

FAR EASTERN DEPARTMENT STORES, LTD.

BALANCE SHEETS

Dec. 31, 2013, Dec. 31, 2012 and Jan. 1, 2012

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

Code	Assets	2013/12/31		2012/12/31		2012/1/1	
		Amount	%	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>							
1100	Cash and cash equivalents	\$ 516,953	1	\$ 870,675	2	\$ 566,057	1
1125	Available-for-Sales financial Assets—current	285,698	1	254,779	-	233,559	-
1147	Bond investments without active market-current	191,594	-	-	-	-	-
1150	Notes receivable	26,350	-	28,645	-	36,974	-
1170	Accounts receivable	242,626	-	509,631	1	479,757	1
1180	Accounts receivable due from related parties	15,676	-	14,187	-	52,118	-
1200	Other receivables	329,741	1	486,527	1	364,725	1
1220	Current tax asset	20,163	-	41,547	-	37,001	-
130X	Inventories	384,916	1	430,141	1	372,957	1
1429	Prepayments	247,658	-	261,485	-	332,912	-
1470	Other current assets	21,801	-	5,720	-	17,363	-
11XX	Total current assets	<u>2,283,176</u>	<u>4</u>	<u>2,903,337</u>	<u>5</u>	<u>2,493,423</u>	<u>4</u>
<b>NON-CURRENT ASSETS</b>							
1523	Available-for-sale financial assets — non-current	2,968,556	5	2,812,603	5	2,577,430	4
1543	Financial assets carried at cost — non-current	111,543	-	62,570	-	62,570	-
1550	Investments accounted for using equity method	19,794,815	33	19,012,517	32	18,638,416	32
1600	Property, plant and equipment	31,227,060	52	30,972,607	52	30,685,182	52
1760	Investment property	879,826	2	933,067	2	956,385	2
1780	Intangible assets	5,494	-	3,480	-	-	-
1840	Deferred tax assets	52,901	-	91,050	-	71,255	-
1975	Prepaid pension costs	222,285	-	222,666	-	369,869	1
1985	Prepayments for long-term lease	2,485,787	4	2,548,191	4	2,610,595	5
1990	Other non-current assets	218,746	-	238,483	-	258,760	-
15XX	Total non-current assets	<u>57,967,013</u>	<u>96</u>	<u>56,897,234</u>	<u>95</u>	<u>56,230,462</u>	<u>96</u>
1XXX	Total	<u>\$ 60,250,189</u>	<u>100</u>	<u>\$ 59,800,571</u>	<u>100</u>	<u>\$ 58,723,885</u>	<u>100</u>
<b>LIBILITIES AND STOCKHOLDERS' EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
2100	Short-term borrowings	\$ 2,650,000	4	\$ 2,500,000	4	\$ 4,400,000	8
2110	Short-term notes and bills payable	1,598,491	3	1,699,455	3	1,699,268	3
2150	Notes payable	-	-	-	-	113	-
2170	Accounts payable	3,328,710	6	3,848,239	7	3,132,697	5
2180	Notes and accounts payable to related parties	65,113	-	89,723	-	82,106	-
2219	Other payables	1,765,311	3	2,364,945	4	3,959,018	7
2230	Current tax liabilities	40,192	-	-	-	38,262	-
2313	Unearned revenue-current	6,257	-	7,285	-	48,280	-
2310	Advance receipts	3,088,826	5	2,989,562	5	2,428,607	4
2321	Bonds, current portion	2,493,512	4	1,200,000	2	-	-
2322	long-term borrowings, current portion	997,159	2	600,000	1	-	-
2399	Other current liability	77,358	-	62,705	-	220,602	-
21XX	Total current liability	<u>16,110,929</u>	<u>27</u>	<u>15,361,914</u>	<u>26</u>	<u>16,008,953</u>	<u>27</u>
<b>NON-CURRENT LIABILITIES</b>							
2530	Bonds payable	1,000,000	2	3,454,937	6	4,616,958	8
2540	Long-term borrowings	12,749,762	21	11,696,733	19	9,696,646	16
2570	Deferred tax liabilities	1,278,387	2	1,137,915	2	957,639	2
2670	Other non-current liabilities	85,108	-	67,540	-	40,632	-
25XX	Total non-current liabilities	<u>15,113,257</u>	<u>25</u>	<u>16,357,125</u>	<u>27</u>	<u>15,311,875</u>	<u>26</u>
2XXX	Total liabilities	<u>31,224,186</u>	<u>52</u>	<u>31,719,039</u>	<u>53</u>	<u>31,320,828</u>	<u>53</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF PARENT</b>							
Share capital							
3110	Ordinary share	14,109,761	23	13,698,797	23	13,171,921	22
3200	Capital surplus:	3,498,174	6	3,498,174	6	3,498,174	6
Retained earnings							
3310	Legal reserve	2,358,917	4	2,189,631	4	1,975,319	4
3320	Special reserve	1,931,285	3	1,931,285	3	1,931,285	3
3350	Unappropriated retained earnings	3,565,333	6	3,086,960	5	3,705,232	6
3300	Total retained earnings	<u>7,855,535</u>	<u>13</u>	<u>7,207,876</u>	<u>12</u>	<u>7,611,836</u>	<u>13</u>
3400	Other equity interest	3,659,643	6	3,773,795	6	3,218,236	6
3500	Treasury Shares	( 97,110 )	-	( 97,110 )	-	( 97,110 )	-
3XXX	Total equity	<u>29,026,003</u>	<u>48</u>	<u>28,081,532</u>	<u>47</u>	<u>27,403,057</u>	<u>47</u>
Total		<u>\$ 60,250,189</u>	<u>100</u>	<u>\$ 59,800,571</u>	<u>100</u>	<u>\$ 58,723,885</u>	<u>100</u>

FAR EASTERN DEPARTMENT STORES, LTD

Statement of comprehensive income

Year ended Dec. 31, 2013 and 2012

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

C o d e		2013		2012	
		Year ended Dec. 31		Year ended Dec. 31	
		Amount	%	Amount	%
4000	REVENUES	\$ 9,654,548	100	\$ 9,451,045	100
5000	COSTS	<u>3,419,522</u>	<u>35</u>	<u>3,369,907</u>	<u>36</u>
5900	GROSS PROFIT	<u>6,235,026</u>	<u>65</u>	<u>6,081,138</u>	<u>64</u>
	OPERATING EXPENSES				
6100	Selling	502,273	5	336,367	4
6200	General and administrative	<u>4,486,132</u>	<u>47</u>	<u>4,582,345</u>	<u>48</u>
6000	Total operating expenses	<u>4,988,405</u>	<u>52</u>	<u>4,918,712</u>	<u>52</u>
6900	OPERATING INCOME	<u>1,246,621</u>	<u>13</u>	<u>1,162,426</u>	<u>12</u>
	NONOPERATING INCOME AND EXPENSES				
7190	Other income	134,955	1	172,406	2
7020	Other gains and losses	58,253	-	101,757	1
7050	Finance costs	( 230,803 )	( 2 )	( 236,233 )	( 3 )
7070	Share of profit (loss) of subsidiaries and associates accounted for using equity method	<u>1,166,741</u>	<u>12</u>	<u>626,109</u>	<u>7</u>
7000	Total Non-operating income and expenses	<u>1,129,146</u>	<u>11</u>	<u>664,039</u>	<u>7</u>

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C o d e		2013		2012	
		Year ended Dec. 31		Year ended Dec. 31	
		Amount	%	Amount	%
7900	INCOME BEFORE INCOME TAX	\$ 2,375,767	24	\$ 1,826,465	19
7950	INCOME TAX EXPENSE	<u>210,203</u>	<u>2</u>	<u>218,296</u>	<u>2</u>
8200	NET INCOME	<u>2,165,564</u>	<u>22</u>	<u>1,608,169</u>	<u>17</u>
	OTHER COMPREHENSIVE INCOME				
8325	Other comprehensive income, before tax, available-for-sale financial assets	186,872	2	256,393	3
8360	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	5,031	-	( 146,406 )	( 2 )
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	( 310,811 )	( 3 )	252,622	3
8399	Income tax relating to components of other comprehensive income	( <u>855</u> )	<u>-</u>	<u>24,889</u>	<u>-</u>
8300	Total other comprehensive income, net	( <u>119,763</u> )	( <u>1</u> )	<u>387,498</u>	<u>4</u>
8500	COMPREHENSIVE INCOME	<u>\$ 2,045,801</u>	<u>21</u>	<u>\$ 1,995,667</u>	<u>21</u>
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 1.54</u>		<u>\$ 1.15</u>	
9850	Diluted	<u>\$ 1.54</u>		<u>\$ 1.14</u>	

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CASH FLOWS

Year ended Dec. 31, 2013 and 2012

(In thousands of New Taiwan Dollars)

<u>C o d e</u>		<u>2013</u> Year ended Dec. 31	<u>2012</u> Year ended Dec. 31
	CASH FLOWS FROM (USED IN)		
	OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 2,375,767	\$ 1,826,465
A20000	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	1,251,737	1,253,598
A20200	Amortization expense	1,527	870
A20300	Provision for bad debt expense	-	25
A20900	Finance costs	230,803	236,233
A21200	Interest income	( 4,045)	( 3,616)
A21300	Dividend income	( 130,910)	( 168,790)
A22400	Share of loss (profit) of subsidiaries and associates accounted for using equity method	( 1,166,741)	( 626,109)
A22500	Loss (gain) on disposal of property, plant and equipment, net	20,198	4,400
A22700	Loss (gain) on disposal of Investment property, net	91	38
A23500	Impairment loss on financial assets	1,027	-
A29900	Amortization of prepayments	9,023	9,158
A29900	Reversing unearned revenue	( 7,285)	( 48,280)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	2,295	8,329
A31150	Accounts receivable	267,005	( 29,899)
A31160	Notes and accounts receivable due from related parties	( 1,489)	37,931
A31180	Other receivable	157,339	( 118,255)
A31200	Inventories	45,225	( 57,184)
A31230	Prepayments	13,351	74,976
A31240	Other current assets	( 16,081)	11,643
A31990	Prepaid pension costs	5,412	796
A32130	Notes payable	-	( 113)
A32150	Accounts payable	( 519,529)	715,542
A32160	Notes and accounts payable to related parties	( 24,610)	7,617
A32180	Other payables	44,847	( 6,206)
A32210	Advance receipts	272,038	718,984
A32210	Unearned revenue	6,257	7,285
A32230	Other current liabilities	<u>14,653</u>	<u>( 157,897)</u>

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( Continued )

<u>C o d e</u>		<u>2013</u> <u>Year ended Dec. 31</u>	<u>2012</u> <u>Year ended Dec. 31</u>
A33000	Cash inflow (outflow) generated from operations	\$ 2,847,905	\$ 3,697,541
A33300	Interests paid	( 162,424)	( 162,415)
A33100	Interests received	3,492	70
A33200	Dividends received	473,064	673,420
A33400	Income taxes refund	34,902	2,067
A33500	Income taxes paid	( 5,763)	( 77,801)
AAAA	Net cash flows from (used in) operating activities	<u>3,191,176</u>	<u>4,132,882</u>
	CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
B00600	Decrease (increase) in bond investments without active market	( 191,594)	-
B01200	Acquisition of financial assets carried at cost	( 50,000)	-
B01800	Acquisition of investments accounted for using equity method	( 273,949)	-
B02700	Acquisition of property, plant and equipment	( 2,261,957)	( 3,241,832)
B02800	Proceeds from disposal of property, plant and equipment	4,608	609
B04500	Acquisition of intangible assets	( 3,541)	( 4,350)
B05400	Acquisition of investment property	( 181)	( 410)
B06700	Decrease (increase) in other non-current assets	<u>10,934</u>	<u>7,826</u>
BBBB	Net cash flows from (used in) investing activities	<u>( 2,765,680)</u>	<u>( 3,238,157)</u>
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	17,546,000	32,310,000
C00200	Decrease in short-term loans	( 17,396,000)	( 34,210,000)
C00500	Increase in short-term notes and bills payable	8,340,739	9,492,367
C00600	Decrease in short-term notes and bills payable	( 8,441,703)	( 9,492,180)
C01300	Repayments of bonds	( 1,200,000)	-
C01600	Proceeds from long-term debt	42,500,188	67,610,087
C01700	Repayment of long-term debt	( 41,050,000)	( 65,010,000)
C04300	Increase in other non-current liabilities	17,568	26,908
C04500	Dividends paid	( 1,096,010)	( 1,317,289)
CCCC	Net cash flows from (used in) financing activities	<u>( 779,218)</u>	<u>( 590,107)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	( 353,722)	304,618
E00100	Cash and cash equivalents at beginning of period	<u>870,675</u>	<u>566,057</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 516,953</u>	<u>\$ 870,675</u>

(Concluded)