

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Mar. 31, 2017, Dec. 31, 2016 and Mar. 31, 2016

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

Code	Assets	2017/3/31		2016/12/31		2016/3/31	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
1100	Cash and cash equivalents	\$ 6,694,544	7	\$ 13,509,941	13	\$ 6,551,694	7
1110	Financial assets at fair value through profit or loss - current	511,145	-	504,315	-	343,162	-
1125	Available-for-sale financial assets - current	562,799	1	446,079	-	456,078	1
1147	Bond investments without active market-current	621,262	1	587,511	-	346,113	-
1150	Notes receivable	2,860	-	15,894	-	4,781	-
1170	Accounts receivable	467,108	-	767,248	1	474,245	1
1180	Accounts receivable due from related parties	163,579	-	163,085	-	154,142	-
1200	Other receivables	1,566,143	2	1,829,561	2	1,424,613	1
1220	Current tax assets	83,739	-	88,192	-	5,742	-
130X	Inventories	2,913,462	3	2,761,106	3	2,983,365	3
1429	Prepayments	1,082,948	1	978,303	1	1,080,363	1
1460	Noncurrent asset held for sale	4	-	10,515	-	-	-
1470	Other current assets	64,876	-	79,317	-	37,268	-
11XX	Total current assets	<u>14,734,469</u>	<u>15</u>	<u>21,741,067</u>	<u>20</u>	<u>13,861,566</u>	<u>14</u>
NONCURRENT ASSETS							
1523	Available-for-sale financial assets - noncurrent	4,010,231	4	3,522,515	3	3,898,197	4
1543	Financial assets measured at cost - noncurrent	609,007	1	609,521	1	611,062	-
1546	Bond investments without active market - non-current	227,000	-	229,000	-	127,000	-
1550	Investments accounted for by equity method	8,291,437	8	8,438,059	8	9,079,084	9
1600	Property, plant and equipment	44,509,917	45	43,626,582	41	44,947,655	44
1760	Investment properties	8,745,796	9	10,166,796	10	10,035,336	10
1780	Intangible assets	6,240,975	6	6,244,854	6	7,234,040	7
1840	Deferred tax assets	1,013,113	1	1,023,507	1	708,841	1
1985	Long-term prepayments for lease	8,505,637	9	8,615,400	8	8,974,432	9
1990	Other noncurrent assets	1,896,857	2	1,978,309	2	1,918,290	2
15XX	Total noncurrent assets	<u>84,049,970</u>	<u>85</u>	<u>84,454,543</u>	<u>80</u>	<u>87,533,937</u>	<u>86</u>
1XXX	TOTAL	<u>\$ 98,784,439</u>	<u>100</u>	<u>\$ 106,195,610</u>	<u>100</u>	<u>\$ 101,395,503</u>	<u>100</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
2100	Short-term debts	\$ 11,114,549	11	\$ 9,886,363	10	\$ 11,285,970	11
2110	Short-term notes and bills payable	3,155,788	3	2,690,946	3	2,862,549	3
2150	Notes payable	13,895	-	37,892	-	22,808	-
2170	Accounts payables	10,466,176	11	16,250,674	15	11,956,327	12
2180	Notes and accounts payable to related parties	40,038	-	113,817	-	55,469	-
2219	Other payables	3,527,089	3	4,518,254	4	4,093,894	4
2230	Current tax liabilities	864,711	1	740,459	1	335,592	1
2250	Provision-current	14,511	-	18,596	-	3,993	-
2310	Advance receipts	7,787,289	8	7,594,619	7	8,358,832	8
2313	Deferred revenue - current	119,446	-	92,267	-	114,601	-
2322	Long-term borrowings - current portion	5,615,782	6	5,965,315	6	2,159,200	2
2399	Other current liabilities	268,234	-	278,656	-	291,618	-
21XX	Total current liabilities	<u>42,987,508</u>	<u>43</u>	<u>48,187,858</u>	<u>46</u>	<u>41,540,853</u>	<u>41</u>
NONCURRENT LIABILITIES							
2530	Bonds issued	996,749	1	996,282	1	994,885	1
2540	Long-term borrowings	12,024,400	12	14,959,267	14	16,079,794	16
2550	Provision-noncurrent	28,058	-	27,995	-	30,135	-
2570	Deferred tax liabilities	2,048,350	2	2,053,903	2	1,997,985	2
2640	Net defined benefit liability	956,182	1	982,919	1	804,024	1
2670	Other noncurrent liabilities	2,454,317	3	2,544,584	2	2,559,814	2
25XX	Total noncurrent liabilities	<u>18,508,056</u>	<u>19</u>	<u>21,564,950</u>	<u>20</u>	<u>22,466,637</u>	<u>22</u>
2XXX	Total liabilities	<u>61,495,564</u>	<u>62</u>	<u>69,752,808</u>	<u>66</u>	<u>64,007,490</u>	<u>63</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	3,319,870	4	3,319,868	3	3,315,420	3
Retained earnings							
3310	Legal reserve	2,899,856	3	2,899,856	3	2,728,379	3
3320	Special reserve	2,529,594	3	2,529,594	2	2,461,168	2
3350	Unappropriated earnings	2,255,191	2	2,013,557	2	2,978,664	3
3300	Total retained earnings	7,684,641	8	7,443,007	7	8,168,211	8
3400	Other equity	4,307,553	4	3,795,400	4	4,185,528	4
3500	Treasury stock	(97,110)	-	(97,110)	-	(97,110)	-
31XX	Total equity attributable to owners of the Company	<u>29,384,360</u>	<u>30</u>	<u>28,630,571</u>	<u>27</u>	<u>29,741,455</u>	<u>29</u>
36XX	NON-CONTROLLING INTERESTS	<u>7,904,515</u>	<u>8</u>	<u>7,812,231</u>	<u>7</u>	<u>7,646,558</u>	<u>8</u>
3XXX	Total equity	<u>37,288,875</u>	<u>38</u>	<u>36,442,802</u>	<u>34</u>	<u>37,388,013</u>	<u>37</u>
TOTAL		<u>\$ 98,784,439</u>	<u>100</u>	<u>\$ 106,195,610</u>	<u>100</u>	<u>\$ 101,395,503</u>	<u>100</u>

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended Mar. 31, 2017 and 2016

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

Code		2017		2016	
		Year ended Mar. 31	%	Year ended Mar. 31	%
		Amount	%	Amount	%
4000	REVENUES	\$ 9,682,978	100	\$ 10,874,476	100
5000	COSTS	<u>4,734,790</u>	<u>49</u>	<u>5,344,605</u>	<u>49</u>
5900	GROSS PROFIT	<u>4,948,188</u>	<u>51</u>	<u>5,529,871</u>	<u>51</u>
	OPERATING EXPENSES				
6100	Selling	264,017	3	304,331	3
6200	General and				
	administrative	<u>4,012,773</u>	<u>41</u>	<u>4,365,624</u>	<u>40</u>
6000	Total operating				
	expenses	<u>4,276,790</u>	<u>44</u>	<u>4,669,955</u>	<u>43</u>
6900	OPERATING INCOME	<u>671,398</u>	<u>7</u>	<u>859,916</u>	<u>8</u>
	NONOPERATING INCOME				
	AND EXPENSES				
7190	Other income	15,000	-	13,027	-
7020	Other gains and losses	(103,685)	(1)	(123,469)	(1)
7050	Finance costs	(114,610)	(1)	(108,230)	(1)
7060	Share of profit (loss) of				
	associates accounted				
	for using equity				
	method	(<u>4,333</u>)	<u>-</u>	(<u>35,477</u>)	(<u>1</u>)
7000	Total Non-operating				
	income and	(<u>207,628</u>)	(<u>2</u>)	(<u>254,149</u>)	(<u>3</u>)
	expenses				
7900	INCOME BEFORE INCOME				
	TAX	463,770	5	605,767	5
7950	INCOME TAX EXPENSE	<u>175,324</u>	<u>2</u>	<u>217,719</u>	<u>2</u>
8200	NET INCOME	<u>288,446</u>	<u>3</u>	<u>388,048</u>	<u>3</u>

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Code		2017		2016	
		Year ended Mar. 31		Year ended Mar. 31	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Other comprehensive income, before tax, exchange differences on translation	39,069	1	17,625	-
8362	Other comprehensive income, before tax, available-for-sale financial assets	513,630	5	196,252	2
8370	Share of other comprehensive income of associates accounted for using equity method	4,926	-	(15,597)	-
8300	Total other comprehensive income, net	557,625	6	198,280	2
8500	COMPREHENSIVE INCOME	\$ 846,071	9	\$ 586,328	5
8600	NET INCOME ATTRIBUTED TO :				
8610	Owners of parent	\$ 241,634	3	\$ 304,718	2
8620	Non-controlling interests	46,812	-	83,330	1
		\$ 288,446	3	\$ 388,048	3
8700	COMPREHENSIVE INCOME CONTRIBUTED TO :				
8710	Owners of parent	\$ 753,787	8	\$ 494,456	4
8720	Non-controlling interests	92,284	1	91,872	1
		\$ 846,071	9	\$ 586,328	5
	EARNINGS PER SHARE				
9750	Basic	\$ 0.17		\$ 0.22	
9850	Diluted	\$ 0.17		\$ 0.22	

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended Mar. 31, 2017 and 2016

(In thousands of New Taiwan Dollars)

<u>C o d e</u>		<u>2017</u> <u>Year ended Mar. 31</u>	<u>2016</u> <u>Year ended Mar. 31</u>
	CASH FLOWS FROM (USED IN)		
	OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 463,770	\$ 605,767
A20010	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	674,676	737,094
A20200	Amortization expense	10,112	10,466
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(6,830)	7,949
A20900	Finance costs	114,610	108,230
A21200	Interest income	(15,000)	(13,027)
A22300	Share of loss (profit) of associates accounted for using equity method	4,333	35,477
A22500	Loss (gain) on disposal of property, plant and equipment, net	10,671	3,227
A23000	Loss (gain) on disposal of non-current assets classified as held for sale	(6,632)	-
A23500	Impairment loss on financial assets	514	514
A23800	Unrealized loss (gain) on physical inventory and slow-moving inventories	(2,157)	(121,914)
A24600	Loss (gain) on fair value adjustment of investment property	982	4,673
A29900	Amortization of prepayments	10,746	5,587
A29900	Amortization of prepayments for lease	81,466	81,947
A29900	Reversal unrealized purchase discounts	-	(106,800)
A29900	Reversal of deferred revenue	(92,267)	(98,552)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	13,034	(1,388)
A31150	Accounts receivable	292,985	41,304
A31160	Notes and accounts receivable due from related parties	(494)	28,828
A31180	Other receivable	281,771	267,485
A31200	Inventories	(150,199)	242,589
A31230	Prepayments	(233,183)	(126,524)
A31240	Other current assets	14,441	52,834
A32130	Notes payable	(23,997)	(29,416)

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C o d e		2017 <u>Year ended Mar. 31</u>	2016 <u>Year ended Mar. 31</u>
A32150	Accounts payable	(\$ 5,784,498)	(\$ 4,649,639)
A32160	Notes and accounts payable to related parties	(73,779)	(64,285)
A32180	Other payables	(620,428)	(711,390)
A32200	Provisions	(4,085)	-
A32210	Advance receipts	244,493	357,753
A32210	Deferred revenue	119,446	114,601
A32240	Net defined benefit liability	(26,737)	1,416
A32230	Other current liabilities	<u>(10,422)</u>	<u>(18,146)</u>
A33000	Cash inflow (outflow) generated from operations	(4,712,658)	(3,233,340)
A33100	Interests received	15,057	8,731
A33300	Interests paid	(109,121)	(99,758)
A33500	Income tax returned	3,139	-
A33500	Income taxes paid	<u>(33,305)</u>	<u>(39,919)</u>
AAAA	Net cash flows from (used in) operating activities	<u>(4,836,888)</u>	<u>(3,364,286)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
B00300	Acquisitions of available-for-sale financial assets	(90,806)	-
B00700	Proceeds from disposal of investments in debt instrument without active market	(31,751)	530,734
B02100	Decrease in prepayments for long-term investment	36,393	-
B02600	Proceeds from disposal of non-current assets classified as held for sale	12,643	-
B02700	Acquisition of property, plant and equipment	(211,541)	(349,941)
B02800	Proceeds from disposal of property, plant and equipment	7	828
B04500	Acquisition of intangible assets	(3,864)	(3,824)
B05400	Acquisition of investment properties	(982)	(3,743)
B06800	Increase (decrease) in other non-current assets	<u>97,843</u>	<u>8,785</u>
BBBB	Net cash flows from (used in) investing activities	<u>(192,058)</u>	<u>182,839</u>
Cash flows from (used in) financing activities			
C00100	Increase in short-term loans	25,304,320	25,894,860
C00200	Decrease in short-term loans	(23,848,216)	(23,961,676)
C00500	Increase in short-term notes and bills payable	7,666,803	6,561,556
C00600	Decrease in short-term notes and bills payable	(7,201,961)	(6,050,027)
C01600	Proceeds from long-term debt	11,962,983	8,700,049
C01700	Repayment of long-term debt	(15,600,000)	(11,250,000)
C04400	Decrease in other non-current liabilities	(22,883)	(23,648)
C04500	Dividends paid by parent company	(108)	(36)
C05800	Dividends paid to non-controlling interests	-	(39,098)

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<u>C o d e</u>		<u>2017</u> <u>Year ended Mar. 31</u>	<u>2016</u> <u>Year ended Mar. 31</u>
C05800	Non-controlling Interests	\$ <u> -</u>	(\$ <u> 50,186</u>)
CCCC	Net cash flows from (used in) financing activities	(<u> 1,739,062</u>)	(<u> 218,206</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u> 47,389</u>)	(<u> 75,283</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	(<u> 6,815,397</u>)	(<u> 3,474,936</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>\$ 6,694,544</u>	<u>\$ 6,551,694</u>

(Concluded)