Far Eastern Department Stores, Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2014 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 "Consolidated and Separate Financial Statements." Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

FAR EASTERN DEPARTMENT STORES, LTD.

By

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DOUGLAS HSU
Chairman

March 25, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Far Eastern Department Stores, Ltd.

We have audited the accompanying consolidated balance sheets of Far Eastern Department Stores, Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2014, December 31, 2013 and January 1, 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014, December 31, 2013 and January 1, 2013, and their consolidated financial performance and their cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

As disclosed in Note 3 to the consolidated financial statements, the Group changed their accounting policy for investment properties effective January 1, 2014 and subsequently measured investment properties using the fair value model. This accounting policy was retrospectively applied; thus, the consolidated financial statements as of and for the year ended December 31, 2013 and the consolidated balance sheet as of January 1, 2013 have been restated.

We have also audited the financial statements of the parent company, Far Eastern Department Stores, Ltd. as of and for the years ended December 31, 2014 and 2013, on which we have issued a modified unqualified report.

March 25, 2015

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2014		December 31, 2013 (Restated)		January 1, 2013 (Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 10,952,918	10	$ 13,221,405	12	$ 16,794,103	14
Financial assets at fair value through profit or loss - current (Note 7)	290,895	-	239,974	-	361,327	-
Available-for-sale financial assets - current (Notes 8 and 37)	487,231	-	552,555	-	511,192	1
Debt investments with no active market - current (Notes 9 and 37)	1,204,317	1	437,497	-	1,008,193	1
Notes receivable (Note 10)	2,410	-	28,119	-	31,195	-
Trade receivables (Note 10)	527,659	1	766,445	1	1,470,752	1
Trade receivables from related parties (Notes 10 and 36)	191,931	-	57,302	-	50,977	-
Other receivables (Notes 10 and 36)	1,508,732	1	1,779,487	2	492,525	-
Current tax assets (Note 30)	200,615	-	418,064	-	291,016	-
Inventories (Note 11)	2,870,727	3	2,976,244	3	3,160,935	3
Prepayments (Notes 19 and 36)	975,457	1	1,090,656	1	1,164,771	1
Non-current assets held for sale (Note 12)	115	-	377	-	-	-
Other current assets (Notes 20 and 36)	102,260	-	83,987	-	70,694	-
Total current assets	19,315,267	17	21,652,112	19	25,407,680	21
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 37)	-	-	-	-	1,013,913	1
Available-for-sale financial assets - non-current (Notes 8 and 37)	4,989,668	4	4,986,339	4	5,468,512	5
Financial assets measured at cost - non-current (Note 13)	783,652	1	776,374	1	718,583	1
Debt investments with no active market - non-current (Notes 9 and 37)	125,000	-	521,897	1	632,667	-
Investments accounted for using the equity method (Notes 14 and 37)	9,546,534	9	9,050,368	8	8,811,079	7
Property, plant and equipment (Notes 15, 16, 36 and 37)	47,426,385	43	52,166,888	46	52,946,768	45
Investment properties (Notes 3, 15, 17 and 37)	9,667,344	9	3,070,495	3	3,043,814	3
Intangible assets (Note 18)	7,226,592	6	7,715,184	7	7,711,555	6
Deferred tax assets (Notes 3 and 30)	926,328	1	940,225	1	1,131,574	1
Prepaid pension costs (Note 26)	185,519	-	222,285	-	222,666	-
Long-term prepayments for lease (Notes 19 and 36)	9,472,460	8	9,464,677	8	9,837,349	8
Other non-current assets (Notes 20 and 36)	1,954,939	2	1,920,123	2	1,902,572	2
Total non-current assets	92,304,421	83	90,834,855	81	93,441,052	79
TOTAL	$ 111,619,688	100	$ 112,486,967	100	$ 118,848,732	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 21, 36 and 37)	$ 6,674,285	6	$ 7,462,340	7	$ 9,613,446	8
Short-term bills payable (Notes 21 and 37)	2,991,683	3	3,047,306	3	4,648,862	4
Notes payable (Note 23)	63,303	-	159,194	-	198,522	-
Trade payables (Note 23)	17,601,054	16	17,693,401	16	18,687,359	16
Trade payables and notes payable to related parties (Notes 23 and 36)	153,238	-	151,909	-	170,962	-
Other payables (Notes 24, 27 and 36)	5,495,103	5	5,252,331	5	8,439,193	7
Current tax liabilities (Note 30)	512,116	-	401,874	-	563,223	1
Provisions - current (Note 25)	4,135	-	4,135	-	16,351	-
Deferred revenue - current (Note 24)	65,656	-	101,136	-	63,770	-
Advance receipts (Note 36)	7,829,288	7	7,720,500	7	7,449,114	6
Current portion of bonds payable (Notes 22 and 37)	1,000,000	1	2,493,512	2	1,200,000	1
Current portion of long-term borrowings (Notes 21 and 37)	1,764,429	2	1,445,159	1	1,600,000	1
Other current liabilities (Notes 24 and 36)	265,157	-	252,891	-	168,630	-
Total current liabilities	44,419,447	40	46,185,688	41	52,819,432	44
NON-CURRENT LIABILITIES						
Bonds payable (Notes 22 and 37)	992,560	1	1,990,702	2	3,454,937	3
Long-term borrowings (Notes 21 and 37)	21,548,341	19	21,841,434	19	21,992,207	19
Provisions - non-current (Note 25)	31,222	-	30,483	-	30,213	-
Accrued pension liabilities (Note 26)	573,998	-	547,479	1	545,253	1
Deferred tax liabilities (Notes 3 and 30)	1,729,061	2	1,608,841	1	1,549,219	1
Other non-current liabilities (Notes 24 and 36)	2,878,845	3	2,841,682	3	2,710,010	2
Total non-current liabilities	27,754,027	25	28,860,621	26	30,281,839	26
Total liabilities	72,173,474	65	75,046,309	67	83,101,271	70
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Common shares	14,391,956	13	14,109,761	13	13,698,797	12
Capital surplus	3,498,252	3	3,498,174	3	3,498,174	3
Retained earnings						
Legal reserve	2,575,473	2	2,358,917	2	2,189,631	2
Special reserve	2,461,168	2	1,931,285	2	1,931,285	1
Unappropriated earnings	2,925,210	3	4,095,216	3	3,596,568	3
Total retained earnings	7,961,851	7	8,385,418	7	7,717,484	6
Other equity	5,900,851	5	3,659,643	3	3,773,795	3
Treasury shares	(97,110)	-	(97,110)	-	(97,110)	-
Total equity attributable to owners of the Company	31,655,800	28	29,555,886	26	28,591,140	24
NON-CONTROLLING INTERESTS	7,790,414	7	7,884,772	7	7,156,321	6
Total equity	39,446,214	35	37,440,658	33	35,747,461	30
TOTAL	$ 111,619,688	100	$ 112,486,967	100	$ 118,848,732	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 25, 2015)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2014		2013 (Restated)	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 28 and 36)	$ 45,928,793	100	$ 46,754,377	100
OPERATING COSTS (Notes 3, 11, 29 and 36)	22,719,427	50	23,779,290	51
GROSS PROFIT	23,209,366	50	22,975,087	49
OPERATING EXPENSES (Notes 3, 26, 29 and 36)				
Selling and marketing expenses	1,218,973	3	1,382,355	3
General and administrative expenses	18,661,878	40	18,839,954	40
Total operating expenses	19,880,851	43	20,222,309	43
OPERATING PROFIT	3,328,515	7	2,752,778	6
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 29)	369,884	1	356,490	1
Other gains and losses (Notes 3, 29 and 36)	(276,669)	(1)	1,263,732	3
Finance costs (Notes 29 and 36)	(465,191)	(1)	(508,253)	(1)
Share of the profit or loss of associates	133,261	-	228,035	-
Total non-operating income and expenses	(238,715)	(1)	1,340,004	3
PROFIT BEFORE INCOME TAX	3,089,800	6	4,092,782	9
INCOME TAX EXPENSE (Notes 3 and 30)	925,311	2	1,052,064	3
NET PROFIT FOR THE YEAR	2,164,489	4	3,040,718	6
OTHER COMPREHENSIVE INCOME (LOSS), NET (Notes 26, 27 and 30)				
Exchange differences on translating foreign operations	48,411	-	114,431	-
Unrealized loss on available-for-sale financial assets	(61,995)	-	(111,661)	-
Revaluation gain	2,328,026	5	-	-
Actuarial loss arising from defined benefit plans	(65,763)	-	(8,943)	-

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2014		2013 (Restated)	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of associates	$ 89,552	-	$ (83,622)	-
Income tax relating to components of other comprehensive income	(146,294)	-	1,345	-
Other comprehensive income (loss) for the year, net of income tax	2,191,937	5	(88,450)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 4,356,426	9	$ 2,952,268	6
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 1,529,065	3	$ 2,185,839	4
Non-controlling interests	635,424	1	854,879	2
	$ 2,164,489	4	$ 3,040,718	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 3,722,459	8	$ 2,066,076	4
Non-controlling interests	633,967	1	886,192	2
	$ 4,356,426	9	$ 2,952,268	6
EARNINGS PER SHARE (Note 31)				
Basic	$1.07		$1.53	
Diluted	$1.07		$1.52	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 25, 2015) (Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
			Retained Earnings (Notes 3, 27 and 30)			Other Equity (Note 27)						
	Share Capital (Note 27)	Capital Surplus (Note 27)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Unrealized Revaluation Surplus	Treasury Shares (Note 27)	Total	Non-controlling Interests (Notes 3, 27 and 32)	Total Equity
BALANCE AT JANUARY 1, 2013	$ 13,698,797	$ 3,498,174	$ 2,189,631	$ 1,931,285	$ 3,086,960	$ (71,679)	$ 3,845,474	$ -	$ (97,110)	$ 28,081,532	$ 6,792,173	$ 34,873,705
Effect of retrospective application and retrospective restatement	-	-	-	-	509,608	-	-	-	-	509,608	364,148	873,756
BALANCE AT JANUARY 1, 2013 AS RESTATED	13,698,797	3,498,174	2,189,631	1,931,285	3,596,568	(71,679)	3,845,474	-	(97,110)	28,591,140	7,156,321	35,747,461
Appropriation of the 2012 earnings												
Legal reserve	-	-	169,286	-	(169,286)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,095,903)	-	-	-	-	(1,095,903)	-	(1,095,903)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(160,466)	(160,466)
Share dividends distributed by the Company	410,964	-	-	-	(410,964)	-	-	-	-	-	-	-
Adjustments resulting from investments in associates accounted for using the equity method	-	-	-	-	(2,011)	-	-	-	-	(2,011)	(691)	(2,702)
Acquisition of partly owned subsidiaries (Note 25)	-	-	-	-	(3,416)	-	-	-	-	(3,416)	3,416	-
Net profit for the year ended December 31, 2013	-	-	-	-	2,185,839	-	-	-	-	2,185,839	854,879	3,040,718
Other comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	(5,611)	81,935	(196,087)	-	-	(119,763)	31,313	(88,450)
BALANCE AT DECEMBER 31, 2013	14,109,761	3,498,174	2,358,917	1,931,285	4,095,216	10,256	3,649,387	-	(97,110)	29,555,886	7,884,772	37,440,658
Special reserve provided under Rule No. 1030006415 issued by the FSC	-	-	-	529,883	(529,883)	-	-	-	-	-	-	-
Appropriation of the 2013 earnings												
Legal reserve	-	-	216,556	-	(216,556)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,622,623)	-	-	-	-	(1,622,623)	-	(1,622,623)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(728,353)	(728,353)
Share dividends distributed by the Company	282,195	-	-	-	(282,195)	-	-	-	-	-	-	-
Adjustments resulting from investments in associates accounted for using the equity method	-	78	-	-	-	-	-	-	-	78	28	106
Net profit for the year ended December 31, 2014	-	-	-	-	1,529,065	-	-	-	-	1,529,065	635,424	2,164,489
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	(47,814)	60,743	9,495	2,170,970	-	2,193,394	(1,457)	2,191,937
BALANCE AT DECEMBER 31, 2014	$ 14,391,956	$ 3,498,252	$ 2,575,473	$ 2,461,168	$ 2,925,210	$ 70,999	$ 3,658,882	$ 2,170,970	$ (97,110)	$ 31,655,800	$ 7,790,414	$ 39,446,214

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 25, 2015)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2014	2013 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 3,089,800	$ 4,092,782
Adjustments for:		
Depreciation expenses	2,951,638	2,934,424
Amortization expenses	28,907	24,630
Allowance (reversal of allowance) for impairment loss on receivables	(3,321)	8,518
Net gain on financial assets or liabilities at fair value through profit or loss	(46,651)	(33,996)
Gain on disposal of non-current assets held for sale	(316)	-
Finance costs	465,191	508,253
Impairment loss on financial assets	2,055	1,027
Loss (gain) on change in fair value of investment properties	21,931	(26,681)
Reversal of provisions	-	(12,216)
Amortization of prepayments	14,145	13,798
Amortization of prepayments for lease	321,773	256,752
(Reversal of unrealized purchase discounts) unrealized purchase discounts	(11,617)	4,941
Reversal of deferred revenue	(101,136)	(63,770)
Share of the profit of associates	(133,261)	(228,035)
Interest income	(101,762)	(120,037)
Dividend income	(268,122)	(236,453)
Loss on disposal of property, plant and equipment	18,330	41,902
Loss on disposal of intangible assets	-	3,256
Gain on disposal of investments	-	(386,986)
Unrealized loss on physical inventory and slow-moving inventories	13,041	14,217
Impairment loss recognized on intangible assets	495,605	-
Impairment loss recognized on property, plant and equipment	4,637	-
Net changes in operating assets and liabilities		
Financial assets held for trading	(4,270)	1,169,262
Notes receivable	25,709	3,076
Trade receivables	276,947	698,025
Trade receivables and notes receivable from related parties	(134,629)	(6,325)
Other receivables	173,061	(6,519)
Inventories	104,093	165,533
Prepayments	115,264	73,263
Other current assets	(18,273)	(13,293)
Prepaid pension costs	5,294	5,412
Notes payable	(95,891)	(39,328)
Trade payables	(92,347)	(993,958)
Trade payables and notes payable to related parties	1,329	(19,053)
Other payables	(448,737)	(2,032,521)
Advance receipts	383,519	541,336

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FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2014	2013 (Restated)
Deferred revenue	$ 65,656	$ 101,136
Accrued pension liabilities	26,519	(11,748)
Other current liabilities	12,266	84,261
Cash generated from operations	7,156,377	6,514,885
Interest paid	(481,901)	(515,434)
Interest received	116,462	87,411
Dividends received	268,821	335,570
Income tax returned	210,212	34,902
Income tax paid	(819,264)	(1,179,157)
Net cash generated from operating activities	6,450,707	5,278,177
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of available-for-sale financial assets	-	709,014
(Increase) decrease in debt investments with no active market	(369,923)	681,466
Purchase of financial assets measured at cost	-	(50,000)
Purchase of investments accounted for using the equity method	(360,000)	(147,899)
Decrease in prepaid long-term investments	78,456	78,216
Proceeds from disposal of non-current assets held for sale	582	-
Payments for property, plant and equipment	(1,984,796)	(3,388,947)
Proceeds from disposal of property, plant and equipment	24,190	5,023
Decrease (increase) in other receivables	212,388	(1,250,053)
Payments for intangible assets	(34,958)	(30,186)
Increase in other non-current assets	(52,667)	(21,593)
Increase in prepayments for lease	(372,940)	-
Net cash used in investing activities	(2,859,668)	(3,414,959)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	68,280,489	52,458,782
Repayments of short-term borrowings	(69,231,410)	(54,640,379)
Proceeds from short-term bills payable	23,851,586	25,070,441
Repayments of short-term bills payable	(23,907,209)	(26,671,997)
Proceeds from issue of bonds	-	990,692
Repayments of bonds payable	(2,500,000)	(1,200,000)
Proceeds from long-term borrowings	48,618,177	51,964,386
Repayments of long-term borrowings	(48,592,000)	(52,270,000)
Increase in other non-current liabilities	26,571	131,672
Dividends paid to owners of the Company	(1,622,612)	(1,095,903)
Dividends paid to non-controlling interests	(720,319)	(197,462)
Net cash used in financing activities	(5,796,727)	(5,459,768)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2014	**2013 (Restated)**
EFFECTS OF EXCHANGE RATE CHANGES	$ (62,799)	$ 23,852
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,268,487)	(3,572,698)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	13,221,405	16,794,103
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$ 10,952,918	$ 13,221,405

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated March 25, 2015) (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Far Eastern Department Stores, Ltd. (the "Company" or FEDS) was incorporated in the Republic of China (ROC) on August 31, 1967, and operated a nationwide chain of department stores. The Company's shares have been listed on the Taiwan Stock Exchange since October 11, 1978. The Company's registered address is 18 F., No. 16, Xinzhan Rd., Banqiao Dist., New Taipei City, ROC; the main operating branches are as follows:

Branches	Addresses
Taipei Branch	No. 32, Paoching Rd, Taipei City
Mega City Banqiao Store	No. 18 and 28, Xinzhan Rd., Banqiao Dist., New Taipei City
Banqiao Store	No. 152, Section 1, Zhongshan Rd., Banqiao Dist., New Taipei City
Taoyuan Store	No. 20, Zhongzheng Rd., Taoyuan City
Hsinchu Store	No. 323, Xida Rd., Hsinchu City
Top City Taichung Store	No. 251, Section 3, Taiwan Blvd., Xitun Dist., Taichung City
Hualien Store	No. 581, Heping Rd., Hualien City
Chiayi Store	No. 537, Chuiyang Rd., Chiayi City
Tainan Gongyuan Store	No. 60, Gongyuan Rd., Tainan City
Tainan Chenggong Store	No. 210, Qianfeng Rd., Tainan City
Kaohsiung Store	No. 21, Sanduo 4th Rd., Kaohsiung City

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 25, 2015.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. Initial application of new accounting policies

The management of the Company and the entities controlled by the Company (the "Group") considered that the fair value model can provide reliable and more relevant information. Therefore, on March 28, 2014, the Company's board of directors resolved to change the Group's accounting policy for investment properties effective January 1, 2014. Under the new accounting policy, investment properties are subsequently measured using the fair value model, and a special reserve should be appropriated in accordance with Rule No. 1030006415 issued by the Financial Supervisory Commission (FSC).

The impact in the current year is set out below:

Impact on Assets, Liabilities and Equity	As Originally Stated	Adjustment for Investment Properties under Fair Value Model	Restated
December 31, 2013			
Investment properties	$ 2,043,082	$ 1,027,413	$ 3,070,495
Deferred tax assets	922,092	18,133	940,225
Impact on total assets	$ 2,965,174	$ 1,045,546	$ 4,010,720
Deferred tax liabilities	$ 1,474,842	$ 133,999	$ 1,608,841
Impact on total liabilities	$ 1,474,842	$ 133,999	$ 1,608,841
Retained earnings	$ 7,855,535	$ 529,883	$ 8,385,418
Non-controlling interests	7,503,108	381,664	7,884,772
Impact on total equity	$ 15,358,643	$ 911,547	$ 16,270,190
January 1, 2013			
Investment properties	$ 2,089,416	$ 954,398	$ 3,043,814
Deferred tax assets	1,109,266	22,308	1,131,574
Impact on total assets	$ 3,198,682	$ 976,706	$ 4,175,388
Deferred tax liabilities	$ 1,446,269	$ 102,950	$ 1,549,219
Impact on total liabilities	$ 1,446,269	$ 102,950	$ 1,549,219
Retained earnings	$ 7,207,876	$ 509,608	$ 7,717,484
Non-controlling interests	6,792,173	364,148	7,156,321
Impact on total equity	$ 14,000,049	$ 873,756	$ 14,873,805

Impact on Total Comprehensive Income	As Originally Stated	Adjustment for Investment Properties under Fair Value Model	Restated
For the year ended December 31, 2013			
Operating costs	$ 23,803,129	$ (23,839)	$ 23,779,290
General and administrative expense	18,862,449	(22,495)	18,839,954

(Continued)

Impact on Total Comprehensive Income	As Originally Stated	Adjustment for Investment Properties under Fair Value Model	Restated
Other gains and losses	$ 1,237,051	$ 26,681	$ 1,263,732
Income tax expense	1,016,840	35,224	1,052,064
Impact on net profit for the year	3,002,927	37,791	3,040,718
Impact on other comprehensive income (loss) for the year, net of tax	(88,450)	-	(88,450)
Impact on total comprehensive income for the year	$ 2,914,477	$ 37,791	$ 2,952,268
Net profit attributable to:			
Owner of the Company	$ 2,165,564	$ 20,275	$ 2,185,839
Non-controlling interests	837,363	17,516	854,879
	$ 3,002,927	$ 37,791	$ 3,040,718
Total Comprehensive income attributable to:			
Owner of the Company	$ 2,045,801	$ 20,275	$ 2,066,076
Non-controlling interests	868,676	17,516	886,192
	$ 2,914,477	$ 37,791	$ 2,952,268
Impact on earnings per share (unit: NT$ per share)			
For the year ended December 31, 2013			
Basic	$ 1.51	$ 0.02	$ 1.53
Diluted	$ 1.51	$ 0.01	$ 1.52

(Concluded)

b. The amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC not yet effective

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note)
Improvements to IFRS (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 “Embedded Derivatives”	Effective for annual periods endings on or after June 30, 2009

(Continued)

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10, IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Venture"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

Note: The aforementioned new, amended or revised standards or interpretations are effective after fiscal year beginning on or after the effective dates, unless specified otherwise.

Except for the following, the application of aforementioned 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies:

1) IFRS 12 "Disclosure of Interests in Other Entities"

   IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries and associates. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

2) IFRS 13 "Fair Value Measurement"

   IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

   The IFRS 13 will be applied prospectively from January 1, 2015.

3) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

According to the amendments to IAS 1, the items of other comprehensive income will be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. In addition, income tax on items of other comprehensive income is also required to be allocated on the same basis. The aforementioned allocation basis will not be strictly enforced prior to the adoption of amendments.

The Group will retrospectively apply the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans, revaluation gains, and share of the actuarial gains and losses of associates accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, and share of the other comprehensive income (loss) of associates accounted for using the equity method (except the share of the remeasurements of the defined benefit plans). However, the application of the above amendments will not result in any impact on the net profit for the year, other comprehensive income (loss) for the year, net of income tax, and total comprehensive income for the year.

4) Amendments to IAS 19 "Employee Benefits"

The amendments to IAS 19 require the Group to calculate a "net interest" amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on planned assets used in current IAS 19 and past service cost should be recognized to profit or loss when it occurs. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit costs, and also includes more extensive disclosures.

On initial application of the revised IAS 19 in 2015, as of December 31, 2014 and January 1, 2014, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to defined benefit assets for an increase of $263 thousand and $330 thousand, respectively; the net defined benefit liabilities for a decrease of $10,706 thousand and $12,374 thousand, respectively; retained earnings for an increase of $11,253 thousand and $12,704 thousand, respectively. The Group would include the adjustment in operating expenses for an increase of $5,328 thousand and income tax expense for a decrease of $311 thousand in 2014. In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Group would select not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

c. The IFRSs issued by IASB but not yet endorsed by the FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018

(Continued)

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendment to IFRS 11 " Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above new, amended or revised standards and interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Except for the following, the initial application of the above new, amended or revised standards and interpretations will not have any material impact on the Group's accounting policies:

1) IFRS 9 "Financial Instruments"

   Recognition and measurement of financial assets

   All recognized financial assets currently in the scope of IAS 39, "Financial Instruments: Recognition and Measurement," will be subsequently measured at either the amortized cost or the fair value.

   For the equity instruments invested by the Group, the equity instruments should be measured at the fair value through profit or loss. However, the Group may irrevocably designate an investment in equity instruments that is not held for trading as measured at fair value through other comprehensive income. All relevant gains and losses shall be recognized in other comprehensive income, except for dividends which are recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income can not be reclassified to profit or loss.

The impairment of financial assets

IFRS 9 adds a new expected credit loss impairment model to measure the impairment of financial assets. A loss allowance for expected credit losses should be recognized on financial assets measured at amortized cost. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group should measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition and is not deemed to be a low credit risk, the Group should measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. The Group should always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables.

2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18, "Revenue," IAS 11, "Construction Contracts," and a number of revenue-related interpretations.

When applying IFRS 15, the Group shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, the Group may select to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

Except for the aforementioned impact, as of the date that the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the above standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

Basis of Presentation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and investment properties that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months (after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue); and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

   The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

   When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

   All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

   <u>Attribution of total comprehensive income to non-controlling interests</u>

   Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

   <u>Changes in the Group's ownership interests in existing subsidiaries</u>

   Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

b. Entities included in the consolidated financial statements

The consolidated entities as of December 31, 2014, December 31, 2013 and January 1, 2013, were as follows:

			Proportion of Ownership		
Investor	**Investee**	**Main Businesses**	**December 31, 2014**	**December 31, 2013**	**January 1, 2013**
Far Eastern Department Stores, Ltd.	Far Eastern Ai Mai Co., Ltd.	Hypermarket	100	100	100
	Bai Yang Investment Co., Ltd.	Investment	100	100	100
	Bai Ding Investment Co., Ltd.	Investment	67	67	67
	Yu Ming Advertising Agency Co., Ltd.	Advertising and importation of certain merchandise	100	100	100
	Far Eastern Hon Li Do Co., Ltd.	Building rental	56	56	56
	FEDS Development Ltd.	Investment	76	76	76
	Ya Tung Department Stores, Ltd.	Department store	100	100	100
	Far Eastern CitySuper Co., Ltd.	Hypermarket	96	96	95
	Pacific Liu Tong Investment Co., Ltd.	Investment	35	35	35
	Asians Merchandise Company (AMC)	Trading	100	100	100
Bai Yang Investment Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	2
	FEDS Asia Pacific Development Co., Ltd.	Shopping mall	70	70	70
	Bai Ding Investment Co., Ltd.	Investment	33	33	33
	FEDS New Century Development Co., Ltd. (Note 1)	Shopping mall	100	100	100
	FEDS Development Ltd.	Investment	24	24	24
	Pacific China Holdings (HK) Limited	Investment	40	40	40
	Far Eastern Big City Shopping Malls Co., Ltd.	Department store	40	40	40
Bai Ding Investment Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	13	13	13
	Pacific Sogo Department Stores Co., Ltd.	Department store	1	1	1
	Far Eastern Hon Li Do Co., Ltd.	Building rental	44	44	44
	Far Eastern CitySuper Co., Ltd.	Hypermarket	-	-	-
Yu Ming Advertising Agency Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	-	-	-
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	-	-	-
FEDS Development Ltd.	Tianjin FEDS Co., Ltd.	Department store	49	49	49
	Shanghai Bai Ding Consultant & Management Co., Ltd.	Consulting service	100	100	100
	Chongqing FEDS Co., Ltd.	Department store	100	100	100
Ya Tung Department Stores, Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	1	1	1
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	2
FEDS New Century Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	2
Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	Department store	79	79	79
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Limited	Investment	60	60	60
	Far Eastern Big City Shopping Malls Co., Ltd.	Department store	60	60	60
Pacific China Holdings (HK) Limited	Pacific China Holdings Ltd.	Investment	100	100	100
Pacific China Holdings Ltd.	Shanghai Pacific Department Stores Co., Ltd.	Department store	73	73	73
	Chengdu Shangxia Pacific Department Store Co., Ltd. (Note 3)	Department store	100	100	100
	Chengdu Quanxing Pacific Department Store Co., Ltd.	Department store	100	100	100
	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	100	100	100
	Beijing Xidan Pacific Department Store Co., Ltd. (Note 2)	Department store	55	55	55
	Chongqing Pacific Consultant & Management Co., Ltd.	Consulting service	100	100	100
	Bai Fa China Holdings (HK), Limited.	Investment	100	100	100
	Pacific (China) Investment Co., Ltd.	Investment	100	100	100
Pacific (China) Investment Co., Ltd.	Wuxi FEDS Co., Ltd.	Department store	100	100	100
	Chengdu FEDS Co., Ltd.	Department store	100	100	100
	Chengdu Beicheng FEDS Co., Ltd.	Department store	100	100	-
Chongqing Pacific Consultant & Management Co., Ltd.	Tianjin FEDS Co., Ltd.	Department store	51	51	51
	Dalian Pacific Department Store Co., Ltd.	Department store	100	100	100
	Chongqing Liyang Department Store Co., Ltd.	Department store	100	100	100

Note 1: As of December 31, 2014, FEDS New Century Development Co., Ltd. was still under an undertaking business.

Note 2: On September 18, 2012, the board of directors of Beijing Xidan Pacific Department Store Co., Ltd. approved its company's liquidation and went into liquidation.

Note 3: On November 13, 2013, the board of directors of Chengdu Shangxia Pacific Department Store Co., Ltd. approved its company's liquidation and went into liquidation.

c. Subsidiaries excluded from consolidated financial statements

			Proportion of Ownership		
Investor	**Investee**	**Main Businesses**	**December 31, 2014**	**December 31, 2013**	**January 1, 2013**
Pacific Sogo Department Stores Co., Ltd.	Pacific Sogo Investment Co., Ltd. (Note)	Investment	100	100	100
	Lian Ching Investment Co., Ltd. (Note)	Investment	50	50	50

Note: As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were undertaken by the Group and the accounts are not disclosed in the consolidated financial statement.

The diagram of intercompany relationships of the consolidated financial statement on December 31, 2014 refers to Table 1.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries and associates in other countries or currencies used different with the Group) are translated into New Taiwan dollars (presentation currency) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation or having a significant influence on equity (i.e. a disposal involving loss of control over a subsidiary that includes a foreign operation or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost or net realizable value, using the retail method. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates attributable to the Group.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Interests in Joint Ventures

Jointly controlled assets

The assets recognized in the consolidated financial statements in relation to the Group's interests in jointly controlled assets are as follows:

a. The share of jointly controlled assets are classified by the nature of the assets;

b. Liabilities incurred;

c. Its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;

d. The returns on disposal and use of assets in share of jointly controlled assets, the losses on disposal and use of assets in share of jointly controlled assets; and

e. The expenses incurred in relation to the interests in joint venture.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. Assets are depreciated over the shorter of the lease term and their useful lives using the straight-line method

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, (including transaction costs), and are subsequently measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Investment properties are recorded as property, plant and equipment on or after the beginning of owner-occupation.

For a transfer from property, plant and equipment to investment property at the end of owner-occupation, any difference between the fair value of the property at the transfer date and its previous carrying amount is recognized in other comprehensive income.

Any gain or loss arising on derecognition of an investment property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than goodwill to determine any indication of impairment loss on these assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (deducting amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Non-current Assets Held for Sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

<u>Financial assets</u>

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a. Measurement category

   Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

   1) Financial assets at fair value through profit or loss

      Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

   2) Available-for-sale financial assets

      Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired. Refer to Note 35 for the information on the selected method of fair value.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

3) Loans and receivables

Loans and receivables (including notes and trade receivables, other receivables, cash and cash equivalent, debt investments with no active market, and refundable deposits) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits, commercial paper, repurchase bonds with original maturities within 3 months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets measured at amortized cost, the assets are assessed for impairment on a collective basis even if they are assessed as not impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets measured at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered an objective evidence of impairment.

For all other financial assets, the objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will undergo bankruptcy or financial reorganization, or the disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are measured at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss, except for uncollectible trade receivables that are written off against the allowance account.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities

a. Subsequent measurement of financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

b. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital, capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

Provisions

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

a. Sale of goods

   Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

   1) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

   2) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

   3) The amount of revenue can be measured reliably;

   4) It is probable that the economic benefits associated with the transaction will flow to the Group; and

   5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

   Sales of goods that result in award credits for customers, under the Group's award scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value, the amount for which the award credits could be sold separately. Such consideration is not recognized as revenue at the time of the initial sale transaction but is deferred and recognized as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

b. Commissions from concessionaires' sales

Commissions from concessionaires' sales are recognized as goods are sold.

c. Maintenance and promotion fee income

According to contract agreements, maintenance and promotion fee income are recognized on the right to receive the income signed or as services are provided.

d. Dividend and interest income

Dividend income from investments is recognized when the stockholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a. The Group as a lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

Lease incentives included in the operating lease are recognized as an asset. The aggregate cost of incentives is recognized as a reduction of rental income on a straight-line basis over the lease term.

b. The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

c. Leasehold lands and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

   According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the stockholders approve the retention of the earnings.

   Adjustments of prior years' tax liabilities are added to or deducted from the current period's income tax expenses.

b. Deferred tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, and to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary differences and are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Income tax

As of December 31, 2014, December 31, 2013 and January 1, 2013, the carrying amount of deferred tax assets in relation to unused tax losses was $926,328 thousand, $940,225 thousand and $1,131,574 thousand, respectively. As of December 31, 2014, December 31, 2013 and January 1, 2013, there had been no deferred tax asset recognized on deductible temporary differences of $2,597,247 thousand, $2,572,205 thousand and $1,292,742 thousand, respectively, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

c. Impairment of tangible and intangible assets other than goodwill

For impairment test of assets, the Group evaluate and decide the Group's certain asset independent cash flows, useful lives of the assets and probable future profit or loss based on subjective judgment, asset usage model and department store industry characteristics. Any change in national and local economic conditions or the Group's strategy may cause significant impairment loss.

d. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

e. Impairment of investments accounted for using the equity method

The Group immediately recognizes impairment loss on its net investment accounted for by using the equity method when there is any indication that the investment may be impaired and the carrying amount may not be recoverable. The Group's management evaluates the impairment based on the estimated future cash flow expected to be generated by and associates, including future cash flow estimated by the associate's management. The Group also takes into consideration the market conditions and industry development to evaluate the appropriateness of assumptions.

f. Recognition and measurement of defined benefit plans

Defined benefit costs and defined benefit liabilities (assets) under defined benefit plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, dismission rate and long-term average rate of future salary increases. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expenses and the liabilities (assets).

g. Useful lives of property, plant and equipment

As described in Note 4 property, plant and equipment to the consolidated financial statements, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The length of useful lives of property, plant and equipment had not been changed by the Group in 2014 and 2013.

h. Deferred tax on investment properties

Deferred tax assets or liabilities are generated on the fair value measurement of investment properties. After the Group reviews the investment properties held for own-occupation, the Group thinks that the economic benefits from the investment properties are not consumed over time. Thus, for own-occupied properties, the deferred tax should be calculated on the what the fair value of the investment properties received by disposal on the investment properties.

6. CASH AND CASH EQUIVALENTS

	December 31, 2014	December 31, 2013	January 1, 2013
Cash on hand and revolving funds	$ 287,938	$ 269,156	$ 568,634
Checking accounts and demand deposits	5,820,731	5,955,429	7,488,103
Cash equivalents			
Time deposits with original maturities of less than 3 months	2,467,028	3,462,141	4,144,885
Commercial papers	2,377,221	1,797,405	4,592,481
Repurchase agreements collateralized by bonds	-	1,737,274	-
	$ 10,952,918	$ 13,221,405	$ 16,794,103

The market rate intervals of cash in bank, commercial papers, repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Cash in bank	0.68%-3.18%	0.35%-3.45%	0.58%-2.86%
Commercial papers	0.63%-0.66%	0.55%-0.63%	0.71%-0.76%
Repurchase agreements collateralized by bonds	-	0.64%	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2014	December 31, 2013	January 1, 2013
Financial assets held for trading			
Non-derivative financial assets			
Listed and OTC shares	$ 138,485	$ 129,042	$ 147,444
Beneficiary certificate	152,410	110,932	1,227,796
	$ 290,895	$ 239,974	$ 1,375,240
Current	$ 290,895	$ 239,974	$ 361,327
Non-current	-	-	1,013,913
	$ 290,895	$ 239,974	$ 1,375,240

Refer to Note 37 for the information on the carrying amount of financial assets at FVTPL that had been pledged as security.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2014	December 31, 2013	January 1, 2013
Listed and OTC shares	$ 5,476,899	$ 5,538,894	$ 5,979,704
Current	$ 487,231	$ 552,555	$ 511,192
Non-current	4,989,668	4,986,339	5,468,512
	$ 5,476,899	$ 5,538,894	$ 5,979,704

Refer to Note 37 for the information on the carrying amount of available-for-sale financial assets that had been pledged as security.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31, 2014	December 31, 2013	January 1, 2013
Time deposits with original maturities of more than 3 months	$ 954,256	$ 183,213	$ 952,583
Pledged deposits	375,061	776,181	688,277
	$ 1,329,317	$ 959,394	$ 1,640,860
Current	$ 1,204,317	$ 437,497	$ 1,008,193
Non-current	125,000	521,897	632,667
	$ 1,329,317	$ 959,394	$ 1,640,860

a. As of December 31, 2014, December 31, 2013 and January 1, 2013, the annual market interest rates of debt investments with no active market were 0.35%-3.30%, 0.16%-3.30% and 0.50%-3.08%.

b. Refer to Note 37 for the information on the carrying amount of debt investments with no active market that had been pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES (INCLUDING RELATED PARTIES)

	December 31, 2014	December 31, 2013	January 1, 2013
Notes receivable			
Notes receivable - operating	$ 1,008	$ 27,373	$ 30,440
Notes receivable - non-operating	3,196	2,540	2,549
Less: Allowance for impairment loss	(1,794)	(1,794)	(1,794)
	$ 2,410	$ 28,119	$ 31,195

(Continued)

	December 31, 2014	December 31, 2013	January 1, 2013
Trade receivables			
Trade receivables	$ 948,433	$ 1,054,142	$ 1,745,842
Less: Allowance for impairment loss	(228,843)	(230,395)	(224,113)
	$ 719,590	$ 823,747	$ 1,521,729
Other receivables			
Other receivables	$ 1,841,572	$ 2,125,027	$ 1,405,324
Less: Allowance for impairment loss	(332,840)	(345,540)	(912,799)
	$ 1,508,732	$ 1,779,487	$ 492,525

(Concluded)

a. Trade receivables

The Group's trade receivables pertained to revenues on credit cards and vouchers. The average credit period for revenue from credit cards was 2 to 3 days, and for vouchers, 15 days. In determining the recoverability of a trade receivables, the Group considered any change in the credit quality of the trade receivables since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss were recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The Group's revenue is on the basis of cash transactions. The revenue generated from the sales by debiting trade receivables is only recognized when authorization is given.

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging of trade receivables that were past due but not impaired were as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Less than 30 days	$ 92,696	$ 30,368	$ 109,950
31 to 60 days	8,220	5,992	2,586
Later than 61 days	1,982	4,479	6,443
	$ 102,898	$ 40,839	$ 118,979

The above aging schedule was based on the past due date.

The movements of the allowance for impairment loss on trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ 26	$ 224,087	$ 224,113
Add: Impairment losses recognized on receivables	6,282	-	6,282
Balance at December 31, 2013	6,308	224,087	230,395
Add: Impairment losses recognized on receivables	5,003	-	5,003
Less: Impairment losses reversed	-	(6,555)	(6,555)
Balance at December 31, 2014	$ 11,311	$ 217,532	$ 228,843

b. Other receivables

For the other receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging of other receivables that were past due but not impaired was as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Less than 30 days	$ 771	$ 252	$ 1,474
31 to 60 days	149	1,184	9,132
Later than 61 days	1,098	28,367	16,606
	$ 2,018	$ 29,803	$ 27,212

The above aging schedule was based on the past due date.

Movements in the allowance for impairment loss recognized on other receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ 644,641	$ 268,158	$ 912,799
Add: Impairment losses recognized on receivables	-	2,236	2,236
Less: Amounts written off during the year as uncollectible	(618,902)	(747)	(619,649)
Foreign exchange translation losses	35,397	14,757	50,154
Balance at December 31, 2013	61,136	284,404	345,540
Add: Impairment losses recognized on receivables	-	903	903
Less: Impairment loss reversed	-	(2,672)	(2,672)

(Continued)

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Less: Amounts written off during the year as uncollectible	$ (23,905)	$ (2,640)	$ (26,545)
Foreign exchange translation losses	-	15,614	15,614
Balance at December 31, 2014	$ 37,231	$ 295,609	$ 332,840

(Concluded)

The Group recognized impairment loss on other receivables amounting to $0 thousand, $1,268 thousand and $13,710 thousand as of December 31, 2014, December 31, 2013 and January 1, 2013, respectively. The Group did not hold any collateral or other credit enhancements for these balances.

11. INVENTORIES

	December 31, 2014	December 31, 2013	January 1, 2013
Merchandise	$ 2,870,727	$ 2,976,244	$ 3,160,935
Allowance for inventory devaluation	$ 276,437	$ 263,571	$ 249,397
Allowance for losses on physical inventory	$ 23,758	$ 23,583	$ 23,540
Allowance for purchase discount	$ 96,489	$ 108,106	$ 103,165

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 was $22,452,617 thousand and $23,480,740 thousand.

The cost of goods sold in 2014 and 2013 included:

	For the Year Ended December 31	
	2014	2013
Unrealized loss on physical inventory and slow-moving inventory	$ 13,041	$ 14,217
(Reversed) unrealized purchase discounts	$ (11,617)	$ 4,941

12. NON-CURRENT ASSETS HELD FOR SALE

	December 31, 2014	December 31, 2013	January 1, 2013
Plants, transportation and miscellaneous equipment			
Cost	$ 1,063	$ 3,519	$ -
Less: Accumulated depreciation	957	3,149	-
	106	370	-
Effect of foreign currency exchange differences	9	7	-
	$ 115	$ 377	$ -

On September 18, 2012, the board of directors of Beijing Xidan Pacific Department Store Co., Ltd. ("Beijing Xidan") passed a resolution stating that this department store should be liquidated. As of December 31, 2014, Beijing Xidan was still in the process of liquidation. Thus, the property, plant and equipment of Beijing Xidan were reclassified to non-current assets held for sale.

13. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31, 2014	December 31, 2013	January 1, 2013
Domestic unlisted shares	$ 604,728	$ 606,783	$ 557,810
Overseas unlisted shares	178,924	169,591	160,773
	$ 783,652	$ 776,374	$ 718,583

In April 2013, Kaohsiung Rapid Transit Corporation (KRTC) completed the registration of a capital reduction, which resulted in a decrease in the Company's equity in KRTC's 8,714 thousand shares. In June 2013, the Company subscribed KRTC's 5,000 thousand shares in cash at $10 per share, amounting to $50,000 thousand and amortized this amount over the specific period.

The above unlisted equity investments held by the Group should be reclassified as available-for-sale financial assets on the basis of investment intentions. As to the difficulties of measuring the materiality of the reasonable fair value estimates' intervals and the probability of fair value estimates, the management believed that the fair value cannot be reliably measured.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31, 2014	December 31, 2013	January 1, 2013
Shares with no quoted market prices			
Oriental Securities Corporation	$ 3,479,346	$ 3,453,393	$ 3,369,479
Far Eastern International Leasing Corp.	2,571,632	2,505,655	2,574,738
Pacific Department Store Co., Ltd.	610,409	543,123	497,074
Yuan Hsin Digital Payment Co., Ltd.	404,802	90,000	-
Chengdu Baiyang Industry Co., Ltd.	388,501	367,177	347,025
Yu Ming Trading Co.	75,457	75,313	74,649
Ding Ding Integrated Marketing Service Co.	40,170	38,658	31,922
Shanghai Pacific Consultant & Management Co., Ltd.	9,669	8,933	8,271
Far Eastern Electronic Commerce Co., Ltd.	6,208	37,158	9,018
Pacific Sogo Investment Co., Ltd.	-	-	-
Lian Ching Investment Co., Ltd.	-	-	-
Sogo Department Store Co., Ltd.	-	-	-
Pacific Venture Investment Ltd.	-	-	-
	7,586,194	7,119,410	6,912,176
Long-term investment prepayment			
Chengdu Baiyang Industry Co., Ltd.	1,960,340	1,930,958	1,898,903
	$ 9,546,534	$ 9,050,368	$ 8,811,079

As of the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associates	December 31, 2014	December 31, 2013	January 1, 2013
Oriental Securities Corporation	34%	34%	34%
Far Eastern International Leasing Corp.	35%	35%	35%
Pacific Department Store Co., Ltd.	29%	29%	29%
Yuan Hsin Digital Payment Co., Ltd.	30%	32%	-
Chengdu Baiyang Industry Co., Ltd.	33%	33%	33%
Yu Ming Trading Co.	47%	47%	47%
Ding Ding Integrated Marketing Service Co.	20%	20%	20%
Shanghai Pacific Consultant & Management Co., Ltd.	49%	49%	49%
Far Eastern Electronic Commerce Co., Ltd.	22%	22%	20%
Pacific Sogo Investment Co., Ltd.	100%	100%	100%
Lian Ching Investment Co., Ltd.	50%	50%	50%
Sogo Department Store Co., Ltd.	34%	34%	34%
Pacific Venture Investment Ltd.	48%	48%	48%

The summarized financial information of the Group's associates is set out below:

	December 31, 2014	December 31, 2013	January 1, 2013
Total assets	$ 34,265,763	$ 32,186,945	$ 35,389,842
Total liabilities	$ 12,656,015	$ 12,297,690	$ 14,549,473

	For the Year Ended December 31	
	2014	2013
Operating revenue	$ 5,085,931	$ 3,149,707
Net profits for the year	$ 411,849	$ 653,967
Other comprehensive loss	$ (113,519)	$ (1,333,854)

The Group subscribed for Yuan Hsin Digital Payment Co., Ltd. by 36,000 thousand shares in June 2014 and by 9,000 thousand shares in March 2013, amounting to $360,000 thousand and $90,000 thousand, respectively.

In July 2013, Far Eastern Electronic Commerce Co., Ltd. ("Far Eastern Electronic") completed the registration of a capital reduction, which resulted in the decrease in the Group's equity in Far Eastern Electronic by 2,084 thousand shares. Simultaneously, Far Eastern Electronic completed the registration of a capital increase by issuing 25,000 thousand shares for cash at $10 per share. The Group subscribed for Far Eastern Electronic's 5,790 thousand shares, amounting to $57,899 thousand. Because the Group's subscription was nonproportional, the Group's equity in Far Eastern Electronic increased to 22% and retained earnings decreased by $2,185 thousand.

Chongqing Pacific Consultant and Management Co., Ltd. ("Chongqing") invested RMB75,000 thousand in Chengdu Baiyang Industry Co., Ltd. ("Chengdu Baiyang") and acquired 33% of the voting rights of Chengdu Baiyang. Chongqing signed a contract on ensuring long-term cooperation with Chengdu Department Emporium Group Co., Ltd. (Joint Venture Partner), so they agreed that Chongqing would pay Chengdu Baiyang a security deposit of RMB425,000 thousand. Under the cooperation contract, the retained earnings allocation of Chengdu Baiyang to Chongqing will be at certain percentages stated in the contract and not at their respective percentages of ownership. The contract further states that Chengdu Baiyang should not be liquidated and Chongqing should not transfer its equity (including voting rights) in

Chengdu Baiyang to any party. The security deposit of RMB425,000 thousand can be transferred in stages as capital of Chengdu Baiyang and recognized as a long-term investment prepayment. When the percentage of the retained earnings allocation, which had been requested by Chengdu Department Emporium, exceeds a certain percentage of the retained earnings allocation stated in the contract, Chongqing may request simultaneously to get back 50% of the allocated retained earnings and the security deposit. As of December 31, 2014, Chengdu Baiyang had returned RMB46,000 thousand to Chongqing.

In November 2008, SOGO applied to the Taiwan Taipei District Court for Pacific Sogo Investment Co., Ltd. (PSI) to be declared bankrupt, and the Taiwan Taipei District Court ruled (PSI) bankrupt on December 30, 2010. On April 8, 2011, PSI convened the first creditors' meeting. On August 22, 2012, a part of PSI assets - including the shares of Chung Hsin Co., Ltd.; Jia Bai Lie Co., Ltd.; Mi Jia Le Co., Ltd.; Pacific Department Store Co., Ltd.; Esonic Technology Corp.; and Asia Trust and Investment Corporation - was sold to Shing-Ming Investment Co., Ltd. for $5,643 thousand. In addition, based on a letter of instructions from the Taiwan Taipei District Court, the unsold shares of Pacific Construction Co., Ltd. held by PSI transmitted to the Feng-Shan Branch of Bank Taiwan Securities Co., Ltd. for sale on the other day.

As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were undertaken by the Group and the accounts are not disclosed in the consolidated financial statement.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2014 and 2013 was based on associates' audited financial statements for the same years.

Refer to Note 37 for the information on the carrying amount of investments accounted for using the equity method that had been pledged as security.

15. INTERESTS IN A JOINT VENTURE

In February 2005, the Company entered into a contract with Far Eastern Construction to build a mall and office building on the land owned by the Company and Far Eastern Construction for the Company's business expansion in Banqiao district. The two parties also agreed the percentage of land holding and the proportion of sharing construction costs for both parties. The office construction and the mall construction had been completed and began to operate in 2014 and 2011, respectively.

The amounts of the assets controlled by interests in the joint venture were recognized in the Group's consolidated financial statements as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Buildings	$ 3,897,247	$ 3,288,309	$ 3,348,657
Buildings and facilities	1,053,627	915,313	1,018,978
Investment Properties	2,495,801	-	-
Construction in progress	-	2,818,016	1,682,375
	$ 7,446,675	$ 7,021,638	$ 6,050,010

16. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Buildings and Facilities	Decorative Facilities	Equipment Held under Finance Lease	Plant, Transportation and Miscellaneous Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2013	$ 12,982,764	$ 20,537,997	$ 8,610,747	$ 12,988,759	$ 11,195,094	$ 2,906,502	$ 4,172,859	$ 73,394,722
Additions (deductions)	-	(1,263)	155,593	552,433	126	115,052	1,548,981	2,370,922
Disposals	-	(11,292)	(66,957)	(608,643)	-	(216,161)	-	(903,053)
Reclassification	-	-	24,885	(56,879)	-	174,563	(146,088)	(3,519)
Effect of exchange differences	-	84,616	-	205,693	-	10,011	1,548	301,868
Balance at December 31, 2013	$ 12,982,764	$ 20,610,058	$ 8,724,268	$ 13,081,363	$ 11,195,220	$ 2,989,967	$ 5,577,300	$ 75,160,940
Accumulated depreciation and impairment								
Balance at January 1, 2013	$ -	$ (4,969,695)	$ (3,454,350)	$ (6,506,230)	$ (3,853,346)	$ (1,664,333)	$ -	$ (20,447,954)
Disposals	-	7,451	60,742	577,475	-	210,460	-	856,128
Depreciation expense	-	(503,247)	(619,098)	(1,338,077)	(344,629)	(399,323)	-	(3,204,374)
Reclassification	-	-	(38,237)	(75,138)	-	116,524	-	3,149
Effect of exchange differences	-	(70,662)	-	(119,599)	-	(10,740)	-	(201,001)
Balance at December 31, 2013	$ -	$ (5,536,153)	$ (4,050,943)	$ (7,461,569)	$ (4,197,975)	$ (1,747,412)	$ -	$ (22,994,052)
Carrying amount at January 1, 2013	$ 12,982,764	$ 15,568,302	$ 5,156,397	$ 6,482,529	$ 7,341,748	$ 1,242,169	$ 4,172,859	$ 52,946,768
Carrying amount at December 31, 2013	$ 12,982,764	$ 15,073,905	$ 4,673,325	$ 5,619,794	$ 6,997,245	$ 1,242,555	$ 5,577,300	$ 52,166,888
Cost								
Balance at January 1, 2014	$ 12,982,764	$ 20,610,058	$ 8,724,268	$ 13,081,363	$ 11,195,220	$ 2,989,967	$ 5,577,300	$ 75,160,940
Additions (deductions)	-	(5,009)	188,250	626,024	(4,793)	88,135	1,584,014	2,476,621
Disposals	-	-	(35,460)	(436,748)	-	(104,828)	-	(577,036)
Reclassification	(382,210)	993,276	289,899	306,599	-	5,773	(5,270,502)	(4,057,165)
Effect of exchange differences	-	90,306	-	254,027	-	13,885	1,018	359,236
Balance at December 31, 2014	$ 12,600,554	$ 21,688,631	$ 9,166,957	$ 13,831,265	$ 11,190,427	$ 2,992,932	$ 1,891,830	$ 73,362,596
Accumulated depreciation and impairment								
Balance at January 1, 2014	$ -	$ (5,536,153)	$ (4,050,943)	$ (7,461,569)	$ (4,197,975)	$ (1,747,412)	$ -	$ (22,994,052)
Disposals	-	-	32,296	400,501	-	101,719	-	534,516
Impairment loss		-	-	(419)	-	(4,218)	-	(4,637)
Depreciation expense	-	(478,443)	(673,385)	(1,452,434)	(344,486)	(277,621)	-	(3,226,369)
Reclassification	-	-	(600)	(530)	-	(61)	-	(1,191)
Effect of exchange differences	-	(79,286)	-	(152,109)	-	(13,083)	-	(244,478)
Balance at December 31, 2014	$ -	$ (6,093,882)	$ (4,692,632)	$ (8,666,560)	$ (4,542,461)	$ (1,940,676)	$ -	$ (25,936,211)
Carrying amount at December 31, 2014	$ 12,600,554	$ 15,594,749	$ 4,474,325	$ 5,164,705	$ 6,647,966	$ 1,052,256	$ 1,891,830	$ 47,426,385

The following useful lives of property, plant and equipment are used in the calculation of depreciation by the straight-line method:

Buildings	17 to 56 years
Buildings and facilities	5 to 20 years
Decorative facilities	2 to 20 years
Equipment held under finance lease	15 to 50 years
Plant, transportation and miscellaneous equipment	3 to 12 years

As to the purposes of some of its property, plant and equipment were changed in September 2014, these assets were revalued by an independent appraisal company, i.e., an unrelated party and transferred the cost plus revaluation increments into investment properties. Revaluation gains on change in fair value were recognized in other comprehensive income.

Refer to Note 37 for the information on the carrying amount of property, plant and equipment that had been pledged as security.

17. INVESTMENT PROPERTIES

	Land	Buildings and Facilities	Total
Balance at January 1, 2013 (Note 3)	$ 2,009,217	$ 1,034,597	$ 3,043,814
Gain on change in fair value of investment properties	46,026	(19,345)	26,681
Balance at December 31, 2013 (Note 3)	2,055,243	1,015,252	3,070,495
Transferred to property, plant and equipment	(246,746)	(93,254)	(340,000)

(Continued)

	Land	Buildings and Facilities	Total
Transferred from property, plant and equipment	$ 4,371,314	$ 2,587,466	$ 6,958,780
Loss on change in fair value of investment properties	28,151	(50,082)	(21,931)
Balance at December 31, 2014	$ 6,207,962	$ 3,459,382	$ 9,667,344

(Concluded)

Some of the Group's investment properties had been leased out under operating leases in the lease term of 5 to 7.5 years. Except from the minimum lease payments, some of the Group's lease contracts included contingent lease clauses, and the Group should adjust rentals on the basis of Consumer Price Index per annum. The rental incomes generated for the years ended December 31, 2014 and 2013 were $38,534 thousand and $38,646 thousand, respectively.

The future minimum lease payments of non-cancellable operating lease were as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Not later than 1 year	$ 36,863	$ 36,490	$ 36,206
Later than 1 year but not later than 5 years	50,088	86,033	121,539
	$ 86,951	$ 122,523	$ 157,745

The fair values of the investment properties as of December 31, 2014, December 31, 2013 and January 1, 2013 were based on the valuations carried out at these dates by an independent qualified professional valuators, Hong-Kai Chang, Shih-Kai Liu and Yi-Chih Chang from Savills Real Estate Appraiser Office, a member of certified ROC real estate appraisers.

Except from undeveloped lands, the fair value of investment properties was measured using income approach. The significant assumptions used were as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Expected future cash inflows	$ 24,488,809	$ 5,861,030	$ 5,800,936
Expected future cash outflows	3,771,795	1,487,895	1,530,343
Expected future cash inflows, net	$ 20,717,014	$ 4,373,135	$ 4,270,593
Discount rate	4.625%-4.80%	4.625%	4.625%

The market rentals in those districts, where the investment property is located, were between $1 thousand and $2 thousand per ping (i.e. 1 ping = 3.3 square meters). The expected future cash inflows generated by investment properties referred to rental income, interest income on rental deposits and disposal value. The rental income was extrapolated using the existing lease contracts of the Group and comparative market rentals covering 10 to 18 years, excluding too-high and too-low values, taking into account the annual rental growth rate. The interest income on rental deposits was extrapolated by the 1 year average deposit interest rate, and the disposal value was determined by the direct capitalization method under the income approach. The expected future cash outflows on investment properties included expenditures such as land value tax, house taxes, insurance premium and maintenance costs. These expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustment to the government-announced land value, the tax rate promulgated under the Construction Cost Index and the House Tax Act and construction cost.

The discount rate was determined by reference to the interest rate for 2 year time deposits of Chunghwa Post Co., Ltd plus 0.75%. In addition, the risk premium of investment properties was determined by 2.5%-2.675%.

Some lands owned by the Group, where are located in the east of Taiwan, were not developed yet. The fair value of these undeveloped lands was measured by the method of Land Development Evaluation. The significant assumptions used were as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Estimated total sales	$ 999,111	$ 1,032,329	$ 1,032,329
Profit margin	15%-16%	15%-16%	15%-16%
Capital interest rate	1.99%-3.98%	2.55%-3.55%	2.55%-3.55%

Estimated total sales were determined on the basis of the most effective way of estimating on the areas of sellable lands and buildings, taking into account legislations, upward macroeconomic trend in domestic market, the usable condition of local lands and comparable market prices.

Refer to Note 37 for the information on the carrying amount of investment properties that had been pledged as security.

18. INTANGIBLE ASSETS

	Goodwill	Computer Software	Total
Cost			
Balance at January 1, 2013	$ 7,631,973	$ 180,155	$ 7,812,128
Additions	-	30,186	30,186
Disposals	-	(7,074)	(7,074)
Effect of exchange differences	-	3,051	3,051
Balance at December 31, 2013	$ 7,631,973	$ 206,318	$ 7,838,291
Accumulated amortization and impairment			
Balance at January 1, 2013	$ -	$ (100,573)	$ (100,573)
Amortization	-	(24,630)	(24,630)
Disposals	-	3,818	3,818
Effect of exchange differences	-	(1,722)	(1,722)
Balance at December 31, 2013	$ -	$ (123,107)	$ (123,107)
Carrying amounts balance at January 1, 2013	$ 7,631,973	$ 79,582	$ 7,711,555
Carrying amounts balance at December 31, 2013	$ 7,631,973	$ 83,211	$ 7,715,184

(Continued)

	Goodwill	Computer Software	Total
Cost			
Balance at January 1, 2014	$ 7,631,973	$ 206,318	$ 7,838,291
Additions	-	34,958	34,958
Disposals	-	(161)	(161)
Effect of exchange differences	-	3,317	3,317
Balance at December 31, 2014	$ 7,631,973	$ 244,432	$ 7,876,405
Accumulated amortization and impairment			
Balance at January 1, 2014	$ -	$ (123,107)	$ (123,107)
Amortization	-	(28,907)	(28,907)
Disposals	-	161	161
Impairment loss	(494,940)	(665)	(495,605)
Effect of exchange differences	-	(2,355)	(2,355)
Balance at December 31, 2014	$ (494,940)	$ (154,873)	$ (649,813)
Carrying amounts balance at December 31, 2014	$ 7,137,033	$ 89,559	$ 7,226,592

(Concluded)

Goodwill arising on mergers or the acquisition of majority interests in companies is the acquisition cost in excess of the fair value of the identifiable net assets acquired. Goodwill is mainly derived from Mainland China operating segment.

At the end of each reporting period, the Group reviews the carrying amounts of goodwill by comparing its recoverable amount with its carrying amount to determine whether there is any indication that those assets have suffered an impairment loss, amounting $494,940 thousand in 2014. That is because, the actual profits from Mainland China in 2014 did not achieved the expected profits from Mainland China in 2014.

The recoverable amount of this cash-generating unit was determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management, and a discount rate of 10.69% and 13.21% per annum for the years ended December 31, 2014 and 2013, respectively.

Cash flows of the financial forecasting is prepared and based on estimates of annual revenues, gross profit, capital expenditures and other operating costs. Management believed that any reasonably possible change in the key assumptions on which recoverable amount was based would not cause the aggregate carrying amount of the cash-generating unit to exceed its aggregate recoverable amount.

The following useful lives are used in the calculation of amortization on a straight-line basis:

Computer software	1 to 10 years

19. PREPAYMENTS FOR LEASE

	December 31, 2014	December 31, 2013	January 1, 2013
SOGO - BR4 (a)	$ 6,007,681	$ 6,190,857	$ 6,448,809
FEDS - Xinyi Division A13 (b)	2,423,382	2,485,787	2,548,191
FEDS Asia Pacific Development - Kaohsiung (c)	708,898	730,379	751,861
Dalian Pacific Department Store Co., Ltd. (d)	310,344	-	-
Ai Mai - Hsinchu (e)	185,868	209,102	232,335
Shanghai Pacific Department Stores - right to use land (f)	160,004	168,041	174,718
	$ 9,796,177	$ 9,784,166	$ 10,155,914
Current (recognized in prepayments)	$ 323,717	$ 319,489	$ 318,565
Non-current	9,472,460	9,464,677	9,837,349
	$ 9,796,177	$ 9,784,166	$ 10,155,914

a. In January 2007, SOGO constructed a building within the Zhongxiao-Fuxing Station (land BR4) of the Muzha line of the Taipei Rapid Transit System under a lease agreement with the Department of Rapid Transit Systems (DRTS), Department of Finance (DOF) under the Taipei City Government (TCG) and Hong-Tong Comprehensive Commercial Developing Co., Ltd. ("Hong-Tong"). The lease term is 9 years and 6 months from the opening of Sogo's Branch BR4. SOGO pays a monthly fixed rental of $12,701 thousand to the DRTS and DOF under the TCG. In addition, SOGO pays a rental premium at a certain percentage of annual net sales. However, the monthly fixed rental has been increased to $13,125 thousand since the year of 2014.

   SOGO paid deposits of $14,363 thousand to DRTS under the TCG and $24,423 thousand to DOF under the TCG. SOGO also paid DRTS under the TCG operating deposits of $95,962 thousand and warranty deposit of $16,719 thousand. DRTS's warranty deposits mentioned before were returned on September 30, 2013. Total refundable deposits were $134,748 thousand as of December 31, 2014.

   In addition, SOGO made other prepayment to a development leasehold rights - Hong-Tong - to obtain the right to lease the building housing SOGO's Branch BR4. In December 2006, SOGO entered into a lease agreement with Hong-Tong. Under this agreement, when the amount paid by SOGO exceeds the rent payable, the premium will be deemed as prepaid rent to be deducted from future rental expenses.

b. In September 2003, the Company acquired the land use rights on lot No. A13 in the Xinyi Division, which is owned by the Taipei City Government. The total amount of the land use rights was $3,196,888 thousand, and the Company completed the registration of its acquisition of the land use rights in October 2003. Under the contract, the Company has the right to use the land for 50 years from the completion of the right registration. The initial monthly rent is $3,771 thousand, to be adjusted annually in accordance with the assessed and publicly announced land value on the contract date.

c. On January 1, 1998, FEDS Asia Pacific Development signed a contract with Asia Cement Corporation (ACC) on the construction of the Kaohsiung Asian Business and Finance Building (FEDS Asia Pacific Shopping Center) on land provided by ACC. Under this contract, FEDS Asia Pacific Development will own the leasehold rights for 50 years from the date of the contract and should pay ACC $1,073,000 thousand as premium for land use rights. The land use rights are amortized during the land use period. Annual land rent is payable in November of every year for 50 years at 5% of the assessed and publicly announced land value.

The construction was completed in October 2001 and the building was rented out to FEDS and Vieshow Cinemas Co. The construction cost is amortizable over the building occupancy period from October 2001 to December 2047.

d. Owing to the change of business operating of Dalian Pacific Department Store Co., Ltd. ("Dalian Pacific Department Store"), Dalian Pacific Department Store entered into a lease agreement with Dalian Parkland Co., Ltd. and prepaid RMB60,000 thousand to Dalian parkland Co., Ltd. as a rental. The amounts of the rental is amortized over the lease term period.

e. In November 2001, under an agreement, Ai Mai will lease a hypermarket from the Hsin-Chu Chemical Industry, Ltd. (HCCI). HCCI will provide the land and build the hypermarket. The related construction expenses will be paid by HCCI and Ai Mai at the ratio of 1:2 ("1" refers to HCCI). The payment (including the previous development expenses) by Ai Mai will be regarded as prepaid rent and amortized over the rent period upon the remaining - lease term beginning from the opening day (19 years and 3 months). The Hsin-Chu branch of Ai Mai opened in October 2003.

f. Shanghai Pacific Department Store obtained land use rights amortizable over 30 years on the basis of the straight-line method.

20. OTHER ASSETS

	December 31, 2014	December 31, 2013	January 1, 2013
Refundable deposits (Note 33)	$ 1,803,719	$ 1,756,217	$ 1,721,908
Leasing incentives	80,583	106,758	119,440
Long-term prepayments	34,505	45,142	56,138
Other	138,392	95,993	75,780
	$ 2,057,199	$ 2,004,110	$ 1,973,266
Current	$ 102,260	$ 83,987	$ 70,694
Non-current	1,954,939	1,920,123	1,902,572
	$ 2,057,199	$ 2,004,110	$ 1,973,266

21. BORROWINGS

a. Short-term borrowings

	December 31, 2014	December 31, 2013	January 1, 2013
Credit loans	$ 5,778,590	$ 6,082,118	$ 8,246,446
Secured loans (Note 37)	895,695	1,380,222	1,367,000
	$ 6,674,285	$ 7,462,340	$ 9,613,446
Interest rate intervals are as follows:			
Credit loans	1.050%-5.600%	1.047%-3.000%	0.962%-7.625%
Secured loans	1.630%-1.750%	1.160%-2.250%	1.160%-1.350%

b. Short-term bills payable

	December 31, 2014	December 31, 2013	January 1, 2013
Commercial papers	$ 2,993,000	$ 3,050,000	$ 4,653,000
Less: Unamortized discount on bills payable	1,317	2,694	4,138
	$ 2,991,683	$ 3,047,306	$ 4,648,862

Outstanding short-term bills payable as follows:

December 31, 2014

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Commercial papers						
Mega Bills Finance	$ 1,210,000	$ 537	$ 1,209,463	0.830%-1.238%	Shares	$ 700,578
China Bills Finance	802,000	475	801,525	0.740%-0.820%	Shares	97,500
Grand Bills Finance	382,000	126	381,874	0.840%-0.850%	-	-
Taiwan Cooperative Bills Finance	200,000	74	199,926	0.880%	-	-
Taiwan Finance	200,000	37	199,963	0.900%	-	-
International Bills Finance	149,000	25	148,975	0.670%	Shares	105,300
Ta Ching Bill Finance	50,000	43	49,957	0.810%	-	-
	$ 2,993,000	$ 1,317	$ 2,991,683			$ 903,378

December 31, 2013

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Commercial papers						
Mega Bills Finance	$ 1,225,000	$ 568	$ 1,224,432	1.0100%-1.0800%	-	$ -
China Bills Finance	502,000	679	501,321	0.7200%-0.7500%	Shares	96,500
Grand Bills Finance	500,000	506	499,494	0.8300%-0.8500%	-	-
International Bills Finance	422,000	567	421,433	0.6500%-0.7500%	Shares	104,220
Taiwan Finance	226,000	71	225,929	0.9200%-1.0800%	-	-
Taiwan Cooperative Bills Finance	150,000	253	149,747	0.9000%	-	-
Ta Ching Bill Finance	25,000	50	24,950	0.8300%	-	-
	$ 3,050,000	$ 2,694	$ 3,047,306			$ 200,720

January 1, 2013

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Commercial papers						
Mega Bills Finance	$ 1,600,000	$ 1,843	$ 1,598,157	0.9000%-1.500%	-	$ -
China Bills Finance	871,000	271	870,729	0.7900%	Shares	186,750
Grand Bills Finance	786,000	902	785,098	0.8300%-1.3122%	-	-
International Bills Finance	683,000	577	682,423	0.8000%-1.3424%	Shares	100,845
Taiwan Finance	300,000	141	299,859	0.8800%-1.2405%	-	-
Ta Ching Bill Finance	213,000	157	212,843	0.8000%-1.3108%	-	-
Taiwan Cooperative Bills Finance	200,000	247	199,753	0.8800%-1.2921%	-	-
	$ 4,653,000	$ 4,138	$ 4,648,862			$ 287,595

c. Long-term borrowings

	December 31, 2014	December 31, 2013	January 1, 2013
Syndicated loans			
Taiwan Cooperative Bank and Chang Hwa Commercial Bank, etc. (1)	$ -	$ 4,039,672	$ 4,995,474
Taiwan Cooperative Bank and Hua Nan Commercial Bank, etc. (2)	1,400,000	1,800,000	2,000,000
Hua Nan Commercial Bank, etc. (3)	165,000	260,000	-
Taiwan Cooperative Bank, CTBC Bank, etc. (4)	2,592,000	-	-
	4,157,000	6,099,672	6,995,474
Secured loans (5)	13,550,000	11,950,000	6,700,000
Revolving credit extension commercial papers (6)	2,995,770	1,996,921	1,996,733
Credit loans (7)	2,610,000	3,240,000	7,900,000
	23,312,770	23,286,593	23,592,207
Less: Current portion	1,764,429	1,445,159	1,600,000
Long-term borrowings	$ 21,548,341	$ 21,841,434	$ 21,992,207

Interest rate intervals are as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Syndicated loans	1.5856%-1.7970%	1.3294%-1.5994%	1.5707%-1.6268%
Secured loans	1.0800%-1.8010%	1.0500%-1.8010%	1.1600%-1.9500%
Credit loans	1.4800%-2.1500%	1.0500%-2.1500%	1.0500%-2.1500%

1) SOGO obtained from 7 banks, consisting of the Taiwan Cooperative Bank, Chang Hwa Commercial Bank, and others, a $5,000,000 thousand syndicated loan, comprising types A, B and C.

   Type A, which amounted to $3,200,000 thousand, was obtained in November 2010 and had entirely been drawn down; loan maturity is in November 2017, with monthly interest rates. The first installment is due in 3 years after the first loan drawdown, with the 9 succeeding installment payments due every 6 months at these amounts: The first installment, at 5% of principal; the second to fifth installments, at 7% of principal; the sixth to eighth installments, at 10% of principal; and the ninth installment, at 37% of principal and other remaining amounts.

   Type B is a credit loan of $800,000 thousand, repayable from November 2010 to November 2015. The first installment is due in 3 years after the first loan drawdown, and the remaining principal is repayable every 6 months in 5 installments, with the first and second installments to decrease the principal by 5%; and the third and fourth installments to decrease the principal by 10%. When the credit amount decreases and the used credit amount of Type B exceeds its maximum amount, the exceeded portion of the credit amount should be paid off and the final installment is due on loan maturity.

Type C is a $1,000,000 thousand commercial paper-guaranteed loan obtained in November 2010 and maturing in November 2015. Under the Type C loan, SOGO can apply to the bills finance corporation for contract extension within 2 months before the expiry of the loan. If the bills finance corporation approves the application, the total credit period, which includes the extension period, is up to 5 years from the date of the first drawdown.

According to the loan contract, it requires SOGO to maintain a specific net value and a certain liquidity ratio on the basis of the SOGO's financial statements.

Following are the terms of another agreement on the above syndicated loan:

a) The Company should maintain their right to manage and control SOGO's personnel, finance and business operations as well as decision making.

b) On the pledge for the syndicated loan of Windance Shopping Center, should begin operating or should be partially operating by the end of June 2012 and should deposit its operating revenue to the SOGO's account in those banks giving credit facility to SOGO. From July 2012, the accumulated amount of deposit account should be upper than $1,000,000 thousand every 6 months. If the deposit amount does not meet the accumulation requirement, SOGO should make up the balance within 10 operating days of receiving a written notice from the banks. In addition, SOGO should pay an additional amount at 0.10 % of the difference between the required amount and the actual accumulated amount. However, the banks should not consider the failure of meeting the accumulated amount requirement as a breach of the loan requirement.

In November 2014, the syndicated loan is paid off by SOGO before the loan maturity date.

2) SOGO obtained from 3 banks - Taiwan Cooperative Bank, Hua Nan Commercial Bank and Agricultural Bank of Taiwan - a $2,000,000 thousand syndicated medium-term loan with monthly interests and a term from April 2012 to April 2017, which had been entirely drawn down. The first repayment is due in 42 months after the first loan drawdown, with subsequent repayments to be made in 4 installments every 6 months and all repayments to be made at equal amounts.

   a) Under the syndicated loan contract, it requires SOGO to maintain a specific net value and a certain liquidity ratio on the basis of the SOGO's financial statements.

   b) Another requirement under the syndicated loan contract is that the Company should maintain control over SOGO's personnel, finance, and business operations as well as decision making.

3) In November 2012, the Company and three of its related parties - Bai Ding Investment, Bai Yang Investment and FEDS Asia Pacific Development - jointly signed an unsecured syndicated loan contract with Hua Nan Commercial Bank, Land Bank of Taiwan and Yuanta Commercial Bank. Under this contract, the Company and these three related parties obtained a $2,200,000 thousand revolving line of credit, with floating interest rate and maturity in November 2015.

4) SOGO obtained from 11 banks, consisting of the Taiwan Cooperative Bank, CTBC Bank, and others, a $6,000,000 thousand syndicated loan, comprising types A, B and C.

   Type A, which amounted to $3,000,000 thousand, was obtained in December 2014, loan maturity is in December 2019, with monthly interest rates. The first installment is due in 2 years after the first loan drawdown, with the 7 succeeding installment payments due every 6 months at these amounts: The first to sixth installments, at 10% of principal; and the seventh installment, at 40% of principal and other remaining amounts.

Type B is a credit loan of $2,000,000 thousand, repayable from December 2014 to December 2019. The first installment is due in 2 years after the first loan drawdown, and the remaining principal is repayable every 6 months in 7 installments, with the first to sixth installments to decrease the principal by 10%. When the credit amount decreases and the used credit amount of Type B exceeds its maximum amount, the exceeded portion of the credit amount should be paid off and the final installment is due on loan maturity.

Type C is a $1,000,000 thousand commercial paper-guaranteed loan obtained in December 2014 and maturing in December 2019. Under the Type C loan, SOGO can apply to the bills finance corporation for contract extension within 2 months before the expiry of the loan. If the bills finance corporation approves the application, the total credit period, which includes the extension period, is up to 5 years from the date of the first drawdown.

5) Except for the remaining amounts of secured loans signed with the financial institutions of $12,850,000 thousand On December 31, 2014, $10,450,000 thousand on December 31, 2013 and $5,200,000 thousand on January 1, 2013 were the revolving line of credit contract so recorded as a medium-term loan. The rest of the syndicated loan which amounted $1,500,000 thousand was from the Taiwan Cooperative Bank and fully drawn by SOGO. The loan is repayable from February 2012 to February 2017, with monthly interest rates. The principal is repayable in 8 installments from May 2015 every 3 months. The principal is repaid $800,000 thousand before the loan maturity date in May 2014.

6) The Group negotiated other medium-term and long-term commercial paper secured loan contracts, and the Group allowed the extension of the repayment deadlines for these loans. Thus, these obligations were classified as long-term loan.

7) For credit loans amounting to $1,300,000 thousand on December 31, 2014, $1,640,000 thousand on December 31, 2013 and $5,500,000 thousand on January 1, 2013, the Group negotiated medium-term and long-term loan contracts, and the Group allowed the extension of the repayment deadlines for these loans. Thus, these obligations were classified as long-term loan. The credit loans with the following banks as of December 31, 2014 were as follows:

    a) Land Bank of Taiwan: SOGO's credit loan of $3,892,000 thousand was drawn, and the loan repayment period is from December 2009 to December 2019. Interest is payable every month, and the principal is repayable $300,000 thousand in June 2010, with the balance of $144,000 thousand repayable every 6 months from December 2010. Under the agreement, if SOGO had not given any collateral within 2 year after the loan grant, $1,946,000 thousand should be repayable first. The rest of the loan will be repayable every 6 months. In July 2012, a loan repayment term was changed after a negotiation, and SOGO was allowed to repay the $150,000 thousand portion of the remaining principal every 6 months from December 2012, but the rest of the loan terms remained unchanged. In July 2013, a loan repayment term was changed after a negotiation, and SOGO was allowed to repay the NT$150,000 thousand portion of the remaining principal every 6 months from December 2012, but the rest of the loan terms remained unchanged. As of December 31, 2014, December 31, 2013 and January 1, 2013, the accumulated principal that was repayable is $3,882,000 thousand, $3,392,000 thousand, and $2,592,000 thousand, respectively.

    b) Mega International Commercial Bank: SOGO's credit loan of $1,000,000 thousand obtained, SOGO had drawn amount to $500,000 thousand. The loan term is in the period of August 2013 to August 2016, the interest is payable monthly and the loan should be fully repaid on maturity.

    c) Yuanta Commercial Bank: FEDS Asia Pacific Development's credit loan of $200,000 thousand obtained in January 2013, 3 year loan period and fully repayable on maturity.

d) Yuanta Commercial Bank: Bai Ding Investment's credit loan of $200,000 thousand obtained in December 2012, 3 year loan period and fully repayable on maturity.

e) Taishin International Bank: Bai Ding Investment's credit loan of $200,000 thousand obtained in November 2012, 3 year loan period and fully repayable on maturity.

f) Taishin International Bank: FEDS Asia Pacific Development's credit loan of $200,000 thousand obtained in November 2012, 3 year loan period and fully repayable on maturity.

g) Taishin International Bank: Bai Ding Investment's credit loan of $300,000 thousand obtained in January 2010, 3 year loan period; full repayment made in January 2013.

h) Yuanta Commercial Bank: FEDS Asia Pacific Development's credit loan of $200,000 thousand obtained in January 2010, 3 year loan period full repayment made in January 2013.

22. BONDS PAYABLE

	December 31, 2014	December 31, 2013	January 1, 2013
Secured domestic bonds payable (a)	$ 2,000,000	$ 2,000,000	$ 2,200,000
Unsecured domestic convertible bonds payable (b)	-	2,500,000	2,500,000
Less: Unamortized discount on convertible bonds	7,440	15,786	45,063
	1,992,560	4,484,214	4,654,937
Less: Current portion	1,000,000	2,493,512	1,200,000
	$ 992,560	$ 1,990,702	$ 3,454,937

a. Secured domestic bonds payable

1) The aggregate face value of secured domestic bonds payable (20th) by the Company on October 7, 2008 was $1,200,000 thousand. These bonds matured on October 7, 2013. The bonds were repayable in lump sum on maturity. Interest on these bonds is 2.75%, payable annually. The secured domestic bonds payable was paid off in October 2013.

2) The aggregate face value of secured domestic bonds payable (21st) by the Company on September 7, 2010 was $1,000,000 thousand. These bonds will mature on September 7, 2015. The bonds were repayable in lump sum on maturity. Interest on these bonds is 1.38%, payable annually.

3) The face value of secured domestic bonds issued by SOGO on December 30, 2013, was $1,000,000 thousand. These bond will be matured on December 30, 2018. The bonds were repayable in lump sum on maturity. Interest on these bonds is 1.75% payable annually. The bonds were guaranteed by Taiwan Cooperative Bank for issuing.

b. Unsecured domestic convertible bonds payable

The Company issued 3 year unsecured domestic convertible bonds (first tranche) with a total amount of $2,500,000 thousand at a par value of $100 thousand, a conversion price of $57.84, and 0% interest rate.

The bondholders may exchange their bonds for common shares at any time between April 4, 2011 and February 21, 2014, except for the period (a) from the 15 day before the book closure date of share dividend issuance to the effective date of dividend distribution, (b) from the 15 day before the book closure date of cash dividend issuance to the effective date of dividend distribution, (c) from the 15 day before the book closure date of new share issuance to the effective date of new share distribution, (d) from the capital reduction record date to the day prior to the trading day for exchange of new shares, or (e) others, by the law.

When the Company issues new shares or converts earnings into capital, the Company should adjust the exchange price using a formula on the basis of the rules of bond issuance. However, adjustments should always be downward, never upward.

Based on the bond issuance rules, the exchange price was $57.84 per share on the issuance date. Because of a capital increase from retained earnings and cash dividends, the exchange price was reset; the adjusted exchange price was $47.17 per share in 2013.

The Company bifurcated the bonds into options and liabilities and recognized these as equities and liabilities, respectively. The option component amount of $108,930 thousand was calculated by deducting the fair value of the liability components, liability component transaction cost and the equity component transaction cost of $277 thousand from the bond issue price, which is recognized as "additional paid-in capital - share options." The price of the liability components of $2,385,759 thousand was recognized by deducting the transaction costs $5,034 thousand from the balance of fair value on March 3, 2011.

When the balance of outstanding bonds becomes lower than 10% of the total original issued value at any time between September 4, 2011 (the 6 month after the issuance date) and January 22, 2014 (the 40th day before the maturity date), the Company has the right to redeem the outstanding bonds at face value in cash.

The convertible bonds contained two components: The liability instrument and the conversion option derivative instrument. The conversion option derivative instrument can be recognized as "additional paid-in capital - share options". The effective interest rate of the liability on initial recognition was 1.56 % per annum.

The interest expense for the recognized amortization of the discount on bonds payable were $6,488 thousand and $38,575 thousand in 2014 and 2013, respectively.

The domestic convertible bonds payable were repaid in March 2014.

23. NOTES PAYABLE AND TRADE PAYABLES (INCLUDING RELATED PARTIES)

	December 31, 2014	December 31, 2013	January 1, 2013
Notes payable			
Notes payable - operating	$ 63,291	$ 159,086	$ 198,518
Notes payable - non-operating	12	108	7,001
	$ 63,303	$ 159,194	$ 205,519
Trade payables			
Trade payables - operating	$ 17,754,292	$ 17,845,310	$ 18,851,324

24. OTHER LIABILITIES

	December 31, 2014	December 31, 2013	January 1, 2013
Other payables			
Leasing incentives	$ 2,512,798	$ 2,524,474	$ 2,270,461
Balance payable - salary and bonus	896,672	1,004,559	884,747
Balance payable - property	1,301,510	684,043	1,852,528
Dividend payables	103,237	448,869	517,513
Balance payable - remuneration to directors and supervisors	190,698	172,574	159,341
Rental payables	318,453	166,753	680,769
Balance payable - bonus to employees	157,760	126,202	106,996
Others	2,276,067	2,376,357	4,078,088
	$ 7,757,195	$ 7,503,831	$ 10,550,443
Deferred revenue			
Arising from customer loyalty program	$ 65,656	$ 101,136	$ 63,770
Other liabilities			
Deposits received	$ 617,733	$ 573,708	$ 567,678
Others	264,177	269,365	199,712
	$ 881,910	$ 843,073	$ 767,390
Current			
Other payables	$ 5,495,103	$ 5,252,331	$ 8,439,193
Deferred revenue	$ 65,656	$ 101,136	$ 63,770
Other liabilities	$ 265,157	$ 252,891	$ 168,630
Non-current			
Other liabilities	$ 2,878,845	$ 2,841,682	$ 2,710,010

25. PROVISIONS

	December 31, 2014	December 31, 2013	January 1, 2013
Decommissioning obligations	$ 31,222	$ 30,483	$ 30,213
Customer returns and rebates	4,135	4,135	16,351
	$ 35,357	$ 34,618	$ 46,564
Current	$ 4,135	$ 4,135	$ 16,351
Non-current	31,222	30,483	30,213
	$ 35,357	$ 34,618	$ 46,564

	Decom-missioning Obligations	Customer Returns and Rebates	Total
Balance at January 1, 2013	$ 30,213	$ 16,351	$ 46,564
Unwinding of discount and effect of changes in the discount rate	270	-	270
Reversing un-usage balances	-	(12,216)	(12,216)
Balance at December 31, 2013	30,483	4,135	34,618
Unwinding of discount and effect of changes in the discount rate	739	-	739
Balance at December 31, 2014	$ 31,222	$ 4,135	$ 35,357

26. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group in Taiwan adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension account at 6% of monthly salaries and wages.

The employees of the Group in Mainland China are members of a state-managed retirement benefit plan operated by the local government of Mainland China. The Group in Mainland China are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The Group in Taiwan adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group in the Taiwan region contribute amounts equal to 2%-6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2- year time deposit with local banks.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries.

The pension costs of Yu Ming Advertising Agency Co., Ltd were amounting $13 thousand in 2014 and 2013. The accrued pension liabilities of Yu Ming Advertising Agency Co., Ltd. on December 31, 2014, December 31, 2013 and January 1, 2013, were the same, amounting $611 thousand.

Far Eastern Hong Li Do terminated sales business on July 1, 2000. Thus, the employees of Far Eastern Hong Li Do became the employees of Ai Mai. The length of services of the employees at Far Eastern Hong Li Do is carried forward to accumulate and calculated the defined benefit plans at Ai Mai. If the employees retired, the calculation of pension costs on the basis of the length of service at Far Eastern Hong Li Do. The accrued pension liabilities on December 31, 2014, December 31, 2013 and January 1, 2013 were $2,039 thousand, $2,039 thousand and $2,223 thousand. These accrued pension liabilities were provisions for aforementioned pension.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
December 31, 2014				
Discount rates	1.750%	1.750%	1.750%	1.750%
Expected return on plan assets	2.000%	2.000%	1.750%	2.000%
Expected rates of salary increase	2.000%	1.000%	2.000%	2.500%
December 31, 2013				
Discount rates	1.750%	1.750%	1.750%	1.750%
Expected return on plan assets	2.000%	2.000%	1.750%	2.000%
Expected rates of salary increase	2.000%	1.000%	2.000%	2.500%
January 1, 2013				
Discount rates	1.500%	1.375%	1.500%	1.875%
Expected return on plan assets	1.875%	1.875%	1.750%	1.875%
Expected rates of salary increase	2.000%	1.000%	2.000%	2.500%

The assessment of the overall expected rate of return was based on historical return trends and analysis' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
Year ended December 31, 2014				
Current service cost	$ 11,942	$ 3,364	$ 296	$ 15,644
Interest cost	14,335	3,549	269	12,195
Expected return on plan assets	(20,916)	(1,304)	(143)	(6,528)
Past service cost	(67)	(1,668)	-	-
Loss from reduction	-	-	(321)	-
	$ 5,294	$ 3,941	$ 101	$ 21,311
An analysis by function				
Operating expense	$ 5,294	$ 3,941	$ 101	$ 21,311

(Continued)

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
Year ended December 31, 2013				
Current service cost	$ 12,767	$ 3,769	$ 379	$ 16,819
Interest cost	12,115	2,782	223	10,098
Expected return on plan assets	(19,403)	(1,370)	(138)	(6,762)
Past service cost	(67)	(1,668)	-	-
	$ 5,412	$ 3,513	$ 464	$ 20,155
An analysis by function				
Operating expense	$ 5,412	$ 3,513	$ 464	$ 20,155

(Concluded)

Actuarial results recognized in other comprehensive income were a loss of $55,001 thousand in 2014 and $7,598 thousand in 2013.

The amounts included in the consolidated balance sheets arising from the Group's obligation on its defined benefit plans were as follows:

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
December 31, 2014				
Present value of funded defined benefit obligation	$ 844,876	$ 209,354	$ 15,543	$ 712,534
Fair value of plan assets	(1,030,658)	(56,873)	(8,536)	(311,380)
(Surplus) deficit	(185,782)	152,481	7,007	401,154
Unrecognized past service cost	263	10,706	-	-
(Prepaid pension costs) accrued pension liabilities	$ (185,519)	$ 163,187	$ 7,007	$ 401,154
December 31, 2013				
Present value of funded defined benefit obligation	$ 822,008	$ 202,817	$ 15,517	$ 696,880
Fair value of plan assets	(1,044,623)	(62,068)	(8,128)	(312,563)
(Surplus) deficit	(222,615)	140,749	7,389	384,317
Unrecognized past service cost	330	12,374	-	-
(Prepaid pension costs) accrued pension liabilities	$ (222,285)	$ 153,123	$ 7,389	$ 384,317

(Continued)

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
January 1, 2013				
Present value of funded defined benefit obligation	$ 812,197	$ 202,337	$ 15,003	$ 734,426
Fair value of plan assets	(1,035,260)	(69,799)	(7,806)	(345,785)
(Surplus) deficit	(223,063)	132,538	7,197	388,641
Unrecognized past service cost	397	14,043	-	-
(Prepaid pension costs) accrued pension liabilities	$ (222,666)	$ 146,581	$ 7,197	$ 388,641

(Concluded)

Movements in the present value of the defined benefit obligations were as follows:

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
For the year ended December 31, 2014				
Opening defined benefit obligation	$ 822,008	$ 202,817	$ 15,517	$ 696,880
Current service cost	11,942	3,364	296	15,644
Interest cost	14,335	3,549	269	12,195
Actuarial (gains) losses	23,719	12,399	(218)	23,317
Loss from reduction	-	-	(321)	-
Benefits paid	(27,128)	(12,775)	-	(35,502)
Closing defined benefit obligation	$ 844,876	$ 209,354	$ 15,543	$ 712,534
For the year ended December 31, 2013				
Opening defined benefit obligation	$ 812,197	$ 202,337	$ 15,003	$ 734,426
Current service cost	12,767	3,769	379	16,819
Interest cost	12,115	2,782	223	10,098
Actuarial (gains) losses	6,788	9,056	(88)	1,857
Benefits paid	(21,859)	(15,127)	-	(66,320)
Closing defined benefit obligation	$ 822,008	$ 202,817	$ 15,517	$ 696,880

Movements in the present value of the plan assets were as follows:

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
For the year ended December 31, 2014				
Opening fair value of plan assets	$ 1,044,623	$ 62,068	$ 8,128	$ 312,563
Expected return on plan assets	20,916	1,304	143	6,528
(Losses) gains on plan assets	(7,753)	156	49	1,002
Contributions from the employer	-	6,120	216	26,789
Benefits paid	(27,128)	(12,775)	-	(35,502)
Closing fair value of plan assets	$ 1,030,658	$ 56,873	$ 8,536	$ 311,380
For the year ended December 31, 2013				
Opening fair value of plan assets	$ 1,035,260	$ 69,799	$ 7,806	$ 345,785
Expected return on plan assets	19,403	1,370	138	6,762
(Losses) gains on plan assets	11,819	(539)	(37)	(2,573)
Contributions from the employer	-	6,391	221	28,074
Benefits paid	(21,859)	(14,953)	-	(65,485)
Closing fair value of plan assets	$ 1,044,623	$ 62,068	$ 8,128	$ 312,563

The following major categories of plan assets at the end of the reporting period for each category were disclosed on the basis of the information announced by the Bureau of Labor Funds, Ministry of Labor:

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
December 31, 2014				
Cash	5.31	18.82	18.82	18.82
Equity instruments	94.67	48.46	48.46	48.46
Debt instruments	0.01	11.53	11.53	11.53
Fixed-income instruments	0.01	14.68	14.68	14.68
Others	0.00	6.51	6.51	6.51
	100.00	100.00	100.00	100.00

(Continued)

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
December 31, 2013				
Cash	2.37	22.17	22.17	22.17
Equity instruments	97.42	43.64	43.64	43.64
Debt instruments	0.09	14.17	14.17	14.17
Fixed-income instruments	0.11	19.11	19.11	19.11
Others	0.01	0.91	0.91	0.91
	100.00	100.00	100.00	100.00
January 1, 2013				
Cash	0.45	23.39	23.39	23.39
Equity instruments	98.82	38.29	38.29	38.29
Debt instruments	0.41	21.52	21.52	21.52
Fixed-income instruments	0.31	16.06	16.06	16.06
Others	0.01	0.74	0.74	0.74
	100.00	100.00	100.00	100.00

(Concluded)

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (on January 1, 2012), as follows:

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
December 31, 2014				
Present value of defined benefit obligation	$ 844,876	$ 209,354	$ 15,543	$ 712,534
Fair value of plan assets	$ 1,030,658	$ 56,873	$ 8,536	$ 311,380
(Surplus) deficit	$ (185,782)	$ 152,481	$ 7,007	$ 401,154
Experience adjustments on plan liabilities	$ (18,500)	$ 3,575	$ 287	$ (23,317)
Experience adjustments on plan assets	$ (7,753)	$ (156)	$ 49	$ 1,002
December 31, 2013				
Present value of defined benefit obligation	$ 822,008	$ 202,817	$ 15,517	$ 696,880
Fair value of plan assets	$ 1,044,623	$ 62,068	$ 8,128	$ 312,563
(Surplus) deficit	$ (222,615)	$ 140,749	$ 7,389	$ 384,317
Experience adjustments on plan liabilities	$ (21,650)	$ 19,928	$ 19	$ (38,847)
Experience adjustments on plan assets	$ 11,819	$ 539	$ (37)	$ (2,573)

(Continued)

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
December 31, 2012				
Present value of defined benefit obligation	$ 812,197	$ 202,337	$ 15,003	$ 734,426
Fair value of plan assets	$ 1,035,260	$ 69,799	$ 7,806	$ 345,785
(Surplus) deficit	$ (223,063)	$ 132,538	$ 7,197	$ 388,641
Experience adjustments on plan liabilities	$ (61,114)	$ 11,658	$ 760	$ (86,315)
Experience adjustments on plan assets	$ (85,292)	$ 840	$ (78)	$ (3,698)
January 1, 2012				
Present value of defined benefit obligation	$ 741,192	$ 193,558	$ 13,624	$ 647,904
Fair value of plan assets	$ 1,111,524	$ 71,800	$ 7,500	$ 333,417
(Surplus) deficit	$ (370,332)	$ 121,758	$ 6,124	$ 314,487
Experience adjustments on plan liabilities	$ -	$ -	$ -	$ -
Experience adjustments on plan assets	$ -	$ -	$ -	$ -

(Concluded)

The Group expected to contribute $33,115 thousand and $34,217 thousand to defined benefit plans on December 31, 2014 and 2013.

27. EQUITY

a. Share capital

Common shares

	December 31, 2014	December 31, 2013	January 1, 2013
Numbers of shares authorized (in thousands)	1,750,000	1,750,000	1,750,000
Capital authorized	$ 17,500,000	$ 17,500,000	$ 17,500,000
Number of shares issued and fully paid (in thousands)	1,439,196	1,410,976	1,369,880
Capital issued	$ 14,391,956	$ 14,109,761	$ 13,698,797

Fully paid common shares, which have a par value of $10, are entitled to one vote per share and carry a right to dividends.

b. Capital surplus

	December 31, 2014	December 31, 2013	January 1, 2013
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Share issuance in excess of par value	$ 2,175,718	$ 2,175,718	$ 2,175,718
Arising from treasury share transactions	1,322,456	1,213,526	1,213,526
May not be used for any purpose			
Arising from changes in percentage of ownership interest in associates	78	-	-
Share options	-	108,930	108,930
	$ 3,498,252	$ 3,498,174	$ 3,498,174

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).

	Share Issuance in Excess of Par Value	Arising from Treasury Share Transactions	Share Options	Arising from Changes in Percentage of Ownership Interest in Associates	Total
Balance at January 1, 2013	$ 2,175,718	$ 1,213,526	$ 108,930	$ -	$ 3,498,174
Balance at December 31, 2013	$ 2,175,718	$ 1,213,526	$ 108,930	$ -	$ 3,498,174
Balance at January 1, 2014	$ 2,175,718	$ 1,213,526	$ 108,930	$ -	$ 3,498,174
Expiry of convertible bonds	-	108,930	(108,930)	-	-
Arising from changes in percentage of ownership interest in associates	-	-	-	78	78
Balance at December 31, 2014	$ 2,175,718	$ 1,322,456	$ -	$ 78	$ 3,498,252

c. Retained earnings and dividend policy

Under on the Company's Articles of Incorporation, net income should be used to pay its business income tax and offset deficits. From any remaining net income will be appropriated 10% as legal reserve and a special reserve as required by government regulations. After adding prior years' unappropriated earnings, the Company would retain a certain amount for expansion plans and then make the following appropriations:

Dividends	60%
Bonus to stockholders	33%
Bonus to employees	4%
Remuneration to directors and supervisors	3%

The Company's dividend distribution depends on economic conditions, tax obligations, and operating requirements for cash. For an orderly dividend distribution, the dividend is distributed in accordance with the Articles of Incorporation. The cash dividends to be distributed should not be below 10 % of total cash and shares dividends for the current accounting year.

The Company's bonus to employees of $57,133 thousand in 2014 and $83,828 thousand in 2013 and the remuneration to directors and supervisors of $42,850 thousand in 2014 and $62,871 thousand in 2013, or 4% and 3%, respectively, of unappropriated earnings, were estimated and recognized. Material differences between these estimates and the amounts proposed by the Board of Directors in the following year are adjusted for in the year of the proposal. If the actual amounts resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

The Company appropriated and reversed special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive entitled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items. In addition, the Company also appropriated and reversed special reserve in accordance with Rule No. 1030006415 issued by the FSC.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident stockholders, all stockholders are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

On June 20, 2014 and June 20, 2013, FEDS's shareholders approved the appropriation from the earnings of 2013 and 2012, respectively, including the distribution of bonus to employees and remuneration to directors and supervisors, as follows:

	Appropriation of Earnings		**Dividend Per Shares (Dollars)**	
	2013	**2012**	**2013**	**2012**
Legal reserve	$ 216,556	$ 169,286		
Cash dividends	1,622,623	1,095,903	$ 1.15	$ 0.80
Share dividends	282,195	410,964	0.20	0.30

	For the Year Ended December 31			
	2013		**2012**	
	Cash	**Stock**	**Cash**	**Stock**
Bonus to employees	$ 81,927	$ -	$ 64,811	$ -
Remuneration to directors and supervisors	61,446	-	48,609	-

The appropriations of earnings, the distribution of bonus to employees and remuneration to directors and supervisors for 2012 were proposed according to the Company's financial statements for the years ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP").

The bonus to employees and the remuneration to directors and supervisors for 2013 and 2012 approved in the stockholders' meetings on June 20, 2014 and June 20, 2013, respectively, were as follows:

	For the Year Ended December 31			
	2013		2012	
	Bonus to Employees	Remuneration to Directors and Supervisors	Bonus to Employees	Remuneration to Directors and Supervisors
Amounts approved in stockholders' meetings	$ 81,927	$ 61,446	$ 64,811	$ 48,609
Amounts recognized in respective financial statements	83,828	62,871	65,530	49,147
	$ (1,901)	$ (1,425)	$ (719)	$ (538)

The aforementioned differences were adjusted to profit and loss for the years ended December 31, 2014 and 2013.

The appropriation of the 2014 earnings was proposed by the board of directors on March 25, 2015. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (Dollars)
Legal reserve	$ 152,906	
Cash dividends	1,439,196	$ 1.0

Appropriation of earnings, the bonus to employees and the remuneration to directors and supervisors for 2014 were also proposed by the board of directors on June 22, 2015.

Information on the bonus to employees and remunerations to directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange (http://mops.tse.com.tw).

d. Special reserve

	For the Year Ended December 31	
	2014	2013
Beginning at January 1	$ 1,931,285	$ 1,931,285
Appropriation in respect of		
First application of fair value model for investment properties	529,883	-
Balance at December 31	$ 2,461,168	$ 1,931,285

On the initial application of fair value model to investment properties, the Company appropriated a special reserve of $529,883 thousand, the same amount as the net increase that arose from fair value measurement and was transferred to retained earnings.

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ 10,256	$ (71,679)
Exchange differences on translating foreign operations	60,366	81,789
Share of exchange difference of associates of accounted for using the equity method	377	146
Balance at December 31	$ 70,999	$ 10,256

Translation adjustments arising from net assets of foreign operations that translated from the functional currency to NTD were recognized as other comprehensive incomes of exchange differences on translating foreign operations.

2) Unrealized gains (losses) on available-for-sale financial assets

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ 3,649,387	$ 3,845,474
Unrealized gains arising on revaluation of available-for-sale financial assets	(59,969)	279,524
Cumulative gains reclassified to profit or loss on the sale of available-for-sale financial assets	-	(386,986)
Share of unrealized gains (losses) on revaluation of available-for-sale financial assets of associates accounted for using the equity method	69,464	(88,625)
Balance at December 31	$ 3,658,882	$ 3,649,387

Regarding to unrealized gains on available-for-sale financial assets, the cumulative gains and losses generated from the fair value measurement of available-for-sale financial assets should be recognized under other comprehensive income and should be deducted the amounts of the disposal proceed or the amount of impairments reclassified to profit and loss.

3) Unrealized revaluation surplus

	For the Year Ended December 31 2014
Balance at January 1	$ -
Revaluation gain	2,328,026
Income tax relating to revaluation gain	(157,056)
Balance at December 31	$ 2,170,970

f. Non-controlling interests

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ 7,884,772	$ 6,792,173
Impact on retrospective application and retrospective restatement	-	364,148
Attributable to non-controlling interests:		
Share of the profit for the year	635,424	854,879
Cash dividends distributed by subsidiaries	(728,353)	(160,466)
Exchange difference arising on translation of foreign entities	(11,955)	32,642
Unrealized gains (losses) on available-for-sale financial assets	(2,026)	(4,199)
Share of other comprehensive income of associates accounted for using the equity method	22,664	4,857
Actuarial losses on defined benefit plans	(12,217)	(2,399)
Income tax related to actuarial gains and losses	2,077	412
Adjustment relating to changes in capital surplus of associates accounted for using the equity method	28	(691)
Partial disposal of Far Eastern CitySuper Co., Ltd. (Note 32)	-	3,416
Balance at December 31	$ 7,790,414	$ 7,884,772

g. Treasury shares

Bai Ding Investment, a subsidiary of the Company, acquired the Company's shares before the year of 2001, as the Company Act was amended. The information on the Company's shares held by the subsidiary as of the reporting date is as follows:

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
December 31, 2014			
Bai Ding Investment Co., Ltd.	8,207	$ 97,110	$ 231,437
December 31, 2013			
Bai Ding Investment Co., Ltd.	8,046	$ 97,110	$ 237,336
January 1, 2013			
Bai Ding Investment Co., Ltd.	7,812	$ 97,110	$ 235,500

Under the Securities and Exchange Act, the Company may not pledge or hypothecate treasury shares. In addition, the Company may not exercise any stockholders' rights on the treasury shares. The Company's shares held by its subsidiaries are treated as treasury share and the holders are entitled to the rights of stockholders, with the exception of participation in capital increases and voting.

28. REVENUE

	For the Year Ended December 31	
	2014	2013
Sales of goods (Note)	$ 26,592,433	$ 27,551,765
Commissions from concessionaires' sales	15,677,239	15,648,895
Promotion fee income	1,845,219	1,862,845
Rented income from property	1,090,466	1,105,170
Others	723,436	585,702
	$ 45,928,793	$ 46,754,377

Note: Gross revenue are presented as follows:

	For the Year Ended December 31	
	2014	2013
Gross revenue from concessionaires' sales	$ 97,162,587	$ 94,732,729
Sales of goods	26,910,057	27,883,282
	$ 124,072,644	$ 122,616,011

29. NET INCOME

Net income included some items as follows:

a. Operating costs

	For the Year Ended December 31	
	2014	2013
Operating costs		
Cost of sales	$ 22,452,617	$ 23,480,740
Rental costs	138,040	137,151
Others	128,770	161,399
	$ 22,719,427	$ 23,779,290

b. Other income

	For the Year Ended December 31	
	2014	2013
Dividends	$ 268,122	$ 236,453
Interest income		
Bank deposits	93,230	97,612
Others	8,532	22,425
	$ 369,884	$ 356,490

c. Other gains and losses

	For the Year Ended December 31	
	2014	2013
Gain on valuation financial assets held for trading, net	$ 46,651	$ 33,996
Net foreign exchange gains	19,198	108,145
Gain on disposal of available-for-sale financial assets, net	-	386,986
Gain (loss) on change in fair value of investment properties	(21,931)	26,681
Loss on disposal of property, plant and equipment	(18,330)	(41,902)
Impairment loss on intangible assets	(495,605)	-
Impairment loss on property, plant and equipment	(4,637)	-
Other gains	249,672	813,601
Other losses	(51,687)	(63,775)
	$ (276,669)	$ 1,263,732

d. Financial costs

	For the Year Ended December 31	
	2014	2013
Interest on bank loans (Note 36)	$ 480,625	$ 492,853
Interest on bonds	39,550	77,704
Other financial costs	46,661	96,219
Less: Reversal of interests on the settle agreements of litigations	-	(61,617)
Interest on financial liabilities measured at amortized cost	566,836	605,159
Add: Reversal of unwinding of discounts on provisions	739	270
Less: Capitalized interest	(102,384)	(97,176)
	$ 465,191	$ 508,253

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2014	2013
Capitalized interest	$ 102,384	$ 97,176
Capitalization rate	1.2600%-1.7300%	1.2600%-1.5446%

e. Depreciation and amortization

	For the Year Ended December 31	
	2014	2013
Property, plant and equipment	$ 3,226,369	$ 3,204,374
Less: Adjustment to advance receipts and depreciation	(274,731)	(269,950)
	2,951,638	2,934,424
Intangible assets (including amortization expense)	28,907	24,630
	$ 2,980,545	$ 2,959,054

(Continued)

	For the Year Ended December 31	
	2014	2013
Depreciation expense categorized by function		
Operating costs	$ 75,077	$ 74,976
Operating expenses	2,876,561	2,859,448
	$ 2,951,638	$ 2,934,424
Amortization expense categorized by function		
Operating expenses	$ 28,907	$ 24,630

(Concluded)

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2014	2013
Direct operating expenses from investment properties that generated rental income	$ 41,773	$ 41,775
Direct operating expenses from investment properties that did not generate rental income	73,379	17,162
	$ 115,152	$ 58,937

g. Employee benefit expenses

	For the Year Ended December 31	
	2014	2013
Retirement benefits (Note 26)		
Defined contribution plans	$ 255,480	$ 255,152
Defined benefit plans	30,660	29,557
	286,140	284,709
Other employee benefits	4,942,377	5,042,216
Total employee benefit expenses	$ 5,228,517	$ 5,326,925
Categorized by function		
Operating expenses	$ 5,228,517	$ 5,326,925

30. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2014	2013
Current tax		
In respect of the current year	$ 816,999	$ 557,968
Additional income tax on unappropriated earnings	4,323	92,813
In respect of prior periods	121,348	129,144
	942,670	779,925
Deferred tax		
In respect of the current year	(12,993)	164,368
Adjustments to deferred tax attributable to changes in tax rates and laws	6,506	112,158
Unrecognized prior years' deferred (income) tax recognized in the current year	(10,872)	(4,387)
	(17,359)	272,139
Income tax expense recognized in profit or loss	$ 925,311	$ 1,052,064

A reconciliation of accounting profit and income tax expenses and the applicable tax rate was as follows:

	For the Year Ended December 31	
	2014	2013
Profit before income tax	$ 3,089,800	$ 4,092,782
Income tax expense calculated at the statutory rate	$ 536,506	$ 679,505
Unrecognized unused loss carryforwards	343,140	92,870
Unrecognized deductible temporary differences	214,030	101,095
Adjustments for prior years' tax	39,609	124,757
Additional income tax on unappropriated earnings	4,323	92,813
Land revaluation increment tax	75,908	31,096
Non-deductible expenses used in determining taxable income	69,021	18,947
Difference between basic tax and tax payable	-	8,431
Deferred tax on undistributed earnings from subsidiaries	(257,525)	56,878
Tax-free income	(91,094)	(153,107)
Others	(8,607)	(1,221)
Income tax expense recognized in profit or loss	$ 925,311	$ 1,052,064

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in Mainland China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of the 2015 appropriation of earnings is uncertain, the potential income tax consequences of the 2014 additional tax at 10% of unappropriated earnings are not reliability determinable.

b. Income tax relating to components of other comprehensive income

	For the Year Ended December 31 2014	2013
Current tax		
Actuarial gains on defined benefit plans	$ 10,762	$ 1,345
Revaluation gain	(157,056)	-
	$ (146,294)	$ 1,345

c. Current tax assets and liabilities

	December 31, 2014	December 31, 2013	January 1, 2013
Current tax assets			
Tax refund receivable	$ 20,910	$ 231,076	$ 41,699
The benefit relating to a tax loss that can be carried back to recover previous period tax paid of a previous period.	179,705	186,988	249,317
	$ 200,615	$ 418,064	$ 291,016
Current tax liabilities			
Income tax payable	$ 512,116	$ 401,874	$ 563,223

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2014

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Leasing incentives	$ 359,353	$ (31,764)	$ -	$ 7,375	$ 334,964
Investments accounted for using the equity method	181,712	12,945	-	-	194,657
Difference of pension cost between financial reporting and tax reporting	82,972	(931)	5,505	-	87,546
Allowance for reduction of inventory to market	63,975	144	-	-	64,119
Promotion expenses on coupons	39,062	(4,961)	-	-	34,101
Allowance for impairment loss	38,765	364	-	-	39,129
Investments in subsidiaries	28,311	2,785	-	-	31,096
Investment properties	18,133	-	-	-	18,133
Others	39,529	(17,792)	-	818	22,555
	851,812	(39,210)	5,505	8,193	826,300
Loss carryforwards	88,413	10,417	-	1,198	100,028
	$ 940,225	$ (28,793)	$ 5,505	$ 9,391	$ 926,328

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax liabilities					
Temporary differences					
Depreciation	$ 686,257	$ 59,143	$ -	$ -	$ 745,400
Reserve for land revaluation increment tax	508,719	-	-	-	508,719
Investments in subsidiaries	256,452	(53,217)	-	9,103	212,338
Investment properties	133,966	(50,397)	157,056	-	240,625
Others	23,447	(1,681)	-	213	21,979
	$ 1,608,841	$ (46,152)	$ 157,056	$ 9,316	$ 1,729,061

(Concluded)

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Leasing incentives	$ 369,627	$ (19,322)	$ -	$ 9,048	$ 359,353
Investments accounted for by the equity method	178,932	2,780	-	-	181,712
Difference of pension cost between financial reporting and tax reporting	83,054	(2,282)	2,200	-	82,972
Investments in subsidiaries	68,214	(39,903)	-	-	28,311
Allowance for reduction of inventory to market	61,185	2,790	-	-	63,975
Promotion expenses on coupons	40,378	(1,316)	-	-	39,062
Allowance for impairment loss	37,796	969	-	-	38,765
Investment properties	22,308	(4,175)	-	-	18,133
Others	195,799	(166,337)	-	10,067	39,529
	1,057,293	(226,796)	2,200	19,115	851,812
Loss carryforwards	74,281	14,132	-	-	88,413
	$ 1,131,574	$ (212,664)	$ 2,200	$ 19,115	$ 940,225
Deferred tax liabilities					
Temporary differences					
Depreciations	$ 574,818	$ 111,439	$ -	$ -	$ 686,257
Reserve for land revaluation increment tax	508,719	-	-	-	508,719
Investments in subsidiaries	339,173	(82,721)	-	-	256,452
Investment properties	102,269	31,697	-	-	133,966
Others	24,240	(940)	-	147	23,447
	$ 1,549,219	$ 59,475	$ -	$ 147	$ 1,608,841

e. Deductible temporary differences, unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets.

	December 31, 2014	December 31, 2013	January 1, 2013
Loss carryforwards			
Expiry in 2024	$ 1,456,343	$ -	$ -
Expiry in 2023	1,266,246	1,599,043	-
Expiry in 2022	1,362,008	1,786,489	296,183
Expiry in 2021	790,649	1,405,467	234,326
Expiry in 2020	590,663	1,077,102	183,834
Expiry in 2019	262,545	798,815	335,371
Expiry in 2018	514,436	528,836	612,495
Expiry in 2017	1,022,730	1,030,525	1,073,286
Expiry in 2016	1,201,394	1,198,765	1,215,307
Expiry in 2015	1,087,955	1,112,275	1,117,544
Expiry in 2014	-	818,264	821,611
Expiry in 2013	-	-	445,055
	$ 9,554,969	$ 11,355,581	$ 6,335,012
Deductible temporary differences	$ 3,149,655	$ 1,165,464	$ 1,235,774

f. Information about unused loss carryforward

As of December 31, 2014, information about unused loss carryforward was as follows:

Unused Balance	Expiry Year
$ 1,515,104	2024
1,295,486	2023
1,370,459	2022
788,330	2021
590,663	2020
374,259	2019
611,694	2018
1,107,697	2017
1,272,432	2016
1,169,535	2015
$ 10,095,659	

g. Integrated income tax

	December 31, 2014	December 31, 2013	January 1, 2013
Imputation credits accounts	$ 386,608	$ 104,565	$ 174,211

The creditable ratio for distribution of earnings of 2014 and 2013 were 18.92% (expected) and 24.40%.

h. Income tax assessments

Income tax returns through 2012 had been examined and cleared by the tax authorities, excluding (a) the Company for 2011; (b) those of Far Eastern Hon Li Do Co., Ltd., FEDS New Century Development Co., Ltd., FEDS Asia Pacific Development Co., Ltd., Far Eastern CitySuper Co., Ltd. and Ya Tung Department Stores, Ltd. for 2013.

31. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2014	**2013**
Basic earnings per share	$ 1.07	$ 1.53
Diluted earnings per share	$ 1.07	$ 1.52

In the calculation of earnings per share, a retroactive adjustment was made for the effects of the granting of shares. The date of the granting of shares was made on June 20, 2014. This retroactive adjustment caused the basic and diluted after-tax earnings per share for 2013 to decrease from $1.56 to $1.53 and from $1.55 to $1.52, respectively.

Earnings and weighted average number of common shares outstanding for the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2014	**2013**
Net profit attributable to owners of the Company	$ 1,529,065	$ 2,185,839
Effect of dilutive potential common shares		
Bonus to employees	-	-
Net profit in computation of diluted earnings per share	$ 1,529,065	$ 2,185,839

Weighted Average Number of Common Shares Outstanding

(In Thousand Shares)

	For the Year Ended December 31	
	2014	**2013**
Weighted average number of common shares outstanding in computation of basic earnings per share	1,430,989	1,430,989
Effect of dilutive potential common shares		
Bonus to employees	3,184	4,407
Weighted average number of common shares outstanding in computation of dilutive earnings per share	1,434,173	1,435,396

The domestic unsecured convertible bonds for 2013 were potential common shares. Since the potential common shares on these bonds had anti-dilutive effects, the potential common shares were not calculated in diluted after-tax earnings per share for 2013.

If the Group offers to settle the bonuses to employees in cash or shares, the Group will assume the entire amount of the bonus will be settled in shares, if the resulting potential shares will have a dilutive effect these shares will be included in the weighted average number of shares outstanding to be used in the calculation of diluted earnings per share. This dilutive effect of the potential shares will be included in the calculation of diluted earnings per share until the stockholders resolve the number of shares to be distributed to employees at their meeting in the following year.

32. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In September 2013, the Group acquired 1% of Far Eastern CitySuper, resulting in the Group's equity in Far Eastern CitySuper increasing to 96% from 95%.

On the above acquisition the Group maintained its control over Far Eastern CitySuper, the Group treated this acquisition as an equity transaction.

	Far Eastern CitySuper
Cash consideration paid	$ -
The carry amount of net assets in subsidiaries recognized up to the extent of non-controlling interests equity	(3,416)
Differences arising from equity transaction	$ (3,416)
Adjustments for differences arising from equity transaction	
Unappropriated earnings	$ (3,416)

33. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Except for the Note 19 in consolidated financial statements, the Group signed operating lease arrangements with related parties and non-related parties for operating businesses.

As of December 31, 2014, December 31, 2013 and January 1, 2013, the amounts of deposits paid for operating lease arrangements were $1,439,793 thousand, $1,390,613 thousand and $1,392,638 thousand.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Not later than 1 year	$ 4,900,034	$ 4,908,820	$ 4,799,805
Later than 1 year but not later than 5 years	15,808,938	18,076,683	18,268,880
Later than 5 years	32,635,199	36,492,143	37,234,446
	$ 53,344,171	$ 59,477,646	$ 60,303,131

Under non-cancelable sublease commitments, the Group expected to receive minimum sublease payments of $116,334 thousand, $159,633 thousand and $200,871 thousand as of December 31, 2014, December 31, 2013 and January 1, 2013, respectively.

The lease payments recognized in profit or loss and the rental payments on sub-lease for the current period were as follows:

	For the Year Ended December 31	
	2014	**2013**
Minimum lease payment	$ 5,121,980	$ 5,219,319
Contingent rental	491,539	477,709
Sublease payment received	(46,585)	(77,292)
	$ 5,566,934	$ 5,619,736

b. The Group as lessor

As of December 31, 2014, December 31, 2013 and January 1, 2013, the Group received the deposits from operating leasing contract were $134,531 thousand, $122,138 thousand and $120,621 thousand.

The future minimum lease payments of non-cancellable operating lease were as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Not later than 1 year	$ 548,331	$ 497,427	$ 447,153
Later than 1 year but not later than 5 years	1,336,040	1,370,231	1,586,151
Later than 5 years	1,116,952	1,299,042	1,191,389
	$ 3,001,323	$ 3,166,700	$ 3,224,693

Except receivables of the minimum lease payments, the lease commitments of the Group also included contingent rental agreement requires the lessee to make contingent rental payments based on specific percent of its monthly sales profit.

34. CAPITAL MANAGEMENT

Under its operating development schemes and related government rules, the Group manages its capital to ensure to operate continuously as going concerns while maximizing the return to stockholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt borrowings and equity of the Group (comprising share capital, capital surplus, retained earnings and other equity). The Group's capital management concerns it's the capital expenditures of capital structure and relative risks to ensure the optimal capital structure, the Group may adjust the amount of dividends paid to stockholders, the number of new shares issued, proceeds from borrowings and repayments of borrowings, in order to balance the overall capital structure.

35. FINANCIAL INSTRUMENTS

a. Fair value information

1) Fair value of financial instruments not measured at fair value

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	December 31, 2014		December 31, 2013		January 1, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities						
Financial liabilities measured at amortized cost						
Convertible bonds (including current portion)	$ 1,000,000	$ 1,001,509	$ 2,000,000	$ 1,994,418	$ 2,200,000	$ 2,215,492

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (Unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 290,895	$ -	$ -	$ 290,895
Available-for-sale financial assets				
Listed common shares Equity investments	$ 5,476,899	$ -	$ -	$ 5,476,899

December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 239,974	$ -	$ -	$ 239,974
Available-for-sale financial assets				
Listed common shares Equity investments	$ 5,538,894	$ -	$ -	$ 5,538,894

January 1, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 1,375,240	$ -	$ -	$ 1,375,240
Available-for-sale financial assets				
Listed common shares Equity investments	$ 5,979,704	$ -	$ -	$ 5,979,704

There were no transfers between Levels 1 and 2 in 2014 and 2013.

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.

b) The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. Financial instruments

	December 31, 2014	December 31, 2013	January 1, 2013
Financial assets			
Financial assets at FVTPL			
Held for trading	$ 290,895	$ 239,974	$ 1,375,240
Loans and receivables (Note 1)	16,283,187	18,541,998	22,183,939
Available-for-sale financial assets (Note 2)	6,260,551	6,315,268	6,698,287
Financial liabilities			
Measured at amortized cost (Note 3)	58,651,023	61,838,020	70,413,955

Note 1: The balances included the carrying amount of cash and cash equivalents, debt investments with no active market, notes receivable and trade receivables (including related parties), other receivables and refundable deposits, which were measured at amortized cost.

Note 2: The balances included the carrying amount of reclassification of available-for-sale financial assets, which was measured at amortized cost.

Note 3: The balances included the carrying amount of short-term borrowings, short-term bills payable, notes payable and trade payables (including related parties), other payables, bonds payables, long-term borrowings and deposits received, which were measured at amortized cost.

c. Financial risk management objectives and policies

The Group's goal of financial risk management is generated from market risks relating to the managements and operations of the Group (including foreign currency, interest rate and other price risks), credit and liquidity risks. In order to reduce financial risk, the Group is committed to identify, assess and avoid the uncertainty of the market and reduce the market changes against the Group's financial performance potential downside effects.

The main financial activities of the Group are governed by the Group's internal management and approved by the board of directors. The financial schemes should be carried out in compliance with the Group's policies.

1) Market risk

a) Exchange rate risk

The Group is exposed to exchange rate risk for holding assets and liabilities at foreign currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are as follows:

	December 31, 2014	**December 31, 2013**	**January 1, 2013**
Assets			
USD	$ 85,810	$ 123,024	$ 93,610
Liabilities			
USD	$ 127,789	$ 161,676	$ 158,573

Sensitivity analysis

The Group was mainly affected by the floating rate of USD currency. The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher or lower and all other variables were held constant, the profit before income tax or equity of the Group for 2014 and 2013 would decrease or increase by $13,286 thousand and $11,520 thousand, respectively,

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. To manage this risk, the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Interest rate risk at fair value			
Financial assets	$ 6,173,567	$ 7,956,213	$ 10,378,226
Financial liabilities	15,523,956	19,083,292	21,009,626
Interest rate risk at cash flow			
Financial assets	2,900,967	3,477,378	4,871,927
Financial liabilities	16,055,527	19,197,161	21,499,826

Sensitivity analysis

The sensitivity analysis below are determined based on the Group's exposure to interest rates for financial assets and financial liabilities at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate was adjusted in as a result of the volatile financial market. An increase or decrease of 100 basis points is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables had been held constant, the income before income tax for the years ended December 31, 2014 and 2013 would have decreased or increased by $131,546 thousand and $157,198 thousand.

c) Other price risks

The Group is exposed to equity price risks involving equity investments in listed companies and beneficial certificates. The Group's investments in listed companies and beneficial certificates should be in compliance with the rule made by the board of directors in order to achieve the goal of risk management and maximize the returns on investments.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate was adjusted in as a result of the volatile financial market.

If equity prices had been 5% higher or lower, the income before income tax of the Group for the years ended December 31, 2014 and 2013 would have increased or decreased by $14,545 thousand and $11,999 thousand, respectively, as a result of the changes in fair value of held-for-trading investments. The pre-tax other comprehensive income for the years ended December 31, 2014 and 2013 would have increased or decreased by $273,845 thousand and $276,945 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's credit risk is mainly from trade receivables in operating activities, bank deposits and financial instruments in financial activities.

In order to maintain the quality of trade receivables, the Group manages credit risk by assessing customers' credit elements, such as financial status, historical transactions, and obtains the adequate amount of collaterals as guarantees from the high credit risk of customers. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. Regarding to credit risk management in bank deposits and financial instruments, the Group should trade with the counterparties, who are banking with the high credit ratings of financial intuitions.

The balances of trade receivables on December 31, 2014, December 31, 2013 and January 1, 2013, for trade receivables from the Company A were $153,470 thousand, $29,470 thousand and $20,276 thousand, respectively, for trade receivables from the Company B $31,235 thousand, $41,308 thousand and $249,997 thousand, respectively. Except for the above, the Group had no other trade receivables from a single customer, which the amount of trade receivables achieves 10% of the total trade receivables.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations. In addition, management monitors the utilization of bank borrowings and ensures compliance with the demand of daily operations.

For the demand of capital payments for a particular purpose, the Group maintains adequate cash by the way of the long-term finance/borrowings. For the management of cash shortage, the Group monitors cash management and allocates the optimal cash allocations to maintain financial flexibility in order to ensure the mitigation of liquidity risk.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

December 31, 2014

	On Demand or Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later than 5 Years	Total
Non-derivative financial liabilities							
Short-term borrowings	$ 6,674,285	$ -	$ -	$ -	$ -	$ -	$ 6,674,285
Short-term bills payable	2,991,683	-	-	-	-	-	2,991,683
Notes payable	63,303	-	-	-	-	-	63,303
Trade payables	17,601,054	-	-	-	-	-	17,601,054
Trade payables and notes payable to related parties	153,238	-	-	-	-	-	153,238
Other payables	5,244,397	-	-	-	-	-	5,244,397
Bond payables (including current portion)	1,000,000	-	-	992,560	-	-	1,992,560
Long-term borrowings (including current portion)	1,764,429	11,321,435	5,902,506	3,018,400	1,306,000		23,312,770
Deposits received	54,466	363,648	135,275	45,874	4,332	14,138	617,733

December 31, 2013

	On Demand or Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later than 5 Years	Total
Non-derivative financial liabilities							
Short-term borrowings	$ 7,462,340	$ -	$ -	$ -	$ -	$ -	$ 7,462,340
Short-term bills payable	3,047,306	-	-	-	-	-	3,047,306
Notes payable	159,194	-	-	-	-	-	159,194
Trade payables	17,693,401	-	-	-	-	-	17,693,401
Trade payables and notes payable to related parties	151,909	-	-	-	-	-	151,909
Other payables	4,979,355	-	-	-	-	-	4,979,355
Bond payables (including current portion)	2,493,512	1,000,000	-	-	990,702	-	4,484,214
Long-term borrowings (including current portion)	1,445,159	8,428,434	5,030,000	6,883,000	1,500,000	-	23,286,593
Deposits received	35,930	126,527	143,384	102,340	33,910	131,617	573,708

January 1, 2013

	On Demand or Less than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later than 5 Years	Total
Non-derivative financial liabilities							
Short-term borrowings	$ 9,613,446	$ -	$ -	$ -	$ -	$ -	$ 9,613,446
Short-term bills payable	4,648,862	-	-	-	-	-	4,648,862
Notes payable	198,522	-	-	-	-	-	198,522
Trade payables	18,687,359	-	-	-	-	-	18,687,359
Trade payables and notes payable to related parties	170,962	-	-	-	-	-	170,962
Other payables	8,279,982	-	-	-	-	-	8,279,982
Bond payables (including current portion)	1,200,000	2,454,937	1,000,000	-	-	-	4,654,937
Long-term borrowings (including current portion)	1,600,000	6,397,019	4,355,188	-	11,240,000	-	23,592,207
Deposits received	116,155	155,731	17,513	108,075	54,680	115,524	567,678

The amounts included above for variable interest rate instruments for non-derivative financial liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

36. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

a. Operating revenue

	For the Year Ended December 31 2014	2013
Sales of goods (Note)		
Associates	$ 416,615	$ 215,824
The associates of investor that has significant influence over the Group	86,242	88,726
Investor that has significant influence over the Group	1,507	1,343
Other related parties	4,467	-
	$ 508,831	$ 305,893

Note: Sales to related parties and unrelated parties were under normal terms.

	For the Year Ended December 31 2014	2013
Other operating revenue		
The associates of investor that has significant influence over the Group	$ 46,478	$ 59,460
Associates	53,361	15,473
Other related parties	18,874	10,788
	$ 118,713	$ 85,721

b. Operating costs and expenses

	For the Year Ended December 31	
	2014	2013
Operating costs (Note)		
The associates of investor that has significant influence over the Group	$ 163,830	$ 121,608
Other related parties	34,483	36,494
	$ 198,313	$ 158,102

Note: Purchases from related parties and unrelated parties were under normal terms.

	For the Year Ended December 31	
	2014	2013
Operating expenses (Note)		
Other related parties	$ 491,262	$ 864,658
The associates of investor that has significant influence over the Group	681,745	650,996
Associates	625,513	509,092
Investor that has significant influence over the Group	92,271	98,951
	$ 1,890,791	$ 2,123,697

Note: The rent pertaining to related parties is based on market rates and is received or paid monthly or yearly.

c. Other gains and losses

	For the Year Ended December 31	
	2014	2013
Other gains		
The associates of investor that has significant influence over the Group	$ 27,415	$ 27,487
Investor that has significant influence over the Group	7,500	7,500
Other related parties	20,196	5,984
Associates	765	750
	$ 55,876	$ 41,721
Other losses		
Associates	$ 7,384	$ 19,953
The associates of investor that has significant influence over the Group	5	3
Investor that has significant influence over the Group	6	-
	$ 7,395	$ 19,956

d. Trade receivables from related parties

	December 31, 2014	December 31, 2013	January 1, 2013
Notes receivable and trade receivables, net			
Associates (Note)	$ 184,470	$ 49,860	$ 40,193
The associates of investor that has significant influence over the Group	4,717	3,168	4,482
Investor that has significant influence over the Group	388	2,699	2,756
Other related parties	2,356	1,575	3,546
	$ 191,931	$ 57,302	$ 50,977

Note: On December 31, 2014, December 31, 2013 and January 1, 2013, the amount of allowance for impairment loss was $213,983 thousand, $217,725 thousand and $220,538 thousand, respectively.

	December 31, 2014	December 31, 2013	January 1, 2013
Other receivables			
The associates of investor that has significant influence over the Group (Note 1)	$ 1,122,329	$ 958,133	$ 1,779
Other related parties (Note 2)	10,796	26,638	23,569
Associates	18,595	19,744	22,120
	$ 1,151,720	$ 1,004,515	$ 47,468

Note 1: As of December 31, 2014 and December 31, 2013, the amount of finance to related parties was $1,113,922 thousand and $956,741 thousand.

Note 2: As of December 31, 2014, December 31, 2013 and January 1, 2013, the allowances for impairment loss were $16,181 thousand for each of these dates.

e. Other assets

	December 31, 2014	December 31, 2013	January 1, 2013
Prepayments			
Associates	$ 41,157	$ 35,537	$ 52,445
Other related parties	2,888	737	1,060
The associates of investor that has significant influence over the Group	225	2	101
	$ 44,270	$ 36,276	$ 53,606
Prepayments for lease			
Other related parties	$ 261,204	$ 260,841	$ 261,241
Other current assets			
Associates	$ 968	$ -	$ -

	December 31, 2014	December 31, 2013	January 1, 2013
Refundable deposits - non-current			
Associates	$ 128,227	$ 126,402	$ 125,239
The associates of investor that has significant influence over the Group	37,079	38,441	38,427
Other related parties	-	-	16,719
	$ 165,306	$ 164,843	$ 180,385
Long-term prepayments for lease			
Other related parties	$ 5,746,477	$ 5,932,903	$ 6,190,857

f. Trade payables to related parties

	December 31, 2014	December 31, 2013	January 1, 2013
Notes payable and trade payables			
The associates of investor that has significant influence over the Group	$ 145,727	$ 131,457	$ 157,847
Other related parties	7,497	20,452	4,279
Associates	14	-	8,836
	$ 153,238	$ 151,909	$ 170,962
Other payables			
The associates of investor that has significant influence over the Group	$ 700,068	$ 355,341	$ 761,465
Investor that has significant influence over the Group	43,224	157,626	145,952
Other related parties	118,571	148,685	634,635
Associates	165,953	130,987	105,867
	$ 1,027,816	$ 792,639	$ 1,647,919

g. Other liabilities

	December 31, 2014	December 31, 2013	January 1, 2013
Advance receipts			
Other related parties	$ 2,426	$ 2,521	$ 542
The associates of investor that has significant influence over the Group	4,092	1,701	1,043
Associates	-	542	-
	$ 6,518	$ 4,764	$ 1,585

	December 31, 2014	December 31, 2013	January 1, 2013
Other current liabilities			
The associates of investor that has significant influence over the Group	$ 381	$ 318	$ 294
Other related parties	-	51	-
Associates	456	-	-
	$ 837	$ 369	$ 294
Other non-current liabilities			
Leasing incentive			
The associates of investor that has significant influence over the Group	$ 46,455	$ 46,455	$ 29,137
Deposits received			
The associates of investor that has significant influence over the Group	$ 963	$ 717	$ 547
Other related parties	1,023	-	-
	$ 1,986	$ 717	$ 547
Others			
Other related parties	$ 30,521	$ 30,775	$ 31,031

h. Construction projects

The Group contracted out construction projects to the associate of investor that has significant influence over the Group. The construction costs in 2014 and 2013 were $273,150 thousand and $877,636 thousand, respectively.

i. Loans to related parties

The Group provided financing to the associates of investor that has significant influence over the Group were as follows:

	December 31, 2014			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Interest Income**
Far Eastern New Century (China) Investment Co., Ltd.	$ 2,152,200	$ 1,011,059	-	$ -
Yuan Ding Enterprise (Shanghai) Co., Ltd.	$ 386,759	$ 102,863	-	$ -

	December 31, 2013			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Interest Income**
Far Eastern New Century (China) Investment Co., Ltd.	$ 1,013,370	$ 956,741	-	$ -

j. Loans from related parties

Financing from other related parties were as follows:

	December 31, 2014			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Finance Cost**
Far Eastern International Bank	$ 286,000	$ -	1.20-1.35	$ 2,299

	December 31, 2013			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Finance Cost**
Far Eastern International Bank	$ 500,000	$ -	1.25-1.37	$ 4,343

	January 1, 2013			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Finance Cost**
Far Eastern International Bank	$ 550,000	$ 867,000	1.11-1.35	$ 4,309

k. Compensation of key management personnel

The total amount of remuneration of directors and key executives for the years ended for December 31, 2014 and 2013 were as follows:

	For the Year Ended December 31	
	2014	**2013**
Short-term employee benefit	$ 111,379	$ 158,971
Post-employment benefit	2,760	3,665
	$ 114,139	$ 162,636

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for purchasing goods, long/short-term borrowings, short-term bills payable, bonds payable, tax administrative remedies and administrative proceedings:

	December 31, 2014	**December 31, 2013**	**January 1, 2013**
Debt investment with no active market	$ 375,061	$ 776,181	$ 688,277
Financial assets at fair value through profit or loss - non-current	-	-	1,013,913
Investments accounted for using the equity method	3,916,065	3,166,851	3,155,724
Available-for-sale financial assets	2,038,800	2,067,720	2,091,345
Properties, plant and equipment	19,373,506	25,122,432	25,382,674
Investment properties	7,732,208	770,858	767,878
	$ 33,435,640	$ 31,904,042	$ 33,099,811

38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. Significant commitments

The amount of unrecognized significant commitments were as follow:

	December 31, 2013	December 31, 2012	January 1, 2012
Property, plant and equipment	$ 782,185	$ 1,271,462	$ 3,591,201

b. Min-Chiang Chang sued for the allegedly illegal passing of special stockholders' meeting by Pacific Liu Tong Investment (PLT) on May 9, 2002 (by-election of directors and supervisors) and September 21, 2002 (capital subscription of $4,000,000 thousand and alteration of the Articles of Incorporation).

Min-Chiang Chang claimed that both special stockholders' meeting were invalid, and to erase the recordation of PLT's directors and supervisors on May 14, 2002 and capital subscription and alteration of Articles of Incorporation on October 11, 2002.

In addition, Min-Chiang Chang demanded that PLT pay him $5,000 thousand plus interest as remuneration to directors, in the period of September 20, 2002 to April 13, 2005, the Taiwan High Court ruled that Min-Chiang Chang's appeals dismissed in July 2011. Thus, Min-Chiang Chang filed an appeal with the Taiwan Supreme Court.

Under Court Reference: Year 102 Letter Tai Shang No. 91 verdict issued by the Taiwan Supreme Court on January 17, 2013, the Court rejected Min-Chiang Chang's appeals to nullify (a) the shareholders' resolution of PLT on September 21, 2002; and (b) the capital subscription and registration of the amendment of article of association on October 11, 2002. The case was then remanded to the Taiwan High court for trial. The rest of Min-Chiang Chang's appeals were also rejected by the Taiwan Supreme Court.

In September 2013, Heng-Long Li filed an appeal to nullify the PLT board of directors' resolution passed on September 21, 2002 and requested the Ministry of Economic Affairs (MOEA) to cancel the registration on October 11, 2002 of the capital subscription. As of December 31, 2014, the case was still pending at the Taiwan Taipei District Court.

Min-Chiang Chang filed an incidental civil suit in connection with the criminal case of forgery against Ming-Zong Kuo (an employee of FENC), owing to Ming-Zong Kuo already knew Hua-De Lin, Heng-Long Li and Yong-Ji Lai were appointed of the fiduciaries of PLT. Min-Chiang Chang claimed that Ming-Zong Kuo colluded with Hua-De Lin, Heng-Long Li and Yong-Ji Lai to use their positions to carry out transactions that resulted in Min-Chiang Chang's losses. According to the incidental civil suit in connection with the criminal case of forgery by Heng-Long Li (Year 93 Chin Shang Zhong Su No. 6) on the Taiwan High Court, Min-Chiang Chang asked the Taiwan High Court to declare that the equity interests in PLT of FEDS and of FENC and their subsidiaries were just a fabrication, i.e., they never existed. In October 2009, Min-Chiang Chang lost the suit and then appealed to the Taiwan High Court. Min-Chiang Chang later raised an appeal to the Taiwan Supreme Court, but the decision of the original criminal case made by the Taiwan High Court was revoked by the Taiwan Supreme Court on March 25, 2010. Under Article 510 of The Code of Criminal Procedure, the Taiwan Supreme Court remanded the criminal case and the incidental civil suit to the Taiwan High Court. The lawsuit was pending as of December 31, 2014

c. On the Taiwan Taipei District Court's pronouncement No. 3 made in 2006 after judging a criminal case, Pacific Construction Co., Ltd. ("Pacific Construction"), Taiwan Chong-Cuang Ltd. ("Chong-Cuang") and Pacific Department Store Co., Ltd. ("Pacific Department Store") filed a civil litigation with the Taiwan Taipei District Court to request the return of the 144,296 thousand, 74,300 thousand and 9,965 thousand shares of SOGO held by PLT to Pacific Construction, Chong-Cuang and Pacific Department Store, respectively. Furthermore, Heng-Long Li, Douglas Hsu, FEDS, Hua-De Lin, Yong-Ji Lai, Guan-Jyun Li, Mao-De Huang and Ming-Zong Kuo should pay Pacific Construction, Chong-Cuang and Pacific Department Store $13,575,145 thousand, $7,960,148 thousand and $2,800,336 thousand, respectively.

   The persons appealing this civil litigation to the Taiwan Taipei District Court are: (a) Hua-De Lin, Yong-Ji Lai and Heng-Long Li, who all failed to represent the duty of proxy of PLT on behalf of Min-Chiang Chang and Pacific Construction; and (b) Douglas Hsu, Mao-De Huang, Guan-Jyun Li and Ming-Zong Kuo, who all used their position to carry out transactions that resulted in Min-Chiang Chang and Pacific Construction's losses.

   In its letter dated September 7, 2010, the Taiwan High Court declared that the defendants, Douglas Hsu, Mao-De Huang and Guan-Jyun Li were innocent of the criminal charges filed. Thus, the appeal of the plaintiff on the decision on the above criminal proceeding was revoked during the civil litigation. The conduct of the rest of the civil litigation was transferred to the Civil Court of the Taiwan High Court from the Criminal Court of the Taiwan High Court.

   However (under the Taiwan High Court's decision, Reference Number: Year 99 Zhong Su No. 47), on October 15, 2012, the foregoing litigation proceedings ceased in order to avoid the conflict between the above case and the ongoing case of electing PLT's temporary receivers. The case was still pending at the Taiwan High Court as of December 31, 2014.

d. The registered capital of PLT was previously $4,010,000 thousand, representing 401,000 thousand shares at a par value of NT$10. However, in its letter dated February 3, 2010, the Ministry of Economic Affairs (MOEA) under Ruling No. 09901000210 said that it had revoked the approval of the registrations of (a) raising capital by issuing new PLT shares; (b) amendments of the Articles of Incorporation; (c) the election of representatives to the Board of Directors and Supervisors; and (d) changing of the board of directors by reassigning from corporate shareholders to representatives, on November 13, 2002, May 1, 2003, August 8, 2005, August 3, 2006, June 6, 2007 and July 16, 2008. As a result, the capital amount of PLT reverted to the original $10,000 thousand, representing 1 million common shares.

   On February 24, 2010, the Company filed an appeal with MOEA to withdraw its decision and pleaded for the cessation of the enforcement of this decision. However on April 14, 2010, the Petition Appeals Commission of the Executive Yuan made a decision not to entertain this case because the Company was neither the one to whom an administrative action had been directed nor a third party as defined in Article 77-3 of the Administrative Appeal Act. On June 15, 2010, the Company then requested the Taipei High Administrative Court (THAC) to conduct administrative proceedings in accordance with Article 4-1 of the Administrative Litigation Act. On November 29, 2012, (Court Reference Number: Year 99 Letter Su No. 1258 verdict), the THAC passed a ruling stating that (a) the Company won the case; and (b) the THAC had withdrawn the decision made by MOEA on February 3, 2010 under Ruling No. 09901000210 and would no longer accept appeals related to this case. However, the MOEA disagreed with this verdict and filed an appeal with the Supreme Administrative Court (SAC) on December 25, 2012. On May 9, 2013, the SAC judged that the letter from MOEA Ruling No. 09901000210 on February 3, 2010 was violated. Thus, MOEA followed the judgment made by SAC to revoke its cancellation of registrations, and then the case was registered completely on September 18, 2013. PLT held an election of its board of directors and supervisors on June 18, 2014 and the completed the registration with the MOEA of the change in the board of directors and supervisors on July 15, 2014.

Heng-Long Li and Min-Chiang Chang disagreed with the above judgment made by SAC and applied with SAC for a retrial, due to Heng-Long Li and Min-Chiang Chang thought that SAC applied incorrect rules for the original judgment. However, on September 6, 2013, SAC rejected the application for a retrial under Court Reference Number: Year 102 Letter Pan No. 569 verdict. In addition, Min-Chiang Chang applied with SAC to retrial the same judgment made by SAC, claiming that the original judgment was invalidated by the omission of evidences that may affect the final SAC's decision. Therefore, the retrial case was transferred from SAC to THAC. However, on January 27, 2014, under Court Reference Number: Year 102 Letter Tsai No. 94 verdict, THAC rejected the reapplication for a retrial. Thus, Min-Chiang Chang filed an appeal with the SAC on February 19, 2014. As stated in the Court Reference Number: Year 103 Letter Tsai No. 845 verdict, SAC rejected this appeal on June 20, 2014.

e. A letter from the Ministry of Economic Affairs (MOEA) on July 28, 2011, stated that the term of the board of directors and supervisors ("the Board") of Pacific Sogo Department Store Co., Ltd. ("SOGO") was terminated and the election of this board should be held by October 28, 2011. Douglas Hsu, Ching-Wen Huang, Mao-De Huang, Hsiao-Yi Wang and Satoshi Inone were elected to be the representatives of the Board of Directors and Jing-Yi Wang was elected as a supervisor at the shareholders' meeting on August 26, 2011. On September 2, 2011, the registration of the Board was submitted to the MOEA. On August 30, 2013, the registration of the Board was approved and completed by the MOEA.

The former chairman of PLT, Heng-Long Li, stated that he appointed Chun-Chih Weng, Chao-Chuan Chu, Shen-Yi Li, Jui-Tsun Liu and Yu-Ying Chin as members of the Board of Directors of SOGO to replace Ching-Wen Huang, Satoshi Inoue, Douglas Hsu, Hsiao-Yi Wang and Mao-De Huang. Furthemore, those people (Chun-Chih Weng, Chao-Chuan Chu, Shen-Yi Li, Jui-Tsun Liu and Yu-Ying Chin) elected Chun-Chih Weng as the chairman of PLT and applied to MOEA for the registration of the change of the Board of directors and supervisor of SOGO on August 8, 2011. However, the application of the registration was rejected by MOEA, due to the election was held by the former chaiman of PLT, Heng-Long Li.

Chun-Chih Weng, Chao-Chuan Chu, Shen-Yi Li, Jui-Tsun Liu and Yu-Ying Chin not only announced publicly that they are the five members of the Board of Directors of SOGO, but also held the SOGO shareholders' meetings on September 5, 2011 and September 6, 2011, respectively. However, the decisions made on these two shareholders' meetings on September 5, 2011 and September 6, 2011, were not approved and not consent by all of SOGO's shareholders. According to the Court Reference Number: Year 100 Letter Su No. 4224 verdict from Taiwan Taipei District Court on January 22, 2014, the Court declared that the decision made on the shareholders' meetings on September 5, 2011 was not approved legally; according to the Court Reference Number: Year 100 Letter Su No. 4164 verdict on November 28, 2013, the Court confirmed the decision made on the shareholders' meetings on September 6, 2011 was not approved legally. The five plaintiffs filed an appeal of Year 103 Letter Shang No. 330 and Year 103 Letter Shang No. 87 with the Taiwan High Court. As of December 31, 2014, the two appeals were still pending in Taiwan High Court.

39. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On January 29, 2015, Tianjin FEDS Co., Ltd., held the directors' meeting to decide to discontinue operating activities from March 1, 2015.

40. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 45,106	31.6500 (USD:NTD)	$ 1,427,608
USD	40,704	6.1190 (USD:RMB)	1,288,286
			$ 2,715,894
Non-monetary items			
USD	294	30.2750 (USD:NTD)	$ 8,903
USD	4,500	7.3046 (USD:RMB)	170,021
			$ 178,924
Financial liabilities			
Monetary items			
USD	28,426	31.6500 (USD:NTD)	$ 899,685
USD	99,363	6.1190 (USD:RMB)	3,144,839
			$ 4,044,524

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 61,915	29.8050 (USD:NTD)	$ 1,845,375
USD	61,109	6.0969 (USD:RMB)	1,821,349
			$ 3,666,724
Non-monetary items			
USD	294	30.2750 (USD:NTD)	$ 8,903
USD	4,500	7.3046 (USD:RMB)	160,688
			$ 169,591
Financial liabilities			
Monetary items			
USD	24,601	29.8050 (USD:NTD)	$ 733,233
USD	137,075	6.0969 (USD:RMB)	4,085,520
			$ 4,818,753

January 1, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 42,162	29.0400 (USD:NTD)	$ 1,224,388
USD	51,448	6.2855 (USD:RMB)	1,494,043
			$ 2,718,431
Non-monetary items			
USD	294	30.2750 (USD:NTD)	$ 8,903
USD	4,500	7.3046 (USD:RMB)	151,870
			$ 160,773
Financial liabilities			
Monetary items			
USD	131	29.0400 (USD:NTD)	$ 3,813
USD	158,442	6.2855 (USD:RMB)	4,601,142
			$ 4,604,955

41. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided: Table 2.

2) Endorsements/guarantees provided: Table 3.

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 4.

4) Marketable securities acquired and disposed of at costs or prices of at least $300 million or 20% of the paid-in capital: Table 5.

5) Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital: None.

8) Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: Table 6.

9) Trading in derivative instruments: None.

10) Others: Intercompany relationships and significant intercompany transactions: Table 7.

11) Information on investees: Table 8.

b. Information on investments in mainland China:

1) Name of the investees in Mainland China, main business and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, repatriations of investment income, and the limit of investment in Mainland China: Table 9.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 3.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 2.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

42. OPERATING SEGMENT FINANCIAL INFORMATION

The Group was a single industry about department stores and supermarkets. Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on geographical information as management structure. The Group's reportable segments under IFRS 8 "Operating Segments" are including Taiwan and Mainland China.

a. Segment revenues and results

	Segments Revenue		Segments Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2014	2013	2014	2013
Taiwan	$ 40,348,634	$ 40,100,362	$ 4,195,611	$ 3,426,615
Mainland China	5,580,159	6,654,015	(867,096)	(673,837)
Total for continuing operations	$ 45,928,793	$ 46,754,377	3,328,515	2,752,778
Interest income			101,762	120,037
Dividend income			268,122	236,453

(Continued)

	Segments Revenue		Segments Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2014	2013	2014	2013
Gains on valuation of financial assets held for trading, net			$ 46,651	$ 33,996
Net foreign exchange gains			19,198	108,145
Gains on disposal of available-for-sale financial assets, net			-	386,986
Impairment losses on property plant and equipment			(4,637)	-
Losses on disposal of property, plant and equipment			(18,330)	(41,902)
(Losses) gains on fair value in investment properties			(21,931)	26,681
Impairment losses on intangible assets			(495,605)	-
Finance costs			(465,191)	(508,253)
Share of the profit or loss of associates			133,261	228,035
Other gains			249,672	813,601
Other losses			(51,687)	(63,775)
Profit before income tax			$ 3,089,800	$ 4,092,782

(Concluded)

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2014 and 2013.

b. Segment assets and liabilities

	December 31, 2014	December 31, 2013	January 1, 2013
Segment assets			
Taiwan	$ 94,054,438	$ 93,951,991	$ 98,754,226
Mainland China	17,565,411	18,535,061	20,097,727
Adjusted and eliminated	(161)	(85)	(3,221)
Consolidated total assets	$ 111,619,688	$ 112,486,967	$ 118,848,732
Segment liabilities			
Taiwan	$ 54,919,022	$ 56,812,320	$ 63,328,131
Mainland China	17,254,452	18,233,989	19,773,140
Consolidated total liabilities	$ 72,173,474	$ 75,046,309	$ 83,101,271

c. Revenue from major products

The following is an analysis of the Group's revenue from its major products and services:

	For the Year Ended December 31	
	2014	2013
Retail sales revenue	$ 42,269,672	$ 43,200,660
Other operating revenues	3,659,121	3,553,717
	$ 45,928,793	$ 46,754,377

d. Geographical information

The Group operates in two principal geographical areas - Taiwan and Mainland China. The Group's geographical information revenue from external customers by geographical location and information about its non-current assets by geographical location are detailed below.

	Revenues from External Customers		Non-current Assets		
	For the Year Ended December 31		December 31,	December 31,	January 1,
	2014	2013	2014	2013	2013
Taiwan	$ 40,348,634	$ 40,100,362	$ 71,887,106	$ 70,724,528	$ 71,736,501
Mainland China	5,580,159	6,654,015	2,060,030	1,858,822	1,983,649
	$ 45,928,793	$ 46,754,377	$ 73,947,136	$ 72,583,350	$ 73,720,150

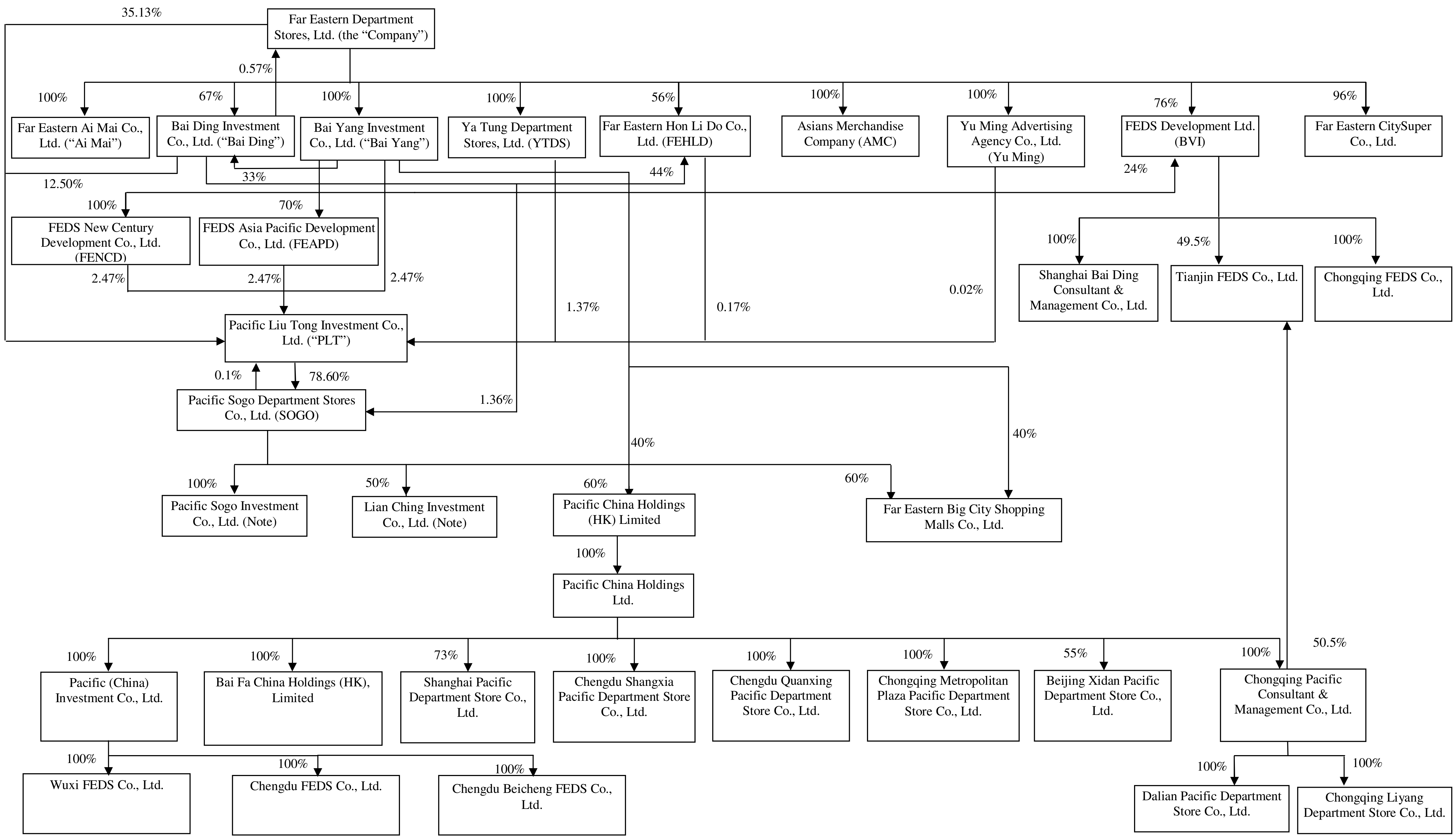
Non-current assets excluded those classified as non-current assets held for sale, financial instruments, deferred tax assets, post-employment benefit assets, and assets arising from insurance contracts.

e. Information about major customers

No revenue from any individual customer was 10% or more of the Group's gross revenue for 2014 and 2013.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

DIAGRAM OF INTERCOMPANY RELATIONSHIPS
DECEMBER 31, 2014



Note: As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were be undertaken by the Group and the accounts are not disclosed in the consolidated financial statement.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Counter-party	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Actual Used Amount	Interest Rate	Nature of Financing	Amount of Sales to (Purchases from) Counter-party	Reason for Financing	Allowance for Impairment Loss	Collateral		Limit on Financing Amount for Individual Counter-party	Limit on Total Financing Amount
													Item	Value		
0	Far Eastern Department Stores, Ltd. (the "Company")	Bai Yang Investment Co., Ltd.	Other receivables	Y	$ 200,000	$ -	$ -	-	(Note A)	$ -	Transaction	$ -	-	$ -	$ 6,331,160 (Note C)	$ 12,662,320 (Note D)
		Bai Ding Investment Co., Ltd.	Other receivables	Y	200,000	-	-	-	(Note A)	-	Transaction	-	-	-	6,331,160 (Note C)	12,662,320 (Note D)
		Pacific Sogo Department Stores Co., Ltd.	Other receivables	Y	500,000	-	-	-	(Note A)	-	Transaction	-	-	-	6,331,160 (Note C)	12,662,320 (Note D)
		Far Eastern Ai Mai Co., Ltd.	Other receivables	Y	500,000	-	-	-	(Note A)	-	Transaction	-	-	-	6,331,160 (Note C)	12,662,320 (Note D)
1	Pacific Sogo Department Stores Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Other receivables	Y	500,000	500,000	-	-	(Note A)	-	Transaction	-	-	-	5,204,697 (Note D)	5,204,697 (Note D)
		Far Eastern Big City Shopping Malls Co., Ltd.	Other receivables	Y	200,000	200,000	-	-	(Note A)	-	Transaction	-	-	-	5,204,697 (Note D)	5,204,697 (Note D)
		Pacific China Holdings Ltd.	Other receivables	Y	1,000,000	1,000,000	-	-	(Note A)	-	Transaction	-	-	-	5,204,697 (Note D)	5,204,697 (Note D)
2	Chongqing FEDS Co., Ltd.	Chongqing Pacific Consultant & Management Co., Ltd.	Other receivables	Y	413,792 (RMB 80,000,000)	413,792 (RMB 80,000,000)	387,930 (RMB 75,000,000)	4%	(Note A)	-	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
		Tianjin FEDS Co., Ltd.	Other receivables	Y	517,240 (RMB 100,000,000)	517,240 (RMB 100,000,000)	393,102 (RMB 76,000,000)	4%-4.235%	(Note A)	-	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
		Wuxi FEDS Co., Ltd.	Other receivables	Y	517,240 (RMB 100,000,000)	517,240 (RMB 100,000,000)	351,723 (RMB 68,000,000)	4%-4.235%	(Note A)	-	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
		Dalian Pacific Department Store Co., Ltd.	Other receivables	Y	724,136 (RMB 140,000,000)	724,136 (RMB 140,000,000)	418,964 (RMB 81,000,000)	4%-6%	(Note A)	-	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	517,240 (RMB 100,000,000)	517,240 (RMB 100,000,000)	517,240 (RMB 100,000,000)	4%-4.235%	(Note A)	-	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
		Chengdu Beicheng FEDS Co., Ltd.	Other receivables	Y	258,620 (RMB 50,000,000)	258,620 (RMB 50,000,000)	206,896 (RMB 40,000,000)	4%-4.235%	(Note A)	-	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
3	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chongqing Pacific Consultant & Management Co., Ltd.	Other receivables	Y	362,068 (RMB 70,000,000)	362,068 (RMB 70,000,000)	362,068 (RMB 70,000,000)	4%	(Note A)	-	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
		Chongqing FEDS Co., Ltd.	Other receivables	Y	258,620 (RMB 50,000,000)	258,620 (RMB 50,000,000)	181,034 (RMB 35,000,000)	4%	(Note A)	-	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
4	Pacific China Holding Ltd.	Wuxi FEDS Co., Ltd.	Other receivables	Y	506,400 (US$ 16,000,000)	253,200 (US$ 8,000,000)	253,200 (US$ 8,000,000)	2.1545%-2.6570%	(Note A)	-	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	1,519,200 (US$ 48,000,000)	759,600 (US$ 24,000,000)	759,600 (US$ 24,000,000)	2.1545%-2.6570%	(Note A)	-	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
		Tianjin FEDS Co., Ltd.	Other receivables	Y	506,400 (US$ 16,000,000)	253,200 (US$ 8,000,000)	253,200 (US$ 8,000,000)	2.1545%-2.6570%	(Note A)	-	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
		Pacific China Holdings (HK) Limited	Other receivables	Y	949,500 (US$ 30,000,000)	949,500 (US$ 30,000,000)	-	-	(Note A)	-	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
5	Pacific China Holdings (HK) Limited	Pacific China Holding Ltd.	Other receivables	Y	949,500 (US$ 30,000,000)	949,500 (US$ 30,000,000)	104,445 (US$ 3,300,000)	1.92%-2.22%	(Note A)	-	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
6	Dalian Pacific Department Store Co., Ltd.	Dalian Century City Co., Ltd.	Other receivables	N	310,344 (RMB 60,000,000)	-	-	6%	(Note B)	310,344 (RMB 60,000,000)	Transaction	-	-	-	12,662,320 (Note F)	12,662,320 (Note F)
7	FEDS Development Ltd.	Yuan Ding Enterprise (Shanghai) Co., Ltd.	Other receivables	Y	386,759 (RMB 35,000,000) (US$ 6,500,000)	205,725 (US$ 6,500,000)	102,863 (US$ 3,250,000)	-	(Note A)	-	Transaction	-	-	-	6,331,160 (Note E)	12,662,320 (Note F)
		Far Eastern New Century (China) Investment Co., Ltd.	Other receivables	Y	2,152,200 (US$ 68,000,000)	1,076,100 (US$ 34,000,000)	1,011,059 (US$ 31,945,000)	-	(Note A)	-	Transaction	-	-	-	6,331,160 (Note E)	12,662,320 (Note F)

Note A: Short-term financing.

Note B: Business dealings.

Note C: 20% of the financing company's net assets.

Note D: 40% of the financing company's net assets.

Note E: 20% of the financing company's net assets of final parent company, Far Eastern Department Stores, Ltd.

Note F: 40% of the financing company's net assets of final parent company, Far Eastern Department Stores, Ltd.

Note G: As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were undertaken by the Group and the accounts are not disclosed in the consolidated financial statement.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on the Amount that Can be Endorsed/ Guaranteed by Each	Highest Balance for the Period	Ending Balance	Actual Used Amount	Value of Property, Plant, or Equipment Used as Collateral	Ratio of Accumulated Amount of Collateral to Net Equity Based on the Latest Financial Statement of the Endorser/Guarantor	Maximum Collateral/ Guarantee Amounts Allowable	FEDS Provides Endorsement/ Guarantee to Subsidiary	Subsidiary Provides Endorsement/ Guarantee to FEDS	Endorsement/ Guarantee Provided to Mainland China
		Name	Nature of Relationship (Note F)										
0	Far Eastern Department Stores, Ltd. (the “Company”)	Pacific Sogo Department Stores Co., Ltd.	3	$ 18,993,480 (Note A)	$ 8,585,632	$ 7,917,468	$ 4,035,468	$ -	25	$ 31,655,800 (Note B)	Y	-	-
		Bai Ding Investment Co., Ltd.	2	18,993,480 (Note A)	710,000	615,000	484,000	-	2	31,655,800 (Note B)	Y	-	-
		FEDS Asia Pacific Development Co., Ltd.	3	18,993,480 (Note A)	290,000	290,000	40,000	-	1	31,655,800 (Note B)	Y	-	-
		Tianjin FEDS Co., Ltd.	3	18,993,480 (Note A)	305,172 (RMB 59,000,000)	305,172 (RMB 59,000,000)	305,172 (RMB 59,000,000)	-	1	31,655,800 (Note B)	Y	-	Y
		Far Eastern CitySuper Co., Ltd.	2	18,993,480 (Note A)	130,000	130,000	15,000	-	-	31,655,800 (Note B)	Y	-	-
		Bai Yang Investment Co., Ltd.	2	18,993,480 (Note A)	100,000	100,000	25,000	-	-	31,655,800 (Note B)	Y	-	-
		FEDS New Century Development Co., Ltd.	3	18,993,480 (Note A)	10,000	-	-	-	-	31,655,800 (Note B)	Y	-	-
		FEDS Development Ltd.	2	18,993,480 (Note A)	2,215,500 (US$ 70,000,000)	2,215,500 (US$ 70,000,000)	895,695 (US$ 28,300,000)	-	7	31,655,800 (Note B)	Y	-	-
1	Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	2	18,993,480 (Note C)	3,892,000	3,892,000	10,000	-	12	31,655,800 (Note D)	-	-	-
2	Pacific Sogo Department Stores Co., Ltd.	Far Eastern Department Stores, Ltd.	4	18,993,480 (Note C)	2,549,110	2,276,719	2,276,719	-	7	31,655,800 (Note D)	-	Y	-
		Pacific China Holdings Ltd.	3	18,993,480 (Note C)	6,583,200 (US$ 208,000,000)	6,583,200 (US$ 208,000,000)	2,532,000 (US$ 80,000,000)	-	21	31,655,800 (Note D)	-	-	-
		Chengdu FEDS Co., Ltd.	3	18,993,480 (Note C)	517,240 (RMB 100,000,000)	517,240 (RMB 100,000,000)	-	-	2	31,655,800 (Note D)	-	-	Y
		Tianjin FEDS Co., Ltd.	3	18,993,480 (Note C)	454,308 (RMB 45,000,000) (US$ 7,000,000)	454,308 (RMB 45,000,000) (US$ 7,000,000)	126,600 (US$ 4,000,000)	-	1	31,655,800 (Note D)	-	-	Y
		Wuxi FEDS Co., Ltd.	3	18,993,480 (Note C)	480,170 (RMB 50,000,000) (US$ 7,000,000)	480,170 (RMB 50,000,000) (US$ 7,000,000)	221,550 (US$ 7,000,000)	-	2	31,655,800 (Note D)	-	-	Y
3	Pacific China Holdings Ltd.	Wuxi FEDS Co., Ltd.	3	18,993,480 (Note C)	698,274 (RMB 135,000,000)	698,274 (RMB 135,000,000)	69,398 (RMB 13,417,000)	-	2	31,655,800 (Note D)	-	-	Y
4	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Tianjin FEDS Co., Ltd.	3	18,993,480 (Note C)	258,620 (RMB 50,000,000)	258,620 (RMB 50,000,000)	51,724 (RMB 10,000,000)	-	1	31,655,800 (Note D)	-	-	Y
5	Far Eastern Big City Shopping Malls Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	4	224,495 (Note A)	121,555	121,555	121,555	-	-	374,159 (Note B)	-	-	-

Note A: The amount is 60% of net assets based on the latest financial statements of the endorser/guarantor.

Note B: The amount is 100% of net assets based on the latest financial statements of the endorser/guarantor.

(Continued)

Note C: The amount is 60% of the net assets based on the latest financial statements of the final parent company - Far Eastern Department Stores, Ltd. (the "Company").

Note D: The amount is 100% of the net assets based on the latest financial statements of the final parent company - Far Eastern Department Stores, Ltd. (the "Company").

Note E: As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were undertaken by the Group and the accounts are not disclosed in the consolidated financial statement.

Note F: Relationships between the endorsement/guarantee provider and the guaranteed party:

1. Trading partner.
2. Majority owned subsidiary.
3. The Company and subsidiary own over 50% ownership of the investee company.
4. Company's subsidiary or investee of subsidiary of parent company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Securities Type and Issuer Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2014				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Far Eastern Department Stores, Ltd. (the Company)	Shares							
	Asia Cement Corporation	4	Available-for-sale financial assets - non-current	61,000	$ 2,379,019	2	$ 2,379,019	35,000 thousand shares of Asia Cement Corporation pledged for loans and commercial papers issued of the investor company
	Far Eastern New Century Corporation	3	Available-for-sale financial assets - non-current	19,573	614,589	-	614,589	
	Far Eastern International Bank	5	Available-for-sale financial assets - current	23,978	251,769	1	251,769	
	Kaohsiung Rapid Transit Corporation	-	Financial assets measured at cost - non-current	6,286	46,918	2	46,918 (Note B)	
	Yuan Ding Leasing Corp.	-	Financial assets measured at cost - non-current	7,309	62,560	9	62,560 (Note B)	
	Yuan Ding Co., Ltd.	4	Financial assets measured at cost - non-current	3	10	-	10 (Note B)	
Bai Ding Investment Co., Ltd.	Shares							
	Far Eastern Department Stores, Ltd.	2	Available-for-sale financial assets - current	8,207	231,438	1	231,438	
	Asia Cement Corporation	7	Available-for-sale financial assets - non-current	25,814	1,006,762	1	1,006,762	5,200 thousand shares of Asia Cement Corporation pledged for commercial papers issued of the investor company
	Far Eastern New Century Corporation	6	Available-for-sale financial assets - non-current	22,364	702,237	-	702,237	15,000 thousand shares of Far Eastern New Century Corporation pledged for loans of the investor company
	Chung-Nan Textile Co., Ltd.	-	Financial assets measured at cost - non-current	2,984	81,390	5	81,390 (Note B)	
	Ding Ding Management Consultants Co., Ltd.	8	Financial assets measured at cost - non-current	216	11,817	5	11,817 (Note B)	
	Yue Ding Industry Co., Ltd.	7	Financial assets measured at cost - non-current	1,780	16,930	2	16,930 (Note B)	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets measured at cost - non-current	1	10	-	10 (Note B)	
	Ding Sheng Investment Co., Ltd.	-	Financial assets measured at cost - non-current	39,600	396,000	18	396,000 (Note B)	
FEDS Development Ltd.	Shares							
	Kowloon Cement Corp., Ltd.	7	Financial assets measured at cost - non-current	46	8,903	2	8,903 (Note B)	
Bai Yang Investment Co., Ltd.	Shares							
	Far Eastern International Bank	8	Available-for-sale financial assets - current	19,572	205,504	1	205,504	
	Asia Cement Corporation	7	Available-for-sale financial assets - non-current	3,849	150,129	-	150,129	
	Far Eastern New Century Corporation	6	Available-for-sale financial assets - non-current	2,173	68,234	-	68,234	
	U-Ming Marine Transport Corp.	8	Available-for-sale financial assets - non-current	200	9,980	-	9,980	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets measured at cost - non-current	1	10	-	10 (Note B)	
Yu Ming Advertising Agency Co., Ltd.	Shares							
	Asia Cement Corporation	7	Available-for-sale financial assets - non-current	1,506	58,718	-	58,718	
	Beneficiary certificate							
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,831	44,008	-	44,008	

(Continued)

Holding Company	Securities Type and Issuer Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2014 Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	Note
Far Eastern Hon Li Do Co., Ltd.	Beneficiary certificate							
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,073	$ 12,330	-	$ 12,330	
FEDS New Century Development Co., Ltd.	Beneficiary certificate							
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,228	37,079	-	37,079	
Pacific Sogo Department Stores Co., Ltd.	Shares							
	CMC Magnetics Corp.	-	Financial assets at fair value through profit or loss - current	360	1,613	-	1,613	
	China Development Financial Holding Co.	-	Financial assets at fair value through profit or loss - current	279	2,815	-	2,815	
	Quanta computer Inc.	-	Financial assets at fair value through profit or loss - current	1	57	-	57	
	Pacific Construction Co., Ltd.	-	Financial assets at fair value through profit or loss - current	9,569	133,965	3	133,965	
	DBTEL Inc.	-	Financial assets at fair value through profit or loss - current	10	35	-	35	
	Oriental Union Chemical Corp.	8	Available-for-sale financial assets - current	546	14,988	-	14,988	
	U-Ming Marine Transport Corp.	8	Available-for-sale financial assets - current	300	14,970	-	14,970	
	Pacific Liu Tong Investment Co., Ltd.	1	Financial assets measured at cost - non-current	400	4,019	-	4,019 (Note B)	
	E-Shou Hi-tech Co., Ltd.	-	Financial assets measured at cost - non-current	18,300	-	15	- (Note B)	
	Tain Yuan Investment Co., Ltd.	-	Financial assets measured at cost - non-current	98,000	-	20	- (Note B)	
	PURETEK Corp.	-	Financial assets measured at cost - non-current	119	-	-	- (Note B)	
	Pacific 88 Co., Ltd.	-	Financial assets measured at cost - non-current	16	-	1	- (Note B)	
	Beneficiary certificate							
	DWS Taiwan Flagship Security Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	150	2,693	-	2,693	
	DWS Global Multi - Asset Income Plus FOF-A	-	Financial assets at fair value through profit or loss - current	5,000	56,300	-	56,300	
Pacific China Holdings Ltd.	Shares							
	Taiwan Ocean Farming Corp.	-	Financial assets measured at cost - non-current	2,250	85,010	15	85,010 (Note B)	
	Oversea Development Corp.	-	Financial assets measured at cost - non-current	2,250	85,010	15	85,010 (Note B)	

Note A:
1. Subsidiary of FEDS.
2. Parent company.
3. Investor that has significant influence over the Company.
4. The associate of investor that has significant influence over the Company.
5. Other related party.
6. Investor that has significant influence over FEDS.
7. The associate of investor that has significant influence over FEDS.
8. Other related party of FEDS

Note B: The financial assets measured at cost were determined at the book value of investment company.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Issuer/Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal					Ending Balance	
					Shares (Thousands)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Adjusted Item	Shares (Thousands)	Amount
Pacific China Holding (HK) Limited.	Shares Pacific China Holding Ltd.	Investments accounted for using the equity method	-	Subsidiary	19,000	$ 6,407,842	20,000	$ 607,776 (Note A)	-	$ -	$ -	$ -	$ (1,912,065) (Note C)	39,000	$ 5,103,553
Pacific China Holding Ltd.	Shares Pacific (China) Investment Co., Ltd.	Investments accounted for using the equity method	-	Subsidiary	-	(1,219,180)	-	301,930 (Note B)	-	-	-	-	(1,328,114) (Note D)	-	2,245,364

Note A: There was an increase of US$20,000 thousand in cash capital.

Note B: There was an increase of US$10,000 thousand in cash capital.

Note C: This amount comprised the share of the associates' net loss $(1,400,509) thousand, the share of other comprehensive loss $(16,616) thousand and impairment loss $(494,940) thousand.

Note D: This amount comprised the share of the associates' net loss $(1,213,258) thousand and the effect of foreign currency exchange differences $(114,856) thousand.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Far Eastern Ai Mai Co., Ltd.	Far Eastern Electronic Commerce Co., Ltd.	Associate	$ 151,782	-	$ -	-	$ -	$ -
Pacific Sogo Department Stores Co., Ltd.	Sogo Department Stores Co., Ltd.	Associate	213,983	-	213,983	Collection expedited	636	213,983
	Far Eastern Department Stores, Ltd.	The ultimate parent company	139,169	-	-	-	139,169	-
FEDS Development Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	The associate of investor that has significant influence over FEDS	1,011,059 (Note A)	-	-	-	-	-
	Yuan Ding Enterprise (Shanghai) Co., Ltd.	The associate of investor that has significant influence over FEDS	102,863 (Note A)	-	-	-	-	-
Chongqing FEDS Co., Ltd.	Chongqing Pacific Consultant & Management Co., Ltd.	Same ultimate parent company	387,930 (Note A)	-	-	-	-	-
	Tianjin FEDS Co., Ltd.	Same ultimate parent company	394,536 (Note A)	-	-	-	1,434	-
	Wuxi FEDS Co., Ltd.	Same ultimate parent company	352,963 (Note A)	-	-	-	1,240	-
	Dalian Pacific Department Store Co., Ltd.	Same ultimate parent company	420,492 (Note A)	-	-	-	1,528	-
	Chengdu FEDS Co., Ltd.	Same ultimate parent company	519,126 (Note A)	-	-	-	188,094	-
	Chengdu Beicheng FEDS Co., Ltd.	Same ultimate parent company	207,774 (Note A)	-	-	-	878	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chongqing Pacific Consultant & Management Co., Ltd.	Same parent company	362,068 (Note A)	-	-	-	-	-
	Chongqing FEDS Co., Ltd.	Same ultimate parent company	184,339 (Note A)	-	-	-	997	-
Chongqing Pacific Consultant & Management Co., Ltd.	Chongqing Liyang Department Store Co., Ltd.	Subsidiary	182,934	-	-	-	-	-
Pacific China Holdings Ltd.	Wuxi FEDS Co., Ltd.	Subsidiary	253,200 (Note A)	-	-	-	-	-
	Chengdu FEDS Co., Ltd.	Subsidiary	764,753 (Note A)	-	-	-	5,155	-
	Tianjin FEDS Co., Ltd.	Subsidiary	253,200 (Note A)	-	-	-	-	-
Pacific China Holdings (HK) Limited.	Pacific China Holdings Ltd.	Subsidiary	104,573 (Note A)	-	-	-	-	-

Note A: This balance refers to fund lending.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Number	Transacting Company	Counter-party	Flow of Transaction (Note A)	Status			
				Account	Amount (Note C)	Condition	Ratio to Consolidated Operating Revenue or Asset (Note B)
0	Far Eastern Department Stores, Ltd. (the "Company")	FEDS Asia Pacific Development Co., Ltd.	1	Operating expense	$ 232,569	Rent was based on market rates and was paid monthly.	1
1	FEDS Asia Pacific Development Co., Ltd.	Far Eastern Department Stores, Ltd.	2	Operating revenue	(232,569)	Rent was based on market rates and was received monthly.	1

Note A: Flow of transaction:

1. From the Company to the subsidiary
2. From the subsidiary to the Company
3. Between subsidiaries

Note B: If the account of the intercompany transaction is shown in the balance sheet, the ratio is the percentage of the year-end account balance to the consolidated asset; if the account of the intercompany transaction is shown in the income statement, the ratio is the percentage of the accumulated amount of the year to the consolidated operating revenue.

Note C: Only an intercompany transaction amounting to more than 1% of total operating revenue or total assets is disclosed in this table.

TABLE 8

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2014			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss)	Note A
				December 31, 2014	December 31, 2013	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Department Stores, Ltd.	Bai Yang Investment Co., Ltd.	Taipei City, R.O.C.	Investment	$ 5,422,181	$ 5,422,181	652,991	100	$ 8,099,536	$ (389,836)	$ (389,805)	2
	Oriental Securities Corporation	Taipei City, R.O.C.	Securities brokerage	143,652	143,652	140,297	20	2,060,415	326,643	64,212	1
	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	1,764,210	1,764,210	281,734	35	3,658,675	738,674	259,487	2
	Bai Ding Investment Co., Ltd.	Taipei City, R.O.C.	Investment	33,357	33,357	119,981	67	2,502,609 (Note C)	244,669	163,302	2
	Far Eastern Ai Mai Co., Ltd.	Taipei City, R.O.C.	Hypermarket	1,535,538	1,535,538	169,744	100	1,849,775	31,224	31,224	2
	FEDS Development Ltd.	British Virgin Island	Investment	125,058	125,058	218	76	1,187,339	198,262	179,685	2
	Yu Ming Advertising Agency Co., Ltd.	Taipei City, R.O.C.	Advertising and importation of certain merchandise	33,000	33,000	3,500	100	105,435	11,532	11,532	2
	Ya Tung Department Stores, Ltd.	Taipei City, R.O.C.	Department store	169,292	169,292	17,000	100	(20,666)	(72,934)	(72,934)	2
	Ding Ding Integrated Marketing Service Co.	Taipei City, R.O.C.	Marketing	11,500	11,500	1,639	10	20,085	27,755	2,775	1
	Asians Merchandise Company	U.S.A.	Trading	5,316	5,316	950	100	4,414	38	38	2
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	40,278	40,278	1,571	56	11,370	1,273	825	2
	Far Eastern Electronic Commerce Co., Ltd.	Taipei City, R.O.C.	Electronic commerce	49,850	49,850	4,985	11	3,104	(139,794)	(15,475)	1
	Far Eastern CitySuper Co., Ltd.	Taipei City, R.O.C.	Hypermarket	478,269	478,269	47,827	96	38,995	19,440	18,596	2
	Yuan Hsin Digital Payment Co., Ltd.	Taipei City, R.O.C.	Other financing and supporting services	225,000	45,000	22,500	15	202,401	(113,538)	(22,599)	1
Bai Ding Investment Co., Ltd.	Oriental Securities Corporation	Taipei City, R.O.C.	Securities brokerage	163,563	163,563	97,116	14	1,426,360	326,643		1
	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	658,129	658,129	100,250	13	1,315,570	738,674		2
	Far Eastern International Leasing Corp.	Taipei City, R.O.C.	Leasing	301,125	301,125	22,203	5	396,155	131,940		1
	Pacific Sogo Department Stores Co., Ltd.	Taipei City, R.O.C.	Department store	33,490	33,490	11,254	1	149,398	980,487		2
	Yu Ming Trading Co.	Taipei City, R.O.C.	Importation of certain merchandise	21,291	21,291	3,792	47	75,457	1,500		1
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	28,672	28,672	1,259	44	12,907	1,273		2
	Far Eastern CitySuper Co., Ltd.	Taipei City, R.O.C.	Hypermarket	-	-	2	-	-	19,440		2
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	99,000	99,000	19,800	2	277,035	738,674		2
FEDS New Century Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	99,000	99,000	19,800	2	277,035	738,674		2
Bai Yang Investment Co., Ltd.	FEDS Asia Pacific Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	1,522,761	1,522,761	147,000	70	1,737,396	157,149		2
	Far Eastern International Leasing Corp.	Taipei City, R.O.C.	Leasing	1,555,590	1,555,590	132,388	30	2,098,054	131,940		1
	Bai Ding Investment Co., Ltd.	Taipei City, R.O.C.	Investment	577,457	577,457	60,019	33	1,267,538	244,669		2
	FEDS New Century Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	185,272	185,272	24,250	100	312,780	18,229		2
	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	99,000	99,000	19,800	2	277,035	738,674		2
	FEDS Development Ltd.	British Virgin Island	Investment	123,778	123,778	68	24	372,899	198,262		2
	Pacific China Holdings (HK) Limited	Hong Kong	Investment	2,442,344	2,442,344	7,600	40	1,619,644	(1,854,753)		2
	Far Eastern Big City Shopping Malls Co., Ltd.	Taipei City, R.O.C.	Department store	200,000	200,000	20,000	40	149,663	57,784		2
Ya Tung Department Stores, Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	55,000	55,000	11,000	1	153,676	738,674		2
Yu Ming Advertising Agency Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	1,200	1,200	200	-	2,600	738,674		2
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	8,400	8,400	1,400	-	17,602	738,674		2
Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	Taipei City, R.O.C.	Department store	4,469,904	4,469,904	650,817	79	10,226,324	980,487		2
	Pacific Department Store Co., Ltd.	Taipei City, R.O.C.	Department store	62,480	62,480	6,465	3	92,927	167,392		1
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Limited	Hong Kong	Investment	4,000,000	4,000,000	11,400	60	3,287,392	(1,854,753)		2
	Pacific Department Store Co., Ltd.	Taipei City, R.O.C.	Department store	525,000	525,000	50,209	26	517,482	167,392		1
	Lian Ching Investment Co., Ltd.	Taipei City, R.O.C.	Investment	270,641	270,641	26,764	50	-	-		2
	Pacific Venture Investment Ltd.	Hong Kong	Investment	357,050	357,050	100,000	48	-	-		1
	Sogo Department Store Co., Ltd.	Taipei City, R.O.C.	Credit card business	32,984	32,984	7,120	34	-	-		1
	Pacific Sogo Investment Co., Ltd.	Taipei City, R.O.C.	Investment	999,900	999,900	99,990	100	-	-		2
	Ding Ding Integrated Marketing Service Co.	Taipei City, R.O.C.	Marketing	11,500	11,500	1,639	10	20,085	27,755		1
	Far Eastern Big City Shopping Malls Co., Ltd.	Taipei City, R.O.C.	Department store	300,000	300,000	30,000	60	224,495	57,784		2
	Far Eastern Electronic Commerce Co., Ltd.	Taipei City, R.O.C.	Electronic commerce	49,850	49,850	4,985	11	3,104	(139,794)		1
	Yuan Hsin Digital Payment Co., Ltd.	Taipei City, R.O.C.	Other financing and supporting services	225,000	45,000	22,500	15	202,401	(113,538)		1
Pacific China Holdings (HK) Limited	Pacific China Holdings Ltd.	British Virgin Island	Investment	1,234,350	601,350	39,000	100	5,103,553	(1,355,738)		2
Pacific China Holdings Ltd.	Bai Fa China Holdings (HK), Limited.	Hong Kong	Investment	47	47	2	100	49	-		2

(Continued)

Note A: 1. Associate.
2. Subsidiary.

Note B: The foreign-currency investments were translated at the rate of US$1:NT$31.65 prevailing on December 31, 2014.

Note C: The amount is the investment accounted for using the equity method to $2,599,719 thousand deduct the parent company shares reclassification to treasury shares of $97,110 thousand.

Note D: As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were be undertaken by the Group and the accounts are not disclosed in the consolidated financial statement.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note A)	Investment Type (Note G)	Accumulated Outflow of Investment from Taiwan as of January 1, 2014 (Note A)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2014 (Note A)	Net Gain (Loss) of the Investee (Note E)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014
					Outward	Inward						
Shanghai Pacific Department Stores Co., Ltd.	Department store	$ 560,205	2	$ 406,149 (Note B)	$ -	$ -	$ 406,149 (Note B)	$ 86,100	49	$ 8,674	$ 270,427	$ -
Chengdu Shangxia Pacific Department Store Co., Ltd.	Department store	221,550	2	221,550 (Note B)	-	-	221,550 (Note B)	887	67	596	76,465	-
Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Department store	31,334	2	31,334 (Note B)	-	-	31,334 (Note B)	(12,865)	67	(8,640)	(151,473)	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	94,950	2	94,950 (Note B)	-	-	94,950 (Note B)	169,721	67	113,992	415,393	-
Beijing Xidan Pacific Department Store Co., Ltd.	Department store	379,800	2	208,890 (Note B)	-	-	208,890 (Note B)	(6,358)	37	(2,349)	39,349	-
Chongqing Pacific Consultant & Management Co., Ltd.	Consulting service	2,310,450	2	6,330 (Note B)	-	-	6,330 (Note B)	(189,192)	67	(127,070)	783,354	-
Shanghai Pacific Consultant & Management Co., Ltd.	Consulting service	11,078	2	5,428 (Note B)	-	-	5,428 (Note B)	421	33	139	6,494	-
Shanghai Bai Ding Consultant & Management Co., Ltd.	Consulting service	3,165	2	-	-	-	-	(833)	100	(833)	36,151	-
Tianjin FEDS Co., Ltd.	Department store	566,535	2	91,785 (Note C)	-	-	91,785 (Note C)	(236,700)	83	(197,436)	(772,196)	-
Chongqing FEDS Co., Ltd.	Department store	88,620	2	-	-	-	-	380,173	100	380,173	1,766,859	-
Chengdu Baiyang Industry Co., Ltd.	Department store, logistics and storehouse	1,163,793	2	-	-	-	-	218,094	22	-	1,577,587	-
Dalian Pacific Department Store Co., Ltd.	Department store	82,759	2	-	-	-	-	(42,610)	67	(28,619)	37,436	-
Chongqing Liyang Department Store Co., Ltd.	Department store	25,862	2	-	-	-	-	(26)	67	(17)	(138,283)	-
Pacific (China) Investment Co., Ltd.	Investment	1,962,300	2	-	-	-	-	(1,213,258)	67	(814,876)	(1,508,087)	-
Wuxi FEDS Co., Ltd.	Department store	569,700	2	-	-	-	-	(293,766)	67	(197,306)	(517,498)	-
Chengdu FEDS Co., Ltd.	Department store	759,600	2	-	-	-	-	(715,916)	67	(480,840)	(1,287,404)	-
Chengdu Beicheng FEDS Co., Ltd.	Department store	316,500	2	-	-	-	-	(208,058)	67	(139,741)	31,939	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ - (Note D)	$250,446 (US$7,913 thousand) (Notes A and D)	$ - (Note F)

Note A: Translated at the rate of US$1:NT$31.65 prevailing on December 31, 2014.

Note B: The payment was made by Pacific Construction Co., Ltd. (the former shareholder).

Note C: The payment was made by Bai Yang Investment Co., Ltd.

Note D: The payment made by the Company and the investment amount approved by the Investment Commission, except for the payment made by subsidiary and the subsidiary's investment amount approved by the Investment Commission.

Note E: The financial report was audited by an international accounting firm with a cooperative working relationship.

Note F: There is no upper limit, as stated in the Principles Governing the Review of Investment or Technical Corporation in Mainland China (No. 10100672580), which was issued by the Industrial Development Bureau, Ministry of Economic Affairs, ROC.

Note G: Three investment types are as follows:

1. The Company made the investment directly.
2. The Company made the investment through a company registered in a third region. The companies registered in a third region were FEDS Development Ltd. and Pacific China Holdings Ltd.
3. Other.

(Concluded)