

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
Dec. 31 , 2016 and Dec. 31 , 2015  
(In thousands of New Taiwan Dollars, Except Par Value)

Code	Assets	2016/12/31		2015/12/31	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents	\$ 13,509,941	13	\$ 10,026,630	9
1110	Financial assets at fair value through profit or loss - current	504,315	-	351,111	-
1125	Available-for-sale financial assets - current	446,079	-	468,682	-
1147	Bond investments without active market-current	587,511	-	876,847	1
1150	Notes receivable	15,894	-	3,393	-
1170	Accounts receivable	767,248	1	515,195	1
1180	Accounts receivable due from related parties	163,085	-	182,970	-
1200	Other receivables	1,829,561	2	1,687,802	2
1220	Current tax assets	88,192	-	5,782	-
130X	Inventories	2,761,106	3	2,997,240	3
1410	Prepayments	978,303	1	871,542	1
1460	Noncurrent asset held for sale	10,515	-	-	-
1470	Other current assets	79,317	-	90,102	-
11XX	Total current assets	<u>21,741,067</u>	<u>20</u>	<u>18,077,296</u>	<u>17</u>
	<b>NONCURRENT ASSETS</b>				
1523	Available-for-sale financial assets - noncurrent	3,522,515	3	3,689,341	3
1543	Financial assets measured at cost - noncurrent	609,521	1	611,576	-
1546	Bond investments without active market - non-current	229,000	-	127,000	-
1550	Investments accounted for by equity method	8,438,059	8	9,163,153	9
1600	Property, plant and equipment	43,626,582	41	45,612,886	43
1760	Investment properties	10,166,796	10	10,036,266	9
1780	Intangible assets	6,244,854	6	7,240,992	7
1840	Deferred tax assets	1,023,507	1	727,394	1
1985	Long-term prepayments for lease	8,615,400	8	9,177,719	9
1990	Other noncurrent assets	1,978,309	2	1,873,863	2
15XX	Total noncurrent assets	<u>84,454,543</u>	<u>80</u>	<u>88,260,190</u>	<u>83</u>
1XXX	TOTAL	<u>\$ 106,195,610</u>	<u>100</u>	<u>\$ 106,337,486</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term debts	\$ 9,886,363	10	\$ 9,499,733	9
2110	Short-term notes and bills payable	2,690,946	3	2,351,020	2
2150	Notes payable	37,892	-	52,224	-
2170	Accounts payables	16,250,674	15	16,605,966	16
2180	Notes and accounts payable to related parties	113,817	-	119,754	-
2200	Other payables	4,518,254	4	4,895,382	5
2230	Current tax liabilities	740,459	1	182,997	-
2250	Provision-current	18,596	-	3,000	-
2313	Deferred revenue - current	92,267	-	98,552	-
2310	Advance receipts	7,594,619	7	8,063,527	7
2322	Long-term borrowings - current portion	5,965,315	6	1,959,200	2
2399	Other current liabilities	278,656	-	309,764	-
21XX	Total current liabilities	<u>48,187,858</u>	<u>46</u>	<u>44,141,119</u>	<u>41</u>
	<b>NONCURRENT LIABILITIES</b>				
2530	Bonds issued	996,282	1	994,419	1
2540	Long-term borrowings	14,959,267	14	18,829,745	18
2550	Provision-noncurrent	27,995	-	31,058	-
2570	Deferred tax liabilities	2,053,903	2	1,991,395	2
2640	Net defined benefit liability, non-current	982,919	1	802,608	1
2670	Other noncurrent liabilities	2,544,584	2	2,695,271	2
25XX	Total noncurrent liabilities	<u>21,564,950</u>	<u>20</u>	<u>25,344,496</u>	<u>24</u>
2XXX	Total liabilities	<u>69,752,808</u>	<u>66</u>	<u>69,485,615</u>	<u>65</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
	Share Capital				
3110	Ordinary share	14,169,406	13	14,169,406	13
3200	Capital surplus	3,319,868	3	3,315,420	3
	Retained earnings				
3310	Legal reserve	2,899,856	3	2,728,379	3
3320	Special reserve	2,529,594	2	2,461,168	2
3350	Unappropriated earnings	2,013,557	2	2,673,946	3
3300	Total retained earnings	7,443,007	7	7,863,493	8
3400	Other equity	3,795,400	4	3,995,790	4
3500	Treasury stock	( 97,110 )	-	( 97,110 )	-
31XX	Total equity attributable to owners of the Company	28,630,571	27	29,246,999	28
36XX	NON-CONTROLLING INTERESTS	7,812,231	7	7,604,872	7
3XXX	Total equity	<u>36,442,802</u>	<u>34</u>	<u>36,851,871</u>	<u>35</u>
	TOTAL	<u>\$ 106,195,610</u>	<u>100</u>	<u>\$ 106,337,486</u>	<u>100</u>

# FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended Dec. 31, 2016 and 2015

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

C o d e		2016 Year ended Dec. 31		2015 Year ended Dec. 31	
		Amount	%	Amount	%
4000	REVENUES	\$ 43,496,489	100	\$ 44,998,319	100
5000	COSTS	<u>21,595,367</u>	<u>50</u>	<u>22,257,933</u>	<u>49</u>
5900	GROSS PROFIT	<u>21,901,122</u>	<u>50</u>	<u>22,740,386</u>	<u>51</u>
	OPERATING EXPENSES				
6100	Selling	1,176,453	3	1,197,658	3
6200	General and				
	administrative	<u>17,563,553</u>	<u>40</u>	<u>18,613,897</u>	<u>41</u>
6000	Total operating				
	expenses	<u>18,740,006</u>	<u>43</u>	<u>19,811,555</u>	<u>44</u>
6900	OPERATING INCOME	<u>3,161,116</u>	<u>7</u>	<u>2,928,831</u>	<u>7</u>
	NONOPERATING INCOME				
	AND EXPENSES				
7010	Other income	240,977	1	378,037	1
7020	Other gains and losses	( 843,912 )	( 2 )	163,685	-
7050	Finance costs	( 428,315 )	( 1 )	( 461,215 )	( 1 )
7060	Share of profit (loss) of				
	associates accounted				
	for using equity				
	method	( <u>8,585</u> )	-	<u>405,335</u>	<u>1</u>
7000	Total Non-operating				
	income and	( <u>1,039,835</u> )	( <u>2</u> )	<u>485,842</u>	<u>1</u>
	expenses				
7900	INCOME BEFORE INCOME				
	TAX	2,121,281	5	3,414,673	8
7950	INCOME TAX EXPENSE	<u>625,723</u>	<u>1</u>	<u>1,261,372</u>	<u>3</u>
8200	NET INCOME	<u>1,495,558</u>	<u>4</u>	<u>2,153,301</u>	<u>5</u>

( Continued )

( Continued )

<u>C o d e</u>		2016		2015	
		Year ended Dec. 31		Year ended Dec. 31	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	( 174,835 )	( 1 )	( 422,992 )	( 1 )
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	( 3,538 )	-	( 3,313 )	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>30,137</u>	<u>-</u>	<u>72,026</u>	<u>-</u>
		( <u>148,236</u> )	( <u>1</u> )	( <u>354,279</u> )	( <u>1</u> )
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	80,511	-	( 24,562 )	-

( Continued )

( Continued )

C o d e		2016		2015	
		Year ended Dec. 31		Year ended Dec. 31	
		Amount	%	Amount	%
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	( 189,429 )	-	( 1,318,876 )	( 3 )
8370	Share of other comprehensive income of associates accounted for using equity method	( 31,856 )	-	( 566,750 )	( 1 )
		( 140,774 )	-	( 1,910,188 )	( 4 )
8300	Total other comprehensive income, net	( 289,010 )	( 1 )	( 2,264,467 )	( 5 )
8500	COMPREHENSIVE INCOME	<u>\$ 1,206,548</u>	<u>3</u>	<u>( \$ 111,166 )</u>	<u>-</u>
8600	NET INCOME ATTRIBUTED TO :				
8610	Owners of parent	\$ 1,134,252	3	\$ 1,714,770	4
8620	Non-controlling interests	<u>361,306</u>	<u>1</u>	<u>438,531</u>	<u>1</u>
		<u>\$ 1,495,558</u>	<u>4</u>	<u>\$ 2,153,301</u>	<u>5</u>
8700	CONPREHENSIVE INCOME CONTRIBUTED TO :				
8710	Owners of parent	\$ 797,192	2	( \$ 530,347 )	( 1 )
8720	Non-controlling interests	<u>409,356</u>	<u>1</u>	<u>419,181</u>	<u>1</u>
		<u>\$ 1,206,548</u>	<u>3</u>	<u>( \$ 111,166 )</u>	<u>-</u>
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 0.81</u>		<u>\$ 1.20</u>	
9850	Diluted	<u>\$ 0.80</u>		<u>\$ 1.20</u>	

(Concluded)

## FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended Dec. 31, 2016 and 2015

(In thousands of New Taiwan Dollars)

Code		2016 Year ended Dec. 31	2015 Year ended Dec. 31
	CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 2,121,281	\$ 3,414,673
A20000	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	2,929,003	3,061,186
A20200	Amortization expense	40,377	35,644
A20300	Gain on reversal of losses on doubtful debts	20,682	( 8,882)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	36,290	( 16,658)
A20900	Finance costs	428,315	461,215
A21200	Interest income	( 57,458)	( 76,018)
A21300	Dividend income	( 183,519)	( 302,019)
A22300	Share of loss (profit) of associates accounted for using equity method	8,585	( 405,335)
A22500	Loss (gain) on disposal of property, plant and equipment, net	40,617	36,518
A22800	Losses on disposals of intangible assets	306	820
A23000	Loss (gain) on disposal of non-current assets classified as held for sale	-	97
A23500	Impairment loss on financial assets	2,055	169,281
A23700	Impairment loss on intangible assets	998,411	-
A23700	Impairment loss recognized on property, plant and equipment	177,228	-
A23800	Loss for market price decline and obsolete and slow-moving inventories	( 159,305)	( 17,123)
A24600	Loss (gain) on change in fair value of investment properties	( 127,937)	( 357,044)
A29900	Amortization of prepayments	28,301	15,087
A29900	Amortization of prepayments for lease	327,040	326,656
A29900	Reversal of provisions	11,898	( 1,627)
A29900	Reversal of deferred revenue	( 98,552)	( 65,656)
A29900	Reversal unrealized purchase discounts	( 106,012)	14,033

( Continued )

( Continued )

Code		2016 Year ended Dec. 31	2015 Year ended Dec. 31
A30000	Net changes in operating assets and liabilities		
A31110	Financial assets held for trading	(\$ 189,494)	(\$ 43,558)
A31130	Notes receivable	( 12,501)	( 983)
A31150	Accounts receivable	( 251,606)	30,923
A31160	Notes and accounts receivable due from related parties	95,407	8,961
A31180	Other receivable	( 229,922)	( 174,547)
A31200	Inventories	501,451	( 123,423)
A31230	Prepayments	( 2,821)	84,092
A31240	Other current assets	10,785	12,158
A31990	Net defined benefit asset	-	8,351
A32130	Notes payable	( 14,332)	( 11,079)
A32150	Accounts payable	( 355,292)	( 995,088)
A32160	Notes and accounts payable to related parties	( 5,937)	( 33,484)
A32180	Other payables	( 297,819)	( 420,542)
A32210	Deferred revenue	92,267	98,552
A32210	Advance receipts	( 231,858)	544,737
A32230	Other current liabilities	( 31,108)	44,607
A32240	Net defined benefit liability	<u>16,041</u>	<u>62,552</u>
A33000	Cash inflow (outflow) generated from operations	5,530,867	5,377,077
A33200	Dividends received	673,437	432,666
A33300	Interests paid	( 411,026)	( 440,838)
A33100	Interests received	49,417	71,918
A33500	Income tax returned	500	19,246
A33500	Income taxes paid	( <u>341,734</u> )	( <u>883,682</u> )
AAAA	Net cash flows from (used in) operating activities	<u>5,501,461</u>	<u>4,576,387</u>
	CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
B00700	Decrease of investments in debt instrument without active market	187,336	325,470
B01800	Acquisition of investments accounted for using equity method	( 74,000)	( 106,000)
B02100	Decrease in prepayments for long-term investment	96,164	78,346
B02600	Proceeds from disposal of non-current assets classified as held for sale	-	16
B02700	Acquisition of property, plant and equipment	( 1,685,232)	( 1,970,634)

( Continued )

( Continued )

Code		2016 Year ended Dec. 31	2015 Year ended Dec. 31
B02800	Proceeds from disposal of property, plant and equipment	\$ 8,097	\$ 1,173
B04500	Acquisition of intangible assets	( 42,348 )	( 45,745 )
B05400	Acquisition of investment properties	( 2,593 )	( 11,878 )
B06800	Increase (decrease) in other non-current assets	28,871	82,382
B07300	Increase in prepayments for lease	-	( 15,388 )
BBBB	Net cash flows from (used in) investing activities	<u>( 1,483,705 )</u>	<u>( 1,662,258 )</u>
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	107,709,464	63,475,366
C00200	Decrease in short-term loans	( 107,049,812 )	( 60,614,337 )
C00500	Increase in short-term notes and bills payable	30,934,339	25,892,479
C00600	Decrease in short-term notes and bills payable	( 30,594,413 )	( 26,533,142 )
C01300	Repayments of bonds	-	( 1,000,000 )
C01600	Proceeds from long-term debt	45,644,837	47,315,604
C01700	Repayment of long-term debt	( 45,509,200 )	( 49,840,000 )
C04400	Decrease in other non-current liabilities	( 45,513 )	( 19,375 )
C04500	Dividends paid to owners of the Corporation	( 1,417,029 )	( 1,439,211 )
C04900	Payments to acquire treasury shares	-	( 405,304 )
C05800	Dividends paid to non-controlling interests	( 197,397 )	( 617,669 )
	Non-controlling Interests	<u>( 50,186 )</u>	-
CCCC	Net cash flows from (used in) financing activities	<u>( 574,910 )</u>	<u>( 3,785,589 )</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>40,465</u>	<u>( 54,828 )</u>
EEEE	Net increase (decrease) in cash and cash equivalents	3,483,311	( 926,288 )
E00100	Cash and cash equivalents at beginning of period	<u>10,026,630</u>	<u>10,952,918</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 13,509,941</u>	<u>\$ 10,026,630</u>

(Concluded)