

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
Jun. 30, 2019, Dec. 31, 2018 and Jun. 30, 2018
(In thousands of New Taiwan Dollars, Expect Par Value)

Code	Assets	2019/6/30		2018/12/31		2018/6/30	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents	\$ 6,410,097	5	\$ 14,594,847	14	\$ 7,916,464	8
1110	Financial assets at fair value through profit or loss - current	455,521	-	437,747	-	482,333	1
1120	Current financial assets at fair value through other comprehensive income	295,953	-	244,785	-	245,357	-
1136	Current financial assets at amortized cost	1,853,696	2	2,077,919	2	1,774,842	2
1150	Notes receivable	11,774	-	2,287	-	13,670	-
1170	Accounts receivable	1,083,087	1	1,582,273	2	834,379	1
1180	Accounts receivable due from related parties	89,838	-	155,942	-	139,360	-
1200	Other receivables	972,523	1	2,159,355	2	1,737,237	2
1220	Current tax assets	10,953	-	5,655	-	3,059	-
130X	Inventories	2,256,276	2	2,729,234	3	2,278,943	2
1429	Prepayments	510,791	-	977,014	1	1,037,169	1
1470	Other current assets	95,381	-	85,798	-	54,283	-
11XX	Total current assets	<u>14,045,890</u>	<u>11</u>	<u>25,052,856</u>	<u>24</u>	<u>16,517,096</u>	<u>17</u>
	NONCURRENT ASSETS						
1517	Non-current financial assets at fair value through other comprehensive income	5,126,059	4	3,960,014	4	3,883,507	4
1535	Non-current financial assets at amortized cost	235,373	-	227,400	-	227,000	-
1550	Investments accounted for by equity method	9,781,712	8	8,678,647	8	8,751,967	9
1600	Property, plant and equipment	33,960,863	27	43,532,941	42	43,402,098	45
1755	Right-of-use assets	37,723,394	31	-	-	-	-
1760	Investment properties	9,196,975	7	8,690,640	8	8,675,713	9
1780	Intangible assets	3,497,448	3	3,449,258	3	5,045,835	5
1840	Deferred tax assets	737,171	1	772,100	1	747,745	1
1985	Long-term prepayments for lease	7,046,517	6	7,704,464	8	7,984,216	8
1990	Other noncurrent assets	1,929,056	2	1,678,021	2	1,527,135	2
15XX	Total noncurrent assets	<u>109,234,568</u>	<u>89</u>	<u>78,693,485</u>	<u>76</u>	<u>80,245,216</u>	<u>83</u>
1XXX	TOTAL	<u>\$ 123,280,458</u>	<u>100</u>	<u>\$ 103,746,341</u>	<u>100</u>	<u>\$ 96,762,312</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term debts	\$ 12,591,937	10	\$ 12,957,612	13	\$ 11,600,316	12
2110	Short-term notes and bills payable	2,877,020	3	3,480,365	3	2,602,518	3
2130	Contract liabilities-Current	7,419,425	6	7,525,468	7	7,699,956	8
2150	Notes payable	3,363	-	3,683	-	4,024	-
2170	Accounts payables	11,405,354	9	17,579,453	17	11,714,095	12
2180	Notes and accounts payable to related parties	54,643	-	104,999	-	68,773	-
2219	Other payables	5,000,105	4	3,687,578	4	5,605,361	6
2230	Current tax liabilities	778,675	1	609,796	1	522,525	-
2250	Provision-current	3,000	-	6,592	-	4,788	-
2280	Lease liabilities -current	3,446,168	3	-	-	-	-
2310	Advance receipts	293,977	-	354,277	-	-	-
2320	Long-term bonds payable - current portion	-	-	-	-	999,084	1
2322	Long-term borrowings - current portion	2,000,000	2	-	-	1,500,000	2
2399	Other current liabilities	283,687	-	320,947	-	276,177	-
21XX	Total current liabilities	<u>46,157,354</u>	<u>38</u>	<u>46,630,770</u>	<u>45</u>	<u>42,597,617</u>	<u>44</u>
	NONCURRENT LIABILITIES						
2540	Long-term borrowings	11,139,788	9	15,090,000	15	12,891,124	13
2550	Provision-noncurrent	25,022	-	24,909	-	26,585	-
2570	Deferred tax liabilities	2,160,991	2	2,114,362	2	2,112,962	2
2580	Lease liabilities - non-current	25,075,939	20	-	-	-	-
2640	Net defined benefit liability	764,472	1	808,480	1	810,032	1
2670	Other noncurrent liabilities	472,698	-	1,387,430	1	1,502,397	2
25XX	Total noncurrent liabilities	<u>39,638,910</u>	<u>32</u>	<u>19,425,181</u>	<u>19</u>	<u>17,343,100</u>	<u>18</u>
2XXX	Total liabilities	<u>85,796,264</u>	<u>70</u>	<u>66,055,951</u>	<u>64</u>	<u>59,940,717</u>	<u>62</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
	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	3,315,866	3
	Retained earnings						
3310	Legal reserve	3,298,695	3	3,166,880	3	3,166,880	3
3320	Special reserve	2,865,351	2	2,656,286	2	2,656,286	3
3350	Unappropriated earnings	638,920	1	2,081,772	2	1,370,798	2
3300	Total retained earnings	6,802,966	6	7,904,938	7	7,193,964	8
3400	Other equity	5,402,790	4	4,231,252	4	4,142,923	4
3500	Treasury stock	(97,110)	-	(97,110)	-	(97,110)	-
31XX	Total equity attributable to owners of the Company	<u>29,593,472</u>	<u>24</u>	<u>29,523,906</u>	<u>28</u>	<u>28,725,049</u>	<u>30</u>
36XX	NON-CONTROLLING INTERESTS	<u>7,890,722</u>	<u>6</u>	<u>8,166,484</u>	<u>8</u>	<u>8,096,546</u>	<u>8</u>
3XXX	Total equity	<u>37,484,194</u>	<u>30</u>	<u>37,690,390</u>	<u>36</u>	<u>36,821,595</u>	<u>38</u>
	TOTAL	<u>\$ 123,280,458</u>	<u>100</u>	<u>\$ 103,746,341</u>	<u>100</u>	<u>\$ 96,762,312</u>	<u>100</u>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From Apr. 1 to June 30, 2019 and 2018, and Year ended June 30, 2019 and 2018

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

Code		From Apr. 1 to June 30, 2019		From Apr. 1 to June 30, 2018		Year ended June 30, 2019		Year ended June 30, 2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	REVENUES	\$ 8,575,448	100	\$ 8,864,156	100	\$ 17,802,047	100	\$ 18,210,564	100
5000	COSTS	3,963,130	46	4,149,708	47	8,383,531	47	8,584,546	47
5900	GROSS PROFIT	4,612,318	54	4,714,448	53	9,418,516	53	9,626,018	53
	OPERATING EXPENSES								
6100	Selling	176,542	2	185,762	2	394,904	2	402,075	2
6200	General and administrative	3,463,268	40	3,687,468	42	7,009,181	40	7,386,460	41
6450	Expected credit loss (Gain)	1,096	-	314	-	1,610	-	(13,160)	-
6000	Total operating expenses	3,640,906	42	3,873,544	44	7,405,695	42	7,775,375	43
6900	OPERATING INCOME	971,412	12	840,904	9	2,012,821	11	1,850,643	10
	NONOPERATING INCOME AND EXPENSES								
7190	Other income	20,774	-	34,262	-	49,154	-	63,765	-
7020	Other gains and losses	(318,046)	(4)	(346,047)	(4)	(382,924)	(2)	(370,092)	(2)
7050	Finance costs	(209,212)	(2)	(98,006)	(1)	(429,262)	(2)	(199,950)	(1)
7060	Share of profit (loss) of associates accounted for using equity method	13,729	-	34,935	1	44,106	-	40,420	-
7000	Total Non-operating income and expenses	(492,755)	(6)	(374,856)	(4)	(718,926)	(4)	(465,857)	(3)
7900	INCOME BEFORE INCOME TAX	478,657	6	466,048	5	1,293,895	7	1,384,786	7
7950	INCOME TAX EXPENSE	221,152	3	204,817	2	457,940	2	552,578	3
8200	NET INCOME	257,505	3	261,231	3	835,955	5	832,208	4
	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	657,204	8	441,216	5	1,216,982	7	458,264	3
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method	(1,233)	-	400,122	4	(57,107)	(1)	400,913	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	13,271	-
8310	Total other comprehensive income, net	655,971	8	841,338	9	1,159,875	6	872,448	5
	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Other comprehensive income, before tax, exchange differences on translation	14,763	-	(21,665)	-	(6,887)	-	(22,417)	-
8370	Share of other comprehensive income of associates accounted for using equity method	(13,386)	-	6,267	-	(6,591)	-	5,691	-
8360	Total other comprehensive income, before tax, exchange differences on translation	1,377	-	(15,398)	-	(13,478)	-	(16,726)	-
8300	Total other comprehensive income, net	657,348	8	825,940	9	1,146,397	6	855,722	5
8500	COMPREHENSIVE INCOME	\$ 914,853	11	\$ 1,087,171	12	\$ 1,982,352	11	\$ 1,687,930	9
8600	NET INCOME ATTRIBUTED TO :								
8610	Owners of parent	\$ 229,974	3	\$ 186,137	2	\$ 687,622	4	\$ 576,552	3
8620	Non-controlling interests	27,531	-	75,094	1	148,333	1	255,656	2
		\$ 257,505	3	\$ 261,231	3	\$ 835,955	5	\$ 832,208	5
8700	COMPREHENSIVE INCOME CONTRIBUTED TO :								
8710	Owners of parent	\$ 874,651	10	\$ 810,548	9	\$ 1,859,160	10	\$ 1,230,095	7
8720	Non-controlling interests	40,202	1	276,623	3	123,192	1	457,835	2
		\$ 914,853	11	\$ 1,087,171	12	\$ 1,982,352	11	\$ 1,687,930	9
	EARNINGS PER SHARE								
9750	Basic	\$ 0.16		\$ 0.13		\$ 0.49		\$ 0.41	
9850	Diluted	\$ 0.16		\$ 0.13		\$ 0.49		\$ 0.41	

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended Jun. 30, 2019 and 2018

(In thousands of New Taiwan Dollars)

<u>C o d e</u>		<u>Year ended June 30, 2019</u>	<u>Year ended June 30, 2018</u>
	CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 1,293,895	\$ 1,384,786
A20010	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	2,782,023	1,214,146
A20200	Amortization expense	30,092	25,033
A20300	Reversal of expected credit loss (gain)	1,610	(13,160)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(4,487)	(13,727)
A20900	Finance costs	429,262	199,950
A22700	Loss (gain) on disposal of investment properties	-	90,621
A22800	Loss (gain) on disposal of Intangible assets	1,401	-
A22900	Loss (gain) on disposal of Right-of-use assets	(714)	-
A24600	Loss (gain) on change in fair value of investment properties	40,474	(28,118)
A29900	Amortization of prepayments	6,450	9,818
A29900	Amortization of prepayments for lease	-	163,142
A21200	Interest income	(49,154)	(63,765)
A22300	Share of loss (profit) of associates accounted for using equity method	(44,106)	(40,420)
A22500	Loss (gain) on disposal of property, plant and equipment, net	10,633	14,411
A23800	Loss for market price decline and obsolete and slow-moving inventories	8,981	12,108
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	(13,287)	27,849
A31130	Notes receivable	(9,487)	(12,539)
A31150	Accounts receivable	496,744	282,748
A31160	Notes and accounts receivable due from related parties	67,455	(12,996)
A31180	Other receivable	242,927	184,905
A31200	Inventories	463,977	292,224
A31230	Prepayments	3,888	15,796

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C o d e		Year ended June 30, 2019	Year ended June 30, 2018
A31240	Other current assets	(9,583)	14,785
A32125	Contract liability	(106,043)	166,353
A32130	Notes payable	(320)	953
A32150	Accounts payable	(6,174,099)	(6,571,010)
A32160	Notes and accounts payable to related parties	(50,356)	(59,107)
A32180	Other payables	(143,134)	(432,074)
A32200	Provisions	(3,997)	(2,047)
A32210	Advance receipts	18,732	68,731
A32230	Other current liabilities	(37,260)	11,632
A32240	Net defined benefit liability	(44,008)	(122,605)
A33000	Cash inflow (outflow) generated from operations	(791,491)	(3,191,577)
A33100	Interests received	49,362	72,719
A33300	Interests paid	(434,467)	(201,240)
A33500	Income taxes returned	2,114	194
A33500	Income taxes paid	(206,768)	(399,856)
AAAA	Net cash flows from (used in) operating activities	(1,381,250)	(3,719,760)
	CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
B00050	Proceeds from disposal of financial assets at amortized cost	216,250	139,546
B01800	Acquisition of investments accounted for using equity method	(1,138,000)	-
B02100	Decrease in prepayments for long-term investment	-	49,288
B02700	Acquisition of property, plant and equipment	(1,066,935)	(915,065)
B02800	Proceeds from disposal of property, plant and equipment	38,530	875
B04200	Decrease in other receivable	970,133	-
B04500	Acquisition of intangible assets	(76,565)	(7,760)
B04600	Disposal of intangible assets	139	-
B05400	Acquisition of investment properties	(7,181)	-
B06700	Increase (decrease) in other non-current assets	(1,013,215)	83,672
BBBB	Net cash flows from (used in) investing activities	(2,076,844)	(649,444)
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	61,281,690	87,082,989
C00200	Decrease in short-term loans	(61,680,521)	(88,733,975)
C00500	Increase in short-term notes and bills payable	17,698,674	11,530,283
C00600	Decrease in short-term notes and bills payable	(18,302,019)	(11,442,465)
C01600	Proceeds from long-term debt	35,479,788	30,353,022
C01700	Repayment of long-term debt	(37,430,000)	(32,720,000)
C04020	Repayment of the principal portion of lease liabilities	(1,758,042)	-

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<u>C o d e</u>		<u>Year ended June 30, 2019</u>	<u>Year ended June 30, 2018</u>
C04400	Decrease in other non-current liabilities	(20,871)	(15,971)
C04500	Dividends paid by parent company	<u>-</u>	(<u>94</u>)
CCCC	Net cash flows from (used in) financing activities	(<u>4,731,301</u>)	(<u>3,946,211</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>4,645</u>	<u>115,395</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(8,184,750)	(8,200,020)
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>\$ 6,410,097</u>	<u>\$ 7,916,464</u>

(Concluded)