

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Mar. 31, 2018, Dec. 31, 2017 and Mar. 31, 2017

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

Code	Assets	2018/3/31		2017/12/31		2017/3/31	
		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							
1100	Cash and cash equivalents	\$ 7,662,480	8	\$ 16,116,484	15	\$ 6,694,544	7
1110	Financial assets at fair value through profit or loss - current	527,625	-	496,455	1	511,145	-
1120	Current financial assets at fair value through other comprehensive income	238,773	-	-	-	-	-
1125	Available-for-sale financial assets - current	-	-	233,523	-	562,799	1
1136	Current financial assets at amortized cost	1,843,945	2	-	-	-	-
1147	Bond investments without active market-current	-	-	1,914,388	2	621,262	1
1150	Notes receivable	12,193	-	1,131	-	2,860	-
1170	Accounts receivable	670,806	1	1,113,758	1	467,108	-
1180	Accounts receivable due from related parties	120,098	-	126,364	-	163,579	-
1200	Other receivables	1,566,233	2	1,784,033	2	1,566,143	2
1220	Current tax assets	3,218	-	3,079	-	83,739	-
130X	Inventories	2,840,084	3	2,583,275	2	2,913,462	3
1429	Prepayments	1,259,669	1	870,134	1	1,082,948	1
1460	Noncurrent asset held for sale	-	-	-	-	4	-
1470	Other current assets	48,331	-	69,068	-	64,876	-
11XX	Total current assets	<u>16,793,455</u>	<u>17</u>	<u>25,311,692</u>	<u>24</u>	<u>14,734,469</u>	<u>15</u>
<b>NONCURRENT ASSETS</b>							
1517	Non-current financial assets at fair value through other comprehensive income	3,448,875	4	-	-	-	-
1523	Available-for-sale financial assets - noncurrent	-	-	2,944,887	3	4,010,231	4
1535	Non-current financial assets at amortized cost	227,000	-	-	-	-	-
1543	Financial assets measured at cost - noncurrent	-	-	608,037	-	609,007	1
1546	Bond investments without active market - non-current	-	-	227,000	-	227,000	-
1550	Investments accounted for by equity method	8,507,164	9	8,444,059	8	8,291,437	8
1600	Property, plant and equipment	43,448,180	45	43,699,225	41	44,509,917	45
1760	Investment properties	8,675,713	9	8,738,216	8	8,745,796	9
1780	Intangible assets	5,050,694	5	5,059,516	5	6,240,975	6
1840	Deferred tax assets	781,428	1	719,578	1	1,013,113	1
1985	Long-term prepayments for lease	8,082,265	8	8,176,674	8	8,505,637	9
1990	Other noncurrent assets	1,598,380	2	1,779,567	2	1,896,857	2
15XX	Total noncurrent assets	<u>79,819,699</u>	<u>83</u>	<u>80,396,759</u>	<u>76</u>	<u>84,049,970</u>	<u>85</u>
1XXX	TOTAL	<u>\$ 96,613,154</u>	<u>100</u>	<u>\$ 105,708,451</u>	<u>100</u>	<u>\$ 98,784,439</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
2100	Short-term debts	\$ 11,546,468	12	\$ 13,084,956	12	\$ 11,114,549	11
2110	Short-term notes and bills payable	3,540,290	4	2,514,700	3	3,155,788	3
2130	Contract liabilities-Current	8,015,702	8	-	-	-	-
2150	Notes payable	13,360	-	3,071	-	13,895	-
2170	Accounts payables	11,473,823	12	18,285,105	17	10,466,176	11
2180	Notes and accounts payable to related parties	44,482	-	127,880	-	40,038	-
2219	Other payables	3,537,717	4	4,250,840	4	3,527,089	3
2230	Current tax liabilities	725,294	1	539,394	1	864,711	1
2250	Provision-current	4,784	-	6,828	-	14,511	-
2310	Advance receipts	-	-	7,456,419	7	7,787,289	8
2313	Deferred revenue - current	-	-	83,761	-	119,446	-
2320	Long-term bonds payable - current portion	998,616	1	998,149	1	-	-
2322	Long-term borrowings - current portion	1,500,000	1	3,500,000	3	5,615,782	6
2399	Other current liabilities	262,304	-	264,545	-	268,234	-
21XX	Total current liabilities	<u>41,662,840</u>	<u>43</u>	<u>51,115,648</u>	<u>48</u>	<u>42,987,508</u>	<u>43</u>
<b>NONCURRENT LIABILITIES</b>							
2530	Bonds issued	-	-	-	-	996,749	1
2540	Long-term borrowings	13,057,917	13	13,258,102	13	12,024,400	12
2550	Provision-noncurrent	26,525	-	26,465	-	28,058	-
2570	Deferred tax liabilities	2,112,000	2	1,915,480	2	2,048,350	2
2640	Net defined benefit liability	872,031	1	945,908	1	956,182	1
2670	Other noncurrent liabilities	1,509,663	2	1,588,670	1	2,454,317	3
25XX	Total noncurrent liabilities	<u>17,578,136</u>	<u>18</u>	<u>17,734,625</u>	<u>17</u>	<u>18,508,056</u>	<u>19</u>
2XXX	Total liabilities	<u>59,240,976</u>	<u>61</u>	<u>68,850,273</u>	<u>65</u>	<u>61,495,564</u>	<u>62</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>							
<b>Share Capital</b>							
3110	Ordinary share	14,169,406	15	14,169,406	13	14,169,406	14
3200	Capital surplus	3,315,931	3	3,315,931	3	3,319,870	4
<b>Retained earnings</b>							
3310	Legal reserve	3,013,281	3	3,013,281	3	2,899,856	3
3320	Special reserve	2,643,743	3	2,643,743	3	2,529,594	3
3350	Unappropriated earnings	2,767,743	3	2,274,946	2	2,255,191	2
3300	Total retained earnings	8,424,767	9	7,931,970	8	7,684,641	8
3400	Other equity	3,518,512	4	3,678,521	3	4,307,553	4
3500	Treasury stock	( 97,110 )	-	( 97,110 )	-	( 97,110 )	-
31XX	Total equity attributable to owners of the Company	<u>29,331,506</u>	<u>31</u>	<u>28,998,718</u>	<u>27</u>	<u>29,384,360</u>	<u>30</u>
36XX	NON-CONTROLLING INTERESTS	<u>8,040,672</u>	<u>8</u>	<u>7,859,460</u>	<u>8</u>	<u>7,904,515</u>	<u>8</u>
3XXX	Total equity	<u>37,372,178</u>	<u>39</u>	<u>36,858,178</u>	<u>35</u>	<u>37,288,875</u>	<u>38</u>
TOTAL		<u>\$ 96,613,154</u>	<u>100</u>	<u>\$ 105,708,451</u>	<u>100</u>	<u>\$ 98,784,439</u>	<u>100</u>

(Concluded)

## FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended Mar. 31, 2018 and 2017

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

Code		2018		2017	
		Year ended Mar. 31	%	Year ended Mar. 31	%
		Amount	%	Amount	%
4000	REVENUES	\$ 9,346,408	100	\$ 9,682,978	100
5000	COSTS	4,434,838	47	4,734,790	49
5900	GROSS PROFIT	4,911,570	53	4,948,188	51
	OPERATING EXPENSES				
6100	Selling	216,313	2	264,017	3
6200	General and				
	administrative	3,698,992	40	4,012,773	41
6450	Expected credit loss				
	(Gain)	( 13,474)	-	-	-
6000	Total operating				
	expenses	3,901,831	42	4,276,790	44
6900	OPERATING INCOME	1,009,739	11	671,398	7
	NONOPERATING INCOME				
	AND EXPENSES				
7190	Other income	29,503	-	15,000	-
7020	Other gains and losses	( 24,045)	-	( 103,685)	( 1)
7050	Finance costs	( 101,944)	( 1)	( 114,610)	( 1)
7060	Share of profit (loss) of				
	associates accounted				
	for using equity				
	method	5,485	-	( 4,333)	-
7000	Total Non-operating				
	income and				
	expenses	( 91,001)	( 1)	( 207,628)	( 2)
7900	INCOME BEFORE INCOME				
	TAX	918,738	10	463,770	5
7950	INCOME TAX EXPENSE	347,761	4	175,324	2
8200	NET INCOME	570,977	6	288,446	3
	OTHER COMPREHENSIVE				
	INCOME				

( Continued )

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Code		2018		2017	
		Year ended Mar. 31		Year ended Mar. 31	
		Amount	%	Amount	%
	Components of other comprehensive income that will not be reclassified to profit or loss				
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method	\$ 791	-	\$ -	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	17,048	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>13,271</u>	<u>-</u>	<u>-</u>	<u>-</u>
8310		<u>31,110</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Other comprehensive income, before tax, exchange differences on translation	( 752 )	-	39,069	1
8362	Other comprehensive income, before tax, available-for-sale financial assets	-	-	513,630	5
8370	Share of other comprehensive income of associates accounted for using equity method	( <u>576</u> )	<u>-</u>	<u>4,926</u>	<u>-</u>
		( <u>1,328</u> )	<u>-</u>	<u>557,625</u>	<u>6</u>
8300	Total other comprehensive income, net	<u>29,782</u>	<u>-</u>	<u>557,625</u>	<u>6</u>
8500	COMPREHENSIVE INCOME	<u>\$ 600,759</u>	<u>6</u>	<u>\$ 846,071</u>	<u>9</u>
8600	NET INCOME ATTRIBUTED TO :				
8610	Owners of parent	\$ 390,415	4	\$ 241,634	3
8620	Non-controlling interests	<u>180,562</u>	<u>2</u>	<u>46,812</u>	<u>-</u>
		<u>\$ 570,977</u>	<u>6</u>	<u>\$ 288,446</u>	<u>3</u>
8700	COMPREHENSIVE INCOME CONTRIBUTED TO :				
8710	Owners of parent	\$ 419,547	4	\$ 753,787	8
8720	Non-controlling interests	<u>181,212</u>	<u>2</u>	<u>92,284</u>	<u>1</u>
		<u>\$ 600,759</u>	<u>6</u>	<u>\$ 846,071</u>	<u>9</u>
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 0.28</u>		<u>\$ 0.17</u>	
9850	Diluted	<u>\$ 0.28</u>		<u>\$ 0.17</u>	

(Concluded)

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Year ended Mar. 31, 2018 and 2017

(In thousands of New Taiwan Dollars)

<u>C o d e</u>		<u>2018</u> <u>Year ended Mar. 31</u>	<u>2017</u> <u>Year ended Mar. 31</u>
	CASH FLOWS FROM (USED IN)		
	OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 918,738	\$ 463,770
A20010	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	626,298	674,676
A20200	Amortization expense	12,582	10,112
A20300	Reversal of expected credit loss (gain)	( 13,474)	-
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	( 9,242)	( 6,830)
A20900	Finance costs	101,944	114,610
A21200	Interest income	( 29,503)	( 15,000)
A22300	Share of loss (profit) of associates accounted for using equity method	( 5,485)	4,333
A22500	Loss (gain) on disposal of property, plant and equipment, net	1,515	10,671
A22700	Loss (gain) on disposal of investment properties	90,621	-
A23000	Loss (gain) on disposal of non-current assets classified as held for sale	-	( 6,632)
A23500	Impairment loss on financial assets	-	514
A23800	Unrealized loss (gain) on physical inventory and slow-moving inventories	( 477)	( 2,157)
A24600	Loss (gain) on fair value adjustment of investment property	( 28,118)	982
A29900	Amortization of prepayments	6,311	10,746
A29900	Amortization of prepayments for lease	81,545	81,466
A29900	Reversal of deferred revenue	( 83,761)	( 92,267)
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	( 11,064)	13,034
A31150	Accounts receivable	446,323	292,985
A31160	Notes and accounts receivable due from related parties	6,266	( 494)
A31180	Other receivable	232,744	281,771

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<u>C o d e</u>		<u>2018</u> <u>Year ended Mar. 31</u>	<u>2017</u> <u>Year ended Mar. 31</u>
A31200	Inventories	(\$ 256,332)	(\$ 150,199)
A31230	Prepayments	( 199,457)	( 233,183)
A31240	Other current assets	20,737	14,441
A32125	Contract liability	595,454	-
A32130	Notes payable	10,289	( 23,997)
A32150	Accounts payable	( 6,811,282)	( 5,784,498)
A32160	Notes and accounts payable to related parties	( 83,398)	( 73,779)
A32180	Other payables	( 774,240)	( 620,428)
A32200	Provisions	( 1,920)	( 4,085)
A32210	Advance receipts	-	244,493
A32210	Deferred revenue	-	119,446
A32240	Net defined benefit liability	( 63,939)	( 26,737)
A32230	Other current liabilities	( <u>2,241</u> )	( <u>10,422</u> )
A33000	Cash inflow (outflow) generated from operations	( 5,244,494)	( 4,712,658)
A33100	Interests received	23,664	15,057
A33300	Interests paid	( 103,827)	( 109,121)
A33500	Income tax returned	-	3,139
A33500	Income taxes paid	( <u>27,087</u> )	( <u>33,305</u> )
AAAA	Net cash flows from (used in) operating activities	( <u>5,351,744</u> )	( <u>4,836,888</u> )
	CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
B00050	Proceeds from disposal of financial assets at amortized cost	70,443	-
B00300	Acquisitions of available-for-sale financial assets	-	( 90,806)
B00700	Proceeds from disposal of investments in debt instrument without active market	-	( 31,751)
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	( 411,796)	( 211,541)
B02800	Proceeds from disposal of property, plant and equipment	334	7
B04500	Acquisition of intangible assets	( 2,392)	( 3,864)
B05400	Acquisition of investment properties	-	( 982)
B06800	Increase (decrease) in other non-current assets	<u>3,409</u>	<u>97,843</u>
BBBB	Net cash flows from (used in) investing activities	( <u>340,002</u> )	( <u>192,058</u> )
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	48,325,954	25,304,320
C00200	Decrease in short-term loans	( 49,937,789)	( 23,848,216)
C00500	Increase in short-term notes and bills payable	6,745,196	7,666,803
C00600	Decrease in short-term notes and bills payable	( 5,719,606)	( 7,201,961)

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<u>C o d e</u>		<u>2018</u> <u>Year ended Mar. 31</u>	<u>2017</u> <u>Year ended Mar. 31</u>
C01600	Proceeds from long-term debt	\$ 10,549,815	\$ 11,962,983
C01700	Repayment of long-term debt	( 12,750,000)	( 15,600,000)
C04400	Decrease in other non-current liabilities	( 12,043)	( 22,883)
C04500	Dividends paid by parent company	<u>                  -</u>	<u>(                  108)</u>
CCCC	Net cash flows from (used in) financing activities	<u>( 2,798,473)</u>	<u>( 1,739,062)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>          36,215</u>	<u>(          47,389)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	( 8,454,004)	( 6,815,397)
E00100	Cash and cash equivalents at beginning of period	<u>16,116,484</u>	<u>13,509,941</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 7,662,480</u>	<u>\$ 6,694,544</u>

(Concluded)