

FAR EASTERN DEPARTMENT STORES, LTD.
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	%
CURRENT ASSETS					
1100	Cash and cash equivalents	\$ 517,321	1	\$ 522,970	1
1125	Available-for-Sales financial Assets – current	234,515	-	247,350	-
1150	Notes receivable	14,890	-	1,037	-
1170	Accounts receivable	361,519	1	254,301	-
1180	Accounts receivable due from related parties	40,196	-	22,857	-
1200	Other receivables	70,854	-	93,185	-
1220	Current tax asset	4,270	-	4,270	-
130X	Inventories	383,267	1	390,075	1
1410	Prepayments	255,681	-	261,345	1
1470	Other current assets	10,000	-	17,609	-
11XX	Total current assets	<u>1,892,513</u>	<u>3</u>	<u>1,814,999</u>	<u>3</u>
NONCURRENT LIABILITIES					
1523	Available-for-sale financial assets - noncurrent	2,090,501	4	2,185,496	4
1543	Financial assets measured at cost - noncurrent	105,378	-	107,433	-
1550	Investments accounted for by equity method	16,760,797	29	17,866,126	30
1600	Property, plant and equipment	25,385,789	44	26,098,891	44
1760	Investment properties	9,318,997	16	9,144,466	15
1780	Intangible assets	24,189	-	12,553	-
1840	Deferred tax assets	282,237	-	106,958	-
1985	Long-term prepayments for lease	2,298,572	4	2,360,977	4
1990	Other noncurrent assets	202,612	-	211,072	-
15XX	Total noncurrent assets	<u>56,469,072</u>	<u>97</u>	<u>58,093,972</u>	<u>97</u>
1XXX	TOTAL	<u>\$ 58,361,585</u>	<u>100</u>	<u>\$ 59,908,971</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
2100	Short-term debts	\$ 3,900,000	7	\$ 4,900,000	8
2110	Short-term notes and bills payable	1,149,478	2	1,049,686	2
2170	Accounts and notes payables	3,223,709	6	3,355,590	6
2180	Notes and accounts payable to related parties	59,434	-	66,998	-
2200	Other payables	1,471,416	3	1,847,950	3
2230	Current tax liabilities	232,251	-	65,194	-
2313	Deferred revenue - current	37,161	-	38,775	-
2310	Advance receipts	2,905,473	5	3,163,444	5
2322	Long-term borrowings - current portion	4,696,916	8	300,000	1
2399	Other current liabilities	130,490	-	137,093	-
21XX	Total current liabilities	<u>17,806,328</u>	<u>31</u>	<u>14,924,730</u>	<u>25</u>
NONCURRENT LIABILITIES					
2540	Long-term borrowings	9,500,000	16	13,596,945	23
2570	Deferred tax liabilities	1,937,255	3	1,840,126	3
2640	Net defined benefit liability, non-current	314,561	1	176,764	-
2670	Other noncurrent liabilities	172,870	-	123,407	-
25XX	Total noncurrent liabilities	<u>11,924,686</u>	<u>20</u>	<u>15,737,242</u>	<u>26</u>
2XXX	Total liabilities	<u>29,731,014</u>	<u>51</u>	<u>30,661,972</u>	<u>51</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share Capital					
3110	Ordinary share	14,169,406	24	14,169,406	24
3200	Capital surplus	3,319,868	6	3,315,420	5
Retained earnings					
3310	Legal reserve	2,899,856	5	2,728,379	5
3320	Special reserve	2,529,594	4	2,461,168	4
3350	Unappropriated earnings	2,013,557	4	2,673,946	4
3300	Total retained earnings	<u>7,443,007</u>	<u>13</u>	<u>7,863,493</u>	<u>13</u>
3400	Other equity	3,795,400	6	3,995,790	7
3500	Treasury stock	(97,110)	-	(97,110)	-
3XXX	Total equity attributable to owners of the Company	<u>28,630,571</u>	<u>49</u>	<u>29,246,999</u>	<u>49</u>
Total equity and liabilities		<u>\$ 58,361,585</u>	<u>100</u>	<u>\$ 59,908,971</u>	<u>100</u>

FAR EASTERN DEPARTMENT STORES, LTD

Statement of comprehensive income

Year ended Dec. 31, 2016 and 2015

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

C o d e		2016		2015	
		Year ended Dec. 31		Year ended Dec. 31	
		Amount	%	Amount	%
4000	REVENUES	\$ 10,524,713	100	\$ 10,348,566	100
5000	COSTS	<u>3,843,738</u>	<u>37</u>	<u>3,710,684</u>	<u>36</u>
5900	GROSS PROFIT	<u>6,680,975</u>	<u>63</u>	<u>6,637,882</u>	<u>64</u>
	OPERATING EXPENSES				
6100	Selling	474,425	5	481,701	4
6200	General and administrative	<u>4,362,248</u>	<u>41</u>	<u>4,625,049</u>	<u>45</u>
6000	Total operating expenses	<u>4,836,673</u>	<u>46</u>	<u>5,106,750</u>	<u>49</u>
6900	OPERATING INCOME	<u>1,844,302</u>	<u>17</u>	<u>1,531,132</u>	<u>15</u>
	NONOPERATING INCOME AND EXPENSES				
7010	Other income	104,593	1	169,662	2
7020	Other gains and losses	521,069	5	483,759	5
7050	Finance costs	(202,433)	(2)	(228,199)	(2)
7070	Share of profit (loss) of subsidiaries and associates accounted for using equity method	(<u>880,568</u>)	(<u>8</u>)	<u>142,971</u>	<u>1</u>
7000	Total Non-operating income and expenses	(<u>457,339</u>)	(<u>4</u>)	<u>568,193</u>	<u>6</u>
7900	INCOME BEFORE INCOME TAX	1,386,963	13	2,099,325	21
7950	INCOME TAX EXPENSE	<u>252,711</u>	<u>2</u>	<u>384,555</u>	<u>4</u>
8200	NET INCOME	<u>1,134,252</u>	<u>11</u>	<u>1,714,770</u>	<u>17</u>

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Code		2016		2015	
		Year ended Dec. 31		Year ended Dec. 31	
		Amount	%	Amount	%
	OTHER				
	COMPREHENSIVE				
	INCOME				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(\$ 124,462)	(1)	(\$ 354,195)	(3)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	(33,366)	-	(46,074)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>21,158</u>	<u>-</u>	<u>60,213</u>	<u>1</u>
		(<u>136,670</u>)	(<u>1</u>)	(<u>340,056</u>)	(<u>3</u>)
8360	Components of other comprehensive income that will be reclassified to profit or loss				

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<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>
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	(107,830)	(1)	(812,531)	(8)
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	(<u>92,560</u>)	(<u>1</u>)	(<u>1,092,530</u>)	(<u>11</u>)
		(<u>200,390</u>)	(<u>2</u>)	(<u>1,905,061</u>)	(<u>19</u>)
8300	Total other comprehensive income, net	(<u>337,060</u>)	(<u>3</u>)	(<u>2,245,117</u>)	(<u>22</u>)
8500	COMPREHENSIVE INCOME	<u>\$ 797,192</u>	<u>8</u>	<u>(\$ 530,347)</u>	<u>(5)</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.

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	\$ 1,386,963	\$ 2,099,325
A20000	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	1,284,042	1,287,152
A20200	Amortization expense	9,612	11,107
A20300	Bad debt expense	-	19
A29900	Amortization of prepayments	8,143	8,363
A20900	Finance costs	202,433	228,199
A29900	Reversing unearned revenue	(38,775)	(14,892)
A22400	Share of loss (profit) of subsidiaries and associates accounted for using equity method	880,568	(142,971)
A21200	Interest income	(551)	(991)
A21300	Dividend income	(104,042)	(168,671)
A22500	Loss (gain) on disposal of property, plant and equipment, net	14,191	4,994
A22700	Loss (gain) on disposal of Investment property, net	247	145
A23500	Impairment loss on financial assets	2,055	2,055
A24600	Loss (gain) on change in fair value of investment properties	(157,290)	(398,179)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(13,853)	(814)
A31150	Accounts receivable	(107,218)	(9,103)
A31160	Notes and accounts receivable due from related parties	(17,339)	(10,818)
A31180	Other receivable	22,837	(26,419)
A31200	Inventories	6,808	23,344
A31230	Prepayments	(1,764)	(12,512)
A31240	Other current assets	7,609	(2,458)
A31990	Increase (decrease) in net defined benefit asset	-	8,351
A32150	Accounts payable	(131,881)	10,293
A32160	Accounts payable to related parties	(7,564)	1,996
A32180	Other payables	(216,876)	(95,057)
A32210	Advance receipts	37,161	38,775
A32210	Unearned revenue	(96,239)	271,148
A32230	Other current liabilities	(6,603)	81,435
A32240	Net defined benefit liability	13,335	-
A33000	Cash inflow (outflow) generated from operations	2,976,009	3,193,816

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Code		2016 Year ended Dec. 31	2015 Year ended Dec. 31
A33300	Interests paid	(239,708)	(263,830)
A33100	Interests received	45	336
A33200	Dividends received	227,837	632,296
A33400	Income tax returned	-	18,988
A33500	Income taxes paid	(<u>142,646</u>)	(<u>259,445</u>)
AAAA	Net cash flows from (used in) operating activities	<u>2,821,537</u>	<u>3,322,161</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
B00700	Acquisition of investments in debt instrument without active market	-	192,371
B01800	Acquisition of investments accounted for using equity method	-	(203,000)
B02700	Acquisition of property, plant and equipment	(805,780)	(953,756)
B05400	Acquisition of investment properties	(3,792)	(11,488)
B06800	Decrease (increase) in other non-current assets	9,056	2,224
B04500	Acquisition of intangible assets	(21,248)	(1,763)
B02800	Proceeds from disposal of property, plant and equipment	<u>127</u>	<u>726</u>
BBBB	Net cash flows from (used in) investing activities	(<u>821,637</u>)	(<u>974,686</u>)
Cash flows from (used in) financing activities			
C00100	Increase in short-term loans	49,330,000	17,300,000
C00200	Decrease in short-term loans	(50,330,000)	(14,200,000)
C00500	Increase in short-term notes and bills payable	13,714,162	11,097,355
C00600	Decrease in short-term notes and bills payable	(13,614,370)	(11,697,129)
C01300	Repayments of bonds	-	(1,000,000)
C01600	Proceeds from long-term debt	32,249,971	38,300,910
C01700	Repayment of long-term debt	(31,950,000)	(40,250,000)
C04300	Increase in other non-current liabilities	11,717	15,224
C04500	Dividends paid	(1,417,029)	(1,439,211)
C04900	Payments to acquire treasury shares	<u>-</u>	(<u>405,304</u>)
CCCC	Net cash flows from (used in) financing activities	(<u>2,005,549</u>)	(<u>2,278,155</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	(5,649)	69,320
	Cash and cash equivalents at beginning of period		
E00100	Cash and cash equivalents at end of period	<u>522,970</u>	<u>453,650</u>
E00200	Net increase (decrease) in cash and cash equivalents	<u>\$ 517,321</u>	<u>\$ 522,970</u>

(Concluded)