

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Sep. 30, 2019, Dec. 31, 2018 and Sep. 30, 2018

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

Code	ASSETS	2019/9/30 (Reviewed)		2018/12/31 (Audited)		2018/9/30 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents	\$ 7,722,560	6	\$ 14,594,847	14	\$ 7,274,386	8
1110	Financial assets at fair value through profit or loss - current	462,208	-	437,747	-	450,582	1
1120	Current financial assets at fair value through other comprehensive income	294,360	-	244,785	-	267,826	-
1136	Current financial assets at amortized cost	1,457,212	1	2,077,919	2	1,800,885	2
1150	Notes receivable	7,884	-	2,287	-	10,850	-
1170	Accounts receivable	1,109,372	1	1,582,273	2	1,236,946	1
1180	Accounts receivable due from related parties	124,952	-	155,942	-	189,352	-
1200	Other receivables	956,617	1	2,159,355	2	1,624,718	2
1220	Current tax assets	10,739	-	5,655	-	13,535	-
130X	Inventories	3,409,227	3	2,729,234	3	3,258,644	3
1429	Prepayments	618,397	1	977,014	1	1,224,697	1
1470	Other current assets	100,515	-	85,798	-	51,298	-
11XX	Total current assets	<u>16,274,043</u>	<u>13</u>	<u>25,052,856</u>	<u>24</u>	<u>17,403,719</u>	<u>18</u>
	NONCURRENT ASSETS						
1517	Non-current financial assets at fair value through other comprehensive income	4,654,338	4	3,960,014	4	4,688,462	5
1535	Non-current financial assets at amortized cost	123,400	-	227,400	-	227,000	-
1550	Investments accounted for by equity method	9,681,018	8	8,678,647	8	8,722,964	9
1600	Property, plant and equipment	33,958,086	27	43,532,941	42	43,245,806	44
1755	Right-of-use assets	36,784,283	30	-	-	-	-
1760	Investment properties	9,169,337	7	8,690,640	8	8,675,713	9
1780	Intangible assets	3,511,956	3	3,449,258	3	5,040,580	5
1840	Deferred tax assets	728,865	1	772,100	1	754,528	1
1985	Long-term prepayments for lease	7,363,261	6	7,704,464	8	7,881,322	8
1990	Other noncurrent assets	1,930,310	1	1,678,021	2	1,552,042	1
15XX	Total noncurrent assets	<u>107,904,854</u>	<u>87</u>	<u>78,693,485</u>	<u>76</u>	<u>80,788,417</u>	<u>82</u>
1XXX	TOTAL	<u>\$ 124,178,897</u>	<u>100</u>	<u>\$ 103,746,341</u>	<u>100</u>	<u>\$ 98,192,136</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term debts	\$ 12,702,932	10	\$ 12,957,612	13	\$ 12,096,737	12
2110	Short-term notes and bills payable	3,763,994	3	3,480,365	3	2,476,132	2
2130	Contract liabilities-Current	7,418,576	6	7,525,468	7	7,810,903	8
2150	Notes payable	116,485	-	3,683	-	4,486	-
2170	Accounts payable	12,067,877	10	17,579,453	17	12,331,036	13
2180	Notes and accounts payable to related parties	54,798	-	104,999	-	58,407	-
2219	Other payables	3,900,206	3	3,687,578	4	3,987,068	4
2230	Current tax liabilities	688,702	1	609,796	1	598,336	1
2250	Current provisions	3,000	-	6,592	-	6,584	-
2280	Current lease liabilities	3,366,738	3	-	-	-	-
2310	Advance receipts	317,367	-	354,277	-	-	-
2320	Long-term bonds payable - current portion	-	-	-	-	999,551	1
2322	Long-term borrowings - current portion	2,000,000	2	-	-	1,500,000	2
2399	Other current liabilities	297,618	-	320,947	-	266,472	-
21XX	Total current liabilities	<u>46,698,293</u>	<u>38</u>	<u>46,630,770</u>	<u>45</u>	<u>42,135,712</u>	<u>43</u>
	NONCURRENT LIABILITIES						
2540	Long-term borrowings	12,379,824	10	15,090,000	15	13,791,158	14
2550	Provision-noncurrent	25,079	-	24,909	-	24,853	-
2570	Deferred tax liabilities	2,166,619	2	2,114,362	2	2,103,360	2
2580	Lease liabilities - non-current	24,197,655	19	-	-	-	-
2640	Net defined benefit liability	748,884	1	808,480	1	768,185	1
2670	Other noncurrent liabilities	481,742	-	1,387,430	1	1,473,953	1
25XX	Total noncurrent liabilities	<u>39,999,803</u>	<u>32</u>	<u>19,425,181</u>	<u>19</u>	<u>18,161,509</u>	<u>18</u>
2XXX	Total liabilities	<u>86,698,096</u>	<u>70</u>	<u>66,055,951</u>	<u>64</u>	<u>60,297,221</u>	<u>61</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 retained earnings	1,096,017	1	2,081,772	2	1,587,002	2
3300	Total retained earnings	7,260,063	6	7,904,938	7	7,410,168	8
3400	Other equity	4,920,603	4	4,231,252	4	4,977,551	5
3500	Treasury stock	(97,110)	-	(97,110)	-	(97,110)	-
31XX	Total equity attributable to owners of the Company	<u>29,568,382</u>	<u>24</u>	<u>29,523,906</u>	<u>28</u>	<u>29,775,881</u>	<u>31</u>
36XX	NON-CONTROLLING INTERESTS	<u>7,912,419</u>	<u>6</u>	<u>8,166,484</u>	<u>8</u>	<u>8,119,034</u>	<u>8</u>
3XXX	Total equity	<u>37,480,801</u>	<u>30</u>	<u>37,690,390</u>	<u>36</u>	<u>37,894,915</u>	<u>39</u>
	TOTAL	<u>\$ 124,178,897</u>	<u>100</u>	<u>\$ 103,746,341</u>	<u>100</u>	<u>\$ 98,192,136</u>	<u>100</u>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
From Jul. 1 to Sep. 30, 2019 and 2018, and Year ended Sep. 30, 2019 and 2018
(In thousands of New Taiwan Dollars, Except Par Value)

Code		From Jul. 1 to Sep. 30, 2019		From Jul. 1 to Sep. 30, 2018		Year ended Sep. 30, 2019		Year ended Sep. 30, 2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	REVENUES	\$ 8,308,453	100	\$ 8,777,628	100	\$ 26,110,500	100	\$ 26,988,192	100
5000	COSTS	<u>3,813,145</u>	<u>46</u>	<u>4,207,685</u>	<u>48</u>	<u>12,196,676</u>	<u>47</u>	<u>12,792,231</u>	<u>47</u>
5900	GROSS PROFIT	<u>4,495,308</u>	<u>54</u>	<u>4,569,943</u>	<u>52</u>	<u>13,913,824</u>	<u>53</u>	<u>14,195,961</u>	<u>53</u>
	OPERATING EXPENSES								
6100	Selling	146,134	2	175,711	2	541,038	2	577,786	2
6200	General and administrative	3,558,719	43	3,934,562	45	10,567,900	40	11,321,022	42
6450	Expected credit loss (Gain)	(<u>707</u>)	-	<u>847</u>	-	<u>903</u>	-	(<u>12,313</u>)	-
6000	Total operating expenses	<u>3,704,146</u>	<u>45</u>	<u>4,111,120</u>	<u>47</u>	<u>11,109,841</u>	<u>42</u>	<u>11,886,495</u>	<u>44</u>
6900	OPERATING INCOME	<u>791,162</u>	<u>9</u>	<u>458,823</u>	<u>5</u>	<u>2,803,983</u>	<u>11</u>	<u>2,309,466</u>	<u>9</u>
	NONOPERATING INCOME AND EXPENSES								
7190	Other income	303,442	4	181,907	2	352,596	1	245,672	1
7020	Other gains and losses	(<u>299,266</u>)	(<u>4</u>)	(<u>176,701</u>)	(<u>2</u>)	(<u>682,190</u>)	(<u>3</u>)	(<u>546,793</u>)	(<u>2</u>)
7050	Finance costs	(<u>205,959</u>)	(<u>2</u>)	(<u>122,035</u>)	(<u>1</u>)	(<u>635,221</u>)	(<u>2</u>)	(<u>321,985</u>)	(<u>1</u>)
7060	Share of profit (loss) of associates accounted for using equity method	<u>12,806</u>	-	<u>31,566</u>	-	<u>56,912</u>	-	<u>71,986</u>	-
7000	Total Non-operating income and expenses	(<u>188,977</u>)	(<u>2</u>)	(<u>85,263</u>)	(<u>1</u>)	(<u>907,903</u>)	(<u>4</u>)	(<u>551,120</u>)	(<u>2</u>)
7900	INCOME BEFORE INCOME TAX	602,185	7	373,560	4	1,896,080	7	1,758,346	7
7950	INCOME TAX EXPENSE	<u>131,887</u>	<u>1</u>	<u>144,425</u>	<u>2</u>	<u>589,827</u>	<u>2</u>	<u>697,003</u>	<u>3</u>
8200	NET INCOME	<u>470,298</u>	<u>6</u>	<u>229,135</u>	<u>2</u>	<u>1,306,253</u>	<u>5</u>	<u>1,061,343</u>	<u>4</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	(<u>473,308</u>)	(<u>6</u>)	827,424	10	743,674	3	1,285,688	5
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method	(<u>9,364</u>)	-	5,969	-	(<u>66,471</u>)	-	406,882	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	13,271	-
8310		(<u>482,672</u>)	(<u>6</u>)	<u>833,393</u>	<u>10</u>	<u>677,203</u>	<u>3</u>	<u>1,705,841</u>	<u>6</u>
	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Other comprehensive income, before tax, exchange differences on translation	36,852	-	10,920	-	29,965	-	(<u>11,497</u>)	-
8370	Share of other comprehensive income of associates accounted for using equity method	(<u>27,871</u>)	-	(<u>128</u>)	-	(<u>34,462</u>)	-	<u>5,563</u>	-
8360		<u>8,981</u>	-	<u>10,792</u>	-	(<u>4,497</u>)	-	(<u>5,934</u>)	-
8300	Total other comprehensive income, net	(<u>473,691</u>)	(<u>6</u>)	<u>844,185</u>	<u>10</u>	<u>672,706</u>	<u>3</u>	<u>1,699,907</u>	<u>6</u>
8500	COMPREHENSIVE INCOME	(<u>\$ 3,393</u>)	-	<u>\$ 1,073,320</u>	<u>12</u>	<u>\$ 1,978,959</u>	<u>8</u>	<u>\$ 2,761,250</u>	<u>10</u>
8600	NET INCOME ATTRIBUTED TO :								
8610	Owners of parent	\$ 457,097	6	\$ 216,204	2	\$ 1,144,719	4	\$ 792,756	3
8620	Non-controlling interests	<u>13,201</u>	-	<u>12,931</u>	-	<u>161,534</u>	<u>1</u>	<u>268,587</u>	<u>1</u>
		<u>\$ 470,298</u>	<u>6</u>	<u>\$ 229,135</u>	<u>2</u>	<u>\$ 1,306,253</u>	<u>5</u>	<u>\$ 1,061,343</u>	<u>4</u>
8700	COMPREHENSIVE INCOME CONTRIBUTED TO :								
8710	Owners of parent	(<u>\$ 25,090</u>)	-	\$ 1,050,832	12	\$ 1,834,070	7	\$ 2,280,927	8
8720	Non-controlling interests	<u>21,697</u>	-	<u>22,488</u>	-	<u>144,889</u>	<u>1</u>	<u>480,323</u>	<u>2</u>
		(<u>\$ 3,393</u>)	-	<u>\$ 1,073,320</u>	<u>12</u>	<u>\$ 1,978,959</u>	<u>8</u>	<u>\$ 2,761,250</u>	<u>10</u>
	EARNINGS PER SHARE								
9750	Basic	<u>\$ 0.32</u>		<u>\$ 0.15</u>		<u>\$ 0.81</u>		<u>\$ 0.56</u>	
9850	Diluted	<u>\$ 0.32</u>		<u>\$ 0.15</u>		<u>\$ 0.81</u>		<u>\$ 0.56</u>	

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended Sep. 30, 2019 and 2018

(In thousands of New Taiwan Dollars)

Code		Year ended Sep. 30, 2019	Year ended Sep. 30, 2018
	CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 1,896,080	\$ 1,758,346
A20010	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	4,162,658	1,777,336
A20200	Amortization expense	45,076	37,400
A20300	Reversal of expected credit loss (gain)	903	(12,313)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(776)	(11,269)
A20900	Finance costs	635,221	321,985
A22700	Loss (gain) on disposal of investment properties	-	90,621
A22800	Loss (gain) on disposal of Intangible assets	1,456	427
A22900	Loss (gain) on disposal of Right-of-use assets	(693)	-
A23100	Loss (gain) on disposal of investments	(5)	-
A23700	Impairment loss recognized on property, plant and equipment	-	40,994
A24600	Loss (gain) on change in fair value of investment properties	68,112	(28,118)
A29900	Amortization of prepayments	10,894	18,268
A29900	Amortization of prepayments for lease	-	244,599
A21200	Interest income	(67,566)	(94,142)
A21300	Dividend income	(285,030)	(151,530)
A22300	Share of loss (profit) of associates accounted for using equity method	(56,912)	(71,986)
A22500	Loss (gain) on disposal of property, plant and equipment, net	49,138	17,928
A23800	Loss for market price decline and obsolete and slow-moving inventories	17,144	18,130
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	(23,680)	57,142
A31130	Notes receivable	(5,597)	(9,719)
A31150	Accounts receivable	469,964	(120,122)
A31160	Notes and accounts receivable due from related parties	32,648	(62,988)

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Code		Year ended Sep. 30, 2019	Year ended Sep. 30, 2018
A31180	Other receivable	231,637	186,027
A31200	Inventories	(697,137)	(693,499)
A31230	Prepayments	(88,879)	(175,991)
A31240	Other current assets	(14,717)	17,770
A32125	Contract liability	(106,892)	277,255
A32130	Notes payable	6,567	1,415
A32150	Accounts payable	(5,511,576)	(5,954,069)
A32160	Notes and accounts payable to related parties	(50,201)	(69,473)
A32180	Other payables	142,546	(410,565)
A32200	Provisions	(3,997)	(2,047)
A32210	Advance receipts	75,924	107,459
A32230	Other current liabilities	(23,329)	1,927
A32240	Net defined benefit liability	(59,596)	(164,453)
A33000	Cash inflow (outflow) generated from operations	849,385	(3,057,255)
A33100	Interests received	69,454	96,767
A33200	Dividends received	304,209	277,740
A33300	Interests paid	(637,430)	(318,987)
A33500	Income taxes returned	2,191	194
A33500	Income taxes paid	(304,686)	(489,320)
AAAA	Net cash flows from (used in) operating activities	283,123	(3,490,861)
	CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
B00050	Proceeds from disposal of financial assets at amortized cost	724,707	113,503
B01800	Acquisition of investments accounted for using equity method	(1,138,000)	-
B02100	Decrease in prepayments for long-term investment	25,383	49,288
B02700	Acquisition of property, plant and equipment	(1,594,635)	(1,465,305)
B02800	Proceeds from disposal of property, plant and equipment	39,377	2,689
B04200	Decrease in other receivable	970,133	-
B04500	Acquisition of intangible assets	(101,735)	(13,798)
B04600	Disposal of intangible assets	139	-
B05400	Acquisition of investment properties	(7,181)	-
B06700	Increase (decrease) in other non-current assets	(1,368,743)	77,999
BBBB	Net cash flows from (used in) investing activities	(2,450,555)	(1,235,624)
	CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
C00100	Increase in short-term loans	117,999,854	131,566,501
C00200	Decrease in short-term loans	(118,171,221)	(132,499,303)
C00500	Increase in short-term notes and bills payable	27,907,937	17,943,606

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<u>Code</u>		<u>Year ended Sep. 30, 2019</u>	<u>Year ended Sep. 30, 2018</u>
C00600	Decrease in short-term notes and bills payable	(27,624,308)	(17,982,174)
C01600	Proceeds from long-term debt	54,619,824	49,373,056
C01700	Repayment of long-term debt	(55,330,000)	(50,840,000)
C04020	Decrease in other non-current liabilities	(2,655,041)	-
C04400	Dividends paid by parent company	(11,827)	(25,887)
C04500	Dividends paid to non-controlling interests	(1,204,400)	(1,417,063)
C05800	Net cash flows from (used in) financing activities	(<u>198,624</u>)	(<u>214,293</u>)
CCCC	Decrease in short-term notes and bills payable	(<u>4,667,806</u>)	(<u>4,095,557</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>37,049</u>)	(<u>20,056</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	(6,872,287)	(8,842,098)
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>\$ 7,722,560</u>	<u>\$ 7,274,386</u>

(Concluded)