

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
Dec. 31, 2018 and Dec. 31, 2017
(In thousands of New Taiwan Dollars, Except Par Value)

Code	Assets	2018/12/31		2017/12/31	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents	\$ 14,594,847	14	\$ 16,116,484	15
1110	Financial assets at fair value through profit or loss - current	437,747	-	496,455	1
1120	Current financial assets at fair value through other comprehensive income	244,785	-	-	-
1125	Available-for-sale financial assets - current	-	-	233,523	-
1136	Current financial assets at amortized cost	2,077,919	2	-	-
1147	Bond investments without active market-current	-	-	1,914,388	2
1150	Notes receivable	2,287	-	1,131	-
1170	Accounts receivable	1,582,273	2	1,113,758	1
1180	Accounts receivable due from related parties	155,942	-	126,364	-
1200	Other receivables	2,159,355	2	1,784,033	2
1220	Current tax assets	5,655	-	3,079	-
130X	Inventories	2,729,234	3	2,583,275	2
1410	Prepayments	977,014	1	870,134	1
1470	Other current assets	85,798	-	69,068	-
11XX	Total current assets	<u>25,052,856</u>	<u>24</u>	<u>25,311,692</u>	<u>24</u>
	NONCURRENT ASSETS				
1517	Non-current financial assets at fair value through other comprehensive income	3,960,014	4	-	-
1523	Available-for-sale financial assets - noncurrent	-	-	2,944,887	3
1535	Non-current financial assets at amortized cost	227,400	-	-	-
1543	Financial assets measured at cost - noncurrent	-	-	608,037	-
1546	Bond investments without active market - non-current	-	-	227,000	-
1550	Investments accounted for by equity method	8,678,647	8	8,444,059	8
1600	Property, plant and equipment	43,532,941	42	43,699,225	41
1760	Investment properties	8,690,640	8	8,738,216	8
1780	Intangible assets	3,449,258	3	5,059,516	5
1840	Deferred tax assets	772,100	1	719,578	1
1985	Long-term prepayments for lease	7,704,464	8	8,176,674	8
1990	Other noncurrent assets	1,678,021	2	1,779,567	2
15XX	Total noncurrent assets	<u>78,693,485</u>	<u>76</u>	<u>80,396,759</u>	<u>76</u>
1XXX	TOTAL	<u>\$ 103,746,341</u>	<u>100</u>	<u>\$ 105,708,451</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term debts	\$ 12,957,612	13	\$ 13,084,956	12
2110	Short-term notes and bills payable	3,480,365	3	2,514,700	3
2130	Contract liabilities-Current	7,525,468	7	-	-
2150	Notes payable	3,683	-	3,071	-
2170	Accounts payable	17,579,453	17	18,285,105	17
2180	Notes and accounts payable to related parties	104,999	-	127,880	-
2200	Other payables	3,687,578	4	4,250,840	4
2230	Current tax liabilities	609,796	1	539,394	1
2250	Provision-current	6,592	-	6,828	-
2310	Advance receipts	354,277	-	7,456,419	7
2313	Deferred revenue - current	-	-	83,761	-
2321	Bonds payable - current portion	-	-	998,149	1
2322	Long-term borrowings - current portion	-	-	3,500,000	3
2399	Other current liabilities	320,947	-	264,545	-
21XX	Total current liabilities	<u>46,630,770</u>	<u>45</u>	<u>51,115,648</u>	<u>48</u>
	NONCURRENT LIABILITIES				
2540	Long-term borrowings	15,090,000	15	13,258,102	13
2550	Provision-noncurrent	24,909	-	26,465	-
2570	Deferred tax liabilities	2,114,362	2	1,915,480	2
2640	Net defined benefit liability, non-current	808,480	1	945,908	1
2670	Other noncurrent liabilities	1,387,430	1	1,588,670	1
25XX	Total noncurrent liabilities	<u>19,425,181</u>	<u>19</u>	<u>17,734,625</u>	<u>17</u>
2XXX	Total liabilities	<u>66,055,951</u>	<u>64</u>	<u>68,850,273</u>	<u>65</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
	Share Capital				
3110	Ordinary share	14,169,406	14	14,169,406	13
3200	Capital surplus	3,315,420	3	3,315,931	3
	Retained earnings				
3310	Legal reserve	3,166,880	3	3,013,281	3
3320	Special reserve	2,656,286	2	2,643,743	3
3350	Unappropriated earnings	2,081,772	2	2,274,946	2
3300	Total retained earnings	7,904,938	7	7,931,970	8
3400	Other equity	4,231,252	4	3,678,521	3
3500	Treasury stock	(97,110)	-	(97,110)	-
31XX	Total equity attributable to owners of the Company	29,523,906	28	28,998,718	27
36XX	NON-CONTROLLING INTERESTS	8,166,484	8	7,859,460	8
3XXX	Total equity	<u>37,690,390</u>	<u>36</u>	<u>36,858,178</u>	<u>35</u>
	TOTAL	<u>\$ 103,746,341</u>	<u>100</u>	<u>\$ 105,708,451</u>	<u>100</u>

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended Dec. 31, 2018 and 2017

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

C o d e		2018		2017	
		Year ended Dec. 31	%	Year ended Dec. 31	%
		Amount	%	Amount	%
4000	REVENUES	\$ 39,242,551	100	\$ 41,166,982	100
5000	COSTS	<u>19,091,584</u>	<u>49</u>	<u>20,673,607</u>	<u>50</u>
5900	GROSS PROFIT	<u>20,150,967</u>	<u>51</u>	<u>20,493,375</u>	<u>50</u>
	OPERATING EXPENSES				
6100	Selling	923,663	2	1,036,753	3
6200	General and administrative	15,056,030	39	16,369,898	40
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	(<u>16,055</u>)	-	-	-
6000	Total operating expenses	<u>15,963,638</u>	<u>41</u>	<u>17,406,651</u>	<u>43</u>
6900	OPERATING INCOME	<u>4,187,329</u>	<u>10</u>	<u>3,086,724</u>	<u>7</u>
	NONOPERATING INCOME AND EXPENSES				
7010	Other income	530,849	1	213,248	-
7020	Other gains and losses	(1,743,179)	(4)	(116,574)	-
7050	Finance costs	(437,280)	(1)	(445,376)	(1)
7060	Share of profit (loss) of associates accounted for using equity method	<u>11,396</u>	-	(<u>39,180</u>)	-
7000	Total Non-operating income and expenses	(<u>1,638,214</u>)	(<u>4</u>)	(<u>387,882</u>)	(<u>1</u>)
7900	INCOME BEFORE INCOME TAX	2,549,115	6	2,698,842	6
7950	INCOME TAX EXPENSE	<u>898,620</u>	<u>2</u>	<u>853,820</u>	<u>2</u>
8200	NET INCOME	<u>1,650,495</u>	<u>4</u>	<u>1,845,022</u>	<u>4</u>

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Code		2018		2017	
		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				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$ 534,199	2	\$ -	-
8311	Gains (losses) on remeasurements of defined benefit plans	(50,328)	-	(78,408)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	409,335	1	(3,666)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>23,366</u>	<u>-</u>	<u>13,325</u>	<u>-</u>
		<u>916,572</u>	<u>3</u>	<u>(68,749)</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(14,562)	-	53,290	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(140,221)	-
8370	Share of other comprehensive income of associates accounted for using equity method	<u>5,267</u>	<u>-</u>	<u>(3,528)</u>	<u>-</u>
		<u>(9,295)</u>	<u>-</u>	<u>(90,459)</u>	<u>-</u>
8300	Total other comprehensive income, net	<u>907,277</u>	<u>3</u>	<u>(159,208)</u>	<u>-</u>
8500	COMPREHENSIVE INCOME	<u>\$ 2,557,772</u>	<u>7</u>	<u>\$ 1,685,814</u>	<u>4</u>
8600	NET INCOME ATTRIBUTED TO :				
8610	Owners of parent	\$ 1,318,150	3	\$ 1,535,986	3
8620	Non-controlling interests	<u>332,345</u>	<u>1</u>	<u>309,036</u>	<u>1</u>
		<u>\$ 1,650,495</u>	<u>4</u>	<u>\$ 1,845,022</u>	<u>4</u>
8700	COMPREHENSIVE INCOME CONTRIBUTED TO :				
8710	Owners of parent	\$ 2,029,426	5	\$ 1,363,957	3
8720	Non-controlling interests	<u>528,346</u>	<u>2</u>	<u>321,857</u>	<u>1</u>
	COMPREHENSIVE INCOME	<u>\$ 2,557,772</u>	<u>7</u>	<u>\$ 1,685,814</u>	<u>4</u>
	NET INCOME ATTRIBUTED TO :				
9750	Basic	<u>\$ 0.94</u>		<u>\$ 1.09</u>	
9850	Diluted	<u>\$ 0.93</u>		<u>\$ 1.09</u>	

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended Dec. 31, 2018 and 2017

(In thousands of New Taiwan Dollars)

<u>C o d e</u>		<u>2018</u> <u>Year ended Dec. 31</u>	<u>2017</u> <u>Year ended Dec. 31</u>
	CASH FLOWS FROM (USED IN)		
	OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 2,549,115	\$ 2,698,842
A20010	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	2,355,319	2,650,811
A20200	Amortization expense	51,903	44,687
A20300	Expected credit loss (gain)	(16,055)	-
A20300	Gain on reversal of losses on doubtful debts	-	(7,062)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(10,443)	2,851
A20900	Finance costs	437,280	445,376
A21200	Interest income	(128,124)	(74,855)
A21300	Dividend income	(152,720)	(138,393)
A22300	Share of loss (profit) of associates accounted for using equity method	(11,396)	39,180
A22500	Loss (gain) on disposal of property, plant and equipment, net	26,487	223,336
A22700	Loss (gain) on disposal of investment properties	90,621	-
A22800	Losses on disposals of intangible assets	-	3,261
A23000	Loss (gain) on disposal of non-current assets classified as held for sale	-	(6,628)
A23100	Loss (gain) on disposal of investments	-	(428,971)
A23500	Impairment loss on financial assets	-	2,055
A23700	Impairment loss on intangible assets	1,630,000	1,205,840
A23700	Impairment loss recognized on property, plant and equipment	38,047	2,040
A23800	Loss for market price decline and obsolete and slow-moving inventories	(18,415)	(1,734)
A24600	Loss (gain) on change in fair value of investment properties	(43,045)	9,061
A29900	Amortization of prepayments	5,582	25,903
A29900	Amortization of prepayments for lease	337,503	325,824
A29900	Reversal of provisions	-	(92,267)
A29900	Reversal unrealized purchase discounts	433	(1,506)
A30000	Net changes in operating assets and liabilities		
A31110	Financial assets held for trading	-	5,009
A31115	Decrease (increase) in financial assets at fair value through profit or loss, measured at fair value	69,151	-

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C o d e		2018 Year ended Dec. 31	2017 Year ended Dec. 31
A31130	Notes receivable	(\$ 1,156)	\$ 14,763
A31150	Accounts receivable	(465,119)	(355,141)
A31160	Notes and accounts receivable due from related parties	(26,163)	36,721
A31180	Other receivable	(319,715)	52,691
A31200	Inventories	(127,977)	181,071
A31230	Prepayments	36,461	148,600
A31240	Other current assets	(16,730)	10,249
A32125	Contract liability	361,734	-
A32130	Notes payable	612	(34,821)
A32150	Accounts payable	(705,652)	2,034,431
A32160	Notes and accounts payable to related parties	(22,881)	14,063
A32180	Other payables	(718,428)	(979,615)
A32200	Provisions	(2,045)	(13,548)
A32210	Deferred revenue	-	83,761
A32210	Advance receipts	120,205	71,379
A32230	Other current liabilities	56,402	(14,111)
A32240	Net defined benefit liability	(191,239)	(92,161)
A33000	Cash inflow (outflow) generated from operations	5,189,552	8,090,992
A33200	Dividends received	290,342	238,940
A33300	Interests paid	(436,417)	(431,023)
A33100	Interests received	115,480	67,559
A33500	Income tax returned	194	3,125
A33500	Income taxes paid	(672,202)	(799,617)
AAAA	Net cash flows from (used in) operating activities	<u>4,486,949</u>	<u>7,169,976</u>
	CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	(163,931)	-
B00700	Increase of investments in debt instrument without active market	-	(1,324,877)
B01800	Acquisition of investments accounted for using equity method	-	(286,655)
B00300	Acquisitions of available-for-sale financial assets	-	(92,331)
B00400	Proceeds from disposal of available-for-sale financial assets	-	1,171,836
B02100	Decrease in prepayments for long-term investment	49,288	84,174
B02600	Proceeds from disposal of non-current assets classified as held for sale	-	13,500
B02700	Acquisition of property, plant and equipment	(2,257,557)	(1,825,793)
B02800	Proceeds from disposal of property, plant and equipment	606	1,940
B04500	Acquisition of intangible assets	(63,726)	(53,748)
B05400	Acquisition of investment properties	-	(1,481)
B06800	Increase (decrease) in other non-current assets	(82,785)	77,909
BBBB	Net cash flows from (used in) investing activities	<u>(2,518,105)</u>	<u>(2,235,526)</u>

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<u>C o d e</u>		<u>2018</u> <u>Year ended Dec. 31</u>	<u>2017</u> <u>Year ended Dec. 31</u>
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	\$ 174,720,516	\$ 137,230,416
C00200	Decrease in short-term loans	(174,820,679)	(133,883,006)
C00500	Increase in short-term notes and bills payable	26,313,358	29,826,307
C00600	Decrease in short-term notes and bills payable	(25,347,693)	(30,002,553)
C01300	Repayments of bonds	(1,000,000)	-
C01600	Proceeds from long-term debt	75,821,898	67,111,036
C01700	Repayment of long-term debt	(77,490,000)	(71,280,600)
C04400	Decrease in other non-current liabilities	(26,346)	(35,184)
C04500	Dividends paid to owners of the Corporation	(1,414,847)	(992,035)
C05800	Dividends paid to non-controlling interests	(256,698)	(267,424)
CCCC	Net cash flows from (used in) financing activities	<u>(3,500,491)</u>	<u>(2,293,043)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>10,010</u>	<u>(34,864)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(1,521,637)	2,606,543
E00100	Cash and cash equivalents at beginning of period	<u>16,116,484</u>	<u>13,509,941</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 14,594,847</u>	<u>\$ 16,116,484</u>

(Concluded)