Far Eastern Department Stores, Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2015 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards 10 "Consolidated and Separate Financial Statements." Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

FAR EASTERN DEPARTMENT STORES, LTD.

By

DOUGLAS HSU
Chairman

March 24, 2016

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Far Eastern Department Stores, Ltd.

We have audited the accompanying consolidated balance sheets of Far Eastern Department Stores, Ltd. (the Company) and its subsidiaries (collectively referred to as the Group) as of December 31, 2015, December 31, 2014 and January 1, 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015, December 31, 2014 and January 1, 2014, and their consolidated financial performance and their cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

As disclosed in Note 3 to the consolidated financial statements, the Group applies the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC) starting in 2015. Thus, this accounting policy was retrospectively applied to prior Standards, Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC), and the items of the prior consolidated financial statements have been restated.

We have also audited the financial statements of the parent company, Far Eastern Department Stores, Ltd. as of and for the years ended December 31, 2015 and 2014, on which we have issued a modified unqualified report.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2016

<u>Notice to Readers</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2015		December 31, 2014 (Retrospectively Applied)		January 1, 2014 (Retrospectively Applied)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 10,026,630	9	$ 10,952,918	10	$ 13,221,405	12
Financial assets at fair value through profit or loss - current (Note 7)	351,111	-	290,895	-	239,974	-
Available-for-sale financial assets - current (Notes 8 and 36)	468,682	-	487,231	-	552,555	-
Debt investments with no active market - current (Notes 9 and 36)	876,847	1	1,204,317	1	437,497	-
Notes receivable (Note 10)	3,393	-	2,410	-	28,119	-
Trade receivables (Note 10)	515,195	1	527,659	1	766,445	1
Trade receivables from related parties (Notes 10 and 35)	182,970	-	191,931	-	57,302	-
Other receivables (Notes 10 and 35)	1,687,802	2	1,508,732	1	1,779,487	2
Current tax assets (Note 30)	5,782	-	200,615	-	418,064	-
Inventories (Note 11)	2,997,240	3	2,870,727	3	2,976,244	3
Prepayments (Notes 19 and 35)	871,542	1	975,457	1	1,090,656	1
Non-current assets held for sale (Note 12)	-	-	115	-	377	-
Other current assets (Notes 20 and 35)	90,102	-	102,260	-	83,987	-
Total current assets	18,077,296	17	19,315,267	17	21,652,112	19
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 8 and 36)	3,689,341	3	4,989,668	4	4,986,339	4
Financial assets measured at cost - non-current (Note 14)	611,576	-	783,652	1	776,374	1
Debt investments with no active market - non-current (Notes 9 and 36)	127,000	-	125,000	-	521,897	1
Investments accounted for using the equity method (Notes 15 and 36)	9,163,153	9	9,546,534	9	9,050,368	8
Property, plant and equipment (Notes 16, 35 and 36)	45,612,886	43	47,426,385	43	52,166,888	46
Investment properties (Notes 3, 17 and 36)	10,036,266	9	9,667,344	9	3,070,495	3
Intangible assets (Note 18)	7,240,992	7	7,226,592	6	7,715,184	7
Deferred tax assets (Notes 3 and 30)	727,394	1	926,612	1	940,225	1
Net defined benefit assets (Note 26)	-	-	185,782	-	222,615	-
Long-term prepayments for lease (Notes 19 and 35)	9,177,719	9	9,472,460	8	9,464,677	8
Other non-current assets (Notes 20 and 35)	1,873,863	2	1,954,939	2	1,920,123	2
Total non-current assets	88,260,190	83	92,304,968	83	90,835,185	81
TOTAL	$ 106,337,486	100	$ 111,620,235	100	$ 112,487,297	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 21, 35 and 36)	$ 9,499,733	9	$ 6,674,285	6	$ 7,462,340	7
Short-term bills payable (Notes 21 and 36)	2,351,020	2	2,991,683	3	3,047,306	3
Notes payable (Note 23)	52,224	-	63,303	-	159,194	-
Trade payables (Note 23)	16,605,966	16	17,601,054	16	17,693,401	16
Trade payables and notes payable to related parties (Notes 23 and 35)	119,754	-	153,238	-	151,909	-
Other payables (Notes 24, 27 and 35)	4,895,382	5	5,495,103	5	5,252,331	5
Current tax liabilities (Note 30)	182,997	-	512,116	-	401,874	-
Provisions - current (Note 25)	3,000	-	4,135	-	4,135	-
Deferred revenue - current (Note 24)	98,552	-	65,656	-	101,136	-
Advance receipts (Note 36)	8,063,527	7	7,829,288	7	7,720,500	7
Current portion of bonds payable (Notes 22 and 36)	-	-	1,000,000	1	2,493,512	2
Current portion of long-term borrowings (Notes 21 and 36)	1,959,200	2	1,764,429	2	1,445,159	1
Other current liabilities (Notes 24 and 35)	309,764	-	265,157	-	252,891	-
Total current liabilities	44,141,119	41	44,419,447	40	46,185,688	41
NON-CURRENT LIABILITIES						
Bonds payable (Notes 22 and 36)	994,419	1	992,560	1	1,990,702	2
Long-term borrowings (Notes 21 and 36)	18,829,745	18	21,548,341	19	21,841,434	19
Provisions - non-current (Note 25)	31,058	-	31,222	-	30,483	-
Deferred tax liabilities (Notes 3 and 30)	1,991,395	2	1,729,061	2	1,608,841	1
Net defined benefit liabilities (Note 26)	802,608	1	563,292	-	535,105	1
Other non-current liabilities (Notes 24 and 35)	2,695,271	2	2,878,845	3	2,841,682	3
Total non-current liabilities	25,344,496	24	27,743,321	25	28,848,247	26
Total liabilities	69,485,615	65	72,162,768	65	75,033,935	67
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Common shares	14,169,406	13	14,391,956	13	14,109,761	13
Capital surplus	3,315,420	3	3,498,252	3	3,498,174	3
Retained earnings						
Legal reserve	2,728,379	3	2,575,473	2	2,358,917	2
Special reserve	2,461,168	2	2,461,168	2	1,931,285	2
Unappropriated earnings	2,673,946	3	2,936,463	3	4,107,920	3
Total retained earnings	7,863,493	8	7,973,104	7	8,398,122	7
Other equity	3,995,790	4	5,900,851	5	3,659,643	3
Treasury shares	(97,110)	-	(97,110)	-	(97,110)	-
Total equity attributable to owners of the Company	29,246,999	28	31,667,053	28	29,568,590	26
NON-CONTROLLING INTERESTS	7,604,872	7	7,790,414	7	7,884,772	7
Total equity	36,851,871	35	39,457,467	35	37,453,362	33
TOTAL	$ 106,337,486	100	$ 111,620,235	100	$ 112,487,297	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 24, 2016)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2015		2014 (Retrospectively Applied)	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 28 and 35)	$ 44,998,319	100	$ 45,928,793	100
OPERATING COSTS (Notes 3, 11, 29 and 35)	22,257,933	49	22,719,427	50
GROSS PROFIT	22,740,386	51	23,209,366	50
OPERATING EXPENSES (Notes 3, 26, 29 and 35)				
Selling and marketing expenses	1,197,658	3	1,218,973	3
General and administrative expenses	18,613,897	41	18,667,206	40
Total operating expenses	19,811,555	44	19,886,179	43
OPERATING PROFIT	2,928,831	7	3,323,187	7
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 29)	378,037	1	369,884	1
Other gains and losses (Notes 3, 29 and 35)	163,685	-	(276,669)	(1)
Finance costs (Notes 29 and 35)	(461,215)	(1)	(465,191)	(1)
Share of profit of associates accounted for using the equity method	405,335	1	133,207	-
Total non-operating income and expenses	485,842	1	(238,769)	(1)
PROFIT BEFORE INCOME TAX	3,414,673	8	3,084,418	6
INCOME TAX EXPENSE (Notes 3 and 30)	1,261,372	3	925,000	2
NET PROFIT FOR THE YEAR	2,153,301	5	2,159,418	4
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 26, 27 and 30)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(422,992)	(1)	(62,170)	-
Gains on property revaluation	-	-	2,328,026	5
Share of the other comprehensive loss of associates accounted for using the equity method	(3,313)	-	(2,893)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	72,026	-	(146,321)	-
	(354,279)	(1)	2,116,642	5

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2015		2014 (Retrospectively Applied)	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	$ (24,562)	-	$ 48,411	-
Unrealized loss on available-for-sale financial assets	(1,318,876)	(3)	(61,995)	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(566,750)	(1)	92,499	-
	(1,910,188)	(4)	78,915	-
Other comprehensive (loss) income for the year, net of income tax	(2,264,467)	(5)	2,195,557	5
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ (111,166)	-	$ 4,354,975	9
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 1,714,770	4	$ 1,524,441	3
Non-controlling interests	438,531	1	634,977	2
	$ 2,153,301	5	$ 2,159,418	5
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	$ (530,347)	(1)	$ 3,721,008	8
Non-controlling interests	419,181	1	633,967	1
	$ (111,166)	-	$ 4,354,975	9
EARNINGS PER SHARE (Note 31)				
Basic	$1.20		$1.07	
Diluted	$1.20		$1.07	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 24, 2016) (Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
			Retained Earnings (Notes 3 and 27)			Other Equity (Note 27)						
	Share Capital (Note 27)	Capital Surplus (Note 27)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Unrealized Revaluation Surplus	Treasury Shares (Note 27)	Total	Non-controlling Interests (Notes 3 and 27)	Total Equity
BALANCE AT JANUARY 1, 2014	$ 14,109,761	$ 3,498,174	$ 2,358,917	$ 1,931,285	$ 4,095,216	$ 10,256	$ 3,649,387	$ -	$ (97,110)	$ 29,555,886	$ 7,884,772	$ 37,440,658
Effect of retrospective application and retrospective restatement	-	-	-	-	12,704	-	-	-	-	12,704	-	12,704
BALANCE AT JANUARY 1, 2014, RETROSPECTIVE APPLICATION	14,109,761	3,498,174	2,358,917	1,931,285	4,107,920	10,256	3,649,387	-	(97,110)	29,568,590	7,884,772	37,453,362
Special reserve provided under Rule No. 1030006415 issued by the FSC	-	-	-	529,883	(529,883)	-	-	-	-	-	-	-
Appropriation of the 2013 earnings												
Legal reserve	-	-	216,556	-	(216,556)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,622,623)	-	-	-	-	(1,622,623)	-	(1,622,623)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(728,353)	(728,353)
Share dividends distributed by the Company	282,195	-	-	-	(282,195)	-	-	-	-	-	-	-
Adjustments resulting from investments in associates accounted for using the equity method	-	78	-	-	-	-	-	-	-	78	28	106
Net profit for the year ended December 31, 2014	-	-	-	-	1,524,441	-	-	-	-	1,524,441	634,977	2,159,418
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	(44,641)	60,743	9,495	2,170,970	-	2,196,567	(1,010)	2,195,557
BALANCE AT DECEMBER 31, 2014, RETROSPECTIVE APPLICATION	14,391,956	3,498,252	2,575,473	2,461,168	2,936,463	70,999	3,658,882	2,170,970	(97,110)	31,667,053	7,790,414	39,457,467
Appropriation of the 2014 earnings												
Legal reserve	-	-	152,906	-	(152,906)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,439,196)	-	-	-	-	(1,439,196)	-	(1,439,196)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(587,691)	(587,691)
Adjustments resulting from investments in associates accounted for using the equity method	-	(78)	-	-	(45,129)	-	-	-	-	(45,207)	(17,032)	(62,239)
Net profit for the year ended December 31, 2015	-	-	-	-	1,714,770	-	-	-	-	1,714,770	438,531	2,153,301
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	(340,056)	(13,516)	(1,891,545)	-	-	(2,245,117)	(19,350)	(2,264,467)
Buy-back of treasury shares	-	-	-	-	-	-	-	-	(405,304)	(405,304)	-	(405,304)
Cancelation of treasury shares	(222,550)	(182,754)	-	-	-	-	-	-	405,304	-	-	-
BALANCE AT DECEMBER 31, 2015	$ 14,169,406	$ 3,315,420	$ 2,728,379	$ 2,461,168	$ 2,673,946	$ 57,483	$ 1,767,337	$ 2,170,970	$ (97,110)	$ 29,246,999	$ 7,604,872	$ 36,851,871

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 24, 2016)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2015	**2014 (Retrospectively Applied)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 3,414,673	$ 3,084,418
Adjustments for:		
Depreciation expenses	3,061,186	2,951,638
Amortization expenses	35,644	28,907
Reversal of impairment loss on receivables	(8,882)	(3,321)
Net gain on financial assets or liabilities at fair value through profit or loss	(16,658)	(46,651)
Finance costs	461,215	465,191
Interest income	(76,018)	(101,762)
Dividend income	(302,019)	(268,122)
Share of profit of associates accounted for using the equity methods	(405,335)	(133,207)
Loss on disposal of property, plant and equipment	36,518	18,330
Loss on disposal of intangible assets	820	-
Loss (gain) on disposal of non-current assets held for sale	97	(316)
Impairment loss recognized on financial assets	169,281	2,055
Unrealized loss on physical inventory and slow-moving inventories	(17,123)	13,041
Impairment loss recognized on intangible assets	-	495,605
Impairment loss recognized on property, plant and equipment	-	4,637
(Gain) loss on change in fair value of investment properties	(357,044)	21,931
Amortization of prepayments	15,087	14,145
Amortization of prepayments for lease	326,656	321,773
Reversal of provisions	(1,627)	-
Reversal of deferred revenue	(65,656)	(101,136)
Unrealized purchase discounts	14,033	(11,617)
Net changes in operating assets and liabilities		
Financial assets held for trading	(43,558)	(4,270)
Notes receivable	(983)	25,709
Trade receivables	30,923	276,947
Trade receivables and notes receivable from related parties	8,961	(134,629)
Other receivables	(174,547)	35,073
Inventories	(123,423)	104,093
Prepayments	84,092	115,264
Other current assets	12,158	(18,273)
Net defined benefit assets	8,351	7,975
Notes payable	(11,079)	(95,891)
Trade payables	(995,088)	(92,347)
Trade payables and notes payable to related parties	(33,484)	1,329
Other payables	(420,542)	(448,737)
Deferred revenue	98,552	65,656
Advance receipts	544,737	383,519

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FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2015	2014 (Retrospectively Applied)
Other current liabilities	$ 44,607	$ 12,266
Net defined benefit liabilities	62,552	29,166
Cash generated from operations	5,377,077	7,018,389
Interest paid	(440,838)	(481,901)
Interest received	71,918	116,462
Income tax returned	19,246	210,212
Income tax paid	(883,682)	(819,264)
Net cash generated from operating activities	4,143,721	6,043,898
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in debt investments with no active market	325,470	(369,923)
Purchase of investments accounted for using the equity method	(106,000)	(360,000)
Decrease in prepaid long-term investments	78,346	78,456
Proceeds from disposal of non-current assets held for sale	16	582
Payments for property, plant and equipment	(1,970,634)	(1,984,796)
Proceeds from disposal of property, plant and equipment	1,173	24,190
Decrease in other receivables	-	212,388
Payments for intangible assets	(45,745)	(34,958)
Payments for investment properties	(11,878)	-
Decrease (increase) in other non-current assets	82,382	(52,667)
Increase in prepayments for lease	(15,388)	(372,940)
Dividends received	432,666	406,809
Net cash used in investing activities	(1,229,592)	(2,452,859)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	63,475,366	68,280,489
Repayments of short-term borrowings	(60,614,337)	(69,231,410)
Proceeds from short-term bills payable	25,892,479	23,851,586
Repayments of short-term bills payable	(26,533,142)	(23,907,209)
Repayments of bonds payable	(1,000,000)	(2,500,000)
Proceeds from long-term borrowings	47,315,604	48,618,177
Repayments of long-term borrowings	(49,840,000)	(48,592,000)
(Decrease) increase in other non-current liabilities	(19,375)	26,571
Dividends paid to owners of the Company	(1,439,211)	(1,622,612)
Payments for buy-back of treasury shares	(405,304)	-
Dividends paid to non-controlling interests	(617,669)	(720,319)
Net cash used in financing activities	(3,785,589)	(5,796,727)

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FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2015	2014 (Retrospectively Applied)
EFFECTS OF EXCHANGE RATE CHANGES	$ (54,828)	$ (62,799)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(926,288)	(2,268,487)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	10,952,918	13,221,405
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$ 10,026,630	$ 10,952,918

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 24, 2016) (Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Far Eastern Department Stores, Ltd. (the Company or FEDS) was incorporated in the Republic of China (ROC) on August 31, 1967, and operated a nationwide chain of department stores. The Company's shares have been listed on the Taiwan Stock Exchange since October 11, 1978. The Company's registered address is 18 F., No. 16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan, ROC; its main operating branches are as follows:

Branches	Addresses
Taipei Branch	No. 32, Paoching Rd, Taipei City
Mega City Banqiao Store	No. 18 and 28, Xinzhan Rd., Banqiao Dist., New Taipei City
Banqiao Store	No. 152, Section 1, Zhongshan Rd., Banqiao Dist., New Taipei City
Taoyuan Store	No. 20, Zhongzheng Rd., Taoyuan City
Hsinchu Store	No. 323, Xida Rd., Hsinchu City
Top City Taichung Store	No. 251, Section 3, Taiwan Blvd., Xitun Dist., Taichung City
Hualien Store	No. 581, Heping Rd., Hualien City
Chiayi Store	No. 537, Chuiyang Rd., Chiayi City
Tainan Gongyuan Store	No. 60, Gongyuan Rd., Tainan City
Tainan Chenggong Store	No. 210, Qianfeng Rd., Tainan City
Kaohsiung Store	No. 21, Sanduo 4th Rd., Kaohsiung City

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 24, 2016.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

   Order No. 1030029342 and Order No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the IFRSs) endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version would not have any material impact on the Group's accounting policies:

1) IFRS 12 "Disclosure of Interests in Other Entities"

   IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries and associates. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

2) IFRS 13 "Fair Value Measurement"

   IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

   The IFRS 13 will be applied prospectively from January 1, 2015.

3) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

   According to the amendments to IAS 1, the items of other comprehensive income will be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. In addition, income tax on items of other comprehensive income is also required to be allocated on the same basis. The aforementioned allocation basis will not be strictly enforced prior to the adoption of amendments.

   The Group will retrospectively apply the above amendments starting from 2015. Items not be reclassified to profit or loss are remeasurements of the defined benefit plans, revaluation gains, and share of the actuarial gains and losses of associates accounted for using the equity method. Items be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, and share of the other comprehensive income (loss) of associates accounted for using the equity method (except the share of the remeasurements of the defined benefit plans). However, the application of the above amendments will not result in any impact on the net profit for the year, other comprehensive income (loss) for the year, net of income tax, and total comprehensive income for the year.

4) Amendments to IAS 19 "Employee Benefits"

   The amendments to IAS 19 require the Group to calculate a "net interest" amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on planned assets used in current IAS 19 and past service cost should be recognized to profit or loss when it occurs. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit costs, and also includes more extensive disclosures.

   On initial application of the revised IAS 19, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to net defined benefit assets and retained earnings. In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Group elects not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The impact in the prior year is set out below:

Impact on Assets, Liabilities and Equity	As Originally Stated	Adjustments Arising from Initial Application	Retrospectively Applied
December 31, 2014			
Prepaid pension costs	$ 185,519	$ (185,519)	$ -
Net defined benefit assets	-	185,782	185,782
Deferred tax assets	926,328	284	926,612
Total effect on assets	$ 1,111,847	$ 547	$ 1,112,394
Accrued pension liabilities	$ 573,998	$ (573,998)	$ -
Net defined benefit liabilities	-	563,292	563,292
Total effect on liabilities	$ 573,998	$ (10,706)	$ 563,292
Retained earnings	$ 7,961,851	$ 11,253	$ 7,973,104
Total effect on equity	$ 7,961,851	$ 11,253	$ 7,973,104
January 1, 2014			
Prepaid pension costs	$ 222,285	$ (222,285)	$ -
Net defined benefit assets	-	222,615	222,615
Total effect on assets	$ 222,285	$ 330	$ 222,615
Accrued pension liabilities	$ 547,479	$ (547,479)	$ -
Net defined benefit liabilities	-	535,105	535,105
Total effect on liabilities	$ 547,479	$ (12,374)	$ 535,105
Retained earnings	$ 8,385,418	$ 12,704	$ 8,398,122
Total effect on equity	$ 8,385,418	$ 12,704	$ 8,398,122

Impact on Total Comprehensive Income	As Originally Stated	Adjustments Arising from Initial Application	Retrospectively Applied
For the year ended December 31, 2014			
Operating expense	$ 19,880,851	$ 5,328	$ 19,886,179
Share of profit of associates accounted for using the equity method	133,261	(54)	133,207
Income tax expense	925,311	(311)	925,000
Impact on net profit for the year	2,164,489	(5,071)	2,159,418
Impact on other comprehensive income for the year	2,191,937	3,620	2,195,557
Impact on total comprehensive income for the year	$ 4,356,426	$ (1,451)	$ 4,354,975
Impact on net profit attributable to:			
Owners of the Company	$ 1,529,065	$ (4,624)	$ 1,524,441
Non-controlling interests	635,424	(447)	634,977
	$ 2,164,489	$ (5,071)	$ 2,159,418
Impact on total comprehensive income attributable to:			
Owners of the Company	$ 3,722,459	$ (1,451)	$ 3,721,008
Non-controlling interests	633,967	-	633,967
	$ 4,356,426	$ (1,451)	$ 4,354,975

Impact on earnings per share

For the year ended December 31, 2014			
Basic	$ 1.07	$ -	$ 1.07
Diluted	$ 1.07	$ -	$ 1.07

b. The IFRSs issued by IASB but not yet endorsed by the FSC

The Group has not applied the following new, amended or revised standards and interpretations (the New IFRSs) issued by the IASB but not yet endorsed by the FSC. On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed which will be in effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016, with effective dates on or before January 1, 2017; meaning the scope excludes those that are not yet effective as of January 1, 2017, such as IFRS 9 “Financial Instruments,” IFRS 15 “Revenue from Contracts with Customers,” and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date that the consolidated financial statements were authorized for issue, the FSC had not announced the effective dates of other new IFRSs as well as the amended, and revised standards and interpretations.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

Note 1: Unless stated otherwise, the above new IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above new IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

All recognized financial assets currently in the scope of IAS 39, "Financial Instruments: Recognition and Measurement," will be subsequently measured at either the amortized cost or the fair value.

For the equity instruments invested by the Group, the equity instruments should be measured at the fair value through profit or loss. However, the Group may irrevocably designate an investment in equity instruments that is not held for trading as measured at fair value through other comprehensive income. All relevant gains and losses shall be recognized in other comprehensive income, except for dividends which are recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified to profit or loss.

The impairment of financial assets

IFRS 9 adds a new expected credit loss impairment model to measure the impairment of financial assets. A loss allowance for expected credit losses should be recognized on financial assets measured at amortized cost. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group should measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition and is not deemed to be a low credit risk, the Group should measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. The Group should always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables.

2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18, "Revenue," IAS 11, "Construction Contracts," and a number of revenue-related interpretations.

When applying IFRS 15, the Group shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, the Group may select to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

Except for the aforementioned impact, as of the date that the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the above standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

Basis of Presentation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and investment properties that are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety is described as follows:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c. Level 3 inputs are unobservable inputs for the asset or liability.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months (after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue); and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 and Table 1 for details on subsidiaries, including the percentage of their ownership and main business.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries and associates in other countries or currencies used different with the Group) are translated into New Taiwan dollars (presentation currency) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost or net realizable value, using the retail method. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates attributable to the Group.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus-changes in the Group's share of equity of associates. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be associates. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Joint Operations

A joint operation is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognizes the following items in relation to its interest in a joint operation:

a. Its assets, including its share of any assets held jointly;
b. Its liabilities, including its share of any liabilities incurred jointly;
c. Its revenue from the sale of its share of the output arising from the joint operation;
d. Its share of the revenue from the sale of the output of the joint operation; and
e. Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When the Group sells or contributes assets to its joint operation, it recognizes gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation. When the Group purchases assets from its joint operation, it does not recognize its share of the gain or loss until it resells those assets to a third party.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. Assets are depreciated over the shorter of the lease term and their useful lives using the straight-line method.

To derecognize of the property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the year.

Investment Properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, (including transaction costs), and are subsequently measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are recognized in profit or loss when they arise.

Investment properties under construction of which the fair value is not reliably measurable are stated at cost less accumulated impairment loss until either such time as the fair value becomes reliably measureable or construction is completed (whichever comes earlier).

Investment properties are recorded as property, plant and equipment on or after the beginning of owner-occupation.

For a transfer from property, plant and equipment to investment property at the end of owner-occupation, any difference between the fair value of the property at the transfer date and its previous carrying amount is recognized in other comprehensive income.

To derecognize of the investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the year.

Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis during their expected useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

To derecognize of the intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the year.

Impairment of Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than goodwill to determine any indication of impairment loss on these assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized in profit or loss for the year.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (deducting amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Non-current Assets Held for Sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

<u>Financial assets</u>

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a. Measurement category

   Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

   1) Financial assets at fair value through profit or loss

      Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. See Note 34 for the detailed information of choosing fair value.

2) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired. Refer to Note 34 for the information on the selected method of fair value.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

3) Loans and receivables

Loans and receivables (including notes and trade receivables, other receivables, cash and cash equivalent, debt investments with no active market, and refundable deposits) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits, commercial paper, repurchase bonds with original maturities within 3 months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets measured at amortized cost, the assets are assessed for impairment on a collective basis even if they are assessed as not impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets measured at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered an objective evidence of impairment.

For all other financial assets, the objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will undergo bankruptcy or financial reorganization, or the disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are measured at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss, except for uncollectible trade receivables that are written off against the allowance account.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

To derecognize of a financial asset in its entirety, the difference between the asset's carrying amount of the asset and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities

a. Subsequent measurement of financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

b. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital, capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

Provisions

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

a. Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

1) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

2) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

3) The amount of revenue can be measured reliably;

4) It is probable that the economic benefits associated with the transaction will flow to the Group; and

5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of goods that result in award credits for customers, under the Group's award scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value, the amount for which the award credits could be sold separately. Such consideration is not recognized as revenue at the time of the initial sale transaction but is deferred and recognized as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

b. Commissions from concessionaires' sales

Commissions from concessionaires' sales are recognized as goods are sold.

c. Maintenance and promotion fee income

According to contract agreements, maintenance and promotion fee income are recognized on the right to receive the income signed or as services are provided.

d. Dividend and interest income

Dividend income from investments is recognized when the stockholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a. The Group as a lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

Lease incentives included in the operating lease are recognized as an asset. The aggregate cost of incentives is recognized as a reduction of rental income on a straight-line basis over the lease term. Lease incentives included in the finance lease are recognized as a reduction of minimum lease payments.

Contingent rents arising from the operating leases are recognized as income in the period in which they are incurred.

b. The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis. When lease incentives are received to enter into finance leases, such incentives are recognized as a reduction to minimum lease payments.

Contingent rents are recognized as an expense in the period in which they are incurred.

c. Leasehold lands and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense when the plan amendment or curtailment occurs. Remeasurement (including the actuarial gain or loss and the return on plan assets net of interest) is recognized in other comprehensive income in the period in which such gains or losses occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the stockholders approve the retention of the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current period's income tax expenses.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with these investments are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to use the temporary differences and are expected to reverse in deferred tax assets in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Income tax

As of December 31, 2015 and 2014, the carrying amount of deferred tax assets in relation to unused tax losses was $727,394 thousand and $926,328 thousand, respectively. As of December 31, 2015 and 2014, there had been no deferred tax asset recognized on deductible temporary differences of $2,256,826 thousand and $2,597,247 thousand, respectively, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

c. Impairment of tangible and intangible assets other than goodwill

For impairment test of assets, the Group evaluate and decide the Group's certain asset independent cash flows, useful lives of the assets and probable future profit or loss based on subjective judgment, asset usage model and department store industry characteristics. Any change in national and local economic conditions or the Group's strategy may cause significant impairment loss.

d. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

e. Impairment of investments accounted for using the equity method

The Group immediately recognizes impairment loss on its net investment accounted for by using the equity method when there is any indication that the investment may be impaired and the carrying amount may not be recoverable. The Group's management evaluates the impairment based on the estimated future cash flow expected to be generated by and associates, including future cash flow estimated by the associate's management. The Group also takes into consideration the market conditions and industry development to evaluate the appropriateness of assumptions.

f. Recognition and measurement of defined benefit plans

Defined benefit costs and defined benefit liabilities (assets) under defined benefit plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, dismission rate and long-term average rate of future salary increases. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expenses and the liabilities (assets).

g. Useful lives of property, plant and equipment

As described in Note 4 property, plant and equipment to the consolidated financial statements, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The length of useful lives of property, plant and equipment had not been changed by the Group in 2015 and 2014.

h. Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management has reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the carrying amounts of investment properties are presumed to be recovered entirely through sale.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	**2014**
Cash on hand and revolving funds	$ 215,537	$ 287,938
Checking accounts and demand deposits	8,910,098	5,820,731
Cash equivalents (investments with original maturity less than 3 months)		
Time deposits	900,995	2,467,028
Commercial papers	-	2,377,221
	$ 10,026,630	$ 10,952,918

The market rate intervals of cash in bank and commercial papers at the end of the reporting period were as follows:

	December 31	
	2015	**2014**
Cash in bank	0.385%-4.000%	0.680%-3.180%
Commercial papers	-	0.630%-0.660%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS-Current

	December 31	
	2015	**2014**
Financial assets held for trading		
Non-derivative financial assets		
Listed and OTC shares	$ 125,615	$ 138,485
Beneficiary certificate	225,496	152,410
	$ 351,111	$ 290,895

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2015	2014
Listed and OTC shares	$ 4,158,023	$ 5,476,899
Current	$ 468,682	$ 487,231
Non-current	3,689,341	4,989,668
	$ 4,158,023	$ 5,476,899

Refer to Note 36 for information relating to available-for-sale financial assets pledged as security.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2015	2014
Time deposits with original maturity more than 3 months	$ 720,157	$ 954,256
Pledged deposits	283,690	375,061
	$ 1,003,847	$ 1,329,317
Current	$ 876,847	$ 1,204,317
Non-current	127,000	125,000
	$ 1,003,847	$ 1,329,317

a. As of December 31, 2015 and 2014, the annual market interest rates of debt investments with no active market were 0.375%-3.250% and 0.350%-3.300%.

b. Refer to Note 36 for information relating to debt investments with no active market pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES (INCLUDING RELATED PARTIES)

	December 31	
	2015	2014
Notes receivable		
Notes receivable - operating	$ 1,796	$ 1,008
Notes receivable - non-operating	3,391	3,196
Less: Allowance for impairment loss	(1,794)	(1,794)
	$ 3,393	$ 2,410

(Continued)

	December 31	
	2015	**2014**
Trade receivables		
Trade receivables	$ 918,101	$ 948,433
Less: Allowance for impairment loss	(219,936)	(228,843)
	$ 698,165	$ 719,590
Other receivables		
Other receivables	$ 2,014,185	$ 1,841,572
Less: Allowance for impairment loss	(326,383)	(332,840)
	$ 1,687,802	$ 1,508,732

(Concluded)

a. Trade receivables

The Group's trade receivables pertained to revenues on credit cards and vouchers. The average credit period for revenue from credit cards was 2 to 3 days, and for vouchers, 15 days. In determining the recoverability of a trade receivables, the Group considered any change in the credit quality of the trade receivables since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss were recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The Group's revenue is on the basis of cash transactions. The revenue generated from the sales by debiting trade receivables is only recognized when authorization is given.

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging of trade receivables was as follows:

	December 31	
	2015	**2014**
Not overdue	$ 597,177	$ 617,360
Days overdue		
Less than 30 days	89,377	$ 92,696
31 to 60 days	10,888	8,220
Later than 61 days	220,659	230,157
	$ 918,101	$ 948,433

The above aging schedule was based on the past due date.

The aging of trade receivables that were past due but not impaired were as follows:

	December 31	
	2015	2014
Less than 30 days	$ 89,377	$ 92,696
31 to 60 days	10,888	8,220
Later than 61 days	723	1,982
	$ 100,988	$ 102,898

The above aging schedule was based on the past due date.

The movements of the allowance for impairment loss on trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ 6,308	$ 224,087	$ 230,395
Add: Impairment losses recognized on receivables	5,003	-	5,003
Less: Impairment losses reversed	-	(6,555)	(6,555)
Balance at December 31, 2014	11,311	217,532	228,843
Add: Impairment losses recognized on receivables	21	-	21
Less: Impairment losses reversed	-	(8,903)	(8,903)
Less: Amounts written off during the year as uncollectable	(25)	-	(25)
Balance at December 31, 2015	$ 11,307	$ 208,629	$ 219,936

b. Other receivables

For the other receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging of other receivables that were past due but not impaired was as follows:

	December 31	
	2015	2014
Less than 30 days	$ 2,400	$ 771
31 to 60 days	158	149
Later than 61 days	1,064	1,098
	$ 3,622	$ 2,018

The above aging schedule was based on the past due date.

Movements in the allowance for impairment loss recognized on other receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ 61,136	$ 284,404	$ 345,540
Add: Impairment losses recognized on receivables	-	903	903
Less: Impairment loss reversed	-	(2,672)	(2,672)
Less: Amounts written off during the year as uncollectible	(23,905)	(2,640)	(26,545)
Foreign exchange translation gains	-	15,614	15,614
Balance at December 31, 2014	37,231	295,609	332,840
Foreign exchange translation losses	-	(6,457)	(6,457)
Balance at December 31, 2015	$ 37,231	$ 289,152	$ 326,383

The Group recognized impairment loss on other receivables amounting to $0 thousand as of December 31, 2015 and 2014. The Group did not hold any collateral or other credit enhancements for these balances.

11. INVENTORIES

	December 31	
	2015	2014
Merchandise	$ 2,997,240	$ 2,870,727
Allowance for inventory devaluation	$ 258,890	$ 276,437
Allowance for losses on physical inventory	$ 24,182	$ 23,758
Allowance for unrealized purchase discount	$ 110,522	$ 96,489

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2015 and 2014 was $21,923,608 thousand and $22,452,617 thousand, respectively.

The cost of goods sold in 2015 and 2014 included:

	For the Year Ended December 31	
	2015	2014
(Reversed) unrealized loss on physical inventory and slow-moving inventory	$ (17,123)	$ 13,041
(Reversed) unrealized purchase discounts	$ 14,033	$ (11,617)

12. NON-CURRENT ASSETS HELD FOR SALE

	December 31 2015	December 31 2014
Plants, transportation and miscellaneous equipment		
Cost	$ -	$ 1,063
Less: Accumulated depreciation	-	957
	-	106
Foreign exchange translation gains	-	9
	$ -	$ 115

On September 18, 2012, the board of directors of Beijing Xidan Pacific Department Store Co., Ltd. (Beijing Xidan) passed a resolution stating that this department store should be liquidated. The board of directors of Beijing Xidan, authority of its company, approved the liquidation report and logoff on December 1, 2015.

13. SUBSIDIARIES

a. Entities included in the consolidated financial statements

The consolidated entities as of December 31, 2015 and 2014, were as follows:

Investor	Investee	Main Businesses	Proportion of Ownership December 31 2015	Proportion of Ownership December 31 2014	Note
Far Eastern Department Stores, Ltd.	Far Eastern Ai Mai Co., Ltd.	Hypermarket	100	100	
	Bai Yang Investment Co., Ltd.	Investment	100	100	
	Bai Ding Investment Co., Ltd.	Investment	67	67	
	Yu Ming Advertising Agency Co., Ltd.	Advertising and importation of certain merchandise	100	100	
	Far Eastern Hon Li Do Co., Ltd.	Building rental	56	56	
	FEDS Development Ltd.	Investment	54	76	1
	Ya Tung Department Stores, Ltd.	Department store	100	100	
	Far Eastern CitySuper Co., Ltd.	Hypermarket	96	96	
	Pacific Liu Tong Investment Co., Ltd.	Investment	35	35	
	Asians Merchandise Company (AMC)	Trading	100	100	
Bai Yang Investment Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	
	FEDS Asia Pacific Development Co., Ltd.	Shopping mall	70	70	
	Bai Ding Investment Co., Ltd.	Investment	33	33	
	FEDS New Century Development Co., Ltd.	Shopping mall	100	100	2
	FEDS Development Ltd.	Investment	46	24	1
	Pacific China Holdings (HK) Limited	Investment	40	40	
	Far Eastern Big City Shopping Malls Co., Ltd.	Department store	40	40	
Bai Ding Investment Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	13	13	
	Pacific Sogo Department Stores Co., Ltd.	Department store	1	1	
	Far Eastern Hon Li Do Co., Ltd.	Building rental	44	44	
	Far Eastern CitySuper Co., Ltd.	Hypermarket	-	-	
Yu Ming Advertising Agency Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	-	-	
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	-	-	
FEDS Development Ltd.	Tianjin FEDS Co., Ltd.	Department store	49	49	3
	Shanghai Bai Ding Consultant & Management Co., Ltd.	Consulting service	100	100	
	Chongqing FEDS Co., Ltd.	Department store	100	100	
Ya Tung Department Stores, Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	1	1	
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	
FEDS New Century Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	
	Chubei New Century Shopping Mall Co., Ltd.	Department store	100	-	4
Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	Department store	79	79	

(Continued)

Investor	Investee	Main Businesses	Proportion of Ownership December 31 2015	2014	Note
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Limited	Investment	60	60	
	Far Eastern Big City Shopping Malls Co., Ltd.	Department store	60	60	
Pacific China Holdings (HK) Limited	Pacific China Holdings Ltd.	Investment	100	100	
Pacific China Holdings Ltd.	Shanghai Pacific Department Stores Co., Ltd.	Department store	73	73	
	Chengdu Shangxia Pacific Department Store Co., Ltd.	Department store	100	100	5
	Chengdu Quanxing Pacific Department Store Co., Ltd.	Department store	100	100	
	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	100	100	
	Beijing Xidan Pacific Department Store Co., Ltd.	Department store	55	55	6
	Chongqing Pacific Consultant & Management Co., Ltd.	Consulting service	100	100	
	Bai Fa China Holdings (HK), Limited.	Investment	100	100	
	Pacific (China) Investment Co., Ltd.	Investment	100	100	
Pacific (China) Investment Co., Ltd.	Wuxi FEDS Co., Ltd.	Department store	100	100	
	Chengdu FEDS Co., Ltd.	Department store	100	100	
	Chengdu Beicheng FEDS Co., Ltd.	Department store	100	100	
Chongqing Pacific Consultant & Management Co., Ltd.	Tianjin FEDS Co., Ltd.	Department store	51	51	3
	Dalian Pacific Department Store Co., Ltd.	Department store	100	100	
	Chongqing Liyang Department Store Co., Ltd.	Department store	100	100	

(Concluded)

Note 1: FEDS Development Ltd. completed the registration of capital increase for cash in March 2015. Because the Group’s subscription was not proportional, the percentage of the equity owned by the Company and Bai Yang Investment Co., Ltd. changed from 76% and 24% to 54% and 46%, respectively.

Note 2: As of December 31, 2015, FEDS New Century Development Co., Ltd. was still under an undertaking business.

Note 3: On January 29, 2015, the board of directors of Tianjin FEDS Co., Ltd. approved that Tianjin FEDS Co., Ltd. would terminate its operating activities starting March 1, 2015.

Note 4: On June 15, 2015, the Group’s board of directors approved to found Chubei New Century Shopping Mall Co., Ltd through investment, and the registration was complete on June 18, 2015.

Note 5: On November 13, 2013, the board of directors of Chengdu Shangxia Pacific Department Store Co., Ltd. approved its company’s liquidation and went into liquidation. As of December 31, 2015, Chengdu Shangxia Pacific Department Store was still in the process of liquidation.

Note 6: On September 18, 2012, the board of directors of Beijing Xidan Pacific Department Store Co., Ltd. approved its company’s liquidation and went into liquidation.

b. Subsidiaries excluded from consolidated financial statements

Investor	Investee	Main Businesses	Proportion of Ownership December 31 2015	2014	Remark
Pacific Sogo Department Stores Co., Ltd.	Pacific Sogo Investment Co., Ltd.	Investment	100	100	1.2
	Lian Ching Investment Co., Ltd.	Investment	50	50	1

Note 1: As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were undertaken by the Group and the accounts are not disclosed in the consolidated financial statement.

Note 2: In November 2008, SOGO applied to the Taiwan Taipei District Court for Pacific Sogo Investment Co., Ltd. (PSI) to be declared bankrupt, and the Taiwan Taipei District Court ruled (PSI) bankrupt on December 30, 2010. On April 8, 2011, PSI convened the first creditors' meeting. Assets of PSI had been sold successively since August 22, 2012, and the bankruptcy manager had consecutively completed the allocation of assets of PSI. The Court also ruled that the bankruptcy proceedings be terminated on November 11, 2015.

14. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31	
	2015	**2014**
Domestic unlisted common shares	$ 602,673	$ 604,728
Overseas unlisted common shares	8,903	178,924
	$ 611,576	$ 783,652

The above unlisted equity investments held by the Group should be reclassified as available-for-sale financial assets on the basis of investment intentions. As to the difficulties of measuring the materiality of the reasonable fair value estimates' intervals and the probability of fair value estimates, the management believed that the fair value cannot be reliably measured.

The Group assess the value of Taiwan Ocean Farming Corp. and Oversea Development Corp., two of the above overseas unlisted common shares, to be impaired, recognizing impairment loss of $167,226 thousand for the year ended December 31, 2015.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2015	**2014**
Associates that are not individually material	$ 9,163,153	$ 9,546,534

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2015	**2014**
The Group's share of:		
Net Income for the year	$ 405,335	$ 133,207
Other comprehensive income	(570,063)	(89,606)
Total other comprehensive income for the year	$ (164,728)	$ 43,601

The Group subscribed for Yuan Hsin Digital Payment Co., Ltd. by 36,000 thousand shares in June 2014, amounting to $360,000 thousand.

The Group subscribed for Ding Integrated Marketing Service Co., by 10,600 thousand shares in May 2015, amounting to $106,000 thousand.

Chongqing Pacific Consultant and Management Co., Ltd. (Chongqing) invested RMB75,000 thousand in Chengdu Baiyang Industry Co., Ltd. (Chengdu Baiyang) and acquired 33% of the voting rights of Chengdu Baiyang. Chongqing signed a contract on ensuring long-term cooperation with Chengdu Department Emporium Group Co., Ltd. (Joint Venture Partner), so they agreed that Chongqing would pay Chengdu Baiyang a security deposit of RMB425,000 thousand. Under the cooperation contract, the retained earnings allocation of Chengdu Baiyang to Chongqing will be at certain percentages stated in the contract and not at their respective percentages of ownership. The contract further states that Chengdu Baiyang should not be liquidated and Chongqing should not transfer its equity (including voting rights) in Chengdu Baiyang to any party. The security deposit of RMB425,000 thousand can be transferred in stages as capital of Chengdu Baiyang and recognized as a long-term investment prepayment. When the percentage of the retained earnings allocation, which had been requested by Chengdu Department Emporium, exceeds a certain percentage of the retained earnings allocation stated in the contract, Chongqing may request simultaneously to get back 50% of the allocated retained earnings and the security deposit. As of December 31, 2015, Chengdu Baiyang had returned RMB61,400 thousand to Chongqing.

The Group's share of losses of an associate is limited to its interest in that associate which includes any long-term interests that, in substance, form part of the Group's net investment in the associate. The amount of unrecognized share of losses of those associates extracted from the relevant audited financial statements of associates, both for the period and cumulatively, were as follows:

	For the Year Ended December 31	
	2015	**2014**
Unrecognized share of losses of associates for the year	$ 49,126	$ -
Accumulated unrecognized share of losses of associates	$ 49,126	$ -

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2015 and 2014 was based on associates' audited financial statements for the same years.

The amount of investment in associates pledged as collateral for bank borrowings were disclosed in Note 36.

16. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Buildings and Facilities	Decorative Facilities	Equipment Held under Finance Lease	Plant, Transportation and Miscellaneous Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2014	$ 12,982,764	$ 20,610,058	$ 8,724,268	$ 13,081,363	$ 11,195,220	$ 2,989,967	$ 5,577,300	$ 75,160,940
Additions (deductions)	-	(5,009)	188,250	626,024	(4,793)	88,135	1,584,014	2,476,621
Disposals	-	-	(35,460)	(436,748)	-	(104,828)	-	(577,036)
Reclassification	(382,210)	993,276	289,899	306,599	-	5,773	(5,270,502)	(4,057,165)
Effect of exchange differences	-	90,306	-	254,027	-	13,885	1,018	359,236
Balance at December 31, 2014	$ 12,600,554	$ 21,688,631	$ 9,166,957	$ 13,831,265	$ 11,190,427	$ 2,992,932	$ 1,891,830	$ 73,362,596
Accumulated depreciation and impairment								
Balance at January 1, 2014	$ -	$ (5,536,153)	$ (4,050,943)	$ (7,461,569)	$ (4,197,975)	$ (1,747,412)	$ -	$ (22,994,052)
Disposals	-	-	32,296	400,501	-	101,719	-	534,516
Impairment loss	-	-	-	(419)	-	(4,218)	-	(4,637)
Depreciation expense	-	(478,443)	(673,385)	(1,452,434)	(344,486)	(277,621)	-	(3,226,369)
Reclassification	-	-	(600)	(530)	-	(61)	-	(1,191)
Effect of exchange differences	-	(79,286)	-	(152,109)	-	(13,083)	-	(244,478)
Balance at December 31, 2014	$ -	$ (6,093,882)	$ (4,692,632)	$ (8,666,560)	$ (4,542,461)	$ (1,940,676)	$ -	$ (25,936,211)
Carrying amount at December 31, 2014	$ 12,600,554	$ 15,594,749	$ 4,474,325	$ 5,164,705	$ 6,647,966	$ 1,052,256	$ 1,891,830	$ 47,426,385
Cost								
Balance at January 1, 2015	$ 12,600,554	$ 21,688,631	$ 9,166,957	$ 13,831,265	$ 11,190,427	$ 2,992,932	$ 1,891,830	$ 73,362,596
Additions (deductions)	-	(350)	256,670	675,230	-	245,975	366,617	1,544,142
Disposals	-	-	(63,982)	(851,008)	-	(128,027)	-	(1,043,017)
Reclassification	-	-	48,593	146,165	-	71,805	(277,047)	(10,484)
Effect of exchange differences	-	(36,967)	-	(91,468)	-	(4,581)	(98)	(133,114)
Balance at December 31, 2015	$ 12,600,554	$ 21,651,314	$ 9,408,238	$ 13,710,184	$ 11,190,427	$ 3,178,104	$ 1,981,302	$ 73,720,123

(Continued)

	Land	Buildings	Buildings and Facilities	Decorative Facilities	Equipment Held under Finance Lease	Plant, Transportation and Miscellaneous Equipment	Construction in Progress	Total
Accumulated depreciation and impairment								
Balance at January 1, 2015	$ -	$ (6,093,882)	$ (4,692,632)	$ (8,666,560)	$ (4,542,461)	$ (1,940,676)	$ -	$ (25,936,211)
Disposals	-	-	57,096	781,955	-	126,336	-	965,387
Depreciation expense	-	(487,443)	(693,718)	(1,515,401)	(344,487)	(288,559)	-	(3,329,608)
Reclassification	-	-	-	93,148	-	-	-	93,148
Effect of exchange differences	-	33,355	-	62,689	-	4,003	-	100,047
Balance at December 31, 2015	$ -	$ (6,547,970)	$ (5,329,254)	$ (9,244,169)	$ (4,886,948)	$ (2,098,896)	$ -	$ (28,107,237)
Carrying amount at December 31, 2015	$ 12,600,554	$ 15,103,344	$ 4,078,984	$ 4,466,015	$ 6,303,479	$ 1,079,208	$ 1,981,302	$ 45,612,886

(Concluded)

The following useful lives of property, plant and equipment are used in the calculation of depreciation by the straight-line method:

Buildings	17 to 56 years
Buildings and facilities	5 to 20 years
Decorative facilities	3 to 20 years
Equipment held under finance lease	15 to 50 years
Plant, transportation and miscellaneous equipment	3 to 12 years

As to the purposes of some of its property, plant and equipment were changed in September 2014, these assets were revalued by an independent appraisal company, i.e., an unrelated party and transferred the cost plus revaluation increments into investment properties. Revaluation gains on change in fair value were recognized in other comprehensive income.

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 36.

17. INVESTMENT PROPERTIES

	Land	Buildings and Facilities	Total
Balance at January 1, 2014	$ 2,055,243	$ 1,015,252	$ 3,070,495
Transferred to property, plant and equipment	(246,746)	(93,254)	(340,000)
Transferred from property, plant and equipment	4,371,314	2,587,466	6,958,780
Gain (loss) on change in fair value of investment properties	28,151	(50,082)	(21,931)
Balance at December 31, 2014	6,207,962	3,459,382	9,667,344
Additions	-	10,978	10,978
Transferred from prepayment for equipment	-	900	900
Gain on change in fair value of investment properties	254,126	102,918	357,044
Balance at December 31, 2015	$ 6,462,088	$ 3,574,178	$ 10,036,266

Some of the Group's investment properties had been leased out under operating leases in the lease term of 5 to 7.5 years. Except from the minimum lease payments, some of the Group's lease contracts included contingent lease clauses, and the Group should adjust rentals on the basis of Consumer Price Index per annum. The rental incomes generated for the years ended December 31, 2015 and 2014 were $38,298 thousand and $38,534 thousand, respectively.

The commitments on future minimum lease payments under non-cancellable operating lease were as follows:

	December 31	
	2015	2014
Not later than 1 year	$ 37,935	$ 36,863
Later than 1 year but not later than 5 years	12,153	50,088
	$ 50,088	$ 86,951

The fair values of the investment properties as of December 31, 2015 and 2014 were based on the valuations carried out at these dates by an independent qualified professional valuators, Hong-Kai Chang, Yi-Chih Chang, Yu-Fen Yeh and Shih-Kai Liu from Savills Real Estate Appraiser Office, a member of certified ROC real estate appraisers.

Except from undeveloped lands, the fair value of investment properties was measured using income approach. The significant assumptions used were as follows. The increase in estimated future cash inflow, net, or the decrease in discount rate will result in the increase in the fair value as follows:

	December 31	
	2015	2014
Expected future cash inflows	$ 25,226,211	$ 24,488,809
Expected future cash outflows	4,019,446	3,771,795
Expected future cash inflows, net	$ 21,206,765	$ 20,717,014
Discount rate	4.555%-4.855%	4.625%-4.800%

The market rentals in those districts, where the investment property is located, were between $1 thousand and $2 thousand per ping (i.e. 1 ping = 3.3 square meters).

The expected future cash inflows generated by investment properties referred to rental income, interest income on rental deposits and disposal value. The rental income was extrapolated using the existing lease contracts of the Group and comparative market rentals covering 6 to 18 years, excluding too-high and too-low values, taking into account the annual rental growth rate. The interest income on rental deposits was extrapolated by the 1 year average deposit interest rate, and the disposal value was determined by the direct capitalization method under the income approach. The expected future cash outflows incurred by investment properties included expenditures such as house taxes, land value tax, insurance premium, management costs, maintenance costs and replacement costs. These expenditures were extrapolated on the basis of the current level of expenditures, taking into account the Construction Cost Index, the future adjustment to the government-announced land value, the tax rate promulgated under the House Tax Act and construction cost.

The discount rate was determined by reference to the interest rate for 2 year time deposits of Chunghwa Post Co., Ltd plus 0.75%. In addition, the risk premium of investment properties was determined by 2.5%-2.8%.

Some lands owned by the Group, where are located in the east of Taiwan, were not developed yet. The fair value of these undeveloped lands was measured by the method of Land Development Evaluation. The significant assumptions used were as follows. The increase in estimated total sale price, the increase in rate of return, or the decrease in overall capital interest rate would result in the increase in the fair value as follows:

	December 31	
	2015	**2014**
Estimated total sales	$ 855,717	$ 999,111
Profit margin	20%	15%-16%
Capital interest rate	1.30%-3.69%	1.99%-3.98%

Estimated total sales were determined on the basis of the most effective way of estimating on the areas of sellable lands and buildings, taking into account legislations, upward macroeconomic trend in domestic market, the usable condition of local lands and comparable market prices.

The investment properties pledged as collateral for bank borrowings were set out in Note 36.

18. INTANGIBLE ASSETS

	Goodwill	Computer Software	Total
Cost			
Balance at January 1, 2014	$ 7,631,973	$ 206,318	$ 7,838,291
Additions	-	34,958	34,958
Disposals	-	(161)	(161)
Effect of foreign currency exchange differences	-	3,317	3,317
Balance at December 31, 2014	$ 7,631,973	$ 244,432	$ 7,876,405
Accumulated amortization and impairment			
Balance at January 1, 2014	$ -	$ (123,107)	$ (123,107)
Amortization expense	-	(28,907)	(28,907)
Disposals	-	161	161
Impairment losses recognized	(494,940)	(665)	(495,605)
Effect of foreign currency exchange differences	-	(2,355)	(2,355)
Balance at December 31, 2014	$ (494,940)	$ (154,873)	$ (649,813)
Carrying amounts balance at December 31, 2014	$ 7,137,033	$ 89,559	$ 7,226,592

(Continued)

	Goodwill	Computer Software	Total
Cost			
Balance at January 1, 2015	$ 7,631,973	$ 244,432	$ 7,876,405
Additions	-	45,745	45,745
Disposals	-	(19,112)	(19,112)
Reclassification	-	5,979	5,979
Effect of foreign currency exchange differences	-	(1,368)	(1,368)
Balance at December 31, 2015	$ 7,631,973	$ 275,676	$ 7,907,649
Accumulated amortization and impairment			
Balance at January 1, 2015	$ (494,940)	$ (154,873)	$ (649,813)
Amortization expense	-	(35,644)	(35,644)
Disposals	-	17,869	17,869
Effect of foreign currency exchange differences	-	931	931
Balance at December 31, 2015	$ (494,940)	$ (171,717)	$ (666,657)
Carrying amounts balance at December 31, 2015	$ 7,137,033	$ 103,959	$ 7,240,992

(Concluded)

Goodwill arising on mergers or the acquisition of majority interests in companies is the acquisition cost in excess of the fair value of the identifiable net assets acquired. Goodwill is mainly derived from Mainland China operating segment.

At the end of each reporting period, the Group reviews the carrying amounts of goodwill by comparing its recoverable amount with its carrying amount to determine whether there is any indication that those assets have suffered an impairment loss, amounting $494,940 thousand in 2014. That is because, the actual profits from Mainland China in 2014 did not achieved the expected profits from Mainland China in 2014.

The recoverable amount of this cash-generating unit was determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management, and a discount rate of 10.25% and 10.69% per annum for the years ended December 31, 2015 and 2014, respectively.

Cash flows of the financial forecasting is prepared and based on estimates of annual revenues, gross profit, capital expenditures and other operating costs. Management believed that any reasonably possible change in the key assumptions on which recoverable amount was based would not cause the aggregate carrying amount of the cash-generating unit to exceed its aggregate recoverable amount.

Intangible assets were amortized on a straight-line basis over the estimated useful lives as follows:

Computer software	1 to 10 years

19. PREPAYMENTS FOR LEASE

	December 31	
	2015	2014
SOGO - BR4 (a)	$ 5,836,561	$ 6,007,681
FEDS - Xinyi Division A13 (b)	2,360,977	2,423,382
FEDS Asia Pacific Development - Kaohsiung (c)	687,416	708,898
Dalian Pacific Department Store Co., Ltd. (d)	303,300	310,344
Ai Mai - Hsinchu (e)	162,634	185,868
Shanghai Pacific Department Stores - right to use land (f)	138,979	160,004
Chubei New Century Shopping Mall Co., Ltd. (g)	15,260	-
	$ 9,505,127	$ 9,796,177
Current (recognized in prepayments)	$ 327,408	$ 323,717
Non-current	9,177,719	9,472,460
	$ 9,505,127	$ 9,796,177

a. In January 2007, SOGO constructed a building within the Zhongxiao-Fuxing Station (land BR4) of the Muzha line of the Taipei Rapid Transit System under a lease agreement with the Department of Rapid Transit Systems (DRTS), Department of Finance (DOF) under the Taipei City Government (TCG) and Hong-Tong Comprehensive Commercial Developing Co., Ltd. (Hong-Tong). The lease term is 9 years and 6 months from the opening of Sogo's Branch BR4. SOGO pays a monthly fixed rental of $12,701 thousand to the DRTS and DOF under the TCG. In addition, SOGO pays a rental premium at a certain percentage of annual net sales. However, the monthly fixed rental has been increased to $13,125 thousand since the year of 2014.

   SOGO paid deposits of $14,363 thousand to DRTS under the TCG and $24,423 thousand to DOF under the TCG. SOGO also paid DRTS under the TCG operating deposits of $95,962 thousand. Total refundable deposits were $134,748 thousand as of December 31, 2014.

   In addition, SOGO made other prepayment to a development leasehold rights - Hong-Tong - to obtain the right to lease the building housing SOGO's Branch BR4. In December 2006, SOGO entered into a lease agreement with Hong-Tong. Under this agreement, when the amount paid by SOGO exceeds the rent payable, the premium will be deemed as prepaid rent to be deducted from future rental expenses.

b. In September 2003, the Company acquired the land use rights on lot No. A13 in the Xinyi Division, which is owned by the Taipei City Government. The total amount of the land use rights was $3,196,888 thousand, and the Company completed the registration of its acquisition of the land use rights in October 2003. Under the contract, the Company has the right to use the land for 50 years from the completion of the right registration. The initial monthly rent is $3,771 thousand, to be adjusted annually in accordance with the assessed and publicly announced land value on the contract date.

c. On January 1, 1998, FEDS Asia Pacific Development signed a contract with Asia Cement Corporation (ACC) on the construction of the Kaohsiung Asian Business and Finance Building (FEDS Asia Pacific Shopping Center) on land provided by ACC. Under this contract, FEDS Asia Pacific Development will own the leasehold rights for 50 years from the date of the contract and should pay ACC $1,073,000 thousand as premium for land use rights. The land use rights are amortized during the land use period. Annual land rent is payable in November of every year for 50 years at 5% of the assessed and publicly announced land value.

The construction was completed in October 2001 and the building was rented out to FEDS and Vieshow Cinemas Co. The construction cost is amortizable over the building occupancy period from October 2001 to December 2047.

d. Owing to the change of business operating of Dalian Pacific Department Store Co., Ltd. (Dalian Pacific Department Store), Dalian Pacific Department Store entered into a lease agreement with Dalian Parkland Co., Ltd. and prepaid RMB60,000 thousand to Dalian parkland Co., Ltd. as a rental. The amounts of the rental is amortized over the lease term period.

e. In November 2001, under an agreement, Ai Mai will lease a hypermarket from the Hsin-Chu Chemical Industry, Ltd. (HCCI). HCCI will provide the land and build the hypermarket. The related construction expenses will be paid by HCCI and Ai Mai at the ratio of 1:2 (1 refers to HCCI). The payment (including the previous development expenses) by Ai Mai will be regarded as prepaid rent and amortized over the rent period upon the remaining - lease term beginning from the opening day (19 years and 3 months). The Hsin-Chu branch of Ai Mai opened in October 2003.

f. Shanghai Pacific Department Store obtained land use rights amortizable over 30 years on the basis of the straight-line method.

g. On July 8, 2015, Chubei New Century Shopping Mall Co., Ltd. signed a BOT investment contract with Hsinchu County Government. The total royalty of this investment contract was $10,000 thousand, and completing the registration of its acquisition of the land use rights in September 2015. Under the contract, Chubei New Century Shopping Mall Co., Ltd has the right to use the land for 50 years (including construction and operation period) from the date of this agreement was signed by both parties. The rent amount for a land is based on 1% of the land owners' reported value in the construction period and 3% of the land owners' reported value in the operation period, respectively. And, the rent amount will be adjusted in accordance with the assessed and publicly announced land value.

20. OTHER ASSETS

	December 31	
	2015	2014
Refundable deposits (Note 32)	$ 1,740,859	$ 1,803,719
Leasing incentives	50,703	80,583
Long-term prepayments	42,931	34,505
Other	129,472	138,392
	$ 1,963,965	$ 2,057,199
Current	$ 90,102	$ 102,260
Non-current	1,873,863	1,954,939
	$ 1,963,965	$ 2,057,199

21. BORROWINGS

a. Short-term borrowings

	December 31 2015	December 31 2014
Credit loans	$ 8,547,945	$ 5,778,590
Secured loans (Note 36)	951,788	895,695
	$ 9,499,733	$ 6,674,285
Interest rate intervals are as follows:		
Credit loans	1.050%-5.350%	1.050%-5.600%
Secured loans	1.100%-4.370%	1.630%-1.750%

b. Short-term bills payable

	December 31 2015	December 31 2014
Commercial papers	$ 2,352,000	$ 2,993,000
Less: Unamortized discount on bills payable	980	1,317
	$ 2,351,020	$ 2,991,683

Outstanding short-term bills payable as follows:

December 31, 2015

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Commercial papers						
Mega Bills Finance	$ 1,187,000	$ 279	$ 1,186,721	0.800%-1.188%	Shares	$ 660,225
China Bills Finance	840,000	482	839,518	0.550%-1.188%	Shares	68,500
Ta Ching Bill Finance	150,000	18	149,982	0.650%	-	-
Grand Bills Finance	100,000	157	99,843	1.168%	-	-
International Bills Finance	75,000	44	74,956	1.188%	Shares	73,980
	$ 2,352,000	$ 980	$ 2,351,020			$ 802,705

December 31, 2014

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Commercial papers						
Mega Bills Finance	$ 1,210,000	$ 537	$ 1,209,463	0.830%-1.238%	Shares	$ 700,578
China Bills Finance	802,000	475	801,525	0.740%-0.820%	Shares	97,500
Grand Bills Finance	382,000	126	381,874	0.840%-0.850%	-	-
Taiwan Cooperative Bills Finance	200,000	74	199,926	0.880%	-	-
Taiwan Finance	200,000	37	199,963	0.900%	-	-
International Bills Finance	149,000	25	148,975	0.670%	Shares	105,300
Ta Ching Bill Finance	50,000	43	49,957	0.810%	-	-
	$ 2,993,000	$ 1,317	$ 2,991,683			$ 903,378

c. Long-term borrowings

	December 31 2015	December 31 2014
Syndicated loans		
Taiwan Cooperative Bank, CTBC Bank, etc. (1)	$ 3,992,000	$ 2,592,000
Taiwan Cooperative Bank and Hua Nan Commercial Bank, etc. (2)	1,500,000	1,400,000
Hua Nan Commercial Bank, etc. (3)	-	165,000
Taiwan Cooperative Bank and Chang Hwa Commercial Bank, etc. (4)	-	-
	5,492,000	4,157,000
Secured loans (5)	11,900,000	13,550,000
Credit loans (6)	2,400,000	2,610,000
Revolving credit extension commercial papers (7)	996,945	2,995,770
	20,788,945	23,312,770
Less: Current portion	1,959,200	1,764,429
Long-term borrowings	$ 18,829,745	$ 21,548,341

1) SOGO obtained from 11 banks, consisting of the Taiwan Cooperative Bank, CTBC Bank, and others, a $6,000,000 thousand syndicated loan, comprising types A, B and C.

   Type A, which amounted to $3,000,000 thousand, was obtained in December 2014, loan maturity is in December 2019, with monthly interest rates. The first installment is due in 2 years after the first loan drawdown, with the 7 succeeding installment payments due every 6 months at these amounts: The first to sixth installments, at 10% of principal; and the seventh installment, at 40% of principal and other remaining amounts.

   Type B is a credit loan of $2,000,000 thousand, repayable from December 2014 to December 2019. The first installment is due in 2 years after the first loan drawdown, and the remaining principal is repayable every 6 months in 7 installments, with the first to sixth installments to decrease the principal by 10%. When the credit amount decreases and the used credit amount of Type B exceeds its maximum amount, the exceeded portion of the credit amount should be paid off and the final installment is due on loan maturity.

   Type C is a $1,000,000 thousand commercial paper-guaranteed loan obtained in December 2014 and maturing in December 2019. Under the Type C loan, SOGO can apply to the bills finance corporation for contract extension within 2 months before the expiry of the loan. If the bills finance corporation approves the application, the total credit period, which includes the extension period, is up to 5 years from the date of the first drawdown.

2) SOGO obtained from 3 banks - Taiwan Cooperative Bank, Hua Nan Commercial Bank and Agricultural Bank of Taiwan - a $2,000,000 thousand syndicated medium-term loan with monthly interests and a term from April 2012 to April 2017, which had been entirely drawn down. The first repayment is due in 42 months after the first loan drawdown, with subsequent repayments to be made in 4 installments every 6 months and all repayments to be made at equal amounts.

   a) Under the syndicated loan contract, it requires SOGO to maintain a specific net value and a certain liquidity ratio on the basis of the SOGO's financial statements.

   b) Another requirement under the syndicated loan contract is that the Company should maintain control over SOGO's personnel, finance, and business operations as well as decision making.

3) In November 2012, the Company and three of its related parties - Bai Ding Investment, Bai Yang Investment and FEDS Asia Pacific Development - jointly signed an unsecured syndicated loan contract with Hua Nan Commercial Bank, Land Bank of Taiwan and Yuanta Commercial Bank. Under this contract, the Company and these three related parties obtained a $2,200,000 thousand revolving line of credit, with floating interest rate and maturity in November 2015. The credit loan was paid off in January 2015.

4) SOGO obtained from 7 banks, consisting of the Taiwan Cooperative Bank, Chang Hwa Commercial Bank, and others, a $5,000,000 thousand syndicated loan, comprising types A, B and C.

   Type A, which amounted to $3,200,000 thousand, was obtained in November 2010 and had entirely been drawn down; loan maturity is in November 2017, with monthly interest rates. The first installment is due in 3 years after the first loan drawdown, with the 9 succeeding installment payments due every 6 months at these amounts: The first installment, at 5% of principal; the second to fifth installments, at 7% of principal; the sixth to eighth installments, at 10% of principal; and the ninth installment, at 37% of principal and other remaining amounts.

   Type B is a credit loan of $800,000 thousand, repayable from November 2010 to November 2015. The first installment is due in 3 years after the first loan drawdown, and the remaining principal is repayable every 6 months in 5 installments, with the first and second installments to decrease the principal by 5%; and the third and fourth installments to decrease the principal by 10%. When the credit amount decreases and the used credit amount of Type B exceeds its maximum amount, the exceeded portion of the credit amount should be paid off and the final installment is due on loan maturity.

   Type C is a $1,000,000 thousand commercial paper-guaranteed loan obtained in November 2010 and maturing in November 2015. Under the Type C loan, SOGO can apply to the bills finance corporation for contract extension within 2 months before the expiry of the loan. If the bills finance corporation approves the application, the total credit period, which includes the extension period, is up to 5 years from the date of the first drawdown.

   According to the loan contract, it requires SOGO to maintain a specific net value and a certain liquidity ratio on the basis of the SOGO's financial statements.

   Following are the terms of another agreement on the above syndicated loan:

   a) The Company should maintain their right to manage and control SOGO's personnel, finance and business operations as well as decision making.

   b) On the pledge for the syndicated loan of Windance Shopping Center, should begin operating or should be partially operating by the end of June 2012 and should deposit its operating revenue to the SOGO's account in those banks giving credit facility to SOGO. From July 2012, the accumulated amount of deposit account should be upper than $1,000,000 thousand every 6 months. If the deposit amount does not meet the accumulation requirement, SOGO should make up the balance within 10 operating days of receiving a written notice from the banks. In addition, SOGO should pay an additional amount at 0.10 % of the difference between the required amount and the actual accumulated amount. However, the banks should not consider the failure of meeting the accumulated amount requirement as a breach of the loan requirement.

      In December 2014, the syndicated loan is paid off by SOGO before the loan maturity date.

5) Except for the remaining amounts of secured loans signed with the financial institutions of $5,400,000 thousand on December 31, 2015 and $12,850,000 thousand on December 31, 2014 were the revolving line of credit contract so recorded as a medium-term loan. The rest of the syndicated loan which amounted $1,500,000 thousand was from the Taiwan Cooperative Bank and fully drawn by SOGO. The loan is repayable from February 2012 to February 2017, with monthly interest rates. The principal is repayable in 8 installments from May 2015 every 3 months. The syndicated loan was paid off by SOGO with $800,000 thousand in May 2014 and $700,000 thousand in March 2015, respectively.

6) For credit loans amounting to $1,200,000 thousand on December 31, 2015 and $1,300,000 thousand on December 31, 2014, the Group negotiated medium-term and long-term loan contracts, and the Group allowed the extension of the repayment deadlines for these loans. Thus, these obligations were classified as long-term loan. The credit loans with the following banks as of December 31, 2015 were as follows:

   a) Land Bank of Taiwan: SOGO's credit loan of $3,892,000 thousand was drawn, and the loan repayment period is from December 2009 to December 2019. Interest is payable every month, and the credit loan was paid off by SOGO in March 2015.

   b) Mega International Commercial Bank: SOGO's credit loan of $1,000,000 thousand obtained originally had decreased to 800,000 in 2015. The loan term is in the period of August 2013 to August 2016, the interest is payable monthly and the loan should be fully repaid on maturity. The credit loan was paid off by SOGO in October 2015.

   c) Hua Nan Bank: The Company's credit loan of $300,000 thousand was drawn, and the loan repayment period is from August 2015 to August 2016. Interest is payable every month, and the loan should be fully repaid on maturity. The credit loan was paid off in October 2015.

   d) Yuanta Commercial Bank: FEDS Asia Pacific Development's credit loan of $200,000 thousand obtained in January 2013, 3 year loan period full repayment made in January 2016.

   e) Yuanta Commercial Bank: Bai Ding Investment's credit loan of $200,000 thousand obtained in December 2012, 3 year loan period and the credit loans was paid off in December 2015.

   f) Taishin International Bank: Bai Ding Investment's credit loan of $200,000 thousand obtained in November 2012, 3 year loan period and the credit loans was paid off in November 2015.

   g) Taishin International Bank: FEDS Asia Pacific Development's credit loan of $200,000 thousand obtained in November 2012, 3 year loan period and the credit loans was paid off in November 2015.

7) The Group negotiated other medium-term and long-term commercial paper secured loan contracts, and the Group allowed the extension of the repayment deadlines for these loans. Thus, these obligations were classified as long-term loan.

22. BONDS PAYABLE

	December 31	
	2015	2014
Secured domestic bonds payable (a)	$ 1,000,000	$ 2,000,000
Less: Unamortized discount on convertible bonds	5,581	7,440
	994,419	1,992,560
Less: Current portion	-	1,000,000
	$ 994,419	$ 992,560

a. Secured domestic bonds payable

1) The aggregate face value of secured domestic bonds payable (21st) by the Company on September 7, 2010 was $1,000,000 thousand. These bonds will mature on September 7, 2015. The bonds were repayable in lump sum on maturity. Interest on these bonds is 1.38%, payable annually. The secured domestic bonds payable was paid off in September 2015.

2) The face value of secured domestic bonds issued by SOGO on December 30, 2013, was $1,000,000 thousand. These bond will be matured on December 30, 2018. The bonds were repayable in lump sum on maturity. Interest on these bonds is 1.75% payable annually. The bonds were guaranteed by Taiwan Cooperative Bank for issuing.

b. Unsecured domestic convertible bonds payable

The Company issued 3 year unsecured domestic convertible bonds (first tranche) with a total amount of $2,500,000 thousand at a par value of $100 thousand, a conversion price of $57.84, and 0% interest rate.

The bondholders may exchange their bonds for common shares at any time between April 4, 2011 and February 21, 2014, except for the period (a) from the 15 day before the book closure date of share dividend issuance to the effective date of dividend distribution, (b) from the 15 day before the book closure date of cash dividend issuance to the effective date of dividend distribution, (c) from the 15 day before the book closure date of new share issuance to the effective date of new share distribution, (d) from the capital reduction record date to the day prior to the trading day for exchange of new shares, or (e) others, by the law.

When the Company issues new shares or converts earnings into capital, the Company should adjust the exchange price using a formula on the basis of the rules of bond issuance. However, adjustments should always be downward, never upward.

Based on the bond issuance rules, the exchange price was $57.84 per share on the issuance date. Because of a capital increase from retained earnings and cash dividends, the exchange price was reset; the adjusted exchange price was $47.17 per share in 2013.

The Company bifurcated the bonds into options and liabilities and recognized these as equities and liabilities, respectively. The option component amount of $108,930 thousand was calculated by deducting the fair value of the liability components, liability component transaction cost and the equity component transaction cost of $277 thousand from the bond issue price, which is recognized as "additional paid-in capital - share options." The price of the liability components of $2,385,759 thousand was recognized by deducting the transaction costs $5,034 thousand from the balance of fair value on March 3, 2011.

When the balance of outstanding bonds becomes lower than 10% of the total original issued value at any time between September 4, 2011 (the 6 month after the issuance date) and January 22, 2014 (the 40th day before the maturity date), the Company has the right to redeem the outstanding bonds at face value in cash.

The convertible bonds contained two components: The liability instrument and the conversion option derivative instrument. The conversion option derivative instrument can be recognized as “additional paid-in capital - share options”. The effective interest rate of the liability on initial recognition was 1.56 % per annum.

The interest expense for the recognized amortization of the discount on bonds payable were $6,488 thousand in 2014.

The domestic convertible bonds payable were repaid in March 2014.

23. NOTES PAYABLE AND TRADE PAYABLES (INCLUDING RELATED PARTIES)

	December 31	
	2015	2014
Notes payable		
Notes payable - operating	$ 52,203	$ 63,291
Notes payable - non-operating	21	12
	$ 52,224	$ 63,303
Trade payables		
Trade payables - operating	$ 16,725,720	$ 17,754,292

24. OTHER LIABILITIES

	December 31	
	2015	2014
Other payables		
Leasing incentives	$ 2,362,574	$ 2,512,798
Balance payable - salary and bonus	899,925	896,672
Balance payable - property	816,985	1,301,510
Rental payables	455,624	318,453
Balance payable - remuneration to directors and supervisors	200,347	190,698
Balance payable - bonus to employees	160,005	157,760
Dividend payables	95,542	103,237
Others	2,002,273	2,276,067
	$ 6,993,275	$ 7,757,195

(Continued)

	December 31	
	2015	2014
Deferred revenue		
Arising from customer loyalty program	$ 98,552	$ 65,656
Other liabilities		
Deposits received	$ 567,109	$ 617,733
Others	340,033	264,177
	$ 907,142	$ 881,910
Current		
Other payables	$ 4,895,382	$ 5,495,103
Deferred revenue	$ 98,552	$ 65,656
Other liabilities	$ 309,764	$ 265,157
Non-current		
Other liabilities	$ 2,695,271	$ 2,878,845

(Concluded)

25. PROVISIONS

	December 31	
	2015	2014
Decommissioning obligations	$ 34,058	$ 31,222
Customer returns and rebates	-	4,135
	$ 34,058	$ 35,357
Current	$ 3,000	$ 4,135
Non-current	31,058	31,222
	$ 34,058	$ 35,357

	Decom-missioning Obligations	Customer Returns and Rebates	Total
Balance at January 1, 2014	$ 30,483	$ 4,135	$ 34,618
Unwinding of discount and effect of changes in the discount rate	739	-	739
Balance at December 31, 2014	31,222	4,135	35,357
Addition during the year	2,508	-	2,508
Reversing un-usage balances during the year	-	(4,135)	(4,135)
Unwinding of discount and effect of changes in the discount rate	328	-	328
Balance at December 31, 2015	$ 34,058	$ -	$ 34,058

26. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group in Taiwan adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension account at 6% of monthly salaries and wages.

The employees of the Group in Mainland China are members of a state-managed retirement benefit plan operated by the local government of Mainland China. The Group in Mainland China are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group in the Taiwan region contribute amounts equal to 2%-6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees conforming to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Group has no right to influence the investment policy and strategy.

The pension costs of Yu Ming Advertising Agency Co., Ltd were all amounting $13 thousand in 2015 and 2014. And the accrued pension liabilities on December 31, 2015 and 2014, were all amounting $611 thousand.

Far Eastern Hong Li Do terminated sales business on July 1, 2000. Thus, the employees of Far Eastern Hong Li Do became the employees of Ai Mai. The length of services of the employees at Far Eastern Hong Li Do is carried forward to accumulate and calculated the defined benefit plans at Ai Mai. If the employees retired, the calculation of pension costs on the basis of the length of service at Far Eastern Hong Li Do. The accrued pension liabilities on December 31, 2015 and 2014 were $1,938 thousand and $2,039 thousand, respectively. These accrued pension liabilities were provisions for aforementioned pension.

The amounts included in the consolidated balance sheets arising from the Group's obligation on its defined benefit plans were as follows:

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
December 31, 2015				
Present value of defined benefit obligation	$ 881,675	$ 231,746	$ 13,581	$ 741,813
Fair value of plan assets	(704,911)	(41,825)	(8,949)	(313,071)
Net defined benefit liabilities	$ 176,764	$ 189,921	$ 4,632	$ 428,742

(Continued)

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
December 31, 2014				
Present value of defined benefit obligation	$ 844,876	$ 209,354	$ 15,543	$ 712,534
Fair value of plan assets	(1,030,658)	(56,873)	(8,536)	(311,380)
Net defined benefit liabilities (assets)	$ (185,782)	$ 152,481	$ 7,007	$ 401,154

(Concluded)

Movements in net defined benefit liabilities (assets) were as follows:

	FEDS			Ai Mai		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2014	$ 822,008	$ (1,044,623)	$ (222,615)	$ 202,817	$ (62,068)	$ 140,749
Service cost						
Current service cost	11,942	-	11,942	3,364	-	3,364
Net interest expense (income)	14,335	(18,302)	(3,967)	3,549	(1,141)	2,408
Recognized in profit or loss	26,277	(18,302)	7,975	6,913	(1,141)	5,772
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	5,139	5,139	-	(319)	(319)
Actuarial loss - changes in demographic assumptions	5,219	-	5,219	8,824	-	8,824
Actuarial loss - experience adjustments	18,500	-	18,500	3,575	-	3,575
Recognized in other comprehensive income	23,719	5,139	28,858	12,399	(319)	12,080
Contributions from the employer	-	-	-	-	(6,120)	(6,120)
Benefits paid	(27,128)	27,128	-	(12,775)	12,775	-
Balance at December 31, 2014	$ 844,876	$ (1,030,658)	$ (185,782)	$ 209,354	$ (56,873)	$ 152,481
Balance at January 1, 2015	$ 844,876	$ (1,030,658)	$ (185,782)	$ 209,354	$ (56,873)	$ 152,481
Service cost						
Current service cost	11,603	-	11,603	2,604	-	2,604
Net interest expense (income)	14,785	(18,037)	(3,252)	3,663	(1,047)	2,616
Recognized in profit or loss	26,388	(18,037)	8,351	6,267	(1,047)	5,220
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	299,468	299,468	-	(427)	(427)
Actuarial loss - changes in demographic assumptions	16,733	-	16,733	11,094	-	11,094
Actuarial loss - changes in financial assumptions	22,250	-	22,250	8,383	-	8,383
Actuarial loss - experience adjustments	15,744	-	15,744	18,997	-	18,997
Recognized in other comprehensive income	54,727	299,468	354,195	38,474	(427)	38,047
Contributions from the employer	-	-	-	-	(5,827)	(5,827)
Benefits paid	(44,316)	44,316	-	(22,349)	22,349	-
Balance at December 31, 2015	$ 881,675	$ (704,911)	$ 176,764	$ 231,746	$ (41,825)	$ 189,921

	Ya Tung Department Stores, Ltd.			SOGO		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2014	$ 15,517	$ (8,128)	$ 7,389	$ 696,880	$ (312,563)	$ 384,317
Service cost						
Current service cost	296	-	296	15,644	-	15,644
Past service cost	(321)	-	(321)	-	-	-
Net interest expense (income)	269	(143)	126	12,195	(5,712)	6,483
Recognized in profit or loss	244	(143)	101	27,839	(5,712)	22,127
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	(49)	(49)	-	(1,818)	(1,818)
Actuarial loss - changes in demographic assumptions	70	-	70	-	-	-
Actuarial loss - experience adjustments	(288)	-	(288)	23,317	-	23,317
Recognized in other comprehensive income	(218)	(49)	(267)	23,317	(1,818)	21,499
Contributions from the employer	-	(216)	(216)	-	(26,789)	(26,789)
Benefits paid	-	-	-	(35,502)	35,502	-
Balance at December 31, 2014	$ 15,543	$ (8,536)	$ 7,007	$ 712,534	$ (311,380)	$ 401,154
Balance at January 1, 2015	$ 15,543	$ (8,536)	$ 7,007	$ 712,534	$ (311,380)	$ 401,154
Service cost						
Current service cost	276	-	276	15,294	-	15,294
Net interest expense (income)	269	(149)	120	12,469	(5,685)	6,784
Recognized in profit or loss	545	(149)	396	27,763	(5,685)	22,078
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	(78)	(78)	-	(2,696)	(2,696)
Actuarial loss - changes in demographic assumptions	6	-	6	50,373	-	50,373
Actuarial loss - changes in financial assumptions	704	-	704	16,737	-	16,737
Actuarial gain - experience adjustments	(1,166)	-	(1,166)	(33,130)	-	(33,130)
Recognized in other comprehensive income	(456)	(78)	(534)	33,980	(2,696)	31,284
Contributions from the employer	-	(186)	(186)	-	(25,774)	(25,774)
Benefits paid	(2,051)	-	(2,051)	(32,464)	32,464	-
Balance at December 31, 2015	$ 13,581	$ (8,949)	$ 4,632	$ 741,813	$ (313,071)	$ 428,742

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit of local banks.

2) Interest risk: A decrease in the government bond interest rate will increase both the present value of the defined benefit obligation and the return on the plan's debt investments. The influence on defined benefit obligation will be partially offset by an increase in the present value of the defined benefit obligation and an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
December 31, 2015				
Discount rates	1.500%	1.375%	1.250%	1.500%
Expected rates of salary increase	2.000%	1.000%	2.000%	2.500%
December 31, 2014				
Discount rates	1.750%	1.750%	1.750%	1.750%
Expected rates of salary increase	2.000%	1.000%	2.000%	2.500%

If propable, reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remains constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
December 31, 2015				
Discount rates				
0.25% increase	$ (22,934)	$ (5,990)	$ (359)	$ (19,131)
0.25% decrease	$ 23,846	$ 6,225	$ 373	$ 19,896
Expected rates of salary increase				
0.25% increase	$ 23,246	$ 6,098	$ 370	$ 19,248
0.25% decrease	$ (22,470)	$ (5,897)	$ (357)	$ (18,605)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
December 31, 2015				
The expected contributions to the plan for the next year	$ 16,633	$ 5,734	$ 270	$ 25,933
The average duration of the defined benefit obligation	10.7 year	10.4 year	11.0 year	10.5 year
December 31, 2014				
The expected contributions to the plan for the next year	$ 39,666	$ 6,013	$ 336	$ 26,913
The average duration of the defined benefit obligation	10.7 year	10.0 year	11.0 year	9.3 year

27. EQUITY

a. Share capital

Common shares

	December 31	
	2015	2014
Numbers of shares authorized (in thousands)	1,750,000	1,750,000
Capital authorized	$ 17,500,000	$ 17,500,000
Number of shares issued and fully paid (in thousands)	1,416,941	1,439,196
Capital issued	$ 14,169,406	$ 14,391,956

Fully paid common shares, which have a par value of $10, are entitled to one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2015	2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Share issuance in excess of par value	$ 2,142,074	$ 2,175,718
Arising from treasury share transactions	1,173,346	1,322,456
May not be used for any purpose		
Arising from changes in percentage of ownership interest in associates	-	78
	$ 3,315,420	$ 3,498,252

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).

	Share Issuance in Excess of Par Value	Arising from Treasury Share Transactions	Share Options	Arising from Changes in Percentage of Ownership Interest in Associates	Total
Balance at January 1, 2014	$ 2,175,718	$ 1,213,526	$ 108,930	$ -	$ 3,498,174
Expiry of convertible bonds	-	108,930	(108,930)	-	-
Arising from changes in percentage of ownership interest in associates	-	-	-	78	78
Balance at December 31, 2014	2,175,718	1,322,456	-	78	3,498,252
Treasury share transaction	(33,644)	(149,110)	-	-	(182,754)
Arising from changes in percentage of ownership interest in associates	-	-	-	(78)	(78)
Balance at December 31, 2015	$ 2,142,074	$ 1,173,346	$ -	$ -	$ 3,315,420

c. Retained earnings and dividend policy

Under on the Company's Articles of Incorporation, net income should be used to pay its business income tax and offset deficits. From any remaining net income will be appropriated 10% as legal reserve and a special reserve as required by government regulations. After adding prior years' unappropriated earnings, the Company would retain a certain amount for expansion plans and then make the following appropriations:

Dividends	60%
Bonus to stockholders	33%
Bonus to employees	4%
Remuneration to directors and supervisors	3%

The Company's dividend distribution depends on economic conditions, tax obligations, and operating requirements for cash. For an orderly dividend distribution, the dividend is distributed in accordance with the Articles of Incorporation. The cash dividends to be distributed should not be below 10 % of total cash and shares dividends for the current accounting year.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on March 24, 2016, and are subject to the resolution of the shareholders in their meeting to be held on June 17, 2016. For information about the accrual basis of the compensation of employees and remuneration of directors and supervisors and the actual appropriations, please refer to g. Employee benefits expense in Note 29.

The Company appropriated and reversed special reserve in accordance with Order No. 1010012865, Order No. 1010047490, and Order No. 1030006415 issued by the FSC and the directive entitled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident stockholders, all stockholders are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

On June 22, 2015 and June 20, 2014, FEDS's shareholders approved the appropriation from the earnings of 2014 and 2013, respectively, as follows:

	Appropriation of Earnings		**Dividend Per Shares (Dollars)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2014	**2013**	**2014**	**2013**
Legal reserve	$ 152,906	$ 216,556		
Cash dividends	1,439,196	1,622,623	$ 1.00	$ 1.15
Share dividends	-	282,195	-	0.20

The appropriation of the 2015 earnings was proposed by the board of directors on March 24, 2016. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (Dollars)
Legal reserve	$ 171,477	
Special reserve	68,426	
Cash dividends	1,416,940	$ 1.00

Appropriation of earnings for 2015 are subject to the resolution of the shareholders' meeting to be held on June 17, 2016.

d. Special reserve

	For the Year Ended December 31	
	2015	2014
Beginning at January 1	$ 2,461,168	$ 1,931,285
Appropriation in respect of		
First application of fair value model for investment properties	-	529,883
Balance at December 31	$ 2,461,168	$ 2,461,168

On the initial application of fair value model to investment properties, the Company appropriated for a special reserve at the amount that were the same as the net increase arising from fair value measurement and transferred to retained earnings. Additional special reserve should be appropriated for subsequent net increase in fair value. The amount appropriated may be reversed to the extent that the cumulative net increases in fair value decrease or in the disposal of investment properties.

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2015	2014
Balance at January 1	$ 70,999	$ 10,256
Exchange differences arising on translating the financial statements of foreign operations	(14,670)	60,366
Share of exchange difference of associates accounted for using the equity method	1,154	377
Balance at December 31	$ 57,483	$ 70,999

Translation adjustments arising from net assets of foreign operations that translated from the functional currency to NTD were recognized as other comprehensive incomes of exchange differences on translating foreign operations.

2) Unrealized gains (losses) on available-for-sale financial assets

	For the Year Ended December 31	
	2015	2014
Balance at January 1	$ 3,658,882	$ 3,649,387
Unrealized losses arising on revaluation of available-for-sale financial assets	(1,313,117)	(59,969)
Share of unrealized losses (gains) on revaluation of available-for-sale financial assets of associates accounted for using the equity method	(578,428)	69,464
Balance at December 31	$ 1,767,337	$ 3,658,882

Regarding to unrealized gains on available-for-sale financial assets, the cumulative gains and losses generated from the fair value measurement of available-for-sale financial assets should be recognized under other comprehensive income and should be deducted the amounts of the disposal proceed or the amount of impairments reclassified to profit and loss.

3) Gains on property revaluation

	For the Year Ended December 31	
	2015	2014
Balance at January 1	$ 2,170,970	$ -
Gains on property revaluation	-	2,328,026
Related income tax	-	(157,056)
Balance at December 31	$ 2,170,970	$ 2,170,970

f. Non-controlling interests

	For the Year Ended December 31	
	2015	2014
Balance at January 1	$ 7,790,414	$ 7,884,772
Attributable to non-controlling interests:		
Share of profit for the year	438,531	634,977
Cash dividends distributed by subsidiaries	(587,691)	(728,353)
Exchange difference arising on translation of foreign entities	(9,892)	(11,955)
Unrealized losses on available-for-sale financial assets	(5,759)	(2,026)
Remeasurement of defined benefit plans	(17,135)	(11,770)
Related income tax	2,912	2,077
Adjustment relating to changes of associates accounted for using the equity method	(17,032)	28
Share of other comprehensive income of associates accounted for using the equity method	10,524	22,664
Balance at December 31	$ 7,604,872	$ 7,790,414

g. Treasury shares

(In Thousands of Shares)

Purpose of Buy-Back	To maintain the Company's Credibility and Stockholders' Interest	Shares Held by Its Subsidiaries	Total
Number of shares at January 1, 2014	-	8,046	8,046
Increase during the year	-	161	161
Number of shares at December 31, 2014	-	8,207	8,207
Increase during the year	22,255	-	22,255
Decrease during the year	(22,255)	-	(22,255)
Number of shares at December 31, 2015	-	8,207	8,207

On September 8, 2015, the Company's board of directors resolved to buy back its shares from Stock Exchange Market to maintain the Company's credibility and stockholders' interest. During the repurchase period between September 9, 2015 to November 6, 2015, the Company had bought back 22,255 thousand shares with 405,304 thousand dollars. The board of directors approved the retirement of all of the shares repurchased during the year, amounting to 22,255 thousand shares. The record date for the reverse split was November 20, 2015.

Bai Ding Investment, a subsidiary of the Company, acquired the Company's shares before the year of 2001, as the Company Act was amended. The information on the Company's shares held by the subsidiary as of the reporting date is as follows:

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
December 31, 2015			
Bai Ding Investment Co., Ltd.	8,207	$ 97,110	$ 149,763
December 31, 2014			
Bai Ding Investment Co., Ltd.	8,207	$ 97,110	$ 231,437

Under the Securities and Exchange Act, the Company may not pledge or hypothecate treasury shares. In addition, the Company may not exercise any stockholders' rights on the treasury shares. The Company's shares held by its subsidiaries are treated as treasury share and the holders are entitled to the rights of stockholders, with the exception of participation in capital increases and voting.

28. REVENUE

	For the Year Ended December 31	
	2015	2014
Sales of goods (Note)	$ 26,129,538	$ 26,592,433
Commissions from concessionaires' sales (Note)	14,963,404	15,677,239
Promotion fee income	1,772,608	1,845,219
Rented income from property	1,263,695	1,090,466
Others	869,074	723,436
	$ 44,998,319	$ 45,928,793

Note: Gross revenue are presented as follows:

	For the Year Ended December 31	
	2015	2014
Gross revenue from concessionaires' sales	$ 95,812,264	$ 97,162,587
Sales of goods	26,471,521	26,910,057
	$ 122,283,785	$ 124,072,644

29. NET INCOME

Net income included some items as follows:

a. Operating costs

	For the Year Ended December 31	
	2015	2014
Operating costs		
Cost of sales	$ 21,923,608	$ 22,452,617
Rental costs	193,412	138,040
Others	140,913	128,770
	$ 22,257,933	$ 22,719,427

b. Other income

	For the Year Ended December 31	
	2015	2014
Dividends	$ 302,019	$ 268,122
Interest income		
Bank deposits	71,767	93,230
Others	4,251	8,532
	$ 378,037	$ 369,884

c. Other gains and losses

	For the Year Ended December 31	
	2015	2014
Gain (loss) arising from the changes in fair value of investment properties	$ 357,044	$ (21,931)
Net gain arising on financial assets classified as held for trading	16,658	46,651
Net foreign exchange gain (loss)	(131,762)	19,198
Loss on disposal of property, plant and equipment	(36,518)	(18,330)
Impairment loss on intangible assets	-	(495,605)
Impairment loss on property, plant and equipment	-	(4,637)
Other gains	328,461	249,672
Other losses	(370,198)	(51,687)
	$ 163,685	$ (276,669)

d. Financial costs

	For the Year Ended December 31	
	2015	2014
Interest on bank loans (Note 35)	$ 464,749	$ 480,625
Interest on bonds	28,774	39,550
Other interest expense	27,731	46,661
Total interest expense for financial liabilities measured at amortized cost	521,254	566,836
Add: Reversal of unwinding of discounts on provisions	328	739
Less: Amounts included in the cost of qualifying assets	(60,367)	(102,384)
	$ 461,215	$ 465,191

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2015	2014
Capitalized interest	$ 60,367	$ 102,384
Capitalization rate	1.3600%-1.7261%	1.2600%-1.7300%

e. Depreciation and amortization

	For the Year Ended December 31	
	2015	2014
Property, plant and equipment	$ 3,329,608	$ 3,226,369
Less: Adjustment to advance receipts and depreciation	(268,422)	(274,731)
	3,061,186	2,951,638
Intangible assets (including amortization expense)	35,644	28,907
	$ 3,096,830	$ 2,980,545

(Continued)

	For the Year Ended December 31	
	2015	2014
An analysis of depreciation by function		
Operating costs	$ 75,332	$ 75,077
Operating expenses	2,985,854	2,876,561
	$ 3,061,186	$ 2,951,638
An analysis of amortization by function		
Operating expenses	$ 35,644	$ 28,907

(Concluded)

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2015	2014
Generated rental income	$ 60,625	$ 41,773
Did not generate rental income	80,209	73,379
	$ 140,834	$ 115,152

g. Employee benefits expense

	For the Year Ended December 31	
	2015	2014
Post-employment benefits		
Defined contribution plans	$ 257,985	$ 255,480
Defined benefit plans (see Note 26)	36,058	35,988
	294,043	291,468
Other employee benefits	4,993,052	4,942,377
Total employee benefit expenses	$ 5,287,095	$ 5,233,845
An analysis of employee benefits expense by function		
Operating expenses	$ 5,287,095	$ 5,233,845

The existing Articles of Incorporation of the Company stipulate to distribute bonus of employees and remuneration of directors and supervisors at the rates of 4% and 3% of net income, respectively. For the year ended December 31, 2014, the bonus of employees and the remuneration of directors and supervisors were $57,133 thousand and $42,850 thousand of the base net income, respectively.

In compliance with the Company Act amended in May 2015, approved by the Company's board of directors on March 24, 2016, the proposed amended Articles of Incorporation of the Company stipulate the distribution of compensation of employees and remuneration of directors and supervisors at the rates between 2% to 3.5% and no higher than 2.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. For the year ended December 31, 2015, the compensation of employees and the remuneration of directors and supervisors were $71,163 thousand and $53,373 thousand, respectively, representing 3.2% and 2.4%, respectively, of the base net profit. The board of directors had resolved to distribute the compensation and the remuneration thereof in cash on March 24, 2016; this resolution was to be approved in the shareholders' meeting held for the amendment to the Company's Articles of Incorporation on June 17, 2016.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements of the fiscal year are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The bonuses of employees and remuneration of directors and supervisors for 2014 and 2013, which have been approved in the shareholders' meetings on June 22, 2015 and June 20, 2014, respectively, were as follows:

	For the Year Ended December 31			
	2014		2013	
	Cash	**Stock**	**Cash**	**Stock**
Bonus to employees	$ 61,901	$ -	$ 81,927	$ -
Remuneration of directors and supervisors	46,426	-	61,446	-

The bonus of employees and the remuneration of directors and supervisors for the years ended December 31, 2014 and 2013, approved in the shareholders' meetings on June 22, 2015 and June 20, 2014, and the amounts recognized in the financial statements for the years ended December 31, 2014 and 2013, respectively, were as follows:

	For the Year Ended December 31			
	2014		2013	
	Bonus to Employees	**Remuneration of Directors and Supervisors**	**Bonus to Employees**	**Remuneration of Directors and Supervisors**
Amounts approved in shareholders' meetings	$ 61,901	$ 46,426	$ 81,927	$ 61,446
Amounts recognized in respective financial statements	57,133	42,850	83,828	62,871
	$ 4,768	$ 3,576	$ (1,901)	$ (1,425)

The differences were adjusted to profit and loss for the years ended December 31, 2015 and 2014.

Information on the employees' compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors in 2016 and bonus of employees, directors and supervisors resolved by the shareholders' meeting in 2015 and 2014 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

30. INCOME TAX

a. Major components of tax expense

	For the Year Ended December 31	
	2015	2014
Current tax		
In respect of the current year	$ 555,711	$ 816,999
Income tax on unappropriated earnings	36	4,323
Adjustments for prior years	178,338	121,348
Investment tax credits	(10,000)	-
	724,085	942,670
Deferred tax		
In respect of the current year	481,807	(13,304)
Adjustments to deferred tax attributable to changes in tax rates and laws	4,771	6,506
Adjustments for prior years	50,709	(10,872)
	537,287	(17,670)
Income tax expense recognized in profit or loss	$ 1,261,372	$ 925,000

A reconciliation of accounting profit and income tax expenses and the applicable tax rate is as follows:

	For the Year Ended December 31	
	2015	2014
Profit before tax from continuing operations	$ 3,414,673	$ 3,084,418
Income tax expense calculated at the statutory rate	$ 543,412	$ 536,506
Nondeductible expenses in determining taxable income	48,486	69,021
Deferred tax effect of earnings of subsidiaries	(306,772)	(257,525)
Tax-exempt income	(1,676)	(91,094)
Unrecognized investment credits	(10,000)	-
Income tax on unappropriated earnings	36	4,323
Land value increment tax	150,931	75,908
Unrecognized loss carryforwards	319,008	343,140
Unrecognized deductible temporary differences	323,150	214,030
Adjustments for prior years' tax	229,047	39,298
Others	(34,250)	(8,607)
Income tax expense recognized in profit or loss	$ 1,261,372	$ 925,000

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of the 2016 appropriation of earnings is uncertain, the potential income tax consequences of 2015 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2015	2014
Current tax		
Remeasurement of defined benefit plans	$ 72,026	$ 10,735
Gains on property revaluation	-	(157,056)
Total income tax recognized in other comprehensive income	$ 72,026	$ (146,321)

c. Current tax assets and liabilities

	December 31	
	2015	2014
Current tax assets		
Benefit of tax losses to be carried back to recover taxes paid in prior periods	$ 646	$ 179,705
Tax refund receivable	5,136	20,910
	$ 5,782	$ 200,615
Current tax liabilities		
Income tax payable	$ 182,997	$ 512,116

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2015

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Leasing incentives	$ 334,964	$ (47,193)	$ -	$ (2,701)	$ 285,070
Investments accounted for using the equity method	194,657	(155,609)	-	-	39,048
Difference of pension cost between financial reporting and tax reporting	87,830	(30,922)	72,026	-	128,934
Allowance for reduction of inventory to market	64,119	(1,027)	-	-	63,092
Allowance for impairment loss	39,129	(4,507)	-	-	34,622
Promotion expenses on coupons	34,101	(16,707)	-	-	17,394
Investments in subsidiaries	31,096	(13,170)	-	-	17,926
Investment properties	18,133	-	-	-	18,133
Others	22,555	3,237	-	(335)	25,457
	826,584	(265,898)	72,026	(3,036)	629,676
Loss carryforwards	100,028	(4,771)	-	2,461	97,718
	$ 926,612	$ (270,669)	$ 72,026	$ (575)	$ 727,394

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax liabilities					
Temporary differences					
Depreciation	$ 745,400	$ 52,002	$ -	$ -	$ 797,402
Reserve for land revaluation increment tax	508,719	-	-	-	508,719
Investment properties	240,625	150,931	-	-	391,556
Investments in subsidiaries	212,338	44,342	-	(4,195)	252,485
Others	21,979	19,343	-	(89)	41,233
	$ 1,729,061	$ 266,618	$ -	$ (4,284)	$ 1,991,395

(Concluded)

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Leasing incentives	$ 359,353	$ (31,764)	$ -	$ 7,375	$ 334,964
Investments accounted for using the equity method	181,712	12,945	-	-	194,657
Difference of pension cost between financial reporting and tax reporting	82,972	(620)	5,478	-	87,830
Allowance for reduction of inventory to market	63,975	144	-	-	64,119
Promotion expenses on coupons	39,062	(4,961)	-	-	34,101
Allowance for impairment loss	38,765	364	-	-	39,129
Investments in subsidiaries	28,311	2,785	-	-	31,096
Investment properties	18,133	-	-	-	18,133
Others	39,529	(17,792)	-	818	22,555
	851,812	(38,899)	5,478	8,193	826,584
Loss carryforwards	88,413	10,417	-	1,198	100,028
	$ 940,225	$ (28,482)	$ 5,478	$ 9,391	$ 926,612
Deferred tax liabilities					
Temporary differences					
Depreciation	$ 686,257	$ 59,143	$ -	$ -	$ 745,400
Reserve for land revaluation increment tax	508,719	-	-	-	508,719
Investments in subsidiaries	256,452	(53,217)	-	9,103	212,338
Investment properties	133,966	(50,397)	157,056	-	240,625
Others	23,447	(1,681)	-	213	21,979
	$ 1,608,841	$ (46,152)	$ 157,056	$ 9,316	$ 1,729,061

e. Deductible temporary differences, unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets.

	December 31	
	2015	**2014**
Loss carryforwards		
Expire in 2025	$ 837,015	$ -
Expire in 2024	716,224	1,456,343
Expire in 2023	678,929	1,266,246
Expire in 2022	774,849	1,362,008
Expire in 2021	399,235	790,649
Expire in 2020	183,485	590,663
Expire in 2019	278,582	262,545
Expire in 2018	530,247	514,436
Expire in 2017	1,036,462	1,022,730
Expire in 2016	1,176,573	1,201,394
Expire in 2015	-	1,087,955
	$ 6,611,601	$ 9,554,969
Deductible temporary differences	$ 4,989,671	$ 3,149,655

f. Information about unused loss carryforward

Loss carryforwards as of December 31, 2015 comprised of:

Unused Balance	**Expiry Year**
$ 911,408	2025
773,651	2024
707,506	2023
783,109	2022
399,235	2021
183,485	2020
374,259	2019
611,694	2018
1,107,697	2017
1,272,433	2016
$ 7,124,477	

g. Integrated income tax

	December 31	
	2015	**2014**
Imputation credits accounts	$ 427,636	$ 386,608

	For the Year Ended December 31	
	2015 (Expected)	**2014**
Creditable ratio for distribution of earning	18.27%	21.31%

h. Income tax assessments

The tax returns through 2013 have been assessed by the tax authorities.

31. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2015	**2014**
Basic earnings per share	$ 1.20	$ 1.07
Diluted earnings per share	$ 1.20	$ 1.07

The earnings and weighted average number of common shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2015	**2014**
Net profit attributable to owners of the Company	$ 1,714,770	$ 1,524,441
Effect of potentially dilutive ordinary shares		
Bonus issue to employees	-	-
Earnings used in the computation of diluted earnings per share	$ 1,714,770	$ 1,524,441

Weighted Average Number of Ordinary Shares Outstanding

(In Thousand Shares)

	For the Year Ended December 31	
	2015	**2014**
Weighted average number of common shares in computation of basic earnings per share	1,425,686	1,430,989
Effect of potentially dilutive common shares		
Employees’ compensation or bonus issue to employees	5,785	3,184
Weighted average number of common shares used in the computation of dilutive earnings per share	1,431,471	1,434,173

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

32. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Except for the Note 19 in consolidated financial statements, the Group signed operating lease arrangements with related parties and non-related parties for operating businesses.

As of December 31, 2015 and 2014, the amounts of deposits paid for operating lease arrangements were $1,246,056 thousand and $1,439,793 thousand, respectively.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31	
	2015	**2014**
Not later than 1 year	$ 4,906,396	$ 4,900,034
Later than 1 year but not later than 5 years	16,717,092	15,808,938
Later than 5 years	30,713,002	32,635,199
	$ 52,336,490	$ 53,344,171

Under non-cancelable sublease commitments, the Group expected to receive minimum sublease payments of $74,737 thousand and $116,334 thousand as of December 31, 2015 and 2014, respectively.

The lease payments recognized in profit or loss and the rental payments on sub-lease for the current period were as follows:

	For the Year Ended December 31	
	2015	**2014**
Minimum lease payment	$ 4,916,875	$ 5,087,887
Contingent rental	433,234	519,424
Sublease payment received	(47,415)	(46,585)
	$ 5,302,694	$ 5,560,726

b. The Group as lessor

For investment property that is leased out under the operating lease agreement, refer to Note 17.

As of December 31, 2015 and 2014, the Group received the deposits from operating leasing contract were $117,043 thousand and $134,531 thousand, respectively.

The future minimum lease payments of non-cancellable operating lease were as follows:

	December 31	
	2015	**2014**
Not later than 1 year	$ 646,517	$ 548,331
Later than 1 year but not later than 5 years	1,209,354	1,336,040
Later than 5 years	930,388	1,116,952
	$ 2,786,259	$ 3,001,323

Except receivables of the minimum lease payments, the lease commitments of the Group also included contingent rental agreement requires the lessee to make contingent rental payments based on specific percent of its monthly sales profit.

33. CAPITAL MANAGEMENT

Under its operating development schemes and related government rules, the Group manages its capital to ensure to operate continuously as going concerns while maximizing the return to stockholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt borrowings and equity of the Group (comprising share capital, capital surplus, retained earnings and other equity). The Group's capital management concerns it's the capital expenditures of capital structure and relative risks to ensure the optimal capital structure, the Group may adjust the amount of dividends paid to stockholders, the number of new shares issued, proceeds from borrowings and repayments of borrowings, in order to balance the overall capital structure.

34. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

December 31, 2014

	Carrying Amount	Fair Value Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost					
Convertible bonds (including current portion)	$ 1,000,000	$ 1,001,509	$ -	$ -	$ 1,001,509

b. Fair value of financial instruments that are measured at fair value

Fair value hierarchy

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 351,111	$ -	$ -	$ 351,111
Available-for-sale financial assets				
Securities listed in ROC				
Equity investments	$ 4,158,023	$ -	$ -	$ 4,158,023

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 290,895	$ -	$ -	$ 290,895
Available-for-sale financial assets				
Securities listed in ROC Equity investments	$ 5,476,899	$ -	$ -	$ 5,476,899

There were no transfers between Levels 1 and 2 in the current and prior periods.

c. Categories of financial instruments

	December 31	
	2015	2014
Financial assets		
Fair value through profit or loss (FVTPL)		
Held for trading	$ 351,111	$ 290,895
Loans and receivables (Note 1)	15,117,620	16,283,187
Available-for-sale financial assets (Note 2)	4,769,599	6,260,551
Financial liabilities		
Measured at amortized cost (Note 3)	55,611,841	58,651,023

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes receivable and trade receivables (including related parties), and other receivables and refundable deposits.

Note 2: The balances included the carrying amount of available-for-sale financial assets measured at cost.

Note 3: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable and trade payables (including related parties), other payables, bonds payables, long-term borrowings and deposits received.

d. Financial risk management objectives and policies

The Group's goal of financial risk management is generated from market risks relating to the managements and operations of the Group (including foreign currency, interest rate and other price risks), credit and liquidity risks. In order to reduce financial risk, the Group is committed to identify, assess and avoid the uncertainty of the market and reduce the market changes against the Group's financial performance potential downside effects.

The main financial activities of the Group are governed by the Group's internal management and approved by the board of directors. The financial schemes should be carried out in compliance with the Group's policies.

1) Market risk

a) Exchange rate risk

The Group is exposed to exchange rate risk for holding assets and liabilities at foreign currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are as follows:

	December 31	
	2015	**2014**
Assets		
USD	$ 118,262	$ 85,810
Liabilities		
USD	$ 132,577	$ 127,789

Sensitivity analysis

The Group was mainly affected by the floating rate of USD currency. The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher or lower and all other variables were held constant, the profit before income tax or equity of the Group for 2015 and 2014 would decrease or increase by $4,699 thousand and $13,286 thousand, respectively,

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. To manage this risk, the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2015	**2014**
Interest rate risk at fair value		
Financial assets	$ 1,904,842	$ 6,173,567
Financial liabilities	14,686,267	15,523,956
Interest rate risk at cash flow		
Financial assets	7,367,686	2,900,967
Financial liabilities	21,935,842	16,055,527

Sensitivity analysis

The sensitivity analysis below are determined based on the Group's exposure to interest rates for financial assets and financial liabilities at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate was adjusted in as a result of the volatile financial market. The measurement of the increase or decrease in the interest rates is based on 100 basis points, which is reported to the senior management denoting the management's assessment for the reasonableness of the fluctuation of the interest rates.

If interest rates had been 100 basis points higher or lower and all other variables had been held constant, the income before income tax for the years ended December 31, 2015 and 2014 would have decreased or increased by $145,682 thousand and $131,546 thousand, respectively.

c) Other price risks

The Group is exposed to equity price risks involving equity investments in listed companies and beneficial certificates. The Group's investments in listed companies and beneficial certificates should be in compliance with the rule made by the board of directors in order to achieve the goal of risk management and maximize the returns on investments.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate was adjusted in as a result of the volatile financial market.

If equity prices had been 5% higher or lower, the income before income tax of the Group for the years ended December 31, 2015 and 2014 would have increased or decreased by $17,556 thousand and $14,545 thousand, respectively, as a result of the changes in fair value of held-for-trading investments. The pre-tax other comprehensive income for the years ended December 31, 2015 and 2014 would have increased or decreased by $207,901 thousand and $273,845 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's credit risk is mainly from trade receivables in operating activities, bank deposits and financial instruments in financial activities.

In order to maintain the quality of trade receivables, the Group manages credit risk by assessing customers' credit elements, such as financial status, historical transactions, and obtains the adequate amount of collaterals as guarantees from the high credit risk of customers. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. Regarding to credit risk management in bank deposits and financial instruments, the Group should trade with the counterparties, who are banking with the high credit ratings of financial intuitions.

The balances of trade receivables on December 31, 2015 and 2014, for trade receivables from the Company A were $141,435 thousand and $153,470 thousand, respectively. Except for the above, the Group had no other trade receivables from a single customer, which the amount of trade receivables achieves 10% of the total trade receivables.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations. In addition, management monitors the utilization of bank borrowings and ensures compliance with the demand of daily operations.

For the demand of capital payments for a particular purpose, the Group maintains adequate cash by the way of the long-term finance/borrowings. For the management of cash shortage, the Group monitors cash management and allocates the optimal cash allocations to maintain financial flexibility in order to ensure the mitigation of liquidity risk.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group may be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks' choice to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2015

	On Demand or Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later than 5 Years	Total
Non-derivative financial liabilities							
Short-term borrowings	$ 9,499,733	$ -	$ -	$ -	$ -	$ -	$ 9,499,733
Short-term bills payable	2,351,020	-	-	-	-	-	2,351,020
Notes payable	52,224	-	-	-	-	-	52,224
Trade payables	16,605,966	-	-	-	-	-	16,605,966
Trade payables and notes payable to related parties	119,754	-	-	-	-	-	119,754
Other payables	4,632,671	-	-	-	-	-	4,632,671
Bond payables (including current portion)	-	-	994,419	-	-	-	994,419
Long-term borrowings (including current portion)	1,959,200	11,415,345	3,718,400	1,696,000	2,000,000	-	20,788,945
Deposits received	73,770	346,495	125,505	6,355	1,297	13,687	567,109

December 31, 2014

	On Demand or Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later than 5 Years	Total
Non-derivative financial liabilities							
Short-term borrowings	$ 6,674,285	$ -	$ -	$ -	$ -	$ -	$ 6,674,285
Short-term bills payable	2,991,683	-	-	-	-	-	2,991,683
Notes payable	63,303	-	-	-	-	-	63,303
Trade payables	17,601,054	-	-	-	-	-	17,601,054
Trade payables and notes payable to related parties	153,238	-	-	-	-	-	153,238
Other payables	5,244,397	-	-	-	-	-	5,244,397
Bond payables (including current portion)	1,000,000	-	-	992,560	-	-	1,992,560
Long-term borrowings (including current portion)	1,764,429	11,321,435	5,902,506	3,018,400	1,306,000	-	23,312,770
Deposits received	54,466	363,648	135,275	45,874	4,332	14,138	617,733

The amount included above for variable interest rate instruments for non-derivative financial liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

35. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

a. Operating revenue

	For the Year Ended December 31	
	2015	2014
Sales of goods (Note)		
The associates of investor that has significant influence over the Group	$ 74,746	$ 86,242
Associates	61,607	416,615
Other related parties	15,539	4,467
Investor that has significant influence over the Group	1,311	1,507
	$ 153,203	$ 508,831

Note: Sales to related parties and unrelated parties were under normal terms.

	For the Year Ended December 31	
	2015	2014
Other operating revenue		
The associates of investor that has significant influence over the Group	$ 51,392	$ 46,478
Other related parties	22,293	18,874
Associates	17,002	53,361
	$ 90,687	$ 118,713

b. Operating costs and expenses

	For the Year Ended December 31	
	2015	2014
Operating costs (Note)		
The associates of investor that has significant influence over the Group	$ 165,518	$ 163,830
Other related parties	34,084	34,483
	$ 199,602	$ 198,313

Note: Purchases from related parties and unrelated parties were under normal terms.

	For the Year Ended December 31	
	2015	2014
Operating expenses (Note)		
The associates of investor that has significant influence over the Group	$ 768,781	$ 681,745
Associates	678,870	625,513
Other related parties	473,424	491,262
Investor that has significant influence over the Group	100,646	92,271
	$ 2,021,721	$ 1,890,791

Note: The rent pertaining to related parties is based on agreement and is received or paid monthly or yearly.

c. Other gains and losses

	For the Year Ended December 31	
	2015	2014
Other gains		
The associates of investor that has significant influence over the Group	$ 28,868	$ 27,415
Other related parties	15,143	20,196
Investor that has significant influence over the Group	7,000	7,500
Associates	4,078	765
	$ 55,089	$ 55,876
Other losses		
Associates	$ 7,254	$ 7,384
The associates of investor that has significant influence over the Group	-	6
Investor that has significant influence over the Group	1	5
	$ 7,255	$ 7,395

d. Trade receivables from related parties

	December 31	
	2015	2014
Notes receivable and trade receivables, net		
Associates (Note)	$ 169,750	$ 184,470
Other related parties	6,587	2,356
The associates of investor that has significant influence over the Group	3,832	4,717
Investor that has significant influence over the Group	2,801	388
	$ 182,970	$ 191,931

Note: On December 31, 2015 and 2014, the amount of allowance for impairment loss was $205,079 thousand and $213,983 thousand, respectively.

	December 31	
	2015	2014
Other receivables		
The associates of investor that has significant influence over the Group (Note 1)	$ 1,174,194	$ 1,122,329
Associates	17,410	18,595
Other related parties (Note 2)	8,074	10,796
Investor that has significant influence over the Group	293	-
	$ 1,199,971	$ 1,151,720

Note 1: As of December 31, 2015 and 2014, the amount of finance to related parties was $1,155,276 thousand and $1,113,922 thousand, respectively.

Note 2: As of December 31, 2015 and 2014, the allowances for impairment loss were $16,181 thousand for both of the years.

e. Other assets

	December 31	
	2015	2014
Prepayments		
Associates	$ 43,111	$ 41,157
The associates of investor that has significant influence over the Group	73	225
Other related parties	3,372	2,888
	$ 46,556	$ 44,270
Prepayments for lease		
Other related parties	$ 265,298	$ 261,204
Other current assets		
Associates	$ 570	$ 968
The associates of investor that has significant influence over the Group	15	-
	$ 585	$ 968
Other non-current asset		
Long-term prepayments		
The associates of investor that has significant influence over the Group	$ 1,345	$ -
Leasing incentives		
The associates of investor that has significant influence over the Group	$ 5,579	$ -
Other related parties	1,749	-
Associates	39	-
	$ 7,367	$ -

	December 31	
	2015	2014
Refundable deposits		
Associates	$ 128,808	$ 128,227
The associates of investor that has significant influence over the Group	44,818	37,079
	$ 173,626	$ 165,306
Long-term prepayments for lease		
Other related parties	$ 5,571,263	$ 5,746,477

f. Trade payables to related parties

	December 31	
	2015	2014
Notes payable and trade payables		
The associates of investor that has significant influence over the Group	$ 116,702	$ 145,727
Other related parties	2,734	7,497
Associates	318	14
	$ 119,754	$ 153,238
Other payables		
The associates of investor that has significant influence over the Group	$ 475,495	$ 700,068
Associates	220,027	165,953
Other related parties	171,194	118,571
Investor that has significant influence over the Group	43,991	43,224
	$ 910,707	$ 1,027,816

g. Other liabilities

	December 31	
	2015	2014
Advance receipts		
The associates of investor that has significant influence over the Group	$ 4,237	$ 4,092
Other related parties	2,164	2,426
Associates	30	-
	$ 6,431	$ 6,518
Other current liabilities		
Associates	$ 4,212	$ 456
The associates of investor that has significant influence over the Group	169	381
	$ 4,381	$ 837

	December 31	
	2015	2014
Other non-current liabilities		
Leasing incentive		
The associates of investor that has significant influence over the Group	$ 68,450	$ 46,455
Deposits received		
The associates of investor that has significant influence over the Group	$ 12,904	$ 963
Other related parties	1,032	1,023
	$ 13,936	$ 1,986
Others		
Other related parties	$ 30,267	$ 30,521

h. Construction projects

The Group contracted out construction projects to the associate of investor that has significant influence over the Group. The construction costs in 2015 and 2014 were $243,422 thousand and $273,150 thousand, respectively.

i. Other assets disposal

		Proceeds		Gain on Disposal	
		For the Year Ended December 31		For the Year Ended December 31	
Related Parties Categories	**Line Items**	**2015**	**2014**	**2015**	**2014**
Other related party	Property, plant and equipment	$ 43	$ -	$ 9	$ -

j. Loans to related parties

The Group provided financing to the associates of investor that has significant influence over the Group were as follows:

	For the year ended December 31, 2015			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Interest Income**
Far Eastern New Century (China) Investment Co., Ltd.	$ 1,116,050	$ 1,048,595	-	$ -
Yuan Ding Enterprise (Shanghai) Co., Ltd.	$ 426,725	$ 106,681	-	$ -

	For the year ended December 31, 2014			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Interest Income**
Far Eastern New Century (China) Investment Co., Ltd.	$ 2,152,200	$ 1,011,059	-	$ -
Yuan Ding Enterprise (Shanghai) Co., Ltd.	$ 386,759	$ 102,863	-	$ -

k. Loans from related parties

Financing from other related parties were as follows:

	For the year ended December 31, 2015			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Finance Cost**
Far Eastern International Bank	$ 562,000	$ -	1.40-1.45	$ 1,967

	For the year ended December 31, 2014			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Finance Cost**
Far Eastern International Bank	$ 286,000	$ -	1.20-1.35	$ 2,299

l. Compensation of key management personnel

	For the Year Ended December 31	
	2015	**2014**
Short-term employee benefit	$ 141,152	$ 111,379
Post-employment benefit	3,578	2,760
	$ 144,730	$ 114,139

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for purchasing goods, long/short-term borrowings, short-term bills payable, bonds payable, tax administrative remedies and administrative proceedings:

	December 31	
	2015	**2014**
Debt investments with no active market	$ 283,690	$ 375,061
Investments accounted for by the equity method	3,726,956	3,916,065
Available-for-sale financial assets	1,487,730	2,038,800
Properties, plants and equipment	19,170,393	19,373,506
Investment properties	8,143,029	7,732,208
	$ 32,811,798	$ 33,435,640

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2015 and 2014 were as follows:

a. Significant commitments

Unrecognized commitments are as follow:

	December 31	
	2015	2014
Acquisition of property, plant and equipment	$ 426,596	$ 782,185

b. Min-Chiang Chang sued for the allegedly illegal passing of special stockholders' meeting by Pacific Liu Tong Investment (PLT) on May 9, 2002 (by-election of directors and supervisors) and September 21, 2002 (capital subscription of $4,000,000 thousand and alteration of the Articles of Incorporation).

Min-Chiang Chang claimed that both special stockholders' meeting were invalid, and to erase the recordation of PLT's directors and supervisors on May 14, 2002 and capital subscription and alteration of Articles of Incorporation on October 11, 2002.

In addition, Min-Chiang Chang demanded that PLT pay him $5,000 thousand plus interest as remuneration to directors, in the period of September 20, 2002 to April 13, 2005, the Taiwan High Court ruled that Min-Chiang Chang's appeals dismissed in July 2011. Thus, Min-Chiang Chang filed an appeal with the Taiwan Supreme Court.

Under Court Reference: Year 102 Letter Tai Shang No. 91 verdict issued by the Taiwan Supreme Court on January 17, 2013, the Court rejected Min-Chiang Chang's appeals to nullify (a) the shareholders' resolution of PLT on September 21, 2002; and (b) the capital subscription and registration of the amendment of article of association on October 11, 2002. The case was then remanded to the Taiwan High court for trial. The rest of Min-Chiang Chang's appeals were also rejected by the Taiwan Supreme Court.

In September 2013, Heng-Long Li filed an appeal to nullify the PLT board of directors' resolution passed on September 21, 2002 and requested the Ministry of Economic Affairs (MOEA) to cancel the registration on October 11, 2002 of the capital subscription. As of December 31, 2015, the case was still pending at the Taiwan Taipei District Court.

Min-Chiang Chang filed an incidental civil suit in connection with the criminal case of forgery against Ming-Zong Kuo (an employee of FENC), owing to Ming-Zong Kuo already knew Hua-De Lin, Heng-Long Li and Yong-Ji Lai were appointed of the fiduciaries of PLT. Min-Chiang Chang claimed that Ming-Zong Kuo colluded with Hua-De Lin, Heng-Long Li and Yong-Ji Lai to use their positions to carry out transactions that resulted in Min-Chiang Chang's losses. According to the incidental civil suit in connection with the criminal case of forgery by Heng-Long Li (Year 93 Chin Shang Zhong Su No. 6) on the Taiwan High Court, Min-Chiang Chang asked the Taiwan High Court to declare that the equity interests in PLT of FEDS and of FENC and their subsidiaries were just a fabrication, i.e., they never existed. In October 2009, Min-Chiang Chang lost the suit and then appealed to the Taiwan High Court. Min-Chiang Chang later raised an appeal to the Taiwan Supreme Court, but the decision of the original criminal case made by the Taiwan High Court was revoked by the Taiwan Supreme Court on March 25, 2010. Under Article 510 of The Code of Criminal Procedure, the Taiwan Supreme Court remanded the criminal case and the incidental civil suit to the Taiwan High Court. The lawsuit was pending as of December 31, 2015.

c. Pacific Construction Co., Ltd. (Pacific Construction), Taiwan Chong-Cuang Ltd. (Chong-Cuang) and Pacific Department Store Co., Ltd. (Pacific Department Store) asserted that Hua-De Lin, Yong-Ji Lai, and Heng-Long Li violated the delegation of Min-Chiang Chang and Pacific Construction, and Douglas Hsu, Mao-De Huang, Guan-Jyun Li, and Ming-Zong Kuo together with the knowledge of such violation and the position in the Company implemented transactions that jeopardize the benefit of Min-Chiang Chang and Pacific Construction. Pacific Construction, Chong-Cuang, and Pacific Department Store after the 2016 pronouncement No. 3 of Taiwan Taipei District Court filed a civil lawsuit requesting the return of the 144,296 thousand, 74,300 thousand, and 9,965 thousand shares of SOGO held by Pacific Liu Tong Investment to Pacific Construction, Chong-Cuang, and Pacific Department Store, respectively. Furthermore, Heng-Long Li, Douglas Hsu, FEDS, Hua-De Lin, Yong-Ji Lai, Guan-Jyun Li, Mao-De Huang, and Ming-Zong Kuo should pay Pacific Construction, Chong-Cuang and Pacific Department Store $13,575,145 thousand, $7,960,148 thousand, and $2,800,336 thousand, respectively. Per decision of Taiwan High Court dated September 7, 2010, defendants - Douglas Hsu, Mao-De Huang, and Guan-Jyun Li - were found not guilty for the criminal charges whereas the lawsuit should be transferred to the civil court for trail in accordance with the civil litigation process. However, per decision of Taiwan High Court, reference No. 47 Year 99 Zhong Su, on October 15, 2012, because the litigation regarding the election of PLT's temporary receivers remained unsettled, the process of the civil lawsuit was hence ceased to avoid conflict between the courts' decisions. On March 9, 2015, per decision of Taiwan High Court, reference No. 47 Year 99 Zhong Su, due to the settlement of litigation regarding the election of PLT's temporary receivers, the process of the civil lawsuit was allowed to be reinitiated.

d. A letter from the Ministry of Economic Affairs (MOEA) on July 28, 2011, stated that the term of the board of directors and supervisors (the Board) of Pacific Sogo Department Store Co., Ltd. (SOGO) was terminated and the election of this board should be held by October 28, 2011. Douglas Hsu, Ching-Wen Huang, Mao-De Huang, Hsiao-Yi Wang and Satoshi Inone were elected to be the representatives of the Board of Directors and Jing-Yi Wang was elected as a supervisor at the shareholders' meeting on August 26, 2011. On September 2, 2011, the registration of the Board was submitted to the MOEA. On August 30, 2013, the registration of the Board was approved and completed by the MOEA.

   The former chairman of PLT, Heng-Long Li, stated that he appointed Chun-Chih Weng, Chao-Chuan Chu, Shen-Yi Li, Jui-Tsun Liu and Yu-Ying Chin as members of the Board of Directors of SOGO to replace Ching-Wen Huang, Satoshi Inoue, Douglas Hsu, Hsiao-Yi Wang and Mao-De Huang. Furthemore, those people (Chun-Chih Weng, Chao-Chuan Chu, Shen-Yi Li, Jui-Tsun Liu and Yu-Ying Chin) elected Chun-Chih Weng as the chairman of PLT and applied to MOEA for the registration of the change of the Board of directors and supervisor of SOGO on August 8, 2011. However, the application of the registration was rejected by MOEA, due to the election was held by the former chaiman of PLT, Heng-Long Li.

   Chun-Chih Weng, Chao-Chuan Chu, Shen-Yi Li, Jui-Tsun Liu and Yu-Ying Chin not only announced publicly that they are the five members of the Board of Directors of SOGO, but also held the SOGO shareholders' meetings on September 5, 2011 and September 6, 2011, respectively. However, the decisions made on these two shareholders' meetings on September 5, 2011 and September 6, 2011, were not approved and not consent by all of SOGO's shareholders. According to the Court Reference Number: Year 100 Letter Su No. 4224 verdict from Taiwan Taipei District Court on January 22, 2014, the Court declared that the decision made on the shareholders' meetings on September 5, 2011 was not approved legally; according to the Court Reference Number: Year 100 Letter Su No. 4164 verdict on November 28, 2013, the Court confirmed the decision made on the shareholders' meetings on September 6, 2011 was not approved legally. The five plaintiffs filed an appeal of Year 103 Letter Shang No. 330 and Year 103 Letter Shang No. 87 with the Taiwan High Court. As of December 31, 2015, the two appeals were still pending in Taiwan High Court.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2015

	Foreign Currencies (Thousand)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 45,218	32.8250 (USD:NTD)	$ 1,484,293
USD	73,044	6.49360 (USD:RMB)	2,397,677
			$ 3,881,970
Non-monetary items			
Associates accounted for using the equity method			
RMB	447,679	5.0550 (RMB:NTD)	$ 2,263,015
Financial assets measured at cost - non-current			
USD	294	30.2750 (USD:NTD)	8,903
			$ 2,271,918
Financial liabilities			
Monetary items			
USD	10,135	32.8250 (USD:NTD)	$ 332,682
USD	122,442	6.49360 (USD:RMB)	4,019,165
			$ 4,351,847

December 31, 2014

	Foreign Currencies (Thousand)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 45,106	31.6500 (USD:NTD)	$ 1,427,608
USD	40,704	6.1190 (USD:RMB)	1,288,286
			$ 2,715,894

(Continued)

	Foreign Currencies (Thousand)	Exchange Rate	Carrying Amount
Non-monetary items			
Associates accounted for using the equity method			
RMB	$ 455,980	5.1700 (RMB:NTD)	$ 2,358,510
Financial assets measured at cost - non-current			
USD	294	30.2750 (USD:NTD)	8,903
USD	4,500	7.3046 (USD:RMB)	170,021
			$ 2,537,434
Financial liabilities			
Monetary items			
USD	28,426	31.6500 (USD:NTD)	$ 899,685
USD	99,363	6.1190 (USD:RMB)	3,144,839
			$ 4,044,524

(Concluded)

The Group is mainly exposed to RMB. The following information was aggregated by the functional currencies of the group entities, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2015		2014	
Functional Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1.0000 (NTD:NTD)	$ 59,610	1.0000 (NTD:NTD)	$ 31,613
RMB	5.0968 (RMB:NTD)	(191,372)	4.9339 (RMB:NTD)	(12,415)
		$ (131,762)		$ 19,198

39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided: Table 2.

2) Endorsements/guarantees provided: Table 3.

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 4.

4) Marketable securities acquired and disposed of at costs or prices of at least $300 million or 20% of the paid-in capital: Table 5.

5) Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital: None.

8) Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: Table 6.

9) Trading in derivative instruments: None.

10) Others: Intercompany relationships and significant intercompany transactions: Table 7.

11) Information on investees: Table 8.

c. Information on investments in mainland China:

1) Name of the investees in Mainland China, main business and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, repatriations of investment income, and the limit of investment in Mainland China: Table 9.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 3.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 2.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

40. OPERATING SEGMENT FINANCIAL INFORMATION

The Group was a single industry about department stores and supermarkets. Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on geographical information as management structure. The Group's reportable segments under IFRS 8 "Operating Segments" are including Taiwan and China.

a. Segment revenues and results

	Segments Revenue		Segments Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2015	2014	2015	2014
Taiwan	$ 40,073,442	$ 40,348,634	$ 4,086,968	$ 4,190,283
China	4,924,877	5,580,159	(1,158,137)	(867,096)
Total for continuing operations	$ 44,998,319	$ 45,928,793	2,928,831	3,323,187
Interest income			76,018	101,762
Dividend income			302,019	268,122
Net gains arising on financial assets classified as held for trading			16,658	46,651
Net foreign exchange (losses) gains			(131,762)	19,198
Impairment losses on property plant and equipment			-	(4,637)
Losses on disposal of property, plant and equipment			(36,518)	(18,330)
Gains (losses) arising from the changes in fair value of investment properties			357,044	(21,931)
Impairment losses on intangible assets			-	(495,605)
Finance costs			(461,215)	(465,191)
Share of profits of associates accounted for using the equity method			405,335	133,207
Other gains			328,461	249,672
Other losses			(370,198)	(51,687)
Profit before tax			$ 3,414,673	$ 3,084,418

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2015 and 2014.

b. Segment assets and liabilities

	December 31	
	2015	2014
Segment assets		
Taiwan	$ 91,658,181	$ 94,054,985
China	14,680,736	17,565,411
Adjustments and eliminations	(1,431)	(161)
Consolidated total assets	$ 106,337,486	$ 111,620,235
Segment liabilities		
Taiwan	$ 55,148,219	$ 54,908,316
China	14,337,396	17,254,452
Consolidated total liabilities	$ 69,485,615	$ 72,162,768

c. Revenue from major products

The following is an analysis of the Group's revenue from its major products and services:

	For the Year Ended December 31	
	2015	2014
Retail sales revenue	$ 41,092,942	$ 42,269,672
Other operating revenues	3,905,377	3,659,121
	$ 44,998,319	$ 45,928,793

d. Geographical information

The Group operates in two principal geographical areas - Taiwan and China. The Group's geographical information revenue from external customers by geographical location and information about its non-current assets by geographical location are detailed below.

	Revenues from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2015	2014	2015	2014
Taiwan	$ 40,073,442	$ 40,348,634	$ 64,980,177	$ 66,382,628
China	4,924,877	5,580,159	7,223,045	7,564,508
	$ 44,998,319	$ 45,928,793	$ 72,203,222	$ 73,947,136

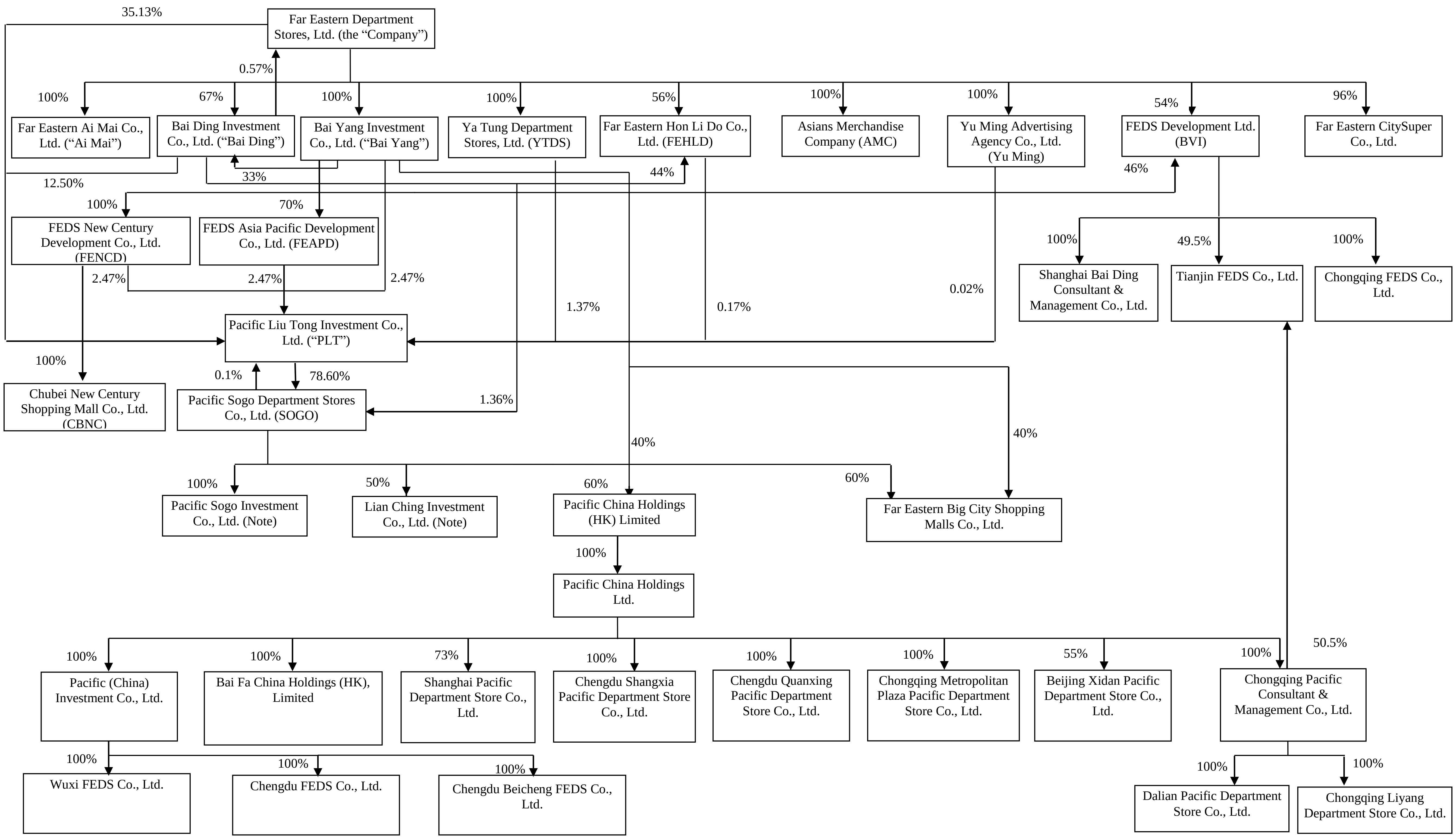
Non-current assets excluded those classified as non-current assets held for sale, financial instruments, deferred tax assets, post-employment benefit assets, and assets arising from insurance contracts.

e. Information about major customers

No revenue from any individual customer was 10% or more of the Group's gross revenue for 2015 and 2014.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

DIAGRAM OF INTERCOMPANY RELATIONSHIPS
DECEMBER 31, 2015



Note: As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were be undertaken by the Group and the accounts are not disclosed in the consolidated financial statement.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Counter-party	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Actual Used Amount	Interest Rate	Nature of Financing	Amount of Sales to (Purchases from) Counter-party	Reason for Financing	Allowance for Impairment Loss	Collateral		Limit on Financing Amount for Individual Counter-party	Limit on Total Financing Amount
													Item	Value		
1	Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings Ltd.	Other receivables	Y	$ 1,000,000	$ 1,000,000	$ -	-	(Note A)	$ -	Transaction	$ -	-	$ -	$ 4,227,237 (Note B)	$ 4,227,237 (Note B)
		Far Eastern Big City Shopping Malls Co., Ltd.	Other receivables	Y	200,000	-	-	-	(Note A)	-	Transaction	-	-	-	4,227,237 (Note B)	4,227,237 (Note B)
		Pacific Liu Tong Investment Co., Ltd.	Other receivables	Y	500,000	500,000	-	-	(Note A)	-	Transaction	-	-	-	4,227,237 (Note B)	4,227,237 (Note B)
2	Chongqing FEDS Co., Ltd.	Chengdu Beicheng FEDS Co., Ltd.	Other receivables	Y	505,500 (RMB 100,000,000)	505,500 (RMB 100,000,000)	283,080 (RMB 56,000,000)	3.35%-4.235%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Chongqing Pacific Consultant & Management Co., Ltd.	Other receivables	Y	404,400 (RMB 80,000,000)	404,400 (RMB 80,000,000)	328,575 (RMB 65,000,000)	3.175-4%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Dalian Pacific Department Store Co., Ltd.	Other receivables	Y	707,700 (RMB 140,000,000)	505,500 (RMB 100,000,000)	449,895 (RMB 89,000,000)	3.35%-4.235%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Wuxi FEDS Co., Ltd.	Other receivables	Y	758,250 (RMB 150,000,000)	758,250 (RMB 150,000,000)	595,479 (RMB 117,800,000)	3.35%-4.235%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Tianjin FEDS Co., Ltd.	Other receivables	Y	505,500 (RMB 100,000,000)	505,500 (RMB 100,000,000)	490,335 (RMB 97,000,000)	3.35%-4.235%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	758,250 (RMB 150,000,000)	758,250 (RMB 150,000,000)	606,600 (RMB 120,000,000)	3.35%-4.235%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
3	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chongqing FEDS Co., Ltd.	Other receivables	Y	353,850 (RMB 70,000,000)	353,850 (RMB 70,000,000)	252,750 (RMB 50,000,000)	3.35%-4%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Chongqing Pacific Consultant & Management Co., Ltd.	Other receivables	Y	353,850 (RMB 70,000,000)	353,850 (RMB 70,000,000)	353,850 (RMB 70,000,000)	3.175-4%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
4	Pacific China Holding Ltd.	Wuxi FEDS Co., Ltd.	Other receivables	Y	656,500 (US$ 20,000,000)	656,500 (US$ 20,000,000)	426,725 (US$ 13,000,000)	2.42625%-2.6730%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	1,181,700 (US$ 36,000,000)	1,181,700 (US$ 36,000,000)	1,181,700 (US$ 36,000,000)	2.42625%-2.6730%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Tianjin FEDS Co., Ltd.	Other receivables	Y	656,500 (US$ 20,000,000)	656,500 (US$ 20,000,000)	590,850 (US$ 18,000,000)	2.42625%-2.6730%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Pacific China Holdings (HK) Limited	Other receivables	Y	984,750 (US$ 30,000,000)	328,250 (US$ 10,000,000)	-	-	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Chengdu Beicheng FEDS Co., Ltd.	Other receivables	Y	328,250 (US$ 10,000,000)	328,250 (US$ 10,000,000)	32,825 (US$ 1,000,000)	2.4420%-2.4930%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
5	Pacific China Holdings (HK) Limited	Pacific China Holding Ltd.	Other receivables	Y	984,750 (US$ 30,000,000)	328,250 (US$ 10,000,000)	108,323 (US$ 3,300,000)	1.77%-1.93%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
6	Pacific (China) Investment Co., Ltd.	Chongqing FEDS Co., Ltd.	Other receivables	Y	50,550 (RMB 10,000,000)	50,550 (RMB 10,000,000)	-	-	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
7	FEDS Development Ltd.	Yuan Ding Enterprise (Shanghai) Co., Ltd.	Other receivables	Y	426,725 (US$ 13,000,000)	426,725 (US$ 13,000,000)	106,681 (US$ 3,250,000)	-	(Note A)	-	Transaction	-	-	-	5,849,400 (Note C)	11,698,800 (Note C)
		Far Eastern New Century (China) Investment Co., Ltd.	Other receivables	Y	1,116,050 (US$ 34,000,000)	1,116,050 (US$ 34,000,000)	1,048,595 (US$ 31,945,000)	-	(Note A)	-	Transaction	-	-	-	5,849,400 (Note C)	11,698,800 (Note C)

Note A: Short-term financing.

Note B: 40% of the financing company's net assets.

Note C: 20% of the financing company's net assets of final parent company, Far Eastern Department Stores, Ltd.

Note D: 40% of the financing company's net assets of final parent company, Far Eastern Department Stores, Ltd.

Note E: As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were undertaken by the Company and the accounts are not disclosed in the financial statement.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on the Amount that Can be Endorsed/ Guaranteed by Each	Highest Balance for the Period	Ending Balance	Actual Used Amount	Value of Property, Plant, or Equipment Used as Collateral	Ratio of Accumulated Amount of Collateral to Net Equity Based on the Latest Financial Statement of the Endorser/Guarantor	Maximum Collateral/ Guarantee Amounts Allowable	FEDS Provides Endorsement/ Guarantee to Subsidiary	Subsidiary Provides Endorsement/ Guarantee to FEDS	Endorsement/ Guarantee Provided to Mainland China
		Name	Nature of Relationship (Note F)										
0	Far Eastern Department Stores, Ltd. (the "Company")	FEDS New Century Development Co., Ltd.	3	$ 17,548,199 (Note A)	$ 30,000	$ 30,000	$ -	$ -	-	$ 29,246,999 (Note B)	Y	-	-
		Bai Yang Investment Co., Ltd.	2	17,548,199 (Note A)	1,400,000	1,400,000	32,000	-	5	29,246,999 (Note B)	Y	-	-
		Bai Ding Investment Co., Ltd.	2	17,548,199 (Note A)	1,600,000	1,500,000	650,000	-	5	29,246,999 (Note B)	Y	-	-
		FEDS Development Ltd.	2	17,548,199 (Note A)	3,610,750 (US$ 110,000,000)	3,610,750 (US$ 110,000,000)	328,250 (US$ 10,000,000)	-	12	29,246,999 (Note B)	Y	-	-
		Tianjin FEDS Co., Ltd.	3	17,548,199 (Note A)	298,245 (RMB 59,000,000)	-	-	-	-	29,246,999 (Note B)	Y	-	Y
		Far Eastern CitySuper Co., Ltd.	2	17,548,199 (Note A)	160,000	160,000	-	-	1	29,246,999 (Note B)	Y	-	-
		Pacific Sogo Department Stores Co., Ltd.	3	17,548,199 (Note A)	8,470,016	4,372,815	4,372,815	-	15	29,246,999 (Note B)	Y	-	-
		FEDS Asia Pacific Development Co., Ltd.	3	17,548,199 (Note A)	290,000	50,000	-	-	-	29,246,999 (Note B)	Y	-	-
1	Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	2	17,548,199 (Note C)	3,892,000	-	-	-	-	29,246,999 (Note D)	-	-	-
2	Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings Ltd.	3	17,548,199 (Note C)	7,572,728 (US$ 230,700,000)	7,572,728 (US$ 230,700,000)	2,760,583 (US$ 84,100,000)	-	25	29,246,999 (Note D)	-	-	-
		Dalian Pacific Department Store Co., Ltd.	3	17,548,199 (Note C)	242,640 (RMB 48,000,000)	242,640 (RMB 48,000,000)	22,015 (RMB 4,355,000)	-	1	29,246,999 (Note D)	-	-	Y
		Wuxi FEDS Co., Ltd.	3	17,548,199 (Note C)	482,525 (US$ 7,000,000) (RMB 50,000,000)	482,525 (US$ 7,000,000) (RMB 50,000,000)	345,029 (US$ 7,000,000) (RMB 22,800,000)	-	2	29,246,999 (Note D)	-	-	Y
		Chengdu FEDS Co., Ltd.	3	17,548,199 (Note C)	735,275 (US$ 7,000,000) (RMB 100,000,000)	735,275 (US$ 7,000,000) (RMB 100,000,000)	47,001 (US$ 0,000) (RMB 9,298,000)	-	2	29,246,999 (Note D)	-	-	Y
		Tianjin FEDS Co., Ltd.	3	17,548,199 (Note C)	457,250 (US$ 7,000,000) (RMB 45,000,000)	-	-	-	-	29,246,999 (Note D)	-	-	Y
		Far Eastern Department Stores, Ltd.	4	17,548,199 (Note C)	2,532,383	2,462,938	2,462,938	-	8	29,246,999 (Note D)	-	Y	-
3	Pacific China Holdings Ltd.	Wuxi FEDS Co., Ltd.	3	17,548,199 (Note C)	682,425 (RMB 135,000,000)	-	-	-	-	29,246,999 (Note D)	-	-	Y
4	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Tianjin FEDS Co., Ltd.	3	17,548,199 (Note C)	252,750 (RMB 50,000,000)	-	-	-	-	29,246,999 (Note D)	-	-	Y
		Chengdu Beicheng FEDS Co., Ltd.	3	17,548,199 (Note C)	202,200 (RMB 40,000,000)	202,200 (RMB 40,000,000)	-	-	1	29,246,999 (Note D)	-	-	Y
5	Far Eastern Big City Shopping Malls Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	4	265,821 (Note A)	121,555	121,555	121,555	-	-	443,035 (Note B)	-	-	-

(Continued)

Note A: The amount is 60% of net assets based on the latest financial statements of the endorser/guarantor.

Note B: The amount is 100% of net assets based on the latest financial statements of the endorser/guarantor.

Note C: The amount is 60% of the net assets based on the latest financial statements of the final parent company - Far Eastern Department Stores, Ltd. (the “Company”).

Note D: The amount is 100% of the net assets based on the latest financial statements of the final parent company - Far Eastern Department Stores, Ltd. (the “Company”).

Note E: As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were undertaken by the Company and the accounts are not disclosed in the financial statement.

Note F: Relationships between the endorsement/guarantee provider and the guaranteed party:

1. Trading partner.
2. Majority owned subsidiary.
3. The Company and subsidiary own over 50% ownership of the investee company.
4. Company’s subsidiary or investee of subsidiary of parent company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company’s proportionate share in the investee company.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Securities Type and Issuer Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2015				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Far Eastern Department Stores, Ltd. (the Company)	Shares							
	Asia Cement Corporation	4	Available-for-sale financial assets - non-current	61,000	$ 1,671,413	2	$ 1,671,413	35,000 thousand shares of Asia Cement Corporation pledged for loans and commercial papers issued of the investor company
	Far Eastern New Century Corporation	3	Available-for-sale financial assets - non-current	19,964	514,083	-	514,083	
	Far Eastern International Bank	5	Available-for-sale financial assets - current	25,266	247,350	1	247,350	
	Kaohsiung Rapid Transit Corporation	-	Financial assets measured at cost - non-current	6,286	44,863	2	44,863 (Note B)	
	Yuan Ding Leasing Corp.	-	Financial assets measured at cost - non-current	7,309	62,560	9	62,560 (Note B)	
	Yuan Ding Co., Ltd.	4	Financial assets measured at cost - non-current	3	10	-	10 (Note B)	
Bai Ding Investment Co., Ltd.	Shares							
	Far Eastern Department Stores, Ltd.	2	Available-for-sale financial assets - current	8,207	149,778	1	149,778	
	Asia Cement Corporation	7	Available-for-sale financial assets - non-current	25,814	707,315	1	707,315	5,200 thousand shares of Asia Cement Corporation pledged for commercial papers issued of the investor company
	Far Eastern New Century Corporation	6	Available-for-sale financial assets - non-current	22,812	587,397	-	587,397	15,000 thousand shares of Far Eastern New Century Corporation pledged for loans of the investor company
	Chung-Nan Textile Co., Ltd.	-	Financial assets measured at cost - non-current	2,984	81,390	5	81,390 (Note B)	
	Ding Ding Management Consultants Co., Ltd.	8	Financial assets measured at cost - non-current	216	11,817	5	11,817 (Note B)	
	Yue Ding Industry Co., Ltd.	7	Financial assets measured at cost - non-current	1,936	16,930	2	16,930 (Note B)	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets measured at cost - non-current	1	10	-	10 (Note B)	
	Ding Sheng Investment Co., Ltd.	-	Financial assets measured at cost - non-current	39,600	396,000	18	396,000 (Note B)	
Bai Yang Investment Co., Ltd.	Shares							
	Far Eastern International Bank	8	Available-for-sale financial assets - current	20,623	201,898	1	201,898	
	Asia Cement Corporation	7	Available-for-sale financial assets - non-current	3,849	105,475	-	105,475	
	Far Eastern New Century Corporation	6	Available-for-sale financial assets - non-current	2,217	57,075	-	57,075	
	U-Ming Marine Transport Corp.	8	Available-for-sale financial assets - non-current	200	5,330	-	5,330	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets measured at cost - non-current	1	10	-	10 (Note B)	
Far Eastern Hon Li Do Co., Ltd.	Beneficiary certificate							
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,073	12,393	-	12,393	
Yu Ming Advertising Agency Co., Ltd.	Beneficiary certificate							
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,681	42,504	-	42,504	
	Shares							
	Asia Cement Corporation	7	Available-for-sale financial assets - non-current	1,506	41,253	-	41,253	

(Continued)

Holding Company	Securities Type and Issuer Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2015				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
FEDS New Century Development Co., Ltd.	Beneficiary certificate							
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,832	$ 113,510	-	$ 113,510	
FEDS Development Ltd.	Shares							
	Kowloon Cement Corp., Ltd.	7	Financial assets measured at cost - non-current	46	8,903	2	8,903 (Note B)	
Pacific Sogo Department Stores Co., Ltd.	Beneficiary certificate							
	DWS Taiwan Flagship Security Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	150	2,389	-	2,389	
	DWS Global Multi - Asset Income Plus FOF-A	-	Financial assets at fair value through profit or loss - current	5,000	54,700	-	54,700	
	Shares							
	CMC Magnetics Corp.	-	Financial assets at fair value through profit or loss - current	297	1,029	-	1,029	
	Quanta computer Inc.	-	Financial assets at fair value through profit or loss - current	1	38	-	38	
	Pacific Construction Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7,931	124,516	2	124,516	
	DBTEL Inc.	-	Financial assets at fair value through profit or loss - current	10	32	-	32	
	Oriental Union Chemical Corp.	8	Available-for-sale financial assets - current	546	11,439	-	11,439	
	U-Ming Marine Transport Corp.	8	Available-for-sale financial assets - current	300	7,995	-	7,995	
	Pacific Liu Tong Investment Co., Ltd.	1	Financial assets measured at cost - non-current	800	4,019	-	4,019 (Note B)	
	E-Shou Hi-tech Co., Ltd.	-	Financial assets measured at cost - non-current	18,300	-	15	- (Note B)	
	Tain Yuan Investment Co., Ltd.	-	Financial assets measured at cost - non-current	98,000	-	20	- (Note B)	
	PURETEK Corp.	-	Financial assets measured at cost - non-current	119	-	-	- (Note B)	
	Pacific 88 Co., Ltd.	-	Financial assets measured at cost - non-current	16	-	1	- (Note B)	
Pacific China Holdings Ltd.	Shares							
	Oversea Development Corp.	-	Financial assets measured at cost - non-current	2,250	-	15	- (Note B)	
	Taiwan Ocean Farming Corp.	-	Financial assets measured at cost - non-current	2,250	-	15	- (Note B)	

Note A:
1. Subsidiary of FEDS.
2. Parent company.
3. Investor that has significant influence over the Company.
4. The associate of investor that has significant influence over the Company.
5. Other related party.
6. Investor that has significant influence over FEDS.
7. The associate of investor that has significant influence over FEDS.
8. Other related party of FEDS

Note B: The financial assets measured at cost were determined at the book value of investment company.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Issuer/Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Adjusted Item	Ending Balance	
					Shares (Thousands)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal		Shares (Thousands)	Amount
FEDS New Century Development Co., Ltd.	Beneficiary certificate DWS Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,228	$ 37,000	41,344	$ 476,000	34,740	$ 400,066	$ 399,771	$ 295	$ -	9,832	$ 113,229 (Note A)
	Shares Chubei New Century Shopping Mall Co., Ltd	Investments accounted for using the equity method	-	Subsidiary	-	-	40,000	400,000 (Note B)	-	-	-	-	(6,780) (Note C)	40,000	393,220
Bai Yang Investment Co., Ltd.	Shares FEDS New Century Development Co., Ltd.	Investments accounted for using the equity method	-	Subsidiary	24,250	312,780	47,750 (Note D)	460,000 (Note E)	-	-	-	-	3,190 (Note F)	72,000	775,970
	FEDS Development Ltd.	Investments accounted for using the equity method	-	Subsidiary	68	372,899	117 (Note G)	600,168 (Note H)	-	-	-	-	122,315 (Note I)	185	1,095,382
Pacific (China) Investment Co., Ltd.	Shares Chengdu FEDS Co., Ltd.	Investments accounted for using the equity method	-	Subsidiary	-	(1,916,793)	-	312,444 (Note J)	-	-	-	-	(789,670) (Note K)	-	(2,394,019)

Note A: The carrying value was the original amount, i.e., unadjusted.

Note B: There was an increase of NT$400,000 thousand in cash capital.

Note C: This amount comprised the share of the subsidiary’s net loss $(6,780) thousand.

Note D: There was an increase of 46,000 thousand shares in cash capital and 1,750 thousand shares dividend from retained earnings.

Note E: There was an increase of NT$460,000 thousand in cash capital.

Note F: This amount comprised the share of the subsidiary’s net income $4,166 thousand, the share of other comprehensive loss $(372) thousand, capital surplus $(1) thousand in additional paid-in capital and $(603) thousand from retained earnings.

Note G: There was an increase of 117 thousand shares in cash capital.

Note H: There was an increase of US$19,301 thousand in cash capital.

Note I: This amount comprised the share of the subsidiary’s net income $96,404 thousand, the share of other comprehensive loss $(7,591) thousand and adjustment to capital surplus due to non-proportional investment in investee’s increase in capital $33,502 thousand.

Note J: There was an increase of RMB61,302 thousand in cash capital.

Note K: This amount comprised the share of the subsidiary’s net loss $(837,482) thousand and the share of other comprehensive income $47,812 thousand.

TABLE 6

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Far Eastern Ai Mai Co., Ltd.	Far Eastern Electronic Commerce Co., Ltd.	Associate	$ 134,403	-	$ -	-	$ 134,403	$ -
Pacific Sogo Department Stores Co., Ltd.	Far Eastern Department Stores, Ltd.	The ultimate parent company	112,535	-	-	-	112,535	-
	Sogo Department Stores Co., Ltd.	Associate	205,079	-	205,079	Collection expedited	548	205,079
FEDS Development Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	The associate of investor that has significant influence over FEDS	1,048,595 (Note)	-	-	-	-	-
	Yuan Ding Enterprise (Shanghai) Co., Ltd.	The associate of investor that has significant influence over FEDS	106,681 (Note)	-	-	-	-	-
Chongqing FEDS Co., Ltd.	Chongqing Pacific Consultant & Management Co., Ltd.	Same ultimate parent company	328,575 (Note)	-	-	-	-	-
	Tianjin FEDS Co., Ltd.	Same ultimate parent company	491,833 (Note)	-	-	-	-	-
	Wuxi FEDS Co., Ltd.	Same ultimate parent company	596,957 (Note)	-	-	-	-	-
	Dalian Pacific Department Store Co., Ltd.	Same ultimate parent company	451,283 (Note)	-	-	-	-	-
	Chengdu FEDS Co., Ltd.	Same ultimate parent company	608,453 (Note)	-	-	-	-	-
	Chengdu Beicheng FEDS Co., Ltd.	Same ultimate parent company	283,945 (Note)	-	-	-	-	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chongqing FEDS Co., Ltd.	Same ultimate parent company	260,492 (Note)	-	-	-	-	-
	Chongqing Pacific Consultant & Management Co., Ltd.	Same parent company	354,131 (Note)	-	-	-	-	-
Chongqing Pacific Consultant & Management Co., Ltd.	Chongqing Liyang Department Store Co., Ltd.	Subsidiary	178,781	-	-	-	-	-
Pacific China Holdings Ltd.	Wuxi FEDS Co., Ltd.	Subsidiary	426,849 (Note)	-	-	-	-	-
	Chengdu FEDS Co., Ltd.	Subsidiary	1,189,133 (Note)	-	-	-	-	-
	Tianjin FEDS Co., Ltd.	Subsidiary	590,853 (Note)	-	-	-	-	-
Chengdu FEDS Co., Ltd.	Chengdu Quanying Mansion Pacific Department Store Co., Ltd.	Subsidiary	136,493	-	-	-	-	-
Pacific China Holdings (HK) Limited.	Pacific China Holdings Ltd.	Subsidiary	108,818 (Note)	-	-	-	-	-

Note: This balance refers to fund lending.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Number	Transacting Company	Counter-party	Flow of Transaction (Note A)	Status			
				Account	Amount (Note C)	Condition	Ratio to Consolidated Operating Revenue or Asset (Note B)
0	Far Eastern Department Stores, Ltd. (the "Company")	FEDS Asia Pacific Development Co., Ltd.	1	Operating expense	$ 232,569	Rent was based on market rates and was paid monthly	1
1	FEDS Asia Pacific Development Co., Ltd.	Far Eastern Department Stores, Ltd.	2	Operating revenue	(232,569)	Rent was based on market rates and was received monthly	1
2	Pacific Sogo Department Stores Co., Ltd.	Far Eastern Big City Shopping Malls Co., Ltd.	3	Operating revenue	(225,670)	Rent was based on market rates and was received monthly	1
3	Far Eastern Big City Shopping Malls Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	3	Operating cost and expense	225,670	Rent was based on market rates and was paid monthly	1

Note A: Flow of transaction:

1. From the Company to the subsidiary
2. From the subsidiary to the Company
3. Between subsidiaries

Note B: If the account of the intercompany transaction is shown in the balance sheet, the ratio is the percentage of the year-end account balance to the consolidated asset; if the account of the intercompany transaction is shown in the income statement, the ratio is the percentage of the accumulated amount of the year to the consolidated operating revenue.

Note C: Only an intercompany transaction amounting to more than 1% of total operating revenue or total assets is disclosed in this table.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss)	Note A
				December 31, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Department Stores, Ltd.	Bai Yang Investment Co., Ltd.	Taipei City, R.O.C.	Investment	$ 5,422,181	$ 5,422,181	652,991	100	$ 7,323,453	$ (95,567)	$ (95,535)	2
	Oriental Securities Corporation	Taipei City, R.O.C.	Securities brokerage	143,652	143,652	140,297	20	1,941,736	(343,101)	(67,459)	1
	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	1,764,210	1,764,210	281,734	35	3,539,169	445,172	156,381	2
	Bai Ding Investment Co., Ltd.	Taipei City, R.O.C.	Investment	33,357	33,357	119,981	67	2,134,440 (Note C)	179,698	119,999	2
	Far Eastern Ai Mai Co., Ltd.	Taipei City, R.O.C.	Hypermarket	1,535,538	1,535,538	169,744	100	1,785,878	(43,429)	(43,429)	2
	FEDS Development Ltd.	British Virgin Island	Investment	125,058	125,058	218	54	1,286,401	220,051	157,443	2
	Yu Ming Advertising Agency Co., Ltd.	Taipei City, R.O.C.	Advertising and importation of certain merchandise	33,000	33,000	3,500	100	87,761	10,201	10,201	2
	Ya Tung Department Stores, Ltd.	Taipei City, R.O.C.	Department store	319,292	169,292	17,000	100	57,626	(71,701)	(71,701)	2
	Ding Ding Integrated Marketing Service Co.	Taipei City, R.O.C.	Marketing	64,500	11,500	6,939	10	37,815	(16,710)	(1,835)	1
	Asians Merchandise Company	U.S.A.	Trading	5,316	5,316	950	100	4,723	140	140	2
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	40,278	40,278	1,571	56	11,274	742	530	2
	Far Eastern Electronic Commerce Co., Ltd.	Taipei City, R.O.C.	Electronic commerce	49,850	49,850	4,985	11	-	(249,925)	(3,104)	1
	Far Eastern CitySuper Co., Ltd.	Taipei City, R.O.C.	Hypermarket	478,269	478,269	47,827	96	70,818	33,267	31,823	2
	Yuan Hsin Digital Payment Co., Ltd.	Taipei City, R.O.C.	Other financing and supporting services	225,000	225,000	22,500	15	163,229	(265,832)	(39,172)	1
Bai Ding Investment Co., Ltd.	Oriental Securities Corporation	Taipei City, R.O.C.	Securities brokerage	163,563	163,563	97,116	14	1,344,203	(343,101)		1
	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	658,129	658,129	100,250	13	1,273,047	445,172		2
	Far Eastern International Leasing Corp.	Taipei City, R.O.C.	Leasing	301,125	301,125	22,203	5	385,996	1,528,756		1
	Pacific Sogo Department Stores Co., Ltd.	Taipei City, R.O.C.	Department store	33,490	33,490	11,254	1	143,770	581,951		2
	Yu Ming Trading Co.	Taipei City, R.O.C.	Importation of certain merchandise	21,291	21,291	3,852	47	67,428	2,473		1
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	28,672	28,672	1,259	44	12,735	742		2
	Far Eastern CitySuper Co., Ltd.	Taipei City, R.O.C.	Hypermarket	-	-	2	-	-	33,267		2
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	99,000	99,000	19,800	2	268,633	445,172		2
FEDS New Century Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	99,000	99,000	19,800	2	268,633	445,172		2
	Chubei New Century Shopping Mall Co., Ltd.	Taipei City, R.O.C.	Department store	400,000	-	40,000	100	393,220	(6,780)		2
Bai Yang Investment Co., Ltd.	FEDS Asia Pacific Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	1,522,761	1,522,761	149,100	70	1,766,470	163,010		2
	Far Eastern International Leasing Corp.	Taipei City, R.O.C.	Leasing	1,555,590	1,555,590	132,388	30	2,037,534	1,528,756		1
	Bai Ding Investment Co., Ltd.	Taipei City, R.O.C.	Investment	577,457	577,457	60,019	33	1,083,367	179,698		2
	FEDS New Century Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	645,272	185,272	72,000	100	775,970	4,166		2
	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	99,000	99,000	19,800	2	268,633	445,172		2
	FEDS Development Ltd.	British Virgin Island	Investment	723,946	123,778	185	46	1,095,382	220,051		2
	Pacific China Holdings (HK) Limited	Hong Kong	Investment	2,442,344	2,442,344	7,600	40	770,909	(2,148,088)		2
	Far Eastern Big City Shopping Malls Co., Ltd.	Taipei City, R.O.C.	Department store	200,000	200,000	20,000	40	177,214	68,876		2
Ya Tung Department Stores, Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	55,000	55,000	11,000	1	149,015	445,172		2
Yu Ming Advertising Agency Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	1,200	1,200	200	-	2,515	445,172		2
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	8,400	8,400	1,400	-	17,024	445,172		2
Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	Taipei City, R.O.C.	Department store	4,469,904	4,469,904	650,817	79	9,901,040	581,951		2
	Pacific Department Store Co., Ltd.	Taipei City, R.O.C.	Department store	62,480	62,480	6,693	3	97,263	142,514		1
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Limited	Hong Kong	Investment	4,000,000	4,000,000	11,400	60	2,014,290	(2,148,088)		2
	Pacific Department Store Co., Ltd.	Taipei City, R.O.C.	Department store	525,000	525,000	51,978	26	553,895	142,514		1
	Lian Ching Investment Co., Ltd.	Taipei City, R.O.C.	Investment	270,641	270,641	26,764	50	-	-		2
	Pacific Venture Investment Ltd.	Hong Kong	Investment	357,050	357,050	100,000	48	-	-		1
	Sogo Department Store Co., Ltd.	Taipei City, R.O.C.	Credit card business	32,984	32,984	7,120	34	-	-		1
	Pacific Sogo Investment Co., Ltd.	Taipei City, R.O.C.	Investment	999,900	999,900	99,990	100	-	-		2
	Ding Ding Integrated Marketing Service Co	Taipei City, R.O.C.	Marketing	64,500	11,500	6,939	10	37,815	(16,710)		1
	Far Eastern Big City Shopping Malls Co., Ltd.	Taipei City, R.O.C.	Department store	300,000	300,000	30,000	60	265,821	68,876		2
	Far Eastern Electronic Commerce Co., Ltd.	Taipei City, R.O.C.	Electronic commerce	49,850	49,850	4,985	11	-	(249,925)		1
	Yuan Hsin Digital Payment Co., Ltd.	Taipei City, R.O.C.	Other financing and supporting services	225,000	225,000	22,500	15	163,229	(265,832)		1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss)	Note A
				December 31, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Pacific China Holdings (HK) Limited	Pacific China Holdings Ltd.	British Virgin Island	Investment	$ 1,280,175	$ 1,280,175	39,000	100	$ 3,035,058	$ (2,094,746)		2
Pacific China Holdings Ltd.	Bai Fa China Holdings (HK), Limited.	Hong Kong	Investment	49	49	2	100	49	-		2

Note A: 1. Associate.
2. Subsidiary.

Note B: The foreign-currency investments were translated at the rate of US$1:NT$32.825 prevailing on December 31, 2015.

Note C: The amount is the investment accounted for using the equity method to $2,231,550 thousand deduct the parent company shares reclassification to treasury shares of $97,110 thousand.

Note D: As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were be undertaken by the Company and the accounts are not disclosed in the financial statement.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note A)	Investment Type (Note G)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015 (Note A)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2015 (Note A)	Net Gain (Loss) of the Investee (Note E)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outward	Inward						
Shanghai Pacific Department Stores Co., Ltd.	Department store	$ 581,003	2	$ 421,227 (Note B)	$ -	$ -	$ 421,227 (Note B)	$ 28,385	49	$ (30,435)	$ 234,103	$ -
Chengdu Shangxia Pacific Department Store Co., Ltd.	Department store	229,775	2	229,775 (Note B)	-	-	229,775 (Note B)	19,468	67	13,507	-	-
Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Department store	32,497	2	32,497 (Note B)	-	-	32,497 (Note B)	(68,949)	67	(46,309)	(193,963)	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	98,475	2	98,475 (Note B)	-	-	98,475 (Note B)	79,979	67	53,717	459,238	-
Beijing Xidan Pacific Department Store Co., Ltd.	Department store	393,900	2	216,645 (Note B)	-	-	216,645 (Note B)	10,303	37	3,806	42,231	-
Chongqing Pacific Consultant & Management Co., Ltd.	Consulting service	2,396,225	2	6,565 (Note B)	-	-	6,565 (Note B)	(105,894)	67	(71,123)	695,030	-
Shanghai Pacific Consultant & Management Co., Ltd.	Consulting service	11,489	2	5,629 (Note B)	-	-	5,629 (Note B)	405	33	133	6,479	-
Shanghai Bai Ding Consultant & Management Co., Ltd.	Consulting service	3,283	2	-	-	-	-	5,231	100	5,231	40,518	-
Tianjin FEDS Co., Ltd.	Department store	587,568	2	95,193 (Note C)	-	-	95,193 (Note C)	(214,381)	83	(178,824)	(932,048)	-
Chongqing FEDS Co., Ltd.	Department store	91,910	2	-	-	-	-	344,598	100	344,598	2,068,582	-
Chengdu Baiyang Industry Co., Ltd.	Department store, logistics and storehouse	1,137,370	2	-	-	-	-	290,332	22	24,167	1,513,453	-
Dalian Pacific Department Store Co., Ltd.	Department store	80,880	2	-	-	-	-	(7,706)	67	(5,176)	31,453	-
Chongqing Liyang Department Store Co., Ltd.	Department store	25,275	2	-	-	-	-	(70)	67	(47)	(135,190)	-
Pacific (China) Investment Co., Ltd.	Investment	2,035,150	2	-	-	-	-	(1,464,138)	67	(983,070)	(2,464,651)	-
Wuxi FEDS Co., Ltd.	Department store	590,850	2	-	-	-	-	(407,893)	67	(273,959)	(777,458)	-
Chengdu FEDS Co., Ltd.	Department store	1,116,050	2	-	-	-	-	(837,488)	67	(562,493)	(1,607,919)	-
Chengdu Beicheng FEDS Co., Ltd.	Department store	328,250	2	-	-	-	-	(215,939)	67	(145,034)	(112,629)	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ - (Note D)	$259,744 (US$7,913 thousand) (Notes A and D)	$ - (Note F)

Note A: Translated at the rate of US$1:NT$32,825 prevailing on December 31, 2015.

Note B: The payment was made by Pacific Construction Co., Ltd. (the former shareholder).

Note C: The payment was made by Bai Yang Investment Co., Ltd.

Note D: The payment made by the Company and the investment amount approved by the Investment Commission, except for the payment made by subsidiary and the subsidiary's investment amount approved by the Investment Commission.

Note E: The financial report was audited by an international accounting firm with a cooperative working relationship.

Note F: There is no upper limit, as stated in the Principles Governing the Review of Investment or Technical Corporation in Mainland China (No. 10420420060), which was issued by the Industrial Development Bureau, Ministry of Economic Affairs, ROC.

Note G: Three investment types are as follows:

1. The Company made the investment directly.
2. The Company made the investment through a company registered in a third region. The companies registered in a third region were FEDS Development Ltd. and Pacific China Holdings Ltd.
3. Other.

(Concluded)