasury stock	(273,365)	-	(97,110)	-	(97,110)	-	(97,110)	-
31XX	Total equity attributable to owners of the Company	<u>29,713,648</u>	<u>29</u>	<u>31,667,053</u>	<u>28</u>	<u>30,959,910</u>	<u>29</u>	<u>29,568,590</u>	<u>26</u>
36XX	NON-CONTROLLING INTERESTS	<u>7,278,895</u>	<u>7</u>	<u>7,790,414</u>	<u>7</u>	<u>7,453,749</u>	<u>7</u>	<u>7,884,772</u>	<u>7</u>
3XXX	Total equity	<u>36,992,543</u>	<u>36</u>	<u>39,457,467</u>	<u>35</u>	<u>38,413,659</u>	<u>36</u>	<u>37,453,362</u>	<u>33</u>
TOTAL									
		<u>\$ 104,180,862</u>	<u>100</u>	<u>\$ 111,620,235</u>	<u>100</u>	<u>\$ 106,656,009</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 Jul. 1 to Sep. 30, 2015 and 2014, and Year ended Sep. 30, 2015 and 2014

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

C o d e	From Jul. 1 to Sep. 30, 2015		From Jul. 1 to Sep. 30, 2014 (adjustment after the new standards)		Year ended Sep. 30, 2015		Year ended Sep. 30, 2014 (adjustment after the new standards)		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	REVENUES	\$10,261,623	100	\$10,652,589	100	\$31,645,260	100	\$32,337,715	100
5000	COSTS	<u>5,152,578</u>	<u>50</u>	<u>5,375,520</u>	<u>50</u>	<u>15,561,769</u>	<u>49</u>	<u>16,047,498</u>	<u>49</u>
5900	GROSS PROFIT	<u>5,109,045</u>	<u>50</u>	<u>5,277,069</u>	<u>50</u>	<u>16,083,491</u>	<u>51</u>	<u>16,290,217</u>	<u>51</u>
	OPERATING EXPENSES								
6100	Selling	182,546	2	226,820	2	752,409	3	853,506	3
6200	General and administrative	<u>4,688,024</u>	<u>45</u>	<u>4,641,645</u>	<u>44</u>	<u>13,866,914</u>	<u>44</u>	<u>13,670,535</u>	<u>42</u>
6000	Total operating expenses	<u>4,870,570</u>	<u>47</u>	<u>4,868,465</u>	<u>46</u>	<u>14,619,323</u>	<u>47</u>	<u>14,524,041</u>	<u>45</u>
6900	OPERATING INCOME	<u>238,475</u>	<u>3</u>	<u>408,604</u>	<u>4</u>	<u>1,464,168</u>	<u>4</u>	<u>1,766,176</u>	<u>6</u>
	NONOPERATING INCOME AND EXPENSES								
7190	Other income	313,522	3	264,238	3	361,163	1	335,348	1
7020	Other gains and losses	( 47,042)	( 1)	( 57,929)	( 1)	( 120,295)	-	( 22,812)	-
7050	Finance costs	( 121,440)	( 1)	( 118,283)	( 1)	( 353,504)	( 1)	( 341,346)	( 1)
7060	Share of profit (loss) of associates accounted for using equity method	<u>476,139</u>	<u>5</u>	( <u>6,510</u> )	-	<u>425,049</u>	<u>1</u>	<u>104,494</u>	-
7000	Total Non-operating income and expenses	<u>621,179</u>	<u>6</u>	<u>81,516</u>	<u>1</u>	<u>312,413</u>	<u>1</u>	<u>75,684</u>	-
7900	INCOME BEFORE INCOME TAX	859,654	9	490,120	5	1,776,581	5	1,841,860	6
7950	INCOME TAX EXPENSE	<u>168,407</u>	<u>2</u>	<u>106,413</u>	<u>1</u>	<u>664,049</u>	<u>2</u>	<u>523,041</u>	<u>2</u>
8200	NET INCOME	<u>691,247</u>	<u>7</u>	<u>383,707</u>	<u>4</u>	<u>1,112,532</u>	<u>3</u>	<u>1,318,819</u>	<u>4</u>
	OTHER COMPREHENSIVE INCOME								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8312	Gains (losses) on revaluation	-	-	2,328,026	22	-	-	2,328,026	7
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	( 157,056)	( 1)	-	-	( 157,056)	( 1)
	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Other comprehensive income, before tax, exchange differences on translation	2,770	-	14,571	-	( 41,990)	-	9,729	-
8362	Other comprehensive income, before tax, available-for-sale financial assets	( 548,556)	( 6)	( 170,330)	( 2)	( 712,306)	( 2)	( 122,491)	-
8370	Share of other comprehensive income of associates accounted for using equity method	( <u>547,361</u> )	( <u>5</u> )	( <u>87,850</u> )	( <u>1</u> )	( <u>557,779</u> )	( <u>2</u> )	( <u>65,754</u> )	-
8300	Total other comprehensive income, net	( <u>1,093,147</u> )	( <u>11</u> )	<u>1,927,361</u>	<u>18</u>	( <u>1,312,075</u> )	( <u>4</u> )	<u>1,992,454</u>	<u>6</u>
8500	COMPREHENSIVE INCOME	( <u>\$ 401,900</u> )	( <u>4</u> )	<u>\$ 2,311,068</u>	<u>22</u>	( <u>\$ 199,543</u> )	( <u>1</u> )	<u>\$ 3,311,273</u>	<u>10</u>
	NET INCOME ATTRIBUTED TO :								
8610	Owners of parent	\$ 727,758	7	\$ 333,528	3	\$ 1,008,030	3	\$ 1,018,279	3
8620	Non-controlling interests	( <u>36,511</u> )	-	<u>50,179</u>	<u>1</u>	<u>104,502</u>	-	<u>300,540</u>	<u>1</u>
8600		<u>\$ 691,247</u>	<u>7</u>	<u>\$ 383,707</u>	<u>4</u>	<u>\$ 1,112,532</u>	<u>3</u>	<u>\$ 1,318,819</u>	<u>4</u>
	CONPREHENSIVE INCOME CONTRIBUTED TO :								
8710	Owners of parent	( \$ 358,525)	( 4)	\$ 2,261,533	21	( \$ 292,747)	( 1)	\$ 3,013,943	9
8720	Non-controlling interests	( <u>43,375</u> )	-	<u>49,535</u>	<u>1</u>	<u>93,204</u>	-	<u>297,330</u>	<u>1</u>
8700		( <u>\$ 401,900</u> )	( <u>4</u> )	<u>\$ 2,311,068</u>	<u>22</u>	( <u>\$ 199,543</u> )	( <u>1</u> )	<u>\$ 3,311,273</u>	<u>10</u>
	EARNINGS PER SHARE								
9750	Basic	<u>\$ 0.51</u>		<u>\$ 0.23</u>		<u>\$ 0.70</u>		<u>\$ 0.71</u>	
9850	Diluted	<u>\$ 0.51</u>		<u>\$ 0.23</u>		<u>\$ 0.70</u>		<u>\$ 0.71</u>	

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Year ended Sep. 30, 2015 and 2014

(In thousands of New Taiwan Dollars)

<u>Code</u>		<u>Year ended Sep. 30, 2015</u>	<u>Year ended Sep. 30, 2014 (adjustment after the new standards)</u>
	CASH FLOWS FROM (USED IN)		
	OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 1,776,581	\$ 1,841,860
A20000	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	2,280,990	2,195,953
A20200	Amortization expense	25,673	20,502
A20300	Gain on reversal of losses on doubtful debts	( 922)	( 1,770)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	( 28,222)	( 6,816)
A20900	Finance costs	353,504	341,346
A23000	Loss (gain) on disposal of non-current assets classified as held for sale	97	( 316)
A23500	Impairment loss on financial assets	168,767	1,541
A24600	Loss (gain) on change in fair value of investment properties	3,462	-
A29900	Amortization of prepayments	( 1,627)	-
A29900	Amortization of prepayments for lease	10,113	10,597
A29900	Reversal of provisions	244,689	240,970
A29900	Reversal unrealized purchase discounts	( 3,200)	( 27,000)
A29900	Reversal of deferred revenue	( 65,656)	( 101,136)
A22300	Share of loss (profit) of associates accounted for using equity method	( 425,049)	( 104,494)
A21200	Interest income	( 63,523)	( 70,728)
A21300	Dividend income	( 297,640)	( 264,620)
A22500	Loss (gain) on disposal of property, plant and equipment, net	28,146	14,613
A23700	Loss for market price decline and obsolete and slow-moving inventories	18,766	32,866
A30000	Net changes in operating assets and liabilities		
A31110	Financial assets held for trading	( 155,716)	( 30,050)
A31130	Notes receivable	( 7,593)	8,725
A31150	Accounts receivable	( 593,000)	332,206
A31160	Notes and accounts receivable due from related parties	( 100,003)	( 78,129)

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C o d e		Year ended Sep. 30, 2015	Year ended Sep. 30, 2014 (adjustment after the new standards)
A31180	Other receivable	22,407	177,184
A31200	Inventories	( 532,272)	( 130,085)
A31230	Prepayments	( 67,663)	( 253,148)
A31240	Other current assets	38,101	21,054
A31990	Net defined benefit asset	6,262	5,981
A32130	Notes payable	375,264	( 125,175)
A32150	Accounts payable	( 5,350,725)	( 5,294,900)
A32160	Notes and accounts payable to related parties	( 106,443)	( 85,034)
A32180	Other payables	( 794,129)	( 1,161,382)
A32210	Advance receipts	619,035	807,492
A32210	Deferred revenue	135,961	165,429
A32240	Net defined benefit liability	( 5,255)	( 3,739)
A32230	Other current liabilities	<u>100,471</u>	<u>5,934</u>
A33000	Cash inflow (outflow) generated from operations	( 2,390,349)	( 1,514,269)
A33300	Interests paid	( 357,273)	( 354,519)
A33100	Interests received	66,585	85,452
A33500	Income tax returned	19,246	210,212
A33500	Income taxes paid	( <u>857,264</u> )	( <u>827,726</u> )
AAAA	Net cash flows from (used in) operating activities	( <u>3,519,055</u> )	( <u>2,400,850</u> )
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
B00600	Acquisition of investments in debt instrument without active market	854,825	( 681,693)
B01800	Acquisition of investments accounted for using equity method	( 106,000)	( 360,000)
B02100	Decrease in prepayments for long-term investment	78,346	78,456
B02600	Proceeds from disposal of non-current assets classified as held for sale	16	582
B02700	Acquisition of property, plant and equipment	( 1,377,109)	( 1,573,147)
B02800	Proceeds from disposal of property, plant and equipment	1,022	475
B04100	Decrease (increase) in other receivable	-	278,286
B04500	Acquisition of intangible assets	( 27,338)	( 28,950)
B05400	Acquisition of investment properties	( 1,822)	-
B06700	Increase (decrease) in other non-current assets	( 33,235)	( 4,489)
B07300	Increase in prepayments for lease	( 12,607)	( 76,906)
B07600	Dividends received	<u>399,091</u>	<u>393,640</u>
BBBB	Net cash flows from (used in) investing activities	( <u>224,811</u> )	( <u>1,973,746</u> )

( Continued )

( Continued )

<u>C o d e</u>		<u>Year ended Sep. 30, 2015</u>	<u>Year ended Sep. 30, 2014 (adjustment after the new standards)</u>
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	34,055,868	56,079,462
C00200	Decrease in short-term loans	( 33,785,723)	( 52,879,060)
C00500	Increase in short-term notes and bills payable	18,821,278	17,444,137
C00600	Decrease in short-term notes and bills payable	( 19,058,353)	( 16,722,551)
C01300	Repayments of bonds	( 1,000,000)	( 2,500,000)
C01600	Proceeds from long-term debt	36,464,952	32,159,768
C01700	Repayment of long-term debt	( 34,690,000)	( 35,174,000)
C04300	Increase in other non-current liabilities	( 14,919)	14,816
C04500	Dividends paid by parent company	( 1,439,211)	( 1,622,590)
C04900	Payments to acquire treasury shares	( 176,255)	-
C05800	Dividends paid to non-controlling interests	( <u>581,519</u> )	( <u>720,319</u> )
CCCC	Net cash flows from (used in) financing activities	( <u>1,403,882</u> )	( <u>3,920,337</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>11,849</u>	<u>63,580</u>
EEEE	Net increase (decrease) in cash and cash equivalents	( 5,135,899)	( 8,231,353)
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>\$ 5,817,019</u>	<u>\$ 4,990,052</u>

(Concluded)