

FAR EASTERN DEPARTMENT STORES, LTD.

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	%
CURRENT LIABILITIES							
1100	Cash and cash equivalents	\$ 453,650	1	\$ 516,953	1	\$ 870,675	2
1125	Available-for-Sales financial Assets – current	251,769	1	285,698	1	254,779	-
1147	Bond investments without active market-current	192,371	-	191,594	-	-	-
1150	Notes receivable	223	-	26,350	-	28,645	-
1170	Accounts receivable	245,217	-	242,626	-	509,631	1
1180	Accounts receivable due from related parties	12,039	-	15,676	-	14,187	-
1200	Other receivables	66,111	-	329,741	1	486,527	1
1220	Current tax asset	20,163	-	20,163	-	41,547	-
130X	Inventories	413,419	1	384,916	1	430,141	1
1429	Prepayments	249,054	-	247,658	-	261,485	-
1470	Other current assets	15,151	-	21,801	-	5,720	-
11XX	Total current assets	<u>1,919,167</u>	<u>3</u>	<u>2,283,176</u>	<u>4</u>	<u>2,903,337</u>	<u>5</u>
NON-CURRENT ASSETS							
1523	Available-for-sale financial assets – non-current	2,993,608	5	2,968,556	5	2,812,603	5
1543	Financial assets carried at cost – non-current	109,488	-	111,543	-	62,570	-
1550	Investments accounted for using equity method	19,177,267	31	19,543,431	32	18,793,425	31
1600	Property, plant and equipment	27,090,806	43	31,227,060	51	30,972,607	51
1760	Investment property	8,734,944	14	1,771,695	3	1,754,815	3
1780	Intangible assets	21,897	-	5,494	-	3,480	-
1840	Deferred tax assets	69,505	-	52,901	-	91,050	-
1975	Prepaid pension costs	185,519	-	222,285	1	222,666	-
1985	Prepayments for long-term lease	2,423,382	4	2,485,787	4	2,548,191	4
1990	Other non-current assets	207,026	-	218,746	-	238,483	1
15XX	Total non-current assets	<u>61,013,442</u>	<u>97</u>	<u>58,607,498</u>	<u>96</u>	<u>57,499,890</u>	<u>95</u>
1XXX	Total	<u>\$ 62,932,609</u>	<u>100</u>	<u>\$ 60,890,674</u>	<u>100</u>	<u>\$ 60,403,227</u>	<u>100</u>
LIABILITIES AND STOCKHOLDERS' EQUITY							
CURRENT LIABILITIES							
2100	Short-term borrowings	\$ 1,800,000	3	\$ 2,650,000	4	\$ 2,500,000	4
2110	Short-term notes and bills payable	1,649,460	3	1,598,491	3	1,699,455	3
2170	Accounts payable	3,345,297	5	3,328,710	5	3,848,239	7
2180	Notes and accounts payable to related parties	65,002	-	65,113	-	89,723	-
2219	Other payables	2,487,711	4	1,765,311	3	2,364,945	4
2230	Current tax liabilities	166,765	-	40,192	-	-	-
2313	Unearned revenue-current	14,892	-	6,257	-	7,285	-
2310	Advance receipts	3,106,025	5	3,088,826	5	2,989,562	5
2321	Bonds, current portion	1,000,000	2	2,493,512	4	1,200,000	2
2322	long-term borrowings, current portion	999,429	1	997,159	2	600,000	1
2399	Other current liability	55,658	-	77,358	-	62,705	-
21XX	Total current liability	<u>14,690,239</u>	<u>23</u>	<u>16,110,929</u>	<u>26</u>	<u>15,361,914</u>	<u>26</u>
NON-CURRENT LIABILITIES							
2530	Bonds payable	-	-	1,000,000	2	3,454,937	6
2540	Long-term borrowings	14,846,606	24	12,749,762	21	11,696,733	19
2570	Deferred tax liabilities	1,633,110	3	1,388,989	2	1,230,963	2
2670	Other non-current liabilities	106,854	-	85,108	-	67,540	-
25XX	Total non-current liabilities	<u>16,586,570</u>	<u>27</u>	<u>15,223,859</u>	<u>25</u>	<u>16,450,173</u>	<u>27</u>
2XXX	Total liabilities	<u>31,276,809</u>	<u>50</u>	<u>31,334,788</u>	<u>51</u>	<u>31,812,087</u>	<u>53</u>
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT							
Share capital							
3110	Ordinary share	14,391,956	23	14,109,761	23	13,698,797	22
3200	Capital surplus:	3,498,252	5	3,498,174	6	3,498,174	6
Retained earnings							
3310	Legal reserve	2,575,473	4	2,358,917	4	2,189,631	4
3320	Special reserve	2,461,168	4	1,931,285	3	1,931,285	3
3350	Unappropriated retained earnings	2,925,210	5	4,095,216	7	3,596,568	6
3300	Total retained earnings	<u>7,961,851</u>	<u>13</u>	<u>8,385,418</u>	<u>14</u>	<u>7,717,484</u>	<u>13</u>
3400	Other equity interest	5,900,851	9	3,659,643	6	3,773,795	6
3500	Treasury Shares	(97,110)	-	(97,110)	-	(97,110)	-
3XXX	Total equity	<u>31,655,800</u>	<u>50</u>	<u>29,555,886</u>	<u>49</u>	<u>28,591,140</u>	<u>47</u>
Total		<u>\$ 62,932,609</u>	<u>100</u>	<u>\$ 60,890,674</u>	<u>100</u>	<u>\$ 60,403,227</u>	<u>100</u>

FAR EASTERN DEPARTMENT STORES, LTD

Statement of comprehensive income

Year ended Dec. 31, 2014 and 2013

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

C o d e		2014		2013	
		Year ended Dec. 31		Year ended Dec. 31	
		Amount	%	Amount	%
4000	REVENUES	\$ 10,193,869	100	\$ 9,654,548	100
5000	COSTS	<u>3,559,957</u>	<u>35</u>	<u>3,403,138</u>	<u>35</u>
5900	GROSS PROFIT	<u>6,633,912</u>	<u>65</u>	<u>6,251,410</u>	<u>65</u>
	OPERATING EXPENSES				
6100	Selling	470,142	4	502,273	5
6200	General and administrative	<u>4,576,040</u>	<u>45</u>	<u>4,480,189</u>	<u>47</u>
6000	Total operating expenses	<u>5,046,182</u>	<u>49</u>	<u>4,982,462</u>	<u>52</u>
6900	OPERATING INCOME	<u>1,587,730</u>	<u>16</u>	<u>1,268,948</u>	<u>13</u>
	NONOPERATING INCOME AND EXPENSES				
7190	Other income	143,061	1	134,955	1
7020	Other gains and losses	61,343	1	106,047	1
7050	Finance costs	(214,344)	(2)	(230,803)	(2)
7070	Share of profit (loss) of subsidiaries and associates accounted for using equity method	<u>215,859</u>	<u>2</u>	<u>1,134,449</u>	<u>12</u>
7000	Total Non-operating income and expenses	<u>205,919</u>	<u>2</u>	<u>1,144,648</u>	<u>12</u>
7900	INCOME BEFORE INCOME TAX	1,793,649	18	2,413,596	25
7950	INCOME TAX EXPENSE	<u>264,584</u>	<u>3</u>	<u>227,757</u>	<u>3</u>
8200	NET INCOME	<u>1,529,065</u>	<u>15</u>	<u>2,185,839</u>	<u>22</u>

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C o d e		2014		2013	
		Year ended Dec. 31		Year ended Dec. 31	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME				
8325	Other comprehensive income, before tax, available-for-sale financial assets	(\$ 8,877)	-	\$ 186,872	2
8350	Other comprehensive income, before tax, gains (losses) on revaluation	2,328,026	23	-	-
8360	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	(31,472)	-	5,031	-
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	57,423	1	(310,811)	(3)
8399	Income tax relating to components of other comprehensive income	(151,706)	(2)	(855)	-
8300	Total other comprehensive income, net	<u>2,193,394</u>	<u>22</u>	<u>(119,763)</u>	<u>(1)</u>
8500	COMPREHENSIVE INCOME	<u>\$ 3,722,459</u>	<u>37</u>	<u>\$ 2,066,076</u>	<u>21</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.

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	\$ 1,793,649	\$ 2,413,596
A20000	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	1,252,030	1,229,410
A20200	Amortization expense	5,377	1,527
A20900	Finance costs	214,344	230,803
A21200	Interest income	(2,966)	(4,045)
A21300	Dividend income	(140,095)	(130,910)
A22400	Share of loss (profit) of subsidiaries and associates accounted for using equity method	(215,859)	(1,134,449)
A22500	Loss (gain) on disposal of property, plant and equipment, net	2,662	20,198
A22700	Loss (gain) on disposal of Investment property, net	42	97
A23500	Impairment loss on financial assets	2,055	1,027
A24600	Loss (gain) on change in fair value of investment properties	(4,469)	(47,800)
A29900	Amortization of prepayments	8,786	9,023
A29900	Reversing unearned revenue	(6,257)	(7,285)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	26,127	2,295
A31150	Accounts receivable	(2,591)	267,005
A31160	Notes and accounts receivable due from related parties	3,637	(1,489)
A31180	Other receivable	19,084	157,339
A31200	Inventories	(28,503)	45,225
A31230	Prepayments	(1,580)	13,351
A31240	Other current assets	6,650	(16,081)
A31990	Prepaid pension costs	5,294	5,412
A32150	Accounts payable	16,587	(519,529)
A32160	Notes and accounts payable to related parties	(111)	(24,610)
A32180	Other payables	(43,450)	44,847
A32210	Advance receipts	196,800	272,038
A32210	Unearned revenue	14,892	6,257
A32230	Other current liabilities	(21,700)	14,653
A33000	Cash inflow (outflow) generated from operations	3,100,435	2,847,905

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<u>C o d e</u>		<u>2014</u> Year ended Dec. 31	<u>2013</u> Year ended Dec. 31
A33300	Interests paid	(\$ 268,123)	(\$ 162,424)
A33100	Interests received	995	3,492
A33200	Dividends received	1,226,802	473,064
A33400	Income taxes refund	-	34,902
A33500	Income taxes paid	(62,200)	(5,763)
AAAA	Net cash flows from (used in) operating activities	<u>3,997,909</u>	<u>3,191,176</u>
	CASH FLOWS FROM (USED IN)		
	INVESTING ACTIVITIES		
B00600	Decrease (increase) in bond investments without active market	(777)	(191,594)
B01200	Acquisition of financial assets carried at cost	-	(50,000)
B01800	Acquisition of investments accounted for using equity method	(180,000)	(273,949)
B02700	Acquisition of property, plant and equipment	(1,044,231)	(2,261,957)
B02800	Proceeds from disposal of property, plant and equipment	375	4,608
B04500	Acquisition of intangible assets	(21,780)	(3,541)
B05400	Acquisition of investment property	(42)	(181)
B06700	Decrease (increase) in other non-current assets	<u>6,692</u>	<u>10,934</u>
BBBB	Net cash flows from (used in) investing activities	<u>(1,239,763)</u>	<u>(2,765,680)</u>
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	24,100,000	17,546,000
C00200	Decrease in short-term loans	(24,950,000)	(17,396,000)
C00500	Increase in short-term notes and bills payable	11,671,438	8,340,739
C00600	Decrease in short-term notes and bills payable	(11,620,469)	(8,441,703)
C01300	Repayments of bonds	(2,500,000)	(1,200,000)
C01600	Proceeds from long-term debt	39,499,114	42,500,188
C01700	Repayment of long-term debt	(37,400,000)	(41,050,000)
C04300	Increase in other non-current liabilities	1,080	17,568
C04500	Dividends paid	(1,622,612)	(1,096,010)
CCCC	Net cash flows from (used in) financing activities	<u>(2,821,449)</u>	<u>(779,218)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(63,303)	(353,722)
E00100	Cash and cash equivalents at beginning of period	<u>516,953</u>	<u>870,675</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 453,650</u>	<u>\$ 516,953</u>

(Concluded)