

**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

Dec. 31, 2014, Dec. 31, 2013 and Jan. 1, 2013

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

Code	Assets	2014/12/31		2013/12/31		2013/1/1	
		Amount	%	Amount	%	Amount	%
	<b>CURRENT ASSETS</b>						
1100	Cash and cash equivalents	\$ 10,952,918	10	\$ 13,221,405	12	\$ 16,794,103	14
1110	Financial assets at fair value through profit or loss - current	290,895	-	239,974	-	361,327	-
1125	Available-for-sale financial assets - current	487,231	-	552,555	-	511,192	1
1147	Bond investments without active market-current	1,204,317	1	437,497	-	1,008,193	1
1150	Notes receivable	2,410	-	28,119	-	31,195	-
1170	Accounts receivable	527,659	1	766,445	1	1,470,752	1
1180	Accounts receivable due from related parties	191,931	-	57,302	-	50,977	-
1200	Other receivables	1,508,732	1	1,779,487	2	492,525	-
1220	Current tax assets	200,615	-	418,064	-	291,016	-
130X	Inventories	2,870,727	3	2,976,244	3	3,160,935	3
1429	Prepayments	975,457	1	1,090,656	1	1,164,771	1
1460	Noncurrent asset held for sale	115	-	377	-	-	-
1470	Other current assets	102,260	-	83,987	-	70,694	-
11XX	Total current assets	<u>19,315,267</u>	<u>17</u>	<u>21,652,112</u>	<u>19</u>	<u>25,407,680</u>	<u>21</u>
	<b>NONCURRENT ASSETS</b>						
1510	Financial assets at fair value through profit or loss - noncurrent	-	-	-	-	1,013,913	1
1523	Available-for-sale financial assets - noncurrent	4,989,668	4	4,986,339	4	5,468,512	5
1543	Financial assets measured at cost - noncurrent	783,652	1	776,374	1	718,583	1
1546	Bond investments without active market - non-current	125,000	-	521,897	1	632,667	-
1550	Investments accounted for by equity method	9,546,534	9	9,050,368	8	8,811,079	7
1600	Property, plant and equipment	47,426,385	43	52,166,888	46	52,946,768	45
1760	Investment properties	9,667,344	9	3,070,495	3	3,043,814	3
1780	Intangible assets	7,226,592	6	7,715,184	7	7,711,555	6
1840	Deferred tax assets	926,328	1	940,225	1	1,131,574	1
1975	Prepaid pension cost	185,519	-	222,285	-	222,666	-
1985	Long-term prepayments for lease	9,472,460	8	9,464,677	8	9,837,349	8
1990	Other noncurrent assets	1,954,939	2	1,920,123	2	1,902,572	2
15XX	Total noncurrent assets	<u>92,304,421</u>	<u>83</u>	<u>90,834,855</u>	<u>81</u>	<u>93,441,052</u>	<u>79</u>
1XXX	TOTAL	<u>\$ 111,619,688</u>	<u>100</u>	<u>\$ 112,486,967</u>	<u>100</u>	<u>\$ 118,848,732</u>	<u>100</u>
<b>C o d e</b>	<b>LIABILITIES AND EQUITY</b>						
	<b>CURRENT LIABILITIES</b>						
2100	Short-term debts	\$ 6,674,285	6	\$ 7,462,340	7	\$ 9,613,446	8
2110	Short-term notes and bills payable	2,991,683	3	3,047,306	3	4,648,862	4
2150	Notes payable	63,303	-	159,194	-	198,522	-
2170	Accounts payables	17,601,054	16	17,693,401	16	18,687,359	16
2180	Notes and accounts payable to related parties	153,238	-	151,909	-	170,962	-
2219	Other payables	5,495,103	5	5,252,331	5	8,439,193	7
2230	Current tax liabilities	512,116	-	401,874	-	563,223	1
2250	Provision-current	4,135	-	4,135	-	16,351	-
2313	Deferred revenue - current	65,656	-	101,136	-	63,770	-
2310	Advance receipts	7,829,288	7	7,720,500	7	7,449,114	6
2321	Bond issued - current portion	1,000,000	1	2,493,512	2	1,200,000	1
2322	Long-term borrowings - current portion	1,764,429	2	1,445,159	1	1,600,000	1
2399	Other current liabilities	265,157	-	252,891	-	168,630	-
21XX	Total current liabilities	<u>44,419,447</u>	<u>40</u>	<u>46,185,688</u>	<u>41</u>	<u>52,819,432</u>	<u>44</u>
	<b>NONCURRENT LIABILITIES</b>						
2530	Bonds issued	992,560	1	1,990,702	2	3,454,937	3
2540	Long-term borrowings	21,548,341	19	21,841,434	19	21,992,207	19
2550	Provision-noncurrent	31,222	-	30,483	-	30,213	-
2640	Accrued pension liabilities	573,998	-	547,479	1	545,253	1
2570	Deferred tax liabilities	1,729,061	2	1,608,841	1	1,549,219	1
2670	Other noncurrent liabilities	2,878,845	3	2,841,682	3	2,710,010	2
25XX	Total noncurrent liabilities	<u>27,754,027</u>	<u>25</u>	<u>28,860,621</u>	<u>26</u>	<u>30,281,839</u>	<u>26</u>
2XXX	Total liabilities	<u>72,173,474</u>	<u>65</u>	<u>75,046,309</u>	<u>67</u>	<u>83,101,271</u>	<u>70</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>						
	Share Capital						
3110	Ordinary share	14,391,956	13	14,109,761	13	13,698,797	12
3200	Capital surplus	3,498,252	3	3,498,174	3	3,498,174	3
	Retained earnings						
3310	Legal reserve	2,575,473	2	2,358,917	2	2,189,631	2
3320	Special reserve	2,461,168	2	1,931,285	2	1,931,285	1
3350	Unappropriated earnings	2,925,210	3	4,095,216	3	3,596,568	3
3300	Total retained earnings	7,961,851	7	8,385,418	7	7,717,484	6
3400	Other equity	5,900,851	5	3,659,643	3	3,773,795	3
3500	Treasury stock	(97,110)	-	(97,110)	-	(97,110)	-
31XX	Total equity attributable to owners of the Company	<u>31,655,800</u>	<u>28</u>	<u>29,555,886</u>	<u>26</u>	<u>28,591,140</u>	<u>24</u>
36XX	NON-CONTROLLING INTERESTS	<u>7,790,414</u>	<u>7</u>	<u>7,884,772</u>	<u>7</u>	<u>7,156,321</u>	<u>6</u>
3XXX	Total equity	<u>39,446,214</u>	<u>35</u>	<u>37,440,658</u>	<u>33</u>	<u>35,747,461</u>	<u>30</u>
TOTAL	TOTAL	<u>\$ 111,619,688</u>	<u>100</u>	<u>\$ 112,486,967</u>	<u>100</u>	<u>\$ 118,848,732</u>	<u>100</u>

**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Year ended Dec. 31, 2014 and 2013

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

<u>C o d e</u>		2014		2013	
		Year ended Dec. 31	%	Year ended Dec. 31	%
		Amount	%	Amount	%
4000	REVENUES	\$ 45,928,793	100	\$ 46,754,377	100
5000	COSTS	<u>22,719,427</u>	<u>50</u>	<u>23,779,290</u>	<u>51</u>
5900	GROSS PROFIT	<u>23,209,366</u>	<u>50</u>	<u>22,975,087</u>	<u>49</u>
	OPERATING EXPENSES				
6100	Selling	1,218,973	3	1,382,355	3
6200	General and administrative	<u>18,661,878</u>	<u>40</u>	<u>18,839,954</u>	<u>40</u>
6000	Total operating expenses	<u>19,880,851</u>	<u>43</u>	<u>20,222,309</u>	<u>43</u>
6900	OPERATING INCOME	<u>3,328,515</u>	<u>7</u>	<u>2,752,778</u>	<u>6</u>
	NONOPERATING INCOME AND EXPENSES				
7190	Other income	369,884	1	356,490	1
7020	Other gains and losses	( 276,669)	( 1)	1,263,732	3
7050	Finance costs	( 465,191)	( 1)	( 508,253)	( 1)
7060	Share of profit (loss) of associates accounted for using equity method	<u>133,261</u>	<u>-</u>	<u>228,035</u>	<u>-</u>
7000	Total Non-operating income and expenses	<u>( 238,715)</u>	<u>( 1)</u>	<u>1,340,004</u>	<u>3</u>
7900	INCOME BEFORE INCOME TAX	3,089,800	6	4,092,782	9
7950	INCOME TAX EXPENSE	<u>925,311</u>	<u>2</u>	<u>1,052,064</u>	<u>3</u>

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C o d e	2014		2013		
	Year ended Dec. 31		Year ended Dec. 31		
	Amount	%	Amount	%	
8200	NET INCOME	<u>2,164,489</u>	<u>4</u>	<u>3,040,718</u>	<u>6</u>
	OTHER COMPREHENSIVE INCOME				
8310	Other comprehensive income, before tax, exchange differences on translation	48,411	-	114,431	-
8325	Other comprehensive income, before tax, available-for-sale financial assets	( 61,995 )	-	( 111,661 )	-
8350	Other comprehensive income, before tax, gains (losses) on revaluation	2,328,026	5	-	-
8360	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	( 65,763 )	-	( 8,943 )	-
8370	Share of other comprehensive income of associates accounted for using equity method	89,552	-	( 83,622 )	-
8399	Income tax relating to components of other comprehensive income	( <u>146,294</u> )	-	<u>1,345</u>	-
8300	Total other comprehensive income, net	<u>2,191,937</u>	<u>5</u>	( <u>88,450</u> )	-
8500	COMPREHENSIVE INCOME	<u>\$ 4,356,426</u>	<u>9</u>	<u>\$ 2,952,268</u>	<u>6</u>
	NET INCOME ATTRIBUTED TO :				
8610	Owners of parent	\$ 1,529,065	3	\$ 2,185,839	4
8620	Non-controlling interests	<u>635,424</u>	<u>2</u>	<u>854,879</u>	<u>2</u>
8600		<u>\$ 2,164,489</u>	<u>5</u>	<u>\$ 3,040,718</u>	<u>6</u>
	COMPREHENSIVE INCOME CONTRIBUTED TO :				
8710	Owners of parent	\$ 3,722,459	8	\$ 2,066,076	4
8720	Non-controlling interests	<u>633,967</u>	<u>1</u>	<u>886,192</u>	<u>2</u>
8700		<u>\$ 4,356,426</u>	<u>9</u>	<u>\$ 2,952,268</u>	<u>6</u>
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 1.07</u>		<u>\$ 1.53</u>	
9850	Diluted	<u>\$ 1.07</u>		<u>\$ 1.52</u>	

(Concluded)

**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Year ended Dec. 31, 2014 and 2013

(In thousands of New Taiwan Dollars)

<u>C o d e</u>		<u>2014</u> <u>Year ended Dec. 31</u>	<u>2013</u> <u>Year ended Dec. 31</u>
	CASH FLOWS FROM (USED IN)		
	OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 3,089,800	\$ 4,092,782
A20000	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	2,951,638	2,934,424
A20200	Amortization expense	28,907	24,630
A20300	Gain on reversal of losses on doubtful debts	( 3,321)	8,518
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	( 46,651)	( 33,996)
A23000	Loss (gain) on disposal of non-current assets classified as held for sale	( 316)	-
A20900	Finance costs	465,191	508,253
A23500	Impairment loss on financial assets	2,055	1,027
A24600	Loss (gain) on change in fair value of investment properties	21,931	( 26,681)
A29900	Reversal of provisions	-	( 12,216)
A29900	Amortization of prepayments	14,145	13,798
A29900	Amortization of prepayments for lease	321,773	256,752
A29900	Reversal unrealized purchase discounts	( 11,617)	4,941
A29900	Reversal of deferred revenue	( 101,136)	( 63,770)
A22300	Share of loss (profit) of associates accounted for using equity method	( 133,261)	( 228,035)
A21200	Interest income	( 101,762)	( 120,037)
A21300	Dividend income	( 268,122)	( 236,453)
A22500	Loss (gain) on disposal of property, plant and equipment, net	18,330	41,902
A22800	Losses on disposals of intangible assets	-	3,256
A23100	Gains on disposals of investments	-	( 386,986)
A23700	Loss for market price decline and obsolete and slow-moving inventories	13,041	14,217
A23700	Impairment loss recognized on intangible assets	495,605	-
A23700	Impairment loss recognized on property, plant and equipment	4,637	-
A30000	Net changes in operating assets and liabilities		
A31110	Financial assets held for trading	( 4,270)	1,169,262
A31130	Notes receivable	25,709	3,076

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C o d e		2014	2013
		Year ended Dec. 31	Year ended Dec. 31
A31150	Accounts receivable	276,947	698,025
A31160	Notes and accounts receivable due from related parties	( 134,629)	( 6,325)
A31180	Other receivable	173,061	( 6,519)
A31200	Inventories	104,093	165,533
A31230	Prepayments	115,264	73,263
A31240	Other current assets	( 18,273)	( 13,293)
A31990	Prepaid pension costs	5,294	5,412
A32130	Notes payable	( 95,891)	( 39,328)
A32150	Accounts payable	( 92,347)	( 993,958)
A32160	Notes and accounts payable to related parties	1,329	( 19,053)
A32180	Other payables	( 448,737)	( 2,032,521)
A32210	Advance receipts	383,519	541,336
A32210	Deferred revenue	65,656	101,136
A32240	Accrued pension liabilities	26,519	( 11,748)
A32230	Other current liabilities	<u>12,266</u>	<u>84,261</u>
A33000	Cash inflow (outflow) generated from operations	7,156,377	6,514,885
A33300	Interests paid	( 481,901)	( 515,434)
A33100	Interests received	116,462	87,411
A33200	Dividends received	268,821	335,570
A33500	Income tax returned	210,212	34,902
A33500	Income taxes paid	( <u>819,264</u> )	( <u>1,179,157</u> )
AAAA	Net cash flows from (used in) operating activities	<u>6,450,707</u>	<u>5,278,177</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
B00400	Proceeds from disposal of available-for-sale financial assets	-	709,014
B00600	Decrease (increase) in bond investments without active market	( 369,923)	681,466
B01200	Acquisition of financial assets at cost	-	( 50,000)
B01800	Acquisition of investments accounted for using equity method	( 360,000)	( 147,899)
B02100	Decrease in prepayments for long-term investment	78,456	78,216
B02600	Proceeds from disposal of non-current assets classified as held for sale	582	-
B02700	Acquisition of property, plant and equipment	( 1,984,796)	( 3,388,947)
B02800	Proceeds from disposal of property, plant and equipment	24,190	5,023
B04100	Decrease (increase) in other receivable	212,388	( 1,250,053)
B04500	Acquisition of intangible assets	( 34,958)	( 30,186)
B06700	Decrease (increase) in other non-current assets	( 52,667)	( 21,593)

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<u>C o d e</u>		2014 <u>Year ended Dec. 31</u>	2013 <u>Year ended Dec. 31</u>
B07300	Increase in prepayments for lease	( <u>372,940</u> )	-
BBBB	Net cash flows from (used in) investing activities	( <u>2,859,668</u> )	( <u>3,414,959</u> )
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	68,280,489	52,458,782
C00200	Decrease in short-term loans	( 69,231,410 )	( 54,640,379 )
C00500	Increase in short-term notes and bills payable	23,851,586	25,070,441
C00600	Decrease in short-term notes and bills payable	( 23,907,209 )	( 26,671,997 )
C01200	Proceeds from issuing bonds	-	990,692
C01300	Repayments of bonds	( 2,500,000 )	( 1,200,000 )
C01600	Proceeds from long-term debt	48,618,177	51,964,386
C01700	Repayment of long-term debt	( 48,592,000 )	( 52,270,000 )
C04300	Increase in other non-current liabilities	26,571	131,672
C04500	Dividends paid by parent company	( 1,622,612 )	( 1,095,903 )
C05800	Dividends paid to non-controlling interests	( <u>720,319</u> )	( <u>197,462</u> )
CCCC	Net cash flows from (used in) financing activities	( <u>5,796,727</u> )	( <u>5,459,768</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	( <u>62,799</u> )	<u>23,852</u>
EEEE	Net increase (decrease) in cash and cash equivalents	( 2,268,487 )	( 3,572,698 )
E00100	Cash and cash equivalents at beginning of period	<u>13,221,405</u>	<u>16,794,103</u>
E00200	Cash and cash equivalents at end of period	<u>\$10,952,918</u>	<u>\$13,221,405</u>

(Concluded)