

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Sep. 30, 2018, Dec. 31, 2017 and Sep. 30, 2017

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

Code	ASSETS	2018/9/30 (Reviewed)		2017/12/31 (Audited)		2017/9/30 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents	\$ 7,274,386	8	\$ 16,116,484	15	\$ 7,316,420	7
1110	Financial assets at fair value through profit or loss - current	450,582	1	496,455	1	498,242	1
1120	Current financial assets at fair value through other comprehensive income	267,826	-	-	-	-	-
1125	Available-for-sale financial assets - current	-	-	233,523	-	230,462	-
1136	Current financial assets at amortized cost	1,800,885	2	-	-	-	-
1147	Bond investments without active market-current	-	-	1,914,388	2	1,949,625	2
1150	Notes receivable	10,850	-	1,131	-	9,450	-
1170	Accounts receivable	1,236,946	1	1,113,758	1	614,468	1
1180	Accounts receivable due from related parties	189,352	-	126,364	-	179,950	-
1200	Other receivables	1,624,718	2	1,784,033	2	1,647,046	2
1220	Current tax assets	13,535	-	3,079	-	89,153	-
130X	Inventories	3,258,644	3	2,583,275	2	3,235,961	3
1429	Prepayments	1,224,697	1	870,134	1	1,038,124	1
1470	Other current assets	51,298	-	69,068	-	53,172	-
11XX	Total current assets	<u>17,403,719</u>	<u>18</u>	<u>25,311,692</u>	<u>24</u>	<u>16,862,073</u>	<u>17</u>
	NONCURRENT ASSETS						
1517	Non-current financial assets at fair value through other comprehensive income	4,688,462	5	-	-	-	-
1523	Available-for-sale financial assets - noncurrent	-	-	2,944,887	3	3,565,920	4
1535	Non-current financial assets at amortized cost	227,000	-	-	-	-	-
1543	Financial assets measured at cost - noncurrent	-	-	608,037	-	608,551	1
1546	Bond investments without active market - non-current	-	-	227,000	-	250,000	-
1550	Investments accounted for by equity method	8,722,964	9	8,444,059	8	8,471,748	8
1600	Property, plant and equipment	43,245,806	44	43,699,225	41	43,950,200	44
1760	Investment properties	8,675,713	9	8,738,216	8	8,803,796	9
1780	Intangible assets	5,040,580	5	5,059,516	5	6,249,276	6
1840	Deferred tax assets	754,528	1	719,578	1	766,836	1
1985	Long-term prepayments for lease	7,881,322	8	8,176,674	8	8,319,554	8
1990	Other noncurrent assets	1,552,042	1	1,779,567	2	1,854,061	2
15XX	Total noncurrent assets	<u>80,788,417</u>	<u>82</u>	<u>80,396,759</u>	<u>76</u>	<u>82,839,942</u>	<u>83</u>
1XXX	TOTAL	<u>\$ 98,192,136</u>	<u>100</u>	<u>\$ 105,708,451</u>	<u>100</u>	<u>\$ 99,702,015</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term debts	\$ 12,096,737	12	\$ 13,084,956	12	\$ 15,529,745	16
2110	Short-term notes and bills payable	2,476,132	2	2,514,700	3	3,495,499	3
2130	Contract liabilities-Current	7,810,903	8	-	-	-	-
2150	Notes payable	4,486	-	3,071	-	3,228	-
2170	Accounts payable	12,331,036	13	18,285,105	17	11,313,159	11
2180	Notes and accounts payable to related parties	58,407	-	127,880	-	40,666	-
2219	Other payables	3,987,068	4	4,250,840	4	3,980,852	4
2230	Current tax liabilities	598,336	1	539,394	1	206,315	-
2250	Provision-current	6,584	-	6,828	-	5,083	-
2310	Advance receipts	-	-	7,456,419	7	7,656,691	8
2313	Deferred revenue - current	-	-	83,761	-	96,150	-
2320	Long-term bonds payable - current portion	999,551	1	998,149	1	-	-
2322	Long-term borrowings - current portion	1,500,000	2	3,500,000	3	1,597,527	2
2399	Other current liabilities	266,472	-	264,545	-	288,374	-
21XX	Total current liabilities	<u>42,135,712</u>	<u>43</u>	<u>51,115,648</u>	<u>48</u>	<u>44,213,289</u>	<u>44</u>
	NONCURRENT LIABILITIES						
2530	Bonds issued	-	-	-	-	997,682	1
2540	Long-term borrowings	13,791,158	14	13,258,102	13	13,229,340	13
2550	Provision-noncurrent	24,853	-	26,465	-	28,186	-
2570	Deferred tax liabilities	2,103,360	2	1,915,480	2	2,075,327	2
2640	Net defined benefit liability	768,185	1	945,908	1	878,836	1
2670	Other noncurrent liabilities	1,473,953	1	1,588,670	1	2,287,288	3
25XX	Total noncurrent liabilities	<u>18,161,509</u>	<u>18</u>	<u>17,734,625</u>	<u>17</u>	<u>19,496,659</u>	<u>20</u>
2XXX	Total liabilities	<u>60,297,221</u>	<u>61</u>	<u>68,850,273</u>	<u>65</u>	<u>63,709,948</u>	<u>64</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
	Share Capital						
3110	Ordinary share	14,169,406	15	14,169,406	13	14,169,406	14
3200	Capital surplus	3,315,866	3	3,315,931	3	3,315,927	3
	Retained earnings						
3310	Legal reserve	3,166,880	3	3,013,281	3	3,013,281	3
3320	Special reserve	2,656,286	3	2,643,743	3	2,643,743	3
3350	Unappropriated retained earnings	1,587,002	2	2,274,946	2	1,532,051	1
3300	Total retained earnings	7,410,168	8	7,931,970	8	7,189,075	7
3400	Other equity	4,977,551	5	3,678,521	3	3,804,251	4
3500	Treasury stock	(97,110)	-	(97,110)	-	(97,110)	-
31XX	Total equity attributable to owners of the Company	29,775,881	31	28,998,718	27	28,381,549	28
36XX	NON-CONTROLLING INTERESTS	8,119,034	8	7,859,460	8	7,610,518	8
3XXX	Total equity	<u>37,894,915</u>	<u>39</u>	<u>36,858,178</u>	<u>35</u>	<u>35,992,067</u>	<u>36</u>
	TOTAL	<u>\$ 98,192,136</u>	<u>100</u>	<u>\$ 105,708,451</u>	<u>100</u>	<u>\$ 99,702,015</u>	<u>100</u>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From Jul. 1 to Sep. 30, 2018 and 2017, and Year ended Sep. 30, 2018 and 2017

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

Code		From Jul. 1 to Sep. 30, 2018		From Jul. 1 to Sep. 30, 2017		Year ended Sep. 30, 2018		Year ended Sep. 30, 2017	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	REVENUES	\$ 8,777,628	100	\$ 9,147,324	100	\$ 26,988,192	100	\$ 28,184,129	100
5000	COSTS	<u>4,207,685</u>	<u>48</u>	<u>4,558,382</u>	<u>50</u>	<u>12,792,231</u>	<u>47</u>	<u>13,892,132</u>	<u>49</u>
5900	GROSS PROFIT	<u>4,569,943</u>	<u>52</u>	<u>4,588,942</u>	<u>50</u>	<u>14,195,961</u>	<u>53</u>	<u>14,291,997</u>	<u>51</u>
	OPERATING EXPENSES								
6100	Selling	175,711	2	183,344	2	577,786	2	681,096	2
6200	General and administrative	3,934,562	45	4,009,887	44	11,321,022	42	12,006,903	43
6450	Expected credit loss (Gain)	<u>847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,313)</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>4,111,120</u>	<u>47</u>	<u>4,193,231</u>	<u>46</u>	<u>11,886,495</u>	<u>44</u>	<u>12,687,999</u>	<u>45</u>
6900	OPERATING INCOME	<u>458,823</u>	<u>5</u>	<u>395,711</u>	<u>4</u>	<u>2,309,466</u>	<u>9</u>	<u>1,603,998</u>	<u>6</u>
	NONOPERATING INCOME AND EXPENSES								
7190	Other income	181,907	2	155,374	2	245,672	1	186,942	-
7020	Other gains and losses	(176,701)	(2)	8,404	-	(546,793)	(2)	(91,621)	-
7050	Finance costs	(122,035)	(1)	(107,422)	(1)	(321,985)	(1)	(334,722)	(1)
7060	Share of profit (loss) of associates accounted for using equity method	<u>31,566</u>	<u>-</u>	<u>33,093</u>	<u>-</u>	<u>71,986</u>	<u>-</u>	<u>(62,685)</u>	<u>-</u>
7000	Total Non-operating income and expenses	<u>(85,263)</u>	<u>(1)</u>	<u>89,449</u>	<u>1</u>	<u>(551,120)</u>	<u>(2)</u>	<u>(302,086)</u>	<u>(1)</u>
7900	INCOME BEFORE INCOME TAX	373,560	4	485,160	5	1,758,346	7	1,301,912	5
7950	INCOME TAX EXPENSE	<u>144,425</u>	<u>2</u>	<u>116,135</u>	<u>1</u>	<u>697,003</u>	<u>3</u>	<u>511,493</u>	<u>2</u>
8200	NET INCOME	<u>229,135</u>	<u>2</u>	<u>369,025</u>	<u>4</u>	<u>1,061,343</u>	<u>4</u>	<u>790,419</u>	<u>3</u>
	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	827,424	10	-	-	1,285,688	5	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method	5,969	-	-	-	406,882	1	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,271</u>	<u>-</u>	<u>-</u>	<u>-</u>
8310		<u>833,393</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>1,705,841</u>	<u>6</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Other comprehensive income, before tax, exchange differences on translation	10,920	-	(5,610)	-	(11,497)	-	31,933	-
8362	Other comprehensive income, before tax, available-for-sale financial assets	-	-	(34,533)	-	-	-	3,924	-
8370	Share of other comprehensive income of associates accounted for using equity method	<u>(128)</u>	<u>-</u>	<u>(3,711)</u>	<u>-</u>	<u>5,563</u>	<u>-</u>	<u>(6,588)</u>	<u>-</u>
8360		<u>10,792</u>	<u>-</u>	<u>(43,854)</u>	<u>-</u>	<u>(5,934)</u>	<u>-</u>	<u>29,269</u>	<u>-</u>
8300	Total other comprehensive income, net	<u>844,185</u>	<u>10</u>	<u>(43,854)</u>	<u>-</u>	<u>1,699,907</u>	<u>6</u>	<u>29,269</u>	<u>-</u>
8500	COMPREHENSIVE INCOME	<u>\$ 1,073,320</u>	<u>12</u>	<u>\$ 325,171</u>	<u>4</u>	<u>\$ 2,761,250</u>	<u>10</u>	<u>\$ 819,688</u>	<u>3</u>
8600	NET INCOME ATTRIBUTED TO :								
8610	Owners of parent	\$ 216,204	3	\$ 377,687	4	\$ 792,756	3	\$ 737,926	3
8620	Non-controlling interests	<u>12,931</u>	<u>-</u>	<u>(8,662)</u>	<u>-</u>	<u>268,587</u>	<u>1</u>	<u>52,493</u>	<u>-</u>
		<u>\$ 229,135</u>	<u>3</u>	<u>\$ 369,025</u>	<u>4</u>	<u>\$ 1,061,343</u>	<u>4</u>	<u>\$ 790,419</u>	<u>3</u>
8700	CONPREHENSIVE INCOME CONTRIBUTED TO :								
8710	Owners of parent	\$ 1,050,832	12	\$ 344,852	4	\$ 2,280,927	8	\$ 746,777	3
8720	Non-controlling interests	<u>22,488</u>	<u>-</u>	<u>(19,681)</u>	<u>-</u>	<u>480,323</u>	<u>2</u>	<u>72,911</u>	<u>-</u>
		<u>\$ 1,073,320</u>	<u>12</u>	<u>\$ 325,171</u>	<u>4</u>	<u>\$ 2,761,250</u>	<u>10</u>	<u>\$ 819,688</u>	<u>3</u>

(Continued)

(Continued)

Code		From Jul. 1 to Sep. 30, 2018		From Jul. 1 to Sep. 30, 2017		Year ended Sep. 30, 2018		Year ended Sep. 30, 2017	
		Amount	%	Amount	%	Amount	%	Amount	%
	EARNINGS PER SHARE								
9750	Basic	<u>\$ 0.15</u>		<u>\$ 0.27</u>		<u>\$ 0.56</u>		<u>\$ 0.52</u>	
9850	Diluted	<u>\$ 0.15</u>		<u>\$ 0.27</u>		<u>\$ 0.56</u>		<u>\$ 0.52</u>	

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended Sep. 30, 2018 and 2017

(In thousands of New Taiwan Dollars)

Code		Year ended Sep. 30, 2018	Year ended Sep. 30, 2017
	CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 1,758,346	\$ 1,301,912
A20010	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	1,777,336	1,994,838
A20200	Amortization expense	37,400	32,304
A20300	Reversal of expected credit loss (gain)	(12,313)	-
A20300	Bad debt expense	-	30
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(11,269)	6,073
A20900	Finance costs	321,985	334,722
A22700	Loss (gain) on disposal of investment properties	90,621	-
A23500	Impairment loss on financial assets	-	1,541
A23700	Impairment loss recognized on property, plant and equipment	40,994	2,033
A24600	Loss (gain) on change in fair value of investment properties	(28,118)	(56,913)
A29900	Amortization of prepayments	18,268	22,074
A29900	Amortization of prepayments for lease	244,599	244,326
A29900	Reversal of deferred revenue	-	(92,267)
A21200	Interest income	(94,142)	(51,164)
A21300	Dividend income	(151,530)	(135,778)
A22300	Share of loss (profit) of associates accounted for using equity method	(71,986)	62,685
A22500	Loss (gain) on disposal of property, plant and equipment, net	17,928	187,076
A22800	Loss (gain) on disposal of Intangible assets	427	1,119
A23000	Loss (gain) on disposal of non-current assets classified as held for sale	-	(6,628)
A23100	Loss (gain) on disposal of investments	-	(78,628)
A23800	Loss for market price decline and obsolete and slow-moving inventories	18,130	14,645
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	57,142	-

(Continued)

(Continued)

Code		Year ended Sep. 30, 2018	Year ended Sep. 30, 2017
A31130	Notes receivable	(9,719)	6,444
A31150	Accounts receivable	(120,122)	136,622
A31160	Notes and accounts receivable due from related parties	(62,988)	(16,865)
A31180	Other receivable	186,027	239,028
A31200	Inventories	(693,499)	(489,500)
A31230	Prepayments	(175,991)	(64,603)
A31240	Other current assets	17,770	26,145
A32125	Contract liability	384,714	-
A32130	Notes payable	1,415	(34,664)
A32150	Accounts payable	(5,954,069)	(4,937,515)
A32160	Notes and accounts payable to related parties	(69,473)	(73,151)
A32180	Other payables	(410,565)	(687,906)
A32200	Provisions	(2,047)	(13,513)
A32210	Advance receipts	-	220,975
A32210	Deferred revenue	-	96,150
A32230	Other current liabilities	1,927	9,718
A32240	Net defined benefit liability	(<u>164,453</u>)	(<u>104,083</u>)
A33000	Cash inflow (outflow) generated from operations	(3,057,255)	(1,902,718)
A33100	Interests received	96,767	42,773
A33200	Dividends received	277,740	187,775
A33300	Interests paid	(318,987)	(309,090)
A33500	Income taxes returned	194	3,125
A33500	Income taxes paid	(<u>489,320</u>)	(<u>771,789</u>)
AAAA	Net cash flows from (used in) operating activities	(<u>3,490,861</u>)	(<u>2,749,924</u>)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
B00050	Proceeds from disposal of financial assets at amortized cost	113,503	-
B00300	Acquisitions of available-for-sale financial assets	-	(92,300)
B00400	Proceeds from disposal of available-for-sale financial assets	-	347,635
B00600	Acquisition of investments in debt instrument without active market	-	(1,383,114)
B01800	Acquisition of investments accounted for using equity method	-	(286,655)
B02100	Decrease in prepayments for long-term investment	49,288	36,393
B02600	Proceeds from disposal of non-current assets classified as held for sale	-	12,643
B02700	Acquisition of property, plant and equipment	(1,465,305)	(1,339,887)
B02800	Proceeds from disposal of property, plant and equipment	2,689	1,753
B04500	Acquisition of intangible assets	(13,798)	(27,122)
B05400	Acquisition of investment properties	-	(1,087)
B06700	Increase (decrease) in other non-current assets	<u>77,999</u>	<u>71,612</u>

(Continued)

(Continued)

Code		Year ended Sep. 30, 2018	Year ended Sep. 30, 2017
BBBB	Net cash flows from (used in) investing activities	(<u>1,235,624</u>)	(<u>2,660,129</u>)
	CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
C00100	Increase in short-term loans	131,566,501	118,384,058
C00200	Decrease in short-term loans	(132,499,303)	(112,635,157)
C00500	Increase in short-term notes and bills payable	17,943,606	24,616,172
C00600	Decrease in short-term notes and bills payable	(17,982,174)	(23,811,619)
C01600	Proceeds from long-term debt	49,373,056	46,632,001
C01700	Repayment of long-term debt	(50,840,000)	(52,732,800)
C04400	Decrease in other non-current liabilities	(25,887)	(19,625)
C04500	Dividends paid by parent company	(1,417,063)	(991,937)
C05800	Dividends paid to non-controlling interests	(<u>214,293</u>)	(<u>226,864</u>)
CCCC	Net cash flows from (used in) financing activities	(<u>4,095,557</u>)	(<u>785,771</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>20,056</u>)	<u>2,303</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(8,842,098)	(6,193,521)
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>\$ 7,274,386</u>	<u>\$ 7,316,420</u>

(Concluded)