

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

C o d e	Assets	2018/12/31		2017/12/31	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents	\$ 746,181	1	\$ 731,111	1
1147	Current financial assets at amortized cost	25,095	-	-	-
1150	Notes receivable	140	-	-	-
1170	Accounts receivable	710,140	1	445,110	1
1180	Accounts receivable due from related parties	70,052	-	58,247	-
1200	Other receivables	337,628	1	86,428	-
130X	Inventories	378,188	1	331,080	1
1410	Prepayments	237,820	-	222,711	-
1470	Other current assets	13,780	-	11,408	-
11XX	Total current assets	<u>2,519,024</u>	<u>4</u>	<u>1,886,095</u>	<u>3</u>
	NONCURRENT LIABILITIES				
1517	Non-current financial assets at fair value through other comprehensive income	2,354,351	4	-	-
1523	Available-for-sale financial assets - noncurrent	-	-	1,945,059	3
1543	Financial assets measured at cost - noncurrent	-	-	103,894	-
1550	Investments accounted for by equity method	19,570,715	32	20,151,049	33
1600	Property, plant and equipment	25,314,067	41	25,020,048	41
1760	Investment properties	9,062,640	15	9,120,816	15
1780	Intangible assets	50,207	-	50,001	-
1840	Deferred tax assets	192,145	-	111,621	-
1985	Long-term prepayments for lease	2,173,763	4	2,236,168	4
1990	Other noncurrent assets	321,053	-	266,326	1
15XX	Total noncurrent assets	<u>59,038,941</u>	<u>96</u>	<u>59,004,982</u>	<u>97</u>
1XXX	TOTAL	<u>\$ 61,557,965</u>	<u>100</u>	<u>\$ 60,891,077</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term debts	\$ 6,710,000	11	\$ 6,300,000	10
2110	Short-term notes and bills payable	2,299,032	4	1,699,188	3
2130	Contract liabilities-Current	2,847,832	5	-	-
2170	Accounts and notes payables	4,878,840	8	5,026,846	8
2180	Notes and accounts payable to related parties	76,148	-	85,055	-
2200	Other payables	1,284,856	2	1,226,591	2
2230	Current tax liabilities	148,613	-	124,398	-
2313	Deferred revenue - current	-	-	37,604	-
2310	Advance receipts	188,206	-	2,885,830	5
2322	Long-term borrowings - current portion	-	-	3,500,000	6
2399	Other current liabilities	154,900	-	113,556	-
21XX	Total current liabilities	<u>18,588,427</u>	<u>30</u>	<u>20,999,068</u>	<u>34</u>
	NONCURRENT LIABILITIES				
2540	Long-term borrowings	11,100,000	18	8,600,000	14
2570	Deferred tax liabilities	2,064,540	4	1,884,830	3
2640	Net defined benefit liability, non-current	89,001	-	237,508	1
2670	Other noncurrent liabilities	192,091	-	170,953	-
25XX	Total noncurrent liabilities	<u>13,445,632</u>	<u>22</u>	<u>10,893,291</u>	<u>18</u>
2XXX	Total liabilities	<u>32,034,059</u>	<u>52</u>	<u>31,892,359</u>	<u>52</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
	Share Capital				
3110	Ordinary share	14,169,406	23	14,169,406	23
3200	Capital surplus	3,315,420	5	3,315,931	6
	Retained earnings				
3310	Legal reserve	3,166,880	5	3,013,281	5
3320	Special reserve	2,656,286	4	2,643,743	4
3350	Unappropriated earnings	2,081,772	4	2,274,946	4
3300	Total retained earnings	7,904,938	13	7,931,970	13
3400	Other equity	4,231,252	7	3,678,521	6
3500	Treasury stock	(97,110)	-	(97,110)	-
3XXX	Total equity attributable to owners of the Company	<u>29,523,906</u>	<u>48</u>	<u>28,998,718</u>	<u>48</u>
	Total equity and liabilities	<u>\$ 61,557,965</u>	<u>100</u>	<u>\$ 60,891,077</u>	<u>100</u>

FAR EASTERN DEPARTMENT STORES, LTD

Statement 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	\$ 10,781,588	100	\$ 10,581,149	100
5000	COSTS	<u>4,285,132</u>	<u>40</u>	<u>4,097,426</u>	<u>39</u>
5900	GROSS PROFIT	<u>6,496,456</u>	<u>60</u>	<u>6,483,723</u>	<u>61</u>
	OPERATING EXPENSES				
6100	Selling	375,165	4	402,891	4
6200	General and administrative	4,031,963	37	4,198,675	39
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	(<u>11</u>)	-	-	-
6000	Total operating expenses	<u>4,407,117</u>	<u>41</u>	<u>4,601,566</u>	<u>43</u>
6900	OPERATING INCOME	<u>2,089,339</u>	<u>19</u>	<u>1,882,157</u>	<u>18</u>
	NONOPERATING INCOME AND EXPENSES				
7010	Other income	335,487	3	72,518	1
7020	Other gains and losses	(14,332)	-	170,706	1
7050	Finance costs	(169,089)	(1)	(199,285)	(2)
7070	Share of profit (loss) of subsidiaries and associates accounted for using equity method	(<u>607,556</u>)	(<u>6</u>)	(<u>144,445</u>)	(<u>1</u>)
7000	Total Non-operating income and expenses	(<u>455,490</u>)	(<u>4</u>)	(<u>100,506</u>)	(<u>1</u>)
7900	INCOME BEFORE INCOME TAX	1,633,849	15	1,781,651	17
7950	INCOME TAX EXPENSE	<u>315,699</u>	<u>3</u>	<u>245,665</u>	<u>2</u>
8200	NET INCOME	<u>1,318,150</u>	<u>12</u>	<u>1,535,986</u>	<u>15</u>

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C o d e		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				
8311	Gains (losses) on remeasurements of defined benefit plans	(\$ 5,559)	-	(\$ 22,745)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	311,658	3	-	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	390,615	4	(36,272)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>5,528</u>	<u>-</u>	<u>3,867</u>	<u>-</u>
		<u>702,242</u>	<u>7</u>	<u>(55,150)</u>	<u>(1)</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(26,854)	-
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	<u>9,034</u>	<u>-</u>	<u>(90,025)</u>	<u>(1)</u>
		<u>9,034</u>	<u>-</u>	<u>(116,879)</u>	<u>(1)</u>
8300	Total other comprehensive income, net	<u>711,276</u>	<u>7</u>	<u>(172,029)</u>	<u>(2)</u>
8500	COMPREHENSIVE INCOME	<u>\$ 2,029,426</u>	<u>19</u>	<u>\$ 1,363,957</u>	<u>13</u>
	EARNINGS PER SHARE				
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.

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	\$ 1,633,849	\$ 1,781,651
A20010	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	1,016,063	1,187,359
A20200	Amortization expense	18,678	12,481
A20300	Expected credit loss (gain)	(11)	-
A29900	Amortization of prepayments	476	715
A20900	Finance costs	169,089	199,285
A29900	Reversing unearned revenue	-	(37,161)
A22400	Share of loss (profit) of subsidiaries and associates accounted for using equity method	607,556	144,445
A21200	Interest income	(160)	(38)
A21300	Dividend income	(85,322)	(72,480)
A22500	Loss (gain) on disposal of property, plant and equipment, net	6,439	7,062
A22700	Loss (gain) on disposal of Investment property, net	90,700	166
A23100	Gain on disposal of Investment	-	(194,022)
A23500	Impairment loss on financial assets	-	2,055
A24600	Loss (gain) on change in fair value of investment properties	(32,218)	78,539
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(140)	14,890
A31150	Accounts receivable	(261,485)	(83,591)
A31160	Notes and accounts receivable due from related parties	(11,805)	(18,051)
A31180	Other receivable	(251,557)	(15,574)
A31200	Inventories	(47,108)	52,187
A31230	Prepayments	(15,109)	32,970
A31240	Other current assets	(2,372)	(1,408)
A32125	Contract liability	166,895	-
A32150	Accounts payable	(148,006)	1,803,137
A32160	Accounts payable to related parties	(8,907)	25,621
A32180	Other payables	26,491	(74,995)
A32210	Advance receipts	-	37,604
A32210	Unearned revenue	36,068	131,025
A32230	Other current liabilities	41,344	(16,934)
A32240	Net defined benefit liability	(154,066)	(99,798)

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<u>C o d e</u>		<u>2018</u> Year ended Dec. 31	<u>2017</u> Year ended Dec. 31
A33000	Cash inflow (outflow) generated from operations	\$ 2,795,382	\$ 4,897,140
A33300	Interests paid	(210,771)	(229,773)
A33100	Interests received	160	38
A33200	Dividends received	378,552	228,650
A33400	Income tax returned	170	3,123
A33500	Income taxes paid	(186,940)	(230,313)
AAAA	Net cash flows from (used in) operating activities	<u>2,776,553</u>	<u>4,668,865</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
B00040	Acquisition of financial assets at amortised cost	(25,095)	-
B00400	Proceeds from disposal of available-for-sale financial assets	-	547,125
B01800	Acquisition of investments accounted for using equity method	-	(3,843,327)
B02700	Acquisition of property, plant and equipment	(1,272,504)	(969,786)
B05400	Acquisition of investment properties	(306)	(2,193)
B06800	Decrease (increase) in other non-current assets	(54,007)	(34,160)
B04500	Acquisition of intangible assets	(13,155)	(25,979)
B02800	Proceeds from disposal of property, plant and equipment	<u>26</u>	<u>998</u>
BBBB	Net cash flows from (used in) investing activities	(1,365,041)	(4,327,322)
Cash flows from (used in) financing activities			
C00100	Increase in short-term loans	93,400,000	90,450,000
C00200	Decrease in short-term loans	(92,990,000)	(88,050,000)
C00500	Increase in short-term notes and bills payable	16,610,243	13,340,889
C00600	Decrease in short-term notes and bills payable	(16,010,399)	(12,791,179)
C01600	Proceeds from long-term debt	61,000,000	55,450,000
C01700	Repayment of long-term debt	(62,000,000)	(57,546,916)
C04300	Increase in other non-current liabilities	8,561	11,488
C04500	Dividends paid	(1,414,847)	(992,035)
CCCC	Net cash flows from (used in) financing activities	(1,396,442)	(127,753)
EEEE	Net increase (decrease) in cash and cash equivalents	15,070	213,790
E00100	Cash and cash equivalents at end of period	<u>731,111</u>	<u>517,321</u>
E00200	Net increase (decrease) in cash and cash equivalents	<u>\$ 746,181</u>	<u>\$ 731,111</u>

(Concluded)