Far Eastern Department Stores, Ltd.

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Far Eastern Department Stores, Ltd. (the "Company") as of December 31, 2014, December 31, 2013 and January 1, 2013 and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2014, December 31, 2013 and January 1, 2013, and its financial performance and its 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.

As disclosed in Note 3 to the financial statements, the Company changed its 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 financial statements as of and for the year ended December 31, 2013 and the balance sheet as of January 1, 2013 have been restated.

March 25, 2015

<u>*Notice to Readers*</u>

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

FAR EASTERN DEPARTMENT STORES, LTD.

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 (Note 6)	$ 453,650	1	$ 516,953	1	$ 870,675	2
Available-for-sale financial assets - current (Notes 7 and 33)	251,769	1	285,698	1	254,779	-
Debt investments with no active market - current (Notes 8 and 33)	192,371	-	191,594	-	-	-
Notes receivable (Note 9)	223	-	26,350	-	28,645	-
Trade receivables (Note 9)	245,217	-	242,626	-	509,631	1
Trade receivables from related parties (Notes 9 and 32)	12,039	-	15,676	-	14,187	-
Other receivables (Notes 9 and 32)	66,111	-	329,741	1	486,527	1
Current tax assets (Note 26)	20,163	-	20,163	-	41,547	-
Inventories (Note 10)	413,419	1	384,916	1	430,141	1
Prepayments (Note 32)	249,054	-	247,658	-	261,485	-
Other current assets (Note 18)	15,151	-	21,801	-	5,720	-
Total current assets	1,919,167	3	2,283,176	4	2,903,337	5
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 7 and 33)	2,993,608	5	2,968,556	5	2,812,603	5
Financial assets measured at cost - non-current (Note 11)	109,488	-	111,543	-	62,570	-
Investments accounted for using the equity method (Notes 3, 12, 21 and 33)	19,177,267	31	19,543,431	32	18,793,425	31
Property, plant and equipment (Notes 13, 14, 32 and 33)	27,090,806	43	31,227,060	51	30,972,607	51
Investment properties (Notes 3, 13, 15 and 33)	8,734,944	14	1,771,695	3	1,754,815	3
Intangible assets (Note 16)	21,897	-	5,494	-	3,480	-
Deferred tax assets (Note 26)	69,505	-	52,901	-	91,050	-
Prepaid pension costs (Note 22)	185,519	-	222,285	1	222,666	-
Long-term prepayments for lease (Notes 17 and 32)	2,423,382	4	2,485,787	4	2,548,191	4
Other non-current assets (Notes 18 and 32)	207,026	-	218,746	-	238,483	1
Total non-current assets	61,013,442	97	58,607,498	96	57,499,890	95
TOTAL	$ 62,932,609	100	$ 60,890,674	100	$ 60,403,227	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19, 32 and 33)	$ 1,800,000	3	$ 2,650,000	4	$ 2,500,000	4
Short-term bills payable (Notes 19 and 33)	1,649,460	3	1,598,491	3	1,699,455	3
Trade payables	3,345,297	5	3,328,710	5	3,848,239	7
Trade payables to related parties (Note 32)	65,002	-	65,113	-	89,723	-
Other payables (Notes 21, 23 and 32)	2,487,711	4	1,765,311	3	2,364,945	4
Current tax liabilities (Note 26)	166,765	-	40,192	-	-	-
Deferred revenue - current (Note 21)	14,892	-	6,257	-	7,285	-
Advance receipts (Note 32)	3,106,025	5	3,088,826	5	2,989,562	5
Current portion of bonds payable (Notes 20 and 33)	1,000,000	2	2,493,512	4	1,200,000	2
Current portion of long-term borrowings (Notes 19 and 33)	999,429	1	997,159	2	600,000	1
Other current liabilities (Notes 21 and 32)	55,658	-	77,358	-	62,705	-
Total current liabilities	14,690,239	23	16,110,929	26	15,361,914	26
NON-CURRENT LIABILITIES						
Bonds payable (Notes 20 and 33)	-	-	1,000,000	2	3,454,937	6
Long-term borrowings (Notes 19 and 33)	14,846,606	24	12,749,762	21	11,696,733	19
Deferred tax liabilities (Notes 3 and 26)	1,633,110	3	1,388,989	2	1,230,963	2
Other non-current liabilities (Notes 21 and 32)	106,854	-	85,108	-	67,540	-
Total non-current liabilities	16,586,570	27	15,223,859	25	16,450,173	27
Total liabilities	31,276,809	50	31,334,788	51	31,812,087	53
EQUITY						
Share capital						
Common shares	14,391,956	23	14,109,761	23	13,698,797	22
Capital surplus	3,498,252	5	3,498,174	6	3,498,174	6
Retained earnings						
Legal reserve	2,575,473	4	2,358,917	4	2,189,631	4
Special reserve	2,461,168	4	1,931,285	3	1,931,285	3
Unappropriated earnings	2,925,210	5	4,095,216	7	3,596,568	6
Total retained earnings	7,961,851	13	8,385,418	14	7,717,484	13
Other equity	5,900,851	9	3,659,643	6	3,773,795	6
Treasury shares	(97,110)	-	(97,110)	-	(97,110)	-
Total equity	31,655,800	50	29,555,886	49	28,591,140	47
TOTAL	$ 62,932,609	100	$ 60,890,674	100	$ 60,403,227	100

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

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

FAR EASTERN DEPARTMENT STORES, LTD.

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 24 and 32)	$ 10,193,869	100	$ 9,654,548	100
OPERATING COSTS (Notes 3, 10, 25 and 32)	3,559,957	35	3,403,138	35
GROSS PROFIT	6,633,912	65	6,251,410	65
OPERATING EXPENSES (Notes 3, 22, 25 and 32)				
Selling and marketing expenses	470,142	4	502,273	5
General and administrative expenses	4,576,040	45	4,480,189	47
Total operating expenses	5,046,182	49	4,982,462	52
OPERATING PROFIT	1,587,730	16	1,268,948	13
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	143,061	1	134,955	1
Other gains and losses (Notes 3, 25 and 32)	61,343	1	106,047	1
Finance costs (Notes 25 and 32)	(214,344)	(2)	(230,803)	(2)
Share of the profit or loss of subsidiaries and associates (Note 3)	215,859	2	1,134,449	12
Total non-operating income and expenses	205,919	2	1,144,648	12
PROFIT BEFORE INCOME TAX	1,793,649	18	2,413,596	25
INCOME TAX EXPENSE (Notes 3 and 26)	264,584	3	227,757	3
NET PROFIT FOR THE YEAR	1,529,065	15	2,185,839	22
OTHER COMPREHENSIVE INCOME (LOSS), NET (Notes 22, 23 and 26)				
Unrealized (loss) gain on available-for-sale financial assets	(8,877)	-	186,872	2
Revaluation gain	2,328,026	23	-	-
Actuarial (loss) gain arising from defined benefit plans	(31,472)	-	5,031	-

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FAR EASTERN DEPARTMENT STORES, LTD.

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 subsidiaries and associates	$ 57,423	1	$ (310,811)	(3)
Income tax relating to components of other comprehensive income	(151,706)	(2)	(855)	-
Other comprehensive income (loss) for the year, net of income tax	2,193,394	22	(119,763)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 3,722,459	37	$ 2,066,076	21
EARNINGS PER SHARE (Note 27)				
Basic	$ 1.07		$ 1.53	
Diluted	$ 1.07		$ 1.52	

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

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

FAR EASTERN DEPARTMENT STORES, LTD.

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

			Retained Earnings (Notes 3, 23, 26 and 28)			Other Equity (Note 23)				
	Share Capital (Note 23)	Capital Surplus (Note 23)	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 23)	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
Effect of retrospective application and retrospective restatement	-	-	-	-	509,608	-	-	-	-	509,608
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
Appropriation of the 2012 earnings										
Legal reserve	-	-	169,286	-	(169,286)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,095,903)	-	-	-	-	(1,095,903)
Share dividends	410,964	-	-	-	(410,964)	-	-	-	-	-
Adjustments resulting from investments in subsidiaries and associates accounted for using the equity method	-	-	-	-	(2,011)	-	-	-	-	(2,011)
Acquisition of partly owned subsidiaries (Note 28)	-	-	-	-	(3,416)	-	-	-	-	(3,416)
Net profit for the year ended December 31, 2013	-	-	-	-	2,185,839	-	-	-	-	2,185,839
Other comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	(5,611)	81,935	(196,087)	-	-	(119,763)
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
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	-	-	-	-	(1,622,623)	-	-	-	-	(1,622,623)
Share dividends	282,195	-	-	-	(282,195)	-	-	-	-	-
Adjustments resulting from investments in subsidiaries and associates accounted for using the equity method	-	78	-	-	-	-	-	-	-	78
Net profit for the year ended December 31, 2014	-	-	-	-	1,529,065	-	-	-	-	1,529,065
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	(47,814)	60,743	9,495	2,170,970	-	2,193,394
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

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

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

FAR EASTERN DEPARTMENT STORES, LTD.

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	$ 1,793,649	$ 2,413,596
Adjustments for:		
Depreciation expenses	1,252,030	1,229,410
Amortization expenses	5,377	1,527
Finance costs	214,344	230,803
Interest income	(2,966)	(4,045)
Dividend income	(140,095)	(130,910)
Share of the profit of subsidiaries and associates	(215,859)	(1,134,449)
Loss on disposal of property, plant and equipment	2,662	20,198
Loss on disposal of investment properties	42	97
Impairment loss on financial assets	2,055	1,027
Gain on change in fair value of investment properties	(4,469)	(47,800)
Amortization of prepayments	8,786	9,023
Reversal of deferred revenue	(6,257)	(7,285)
Net changes in operating assets and liabilities		
Notes receivable	26,127	2,295
Trade receivables	(2,591)	267,005
Trade receivables from related parties	3,637	(1,489)
Other receivables	19,084	157,339
Inventories	(28,503)	45,225
Prepayments	(1,580)	13,351
Other current assets	6,650	(16,081)
Prepaid pension costs	5,294	5,412
Trade payables	16,587	(519,529)
Trade payables to related parties	(111)	(24,610)
Other payables	(43,450)	44,847
Advance receipts	196,800	272,038
Deferred revenue	14,892	6,257
Other current liabilities	(21,700)	14,653
Cash generated from operations	3,100,435	2,847,905
Interest paid	(268,123)	(162,424)
Interest received	995	3,492
Dividends received	1,226,802	473,064
Income tax returned	-	34,902
Income tax paid	(62,200)	(5,763)
Net cash generated from operating activities	3,997,909	3,191,176
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in debt investments with no active market	(777)	(191,594)
Purchase of financial assets measured at cost	-	(50,000)
Purchase of investments accounted for using the equity method	(180,000)	(273,949)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

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

	For the Years Ended December 31	
	2014	**2013 (Restated)**
Payments for property, plant and equipment	$ (1,044,231)	$ (2,261,957)
Proceeds from disposal of property, plant and equipment	375	4,608
Payments for intangible assets	(21,780)	(3,541)
Payments for investment properties	(42)	(181)
Decrease in other non-current assets	6,692	10,934
Net cash used in investing activities	(1,239,763)	(2,765,680)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	24,100,000	17,546,000
Repayments of short-term borrowings	(24,950,000)	(17,396,000)
Proceeds from short-term bills payable	11,671,438	8,340,739
Repayments of short-term bills payable	(11,620,469)	(8,441,703)
Repayments of bonds payable	(2,500,000)	(1,200,000)
Proceeds from long-term borrowings	39,499,114	42,500,188
Repayments of long-term borrowings	(37,400,000)	(41,050,000)
Increase in other non-current liabilities	1,080	17,568
Dividends paid	(1,622,612)	(1,096,010)
Net cash used in financing activities	(2,821,449)	(779,218)
NET DECREASE IN CASH	(63,303)	(353,722)
CASH AT BEGINNING OF THE YEAR	516,953	870,675
CASH AT END OF THE YEAR	$ 453,650	$ 516,953

The accompanying notes are an integral part of the 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) in 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 18F., No. 16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan, ROC; its main operating branches are as follows:

Branches	Addresses
Taipei Store	No. 32, Paoching Rd., Taipei City
Mega City Banqiao Store	No. 18 and No. 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 financial statements are presented in the Company’s functional currency, the New Taiwan Dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The 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 policy

The management of the Company considered that the fair value model can provide reliable and more relevant information. Thus, on March 28, 2014, the Company’s board of directors resolved to change the Company’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 on the prior years is set out below:

	As Originally Stated	Adjustment for Investment Properties under the Fair Value Model	Restated
Impact on assets, liabilities and equity			
December 31, 2013			
Investment properties	$ 879,826	$ 891,869	$ 1,771,695
Investments accounted for using the equity method	19,794,815	(251,384)	19,543,431
Impact on total assets	$ 20,674,641	$ 640,485	$ 21,315,126
Deferred tax liabilities	$ 1,278,387	$ 110,602	$ 1,388,989
Impact on total liabilities	$ 1,278,387	$ 110,602	$ 1,388,989
Retained earnings	$ 7,855,535	$ 529,883	$ 8,385,418
Impact on total equity	$ 7,855,535	$ 529,883	$ 8,385,418
January 1, 2013			
Investment properties	$ 933,067	$ 821,748	$ 1,754,815
Investments accounted for using the equity method	19,012,517	(219,092)	18,793,425
Impact on total assets	$ 19,945,584	$ 602,656	$ 20,548,240
Deferred tax liabilities	$ 1,137,915	$ 93,048	$ 1,230,963
Impact on total liabilities	$ 1,137,915	$ 93,048	$ 1,230,963
Retained earnings	$ 7,207,876	$ 509,608	$ 7,717,484
Impact on total equity	$ 7,207,876	$ 509,608	$ 7,717,484
Impact on total comprehensive income			
For the year ended December 31, 2013			
Operating costs	$ 3,419,522	$ (16,384)	$ 3,403,138
General and administrative expense	4,486,132	(5,943)	4,480,189
Other gains and losses	58,253	47,794	106,047

(Continued)

	As Originally Stated	Adjustment for Investment Properties under the Fair Value Model	Restated
Share of the profit or loss of subsidiaries and associates	$ 1,166,741	$ (32,292)	$ 1,134,449
Income tax expense	210,203	17,554	227,757
Impact on net profit for the year	2,165,564	20,275	2,185,839
Impact on other comprehensive income (loss) for the year, net of income tax	-	-	-
Impact on total comprehensive income for the year	$ 2,165,564	$ 20,275	$ 2,185,839
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 Company 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 IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009
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 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013

(Continued)

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
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 and 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 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	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, revised or amended 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 Company'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) Amendment 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 Company will apply the above amendments starting from 2015, items not expected to be reclassified to profit or loss are remeasurements of defined benefit plans, revaluation gains, share of the actuarial gains or losses of subsidiaries and associates as well as the related income tax on such items. Items expected to be reclassified to profit or loss are unrealized gains (loss) on available-for-sale financial assets and share of the other comprehensive income (loss) of subsidiaries and 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 Company to calculate a "net interest" amount by applying the discount rate to 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; investments accounted for using the equity method for an increase of $10,990 thousand and $12,374 thousand, respectively; retained earnings for an increase of $11,253 thousand and $12,704 thousand, respectively. The Company would include the adjustment in operating expenses for an increase of $2,681 thousand, share of the profit or loss of subsidiaries and associates for a decrease of $1,943 thousand in 2014. In addition, in preparing the financial statements for the year ended December 31, 2015, the Company 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 Company has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the 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
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)
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	January 1, 2016
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

(Continued)

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
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 27 "Equity Method in Separate Financial Statements"	January 1, 2016
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 Company'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 debt instruments invested by the Company, the debt instruments should be measured at the fair value through profit or loss. However, the Company 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 Company 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 Company should measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. The Company should always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables.

2) Amendments 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 Company 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 Company 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 Company 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 parent company only financial statements were authorized for issue, the Company 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 Company completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

In preparing its financial statements, the Company applied the equity method to account for its investments in subsidiaries and associates. The profit or loss, other comprehensive income and equity for the years ended December 31, 2014 and 2013 in these financial statements should be the same as the profit or loss, other comprehensive income and equity attributable to the Company in the consolidated financial statements. In order to comply previous rule, the differences in accounting treatment would be adjusted to "investments accounted for using the equity method", "share of the profit or loss of subsidiaries and associates", "share of other comprehensive income of subsidiaries and associates" and related equity items.

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 financial statements are authorized for issue; and

c. Liabilities for which the Company 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.

Foreign Currencies

In preparing the financial statements, transactions in currencies other than Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of 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 financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries and associates in other countries or currencies used different with the Company) 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.

Inventories

Inventories are stated at the lower of cost or net realizable value, using the retail method. Inventory write downs are made item by retailing department. Net realizable value is determined as normal market value minus predicted selling expenses.

Investments Accounted for Using the Equity Method

The Company uses the equity method of accounting to recognize the investments in subsidiaries and associates.

a. Investments in subsidiaries

   A subsidiary is an entity over which the Company has control.

   Under the equity method, an investment in a subsidiary is initially recognized at cost and is adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. In addition, the Company recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

   Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the Company's interests and the fair value of the consideration paid or received is recognized directly in equity.

   When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for using the equity method and long-term interests that, in substance from part of the Company's net investment in the subsidiary), the proportionate share of losses are recognized.

   The acquisition cost in excess of acquisition-date fair value of the identifiable net assets and liabilities acquired is recognized as goodwill. Goodwill is not amortized. The acquisition date fair value of the net identifiable assets and liabilities acquired in excess of the acquisition cost is recognized immediately in profit or loss.

   When the Company ceases to have control over a subsidiary, any retained investment is measured at fair value at that date and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is included in the determination of the gain or loss. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

   Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream with a subsidiary and sidestream transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

b. Investments in associates

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

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

When the Company 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 Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company'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 subsidiary 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 using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company'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 using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Company'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 Company'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 Company 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 Company 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 subsidiary had directly disposed of the related assets or liabilities.

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

Interests in Joint Ventures

Jointly controlled assets

The assets recognized in the financial statements in relation to the Company'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. The share of jointly controlled liabilities;

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 liabilities; 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 and/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.

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 the 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.

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. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life. The effect of changes in accounting estimation is accounted for on a prospective basis.

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

At the end of each reporting period, the Company 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 Company 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.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company 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 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.

Financial assets

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

a. Measurement category

   The Company's financial assets are classified into: Available-for-sale financial assets and loans and receivables.

1) 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 foreign currency exchange rates, interest income calculated using the effective interest method and 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 31 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 Company'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 can not 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.

2) Loans and receivables

Loans and receivables (including notes and trade receivables, other receivables cash, 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.

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 Company'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 receivable 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 receivable that are written off against the allowance account.

c. Derecognition of financial assets

The Company 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

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 Company 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 and 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.

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 Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

   2) The Company 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 Company; and

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

   In general, revenue from the sale of goods should be recognized when the goods are delivered and a transfer of risks and rewards are completed.

Sales of goods that result in award credits for customers, under the Company'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 Company'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 shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company 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 Company 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 Company as a lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the 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 Company as lessee

Assets held under finance leases are initially recognized as assets of the Company 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 balance sheets as a finance lease obligation. Contingent rents are recognized as expensed in the period in which they are incurred.

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 Company assesses the classification of each element as a 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 Company.

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 balance sheets represents the present value of the defined benefit obligation as adjusted for 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 year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the 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 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 Company 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 current year 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 Company 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. Where current tax or deferred tax arises from the initial accounting for acquisition subsidiaries, the tax effect is included in the accounting for investment in subsidiaries.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company'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. Income tax

As of December 31, 2014, December 31, 2013 and January 1, 2013, there had been no deferred tax assets recognized on deductible temporary differences of $87,651 thousand, $90,063 thousand and $75,191 thousand, respectively. The reliability 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.

b. Impairment of tangible and intangible assets

For impairment test of assets, the Company evaluates and decides the independent cash flows of certain assets, 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 Company's strategy may cause significant impairment loss.

c. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Company 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.

d. Useful lives of property, plant and equipment

As described in Note 4 property, plant and equipment to the financial statements, the Company 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 Company in 2014 and 2013.

e. Impairment of investment accounted for using the equity method

The Company 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 Company's management evaluates the impairment based on the estimated future cash flow expected to be generated by the investee company, including future cash flow estimated by the associate's management. The Company 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 net defined benefit assets under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, dismission rate and long-term average future salary increase. 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 assets.

g. Deferred tax on investment properties

Deferred tax assets or liabilities are generated on the fair value measurement of investment properties. After the Company reviews the investment properties held for own-occupation, the Company 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

	December 31, 2014	December 31, 2013	January 1, 2013
Cash on hand and revolving funds	$ 97,141	$ 100,133	$ 207,072
Checking accounts and demand deposits	356,509	416,820	663,603
	$ 453,650	$ 516,953	$ 870,675

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Cash in bank	0.01%-0.70%	0.01%-0.45%	0.01%-0.75%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2014	December 31, 2013	January 1, 2013
Listed and OTC shares	$ 3,245,377	$ 3,254,254	$ 3,067,382
Current	$ 251,769	$ 285,698	$ 254,779
Non-current	2,993,608	2,968,556	2,812,603
	$ 3,245,377	$ 3,254,254	$ 3,067,382

Refer to Note 33 for the information on the carrying amount of available-for-sale financial assets that had been pledged as security.

8. DEBT INVESTMENT WITH NO ACTIVE MARKET - CURRENT

	December 31, 2014	December 31, 2013	January 1, 2013
Pledged deposits	$ 192,371	$ 191,594	$ -

a. As of December 31, 2014 and 2013, the annual market interest rate for debt investments with no active market was 0.45%.

b. Refer to Note 33 for the information on the carrying amount of debt investments with no active market that had been pledged as security.

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

	December 31, 2014	December 31, 2013	January 1, 2013
Notes receivable			
Notes receivable - operating	$ 223	$ 26,350	$ 28,645
Notes receivable - non-operating	1,794	1,794	1,794
Less: Allowance for impairment loss	(1,794)	(1,794)	(1,794)
	$ 223	$ 26,350	$ 28,645
Trade receivables			
Trade receivables	$ 260,831	$ 261,877	$ 527,393
Less: Allowance for impairment loss	(3,575)	(3,575)	(3,575)
	$ 257,256	$ 258,302	$ 523,818
Other receivables			
Other receivables	$ 87,161	$ 350,791	$ 507,577
Less: Allowance for impairment loss	(21,050)	(21,050)	(21,050)
	$ 66,111	$ 329,741	$ 486,527

a. Trade receivables

For the trade receivables balances that were past due at the end of the reporting period, the Company 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 Company 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	$ 42,164	$ 27,498	$ 28,846
31 to 60 days	1,174	2,794	2,345
Later than 61 days	1,540	234	-
	$ 44,878	$ 30,526	$ 31,191

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

Movements of the allowance for impairment loss for trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	$ 25	$ 3,550	$ 3,575
Balance at December 31, 2013	$ 25	$ 3,550	$ 3,575
Balance at December 31, 2014	$ 25	$ 3,550	$ 3,575

The Company's trade receivables pertained to revenues on credit cards and goods coupons. The average credit period for revenue from credit cards was 2 to 3 days, and for goods coupons, 15 days. In determining the recoverability of a trade receivable, the Company considered any change in the credit quality of the trade receivable 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 Company's revenue is on the basis of cash transactions. The revenue generated from the sales by debiting trade receivable is only recognized when authorization is given.

b. Other receivables

For the other receivables balances that were past due at the end of the reporting period, the Company 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 Company did not hold any collateral or other credit enhancements for these balances.

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

	December 31, 2014	December 31, 2013	January 1, 2013
Less than 30 days	$ -	$ -	$ -
31 to 60 days	-	-	-
Later than 61 days	306	310	314
	$ 306	$ 310	$ 314

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

10. INVENTORIES

	December 31, 2014	December 31, 2013	January 1, 2013
Merchandise	$ 413,419	$ 384,916	$ 430,141

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 were $3,440,584 thousand and $3,285,554 thousand, respectively.

11. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31, 2014	December 31, 2013	January 1, 2013
Domestic unlisted common shares	$ 109,488	$ 111,543	$ 62,570

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

Management believed that the above unlisted equity investments held by the Company, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2014	December 31, 2013	January 1, 2013
Investments in subsidiaries	$ 16,891,262	$ 17,415,444	$ 16,777,429
Investments in associates	$ 2,286,005	$ 2,127,987	$ 2,015,996

a. Investments in subsidiaries

	December 31, 2014	December 31, 2013	January 1, 2013
Shares with no quoted market prices			
Bai Yang Investment Co., Ltd. ("Bai Yang Investment")	$ 8,099,536	$ 8,677,360	$ 8,668,025
Pacific Liu Tong Investment Co., Ltd. ("Pacific Liu Tong Investment")	3,658,675	3,702,910	3,340,740
Bai Ding Investment Co., Ltd. ("Bai Ding Investment")	2,599,719	2,711,494	2,679,554
Far Eastern Ai Mai Co., Ltd. ("Far Eastern Ai Mai")	1,849,775	1,829,177	1,807,774
FEDS Development Ltd. ("FEDS Development")	1,187,339	953,416	747,267
Yu Ming Advertising Agency Co., Ltd. ("Yu Ming Advertising Agency")	105,435	102,686	101,698
Far Eastern CitySuper Co., Ltd. ("Far Eastern CitySuper")	38,995	20,399	5,180
Far Eastern Hon Li Do Co., Ltd. ("Far Eastern Hon Li Do")	11,370	10,567	9,530
Ya Tung Department Stores, Ltd.	(20,666)	52,308	13,196
Asians Merchandise Company (AMC)	4,414	4,119	3,975
	17,534,592	18,064,436	17,376,939
Add: Credit balance on carrying values of investments accounted for using the equity method reclassified to other liabilities	20,666	-	-
Less: Common shares held by subsidiaries and reclassified from long-term investments to treasury shares			
Bai Ding Investment	97,110	97,110	97,110
	17,458,148	17,967,326	17,279,829
Less: The differences of accounting treatments from the consolidated financial statements (Note)	566,886	551,882	502,400
	$ 16,891,262	$ 17,415,444	$ 16,777,429

Note: Refer to Note 4 for the information on the differences of accounting treatments from the consolidated financial statements.

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

Name of Subsidiaries	December 31, 2014	December 31, 2013	January 1, 2013
Bai Yang Investment	100%	100%	100%
Pacific Liu Tong Investment	35%	35%	35%
Bai Ding Investment	67%	67%	67%
Far Eastern Ai Mai	100%	100%	100%
FEDS Development	76%	76%	76%
Yu Ming Advertising Agency	100%	100%	100%
Far Eastern CitySuper	96%	96%	95%
Far Eastern Hon Li Do	56%	56%	56%
Ya Tung Department Stores, Ltd.	100%	100%	100%
AMC	100%	100%	100%

The list of subsidiaries indirectly owned by the Company is shown in Note 35.

The Company had 35% equity interest in Pacific Liu Tung Investment. However, the combined equity in Pacific Liu Tung Investment of the Company and its subsidiaries reached 56.6%; thus, this investee was recognized as an entity over which the Company had control.

In November 2014, Far Eastern Hon Li Do completed the registration of a capital reduction, which resulted in a decrease in the Company's equity in Far Eastern Hon Li Do by 1,759 thousand shares.

In May 2013, Ya Tung Department Stores, Ltd. completed the registration of a capital increase and a capital decrease, simultaneously, which resulted in the increase and decrease in the Company's equity in Ya Tung Department Stores, Ltd. by 12,000 thousand shares and 12,000 thousand shares, respectively, at $10 per share.

In September 2013, Far Eastern CitySuper completed the registration of a capital reduction, and this reduction resulted in a decrease in the Company's equity in Far Easter CitySuper by 7,586 thousand shares. Simultaneously, the Company subscribed for Far Eastern CitySuper's newly issued 8,000 thousand shares at $10 per share, amounting to $80,000 thousand. Thus, the Company's equity in Far Eastern CitySuper increased to 96% and its retained earnings decreased by $3,416 thousand.

b. Investments in associates

	December 31, 2014	December 31, 2013	January 1, 2013
Shares with no quoted market prices			
Oriental Securities Corporation	$ 2,060,415	$ 2,045,079	$ 1,995,492
Yuan Hsin Digital Payment Co., Ltd. (“Yuan Hsin Digital Payment”)	202,401	45,000	-
Ding Ding Integrated Marketing Service Co. (“Ding Ding Integrated”)	20,085	19,329	15,995
Far Eastern Electronic Commerce Co., Ltd. (“Far Eastern Electronic”)	3,104	18,579	4,509
	$ 2,286,005	$ 2,127,987	$ 2,015,996

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

Name of Associates	December 31, 2014	December 31, 2013	January 1, 2013
Oriental Securities Corporation	20%	20%	20%
Yuan Hsin Digital Payment	15%	16%	-
Ding Ding Integrated	10%	10%	10%
Far Eastern Electronic	11%	11%	10%

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

	December 31, 2014	December 31, 2013	January 1, 2013
Total assets	$ 19,116,708	$ 17,497,688	$ 16,384,676
Total liabilities	$ 7,058,242	$ 6,734,338	$ 6,031,380

	For the Years Ended December 31	
	2014	2013
Operating revenue	$ 3,152,984	$ 1,204,039
Net income	$ 101,066	$ 263,996
Other comprehensive income	$ 18,599	$ 31,754
Share of the profit or loss of associates	$ 3,750	$ 7,862

The Company and its indirect subsidiary (Pacific Sogo Department Stores Co., Ltd. (SOGO)) owned a total of 20% of the outstanding common shares of Ding Ding Integrated, Far Eastern Electronic and Yuan Hsin Digital Payment. Thus, the Company accounted for its investment in those companies by the equity method.

The Company subscribed for Yuan Hsin Digital Payment by 18,000 thousand shares in June 2014 and by 4,500 thousand shares in March 2013, amounting to $180,000 thousand and $45,000 thousand, respectively.

In July 2013, Far Eastern Electronic completed the registration of a capital reduction, which resulted in the decrease in the Company's equity in Far Eastern Electronic by 1,042 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 Company subscribed for Far Eastern Electronic's 2,895 thousand shares, amounting to $28,949 thousand. Because the Company's subscription was non-proportional, the Company's equity in Far Eastern Electronic increased to 11% and retained earnings decreased by $1,507 thousand.

Refer to Note 33 for the information on the carrying amount of investments accounted for using the equity method that had been pledged as security.

13. JOINT VENTURE

In February 2005, the Company entered into a contract with Far Eastern Construction to build a mall and an office building on 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 assets recognized in the financial statements in relation to the Company's interests in jointly controlled assets were 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

14. 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	$ 8,352,059	$ 8,666,329	$ 5,241,621	$ 5,713,194	$ 5,722,547	$ 466,904	$ 4,167,207	$ 38,329,861
Additions (deductions)	-	(907)	46,666	256,658	126	20,419	1,327,833	1,650,795
Disposals	-	(306)	(26,380)	(248,063)	-	(39,190)	-	(313,939)
Reclassification	1,356	18,639	10,653	-	-	-	-	30,648
Balance at December 31, 2013	$ 8,353,415	$ 8,683,755	$ 5,272,560	$ 5,721,789	$ 5,722,673	$ 448,133	$ 5,495,040	$ 39,697,365
Accumulated depreciation and impairment								
Balance at January 1, 2013	$ -	$ (1,314,095)	$ (1,725,588)	$ (2,898,879)	$ (1,169,871)	$ (248,821)	$ -	$ (7,357,254)
Disposals	-	19	24,128	226,519	-	38,467	-	289,133
Depreciation expense	-	(148,751)	(404,053)	(600,572)	(200,221)	(48,587)	-	(1,402,184)
Balance at December 31, 2013	$ -	$ (1,462,827)	$ (2,105,513)	$ (3,272,932)	$ (1,370,092)	$ (258,941)	$ -	$ (8,470,305)
Carrying amount at January 1, 2013	$ 8,352,059	$ 7,352,234	$ 3,516,033	$ 2,814,315	$ 4,552,676	$ 218,083	$ 4,167,207	$ 30,972,607
Carrying amount at December 31, 2013	$ 8,353,415	$ 7,220,928	$ 3,167,047	$ 2,448,857	$ 4,352,581	$ 189,192	$ 5,495,040	$ 31,227,060
Cost								
Balance at January 1, 2014	$ 8,353,415	$ 8,683,755	$ 5,272,560	$ 5,721,789	$ 5,722,673	$ 448,133	$ 5,495,040	$ 39,697,365
Additions (deductions)	-	(4,741)	57,966	251,425	(4,792)	18,937	1,613,947	1,932,742
Disposals	-	-	(28,239)	(253,902)	-	(19,069)	-	(301,210)
Reclassification	(399,463)	676,990	252,716	59,560	-	3,292	(5,227,423)	(4,634,328)
Balance at December 31, 2014	$ 7,953,952	$ 9,356,004	$ 5,555,003	$ 5,778,872	$ 5,717,881	$ 451,293	$ 1,881,564	$ 36,694,569
Accumulated depreciation and impairment								
Balance at January 1, 2014	$ -	$ (1,462,827)	$ (2,105,513)	$ (3,272,932)	$ (1,370,092)	$ (258,941)	$ -	$ (8,470,305)
Disposals	-	-	26,723	252,903	-	18,547	-	298,173
Depreciation expense	-	(151,529)	(414,021)	(616,659)	(200,079)	(49,343)	-	(1,431,631)
Balance at December 31, 2014	$ -	$ (1,614,356)	$ (2,492,811)	$ (3,636,688)	$ (1,570,171)	$ (289,737)	$ -	$ (9,603,763)
Carrying amount at December 31, 2014	$ 7,953,952	$ 7,741,648	$ 3,062,192	$ 2,142,184	$ 4,147,710	$ 161,556	$ 1,881,564	$ 27,090,806

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

Buildings	55 years
Buildings and facilities	8 to 15 years
Decorative facilities	6 years
Equipment held under finance lease	20 to 50 years
Plant, transportation, and miscellaneous equipment	5 to 8 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 33 for the information on the carrying amount of property, plant and equipment that had been pledged as security.

15. INVESTMENT PROPERTIES

	Land	Buildings and Facilities	Total
Balance at January 1, 2013 (Note 3)	$ 1,327,323	$ 427,492	$ 1,754,815
Additions (deductions)	-	(175)	(175)
Disposals	-	(97)	(97)
Reclassifications	(1,356)	(29,292)	(30,648)
Gain on change in fair value of investment properties	36,411	11,389	47,800
Balance at December 31, 2013 (Note 3)	$ 1,362,378	$ 409,317	$ 1,771,695
Balance at January 1, 2014	$ 1,362,378	$ 409,317	$ 1,771,695
Additions	-	42	42
Disposals	-	(42)	(42)
Transferred from property, plant and equipment	4,451,635	2,507,145	6,958,780
Gain (loss) on change in fair value of investment properties	29,984	(25,515)	4,469
Balance at December 31, 2014	$ 5,843,997	$ 2,890,947	$ 8,734,944

Some of the Company's investment properties had been leased out under operating leases in the lease term of 3 to 20 years. Except from the minimum lease payments, some of the Company's lease contracts included contingent lease clauses, and the Company 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 $39,907 thousand and $40,421 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	$ 40,950	$ 40,996	$ 40,329
Later than 1 year but not later than 5 years	149,069	152,462	156,009
	$ 190,019	$ 193,458	$ 196,338

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	$ 21,731,278	$ 2,348,995	$ 2,326,793
Expected future cash outflows	2,663,071	180,988	184,089
Expected future cash inflows, net	$ 19,068,207	$ 2,168,007	$ 2,142,704
Discount rate	4.625-4.8%	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 Company and comparative market rentals covering 7 to 10 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 one-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 house taxes, insurance premium, management fee, maintenance costs and replacement allowance. 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 two-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 Company, 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
Interest rate	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 33 for the information on the carrying amount of investment properties that had been pledged as security.

16. INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2013	$ 4,350
Additions	3,541
Balance at December 31, 2013	$ 7,891
Accumulated amortization and impairment	
Balance at January 1, 2013	$ (870)
Amortization	(1,527)
Balance at December 31, 2013	$ (2,397)
Carrying amount balance at January 1, 2013	$ 3,480
Carrying amount balance at December 31, 2013	$ 5,494
Cost	
Balance at January 1, 2014	$ 7,891
Additions	21,780
Balance at December 31, 2014	$ 29,671
Accumulated amortization and impairment	
Balance at January 1, 2014	$ (2,397)
Amortization	(5,377)
Balance at December 31, 2014	$ (7,774)
Carrying amount balance at December 31, 2014	$ 21,897

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

Computer software	5 years

17. LONG-TERM PREPAYMENTS FOR LEASE

	December 31, 2014	December 31, 2013	January 1, 2013
A13 land use rights	$ 2,423,382	$ 2,485,787	$ 2,548,191

In September 2003, the Company acquired the land use rights 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.

18. OTHER ASSETS

	December 31, 2014	December 31, 2013	January 1, 2013
Refundable deposits (Note 29)	$ 167,989	$ 163,434	$ 163,445
Leasing incentives	28,989	40,236	51,159
Long-term prepayments	10,048	15,076	23,623
Others	15,151	21,801	5,976
	$ 222,177	$ 240,547	$ 244,203
Current	$ 15,151	$ 21,801	$ 5,720
Non-current	207,026	218,746	238,483
	$ 222,177	$ 240,547	$ 244,203

19. BORROWINGS

a. Short-term borrowings

	December 31, 2014	December 31, 2013	January 1, 2013
Credit loans	$ 1,800,000	$ 2,000,000	$ 2,000,000
Secured loans (Note 33)	-	650,000	500,000
	$ 1,800,000	$ 2,650,000	$ 2,500,000
Interest rate intervals are as follows:			
Credit loans	1.05%-1.15%	1.047%-1.160%	0.962%-1.160%
Secured loans	-	1.160%	1.160%

b. Short-term bills payable

	December 31, 2014	December 31, 2013	January 1, 2013
Commercial papers	$ 1,650,000	$ 1,600,000	$ 1,700,000
Less: Unamortized discount on bills payable	540	1,509	545
	$ 1,649,460	$ 1,598,491	$ 1,699,455

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	$ 600,000	$ 250	$ 599,750	0.83%	-	$ -
China Bills Finance	350,000	67	349,933	0.75%	-	-
Grand Bills Finance	300,000	113	299,887	0.84%	-	-
Taiwan Finance	200,000	37	199,963	0.90%	-	-
Taiwan Cooperative Bills Finance	200,000	73	199,927	0.88%	-	-
	$ 1,650,000	$ 540	$ 1,649,460			$ -

December 31, 2013

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Commercial papers						
Mega Bills Finance	$ 600,000	$ 268	$ 599,732	1.01%	-	$ -
China Bills Finance	350,000	621	349,379	0.75%	-	-
Grand Bills Finance	300,000	337	299,663	0.83%	-	-
Taiwan Finance	200,000	30	199,970	0.92%	-	-
Taiwan Cooperative Bills Finance	150,000	253	149,747	0.90%	-	-
	$ 1,600,000	$ 1,509	$ 1,598,491			$ -

January 1, 2013

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Commercial papers						
Mega Bills Finance	$ 600,000	$ 261	$ 599,739	0.90%	-	$ -
China Bills Finance	350,000	80	349,920	0.79%	-	-
Grand Bills Finance	300,000	130	299,870	0.83%	-	-
International Bills Finance	200,000	41	199,959	0.85%	-	-
Taiwan Finance	150,000	30	149,970	0.88%	-	-
Taiwan Cooperative Bills Finance	100,000	3	99,997	0.88%	-	-
	$ 1,700,000	$ 545	$ 1,699,455			$ -

c. Long-term borrowings

	December 31, 2014	December 31, 2013	January 1, 2013
Secured loans	$ 12,850,000	$ 10,450,000	$ 5,200,000
Revolving commercial papers	1,996,035	1,996,921	1,996,733
Credit loans	1,000,000	1,300,000	5,100,000
	15,846,035	13,746,921	12,296,733
Less: Current portion	999,429	997,159	600,000
Long-term borrowings	$ 14,846,606	$ 12,749,762	$ 11,696,733

Interest rate intervals are as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Secured loans	1.080%-1.801%	1.050%-1.801%	1.160%-1.723%
Revolving commercial papers	0.952%-1.000%	0.882%-1.000%	0.882%-1.000%
Credit loans	1.720%-1.780%	1.050%-1.780%	1.050%-1.780%

In November 2012, the Company and three of its related parties - Bai Ding Investment, Bai Yang Investment and FEDS Asia Pacific Development Co., Ltd. (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 credit, with floating interest rate and maturity in November 2015. As of December 31, 2014, Bai Ding Investment had made a drawdown of $165,000 thousand.

Beside the loan of the above unsecured syndicated loan contract, the Company had already signed medium and long-term loan contracts and allowed the extension of the repayment deadlines for these loans.

20. BONDS PAYABLE

	December 31, 2014	December 31, 2013	January 1, 2013
a. Secured domestic bonds payable	$ 1,000,000	$ 1,000,000	$ 2,200,000
b. Unsecured domestic convertible bonds payable	-	2,500,000	2,500,000
Less: Unamortized discount on convertible bonds	-	6,488	45,063
	1,000,000	3,493,512	4,654,937
Less: Current portion	1,000,000	2,493,512	1,200,000
	$ -	$ 1,000,000	$ 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 was 2.75%, payable annually. The secured domestic bonds payable were repaid 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.

b. Unsecured domestic convertible bonds payable

On March 3, 2011, the Company issued 3-year unsecured domestic convertible bonds payable (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 at 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 the 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.

21. OTHER LIABILITIES

	December 31, 2014	December 31, 2013	January 1, 2013
Other payables			
Balance payable - property	$ 1,130,674	$ 406,941	$ 1,177,932
Balance payable - salary and bonus	358,700	346,126	225,516
Balance payable - remuneration to directors and supervisors	157,504	165,180	151,947
Balance payable - bonus to employees	87,863	114,317	95,218

(Continued)

	December 31, 2014	December 31, 2013	January 1, 2013
Rental payables	$ 36,931	$ 21,998	$ 26,073
Dividend payables	21,844	21,834	21,941
Others	694,195	688,915	666,318
	$ 2,487,711	$ 1,765,311	$ 2,364,945
Deferred revenue			
Arising from customer loyalty program	$ 14,892	$ 6,257	$ 7,285
Other liabilities			
Leasing incentives	$ 46,455	$ 46,455	$ 29,137
Deposits received	39,733	38,653	38,403
Credits balance on carrying values of investments accounted for using the equity method	20,666	-	-
Others	55,658	77,358	62,705
	$ 162,512	$ 162,466	$ 130,245
Current			
Other payables	$ 2,487,711	$ 1,765,311	$ 2,364,945
Deferred revenue	$ 14,892	$ 6,257	$ 7,285
Other liabilities	$ 55,658	$ 77,358	$ 62,705
Non-current			
Other liabilities	$ 106,854	$ 85,108	$ 67,540

(Concluded)

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company 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.

b. Defined benefit plans

The Company 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 Company contributes amounts equal to 2% 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 principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Discount rates	1.750%	1.750%	1.500%
Expected return on plan assets	2.000%	2.000%	1.875%
Expected rates of salary increase	2.000%	2.000%	2.000%

The assessment of the overall expected rate of return was based on historical return trends and analysts' 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:

	For the Years Ended December 31	
	2014	2013
Current service cost	$ 11,942	$ 12,767
Interest cost	14,335	12,115
Expected return on plan assets	(20,916)	(19,403)
Past service cost	(67)	(67)
	$ 5,294	$ 5,412
An analysis by function		
Operating expenses	$ 5,294	$ 5,412

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2014 and 2013 was $(26,122) thousand and $4,176 thousand, respectively. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2014 and 2013 was $(143,463) thousand and $(117,341) thousand, respectively.

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans was as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Present value of the defined benefit obligations	$ 844,876	$ 822,008	$ 812,197
Fair value of plan assets	(1,030,658)	(1,044,623)	(1,035,260)
(Surplus) deficit	(185,782)	(222,615)	(223,063)
Unrecognized past service cost	263	330	397
Prepaid pension costs	$ (185,519)	$ (222,285)	$ (222,666)

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

	For the Years Ended December 31	
	2014	**2013**
Opening defined benefit obligation	$ 822,008	$ 812,197
Current service cost	11,942	12,767
Interest cost	14,335	12,115
Actuarial loss	23,719	6,788
Benefits paid	(27,128)	(21,859)
Closing defined benefit obligation	$ 844,876	$ 822,008

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

	For the Years Ended December 31	
	2014	**2013**
Opening fair value of plan assets	$ 1,044,623	$ 1,035,260
Expected return on plan assets	20,916	19,403
Gains (losses) on plan assets	(7,753)	11,819
Benefits paid	(27,128)	(21,859)
Closing fair value of plan assets	$ 1,030,658	$ 1,044,623

Actual returns on plan assets recognized for the years ended December 31, 2014 and 2013 was $13,163 thousand and $31,222 thousand, respectively.

The major categories of plan assets at the end of the reporting period for each category were disclosed as follows:

	December 31, 2014	**December 31, 2013**	**January 1, 2013**
Cash	5.31	2.37	0.45
Equity instruments	94.67	97.42	98.82
Debt instruments	0.01	0.09	0.41
Fixed-income instruments	0.01	0.11	0.31
Others	0.00	0.01	0.01
	100.00	100.00	100.00

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

	December 31, 2014	**December 31, 2013**	**January 1, 2013**	**January 1, 2012**
Present value of defined benefit obligation	$ 844,876	$ 822,008	$ 812,197	$ 741,192
Fair value of plan assets	$ 1,030,658	$ 1,044,623	$ 1,035,260	$ 1,111,524
(Surplus) deficit	$ (185,782)	$ (222,615)	$ (223,063)	$ (370,332)

(Continued)

	December 31, 2014	December 31, 2013	January 1, 2013	January 1, 2012
Experience adjustments on plan liabilities	$ (18,500)	$ (21,650)	$ (61,114)	$ -
Experience adjustments on plan assets	$ (7,753)	$ 11,819	$ (85,292)	$ -

(Concluded)

23. 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 a right to dividend.

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 subsidiaries and 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 Subsidiaries and 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 subsidiaries and 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	$0.8
Share dividends	282,195	410,964	0.20	0.3

	For the Years 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 Years Ended December 31			
	2013		**2012**	
	Bonus to Employee	**Remuneration to Directors and Supervisors**	**Bonus to Employee**	**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 Years Ended December 31	
	2014	2013
Balance 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 Years Ended December 31	
	2014	2013
Balance at January 1	$ 10,256	$ (71,679)
Share of exchange difference of subsidiaries and associates of accounted for using the equity method	60,743	81,935
Balance at December 31	$ 70,999	$ 10,256

2) Unrealized (loss) gain on available-for-sale financial assets

	For the Years Ended December 31	
	2014	2013
Balance at January 1	$ 3,649,387	$ 3,845,474
Unrealized (loss) gain on available-for-sale financial assets	(8,877)	186,872
Share of unrealized (loss) gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	18,372	(382,959)
Balance at December 31	$ 3,658,882	$ 3,649,387

On unrealized gain (loss) on available-for-sale financial assets, the cumulative gains or losses under generated from the fair value measurement of available-for-sale financial assets that are recognized under other comprehensive income and are deducted from the disposal proceeds or the amount of impairment reclassified to profit or 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. Treasury shares

Bai Ding Investment, a subsidiary of the Company, acquired the Company's shares before the year of 2001, as the Company Law 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	8,207	$ 97,110	$ 231,437
December 31, 2013			
Bai Ding Investment	8,046	$ 97,110	$ 237,336
January 1, 2013			
Bai Ding Investment	7,812	$ 97,110	$ 235,500

Under the Securities and Exchange Law, 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.

24. REVENUE

	For the Years Ended December 31	
	2014	**2013**
Sales of goods (Note)	$ 4,177,594	$ 3,986,469
Commissions from concessionaires' sales	4,914,273	4,697,574
Maintenance and promotion fee income	550,757	468,231
Rental income from property	322,458	358,292
Others	228,787	143,982
	$ 10,193,869	$ 9,654,548

Note: Gross revenue are presented as follows:

	For the Years Ended December 31	
	2014	**2013**
Gross revenue from concessionaires' sales	$ 37,407,814	$ 35,007,552
Sales of goods	4,347,699	4,149,486
	$ 41,755,513	$ 39,157,038

25. NET PROFIT FOR THE YEAR

Net profit for the year included some items as follows:

a. Operating costs

	For the Years Ended December 31	
	2014	**2013**
Operating costs		
Cost of sales	$ 3,440,584	$ 3,285,554
Rental costs	77,915	75,014
Others	41,458	42,570
	$ 3,559,957	$ 3,403,138

b. Other income

	For the Years Ended December 31	
	2014	2013
Dividends income	$ 140,095	$ 130,910
Interest income		
Bank deposits	928	228
Others	2,038	3,817
	$ 143,061	$ 134,955

c. Other gains and losses

	For the Years Ended December 31	
	2014	2013
Gain on change in fair value of investment properties	$ 4,469	$ 47,800
Net foreign exchange (losses) gains	(182)	168
Losses on disposal of investment properties	(42)	(97)
Losses on disposal of property, plant and equipment	(2,662)	(20,198)
Other gains	80,495	93,220
Other losses	(20,735)	(14,846)
	$ 61,343	$ 106,047

d. Financial costs

	For the Years Ended December 31	
	2014	2013
Interest on bank loans (Note 32)	$ 252,603	$ 215,492
Interest on bonds	20,288	77,600
Other interest expenses	43,827	34,880
Interest on financial liabilities measured at amortized cost	316,718	327,972
Less: Capitalized interest	(102,374)	(97,169)
	$ 214,344	$ 230,803

Information about capitalized interest was as follows:

	For the Years Ended December 31	
	2014	2013
Capitalized interest	$ 102,374	$ 97,169
Capitalization rate	1.26%-1.43%	1.26%-1.34%

e. Depreciation and amortization

	For the Years Ended December 31	
	2014	2013
Property, plant and equipment	$ 1,431,631	$ 1,402,184
Less: Adjustment to advance receipts and depreciation	(179,601)	(172,774)
	1,252,030	1,229,410
Intangible assets (including amortization expense)	5,377	1,527
	$ 1,257,407	$ 1,230,937
Depreciation expense categorized by function		
Operating costs	$ 40,581	$ 54,426
Operating expenses	1,211,449	1,174,984
	$ 1,252,030	$ 1,229,410
Amortization expense categorized by function		
Operating expenses	$ 5,377	$ 1,527

f. Operating expenses directly related to investment properties

	For the Years Ended December 31	
	2014	2013
Direct operating expenses from investment properties that generated rental income	$ 757	$ 1,992
Direct operating expenses from investment properties that did not generate rental income	67,213	7,366
	$ 67,970	$ 9,358

g. Employee benefits expenses

	For the Years Ended December 31	
	2014	2013
Retirement benefits (Note 22)		
Defined contribution plans	$ 38,429	$ 38,383
Defined benefit plans	5,294	5,412
	43,723	43,795
Other employee benefits		
Salary	1,194,340	1,235,239
Labour and health insurance	98,982	99,741
Others	38,503	36,725
	1,331,825	1,371,705
Total employee benefit expenses	$ 1,375,548	$ 1,415,500
Categorized by function		
Operating expenses	$ 1,375,548	$ 1,415,500

The Company had 1,794 and 1,823 employees as of December 31, 2014 and 2013, respectively.

26. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Years Ended December 31	
	2014	2013
Current tax		
In respect of the current year	$ 185,067	$ 44,284
Additional income tax on unappropriated earnings	3,858	1,670
In respect of prior periods	5,198	(14,372)
	194,123	31,582
Deferred tax		
In respect of the current year	227,333	182,820
Adjustments to deferred tax attributable to changes in tax rates and laws	(156,872)	13,355
	70,461	196,175
Income tax expense recognized in profit or loss	$ 264,584	$ 227,757

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

	For the Years Ended December 31	
	2014	2013
Profit before income tax	$ 1,793,649	$ 2,413,596
Income tax expense calculated at the statutory rate	$ 304,920	$ 410,311
Unrecognized deductible temporary differences	153,433	15,034
Adjustments for prior years' tax	(151,674)	(1,017)
Land revaluation increment tax	(845)	11,823
Additional income tax on unappropriated earnings	3,858	1,670
Non-deductible expenses and loss on tax	2,250	7,973
Tax-free income	(48,080)	(218,526)
Others	722	489
Income tax expense recognized in profit or loss	$ 264,584	$ 227,757

The applicable tax rate used above is the corporate tax rate of 17% payable by the Company.

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

b. Income tax relating to components of other comprehensive income

	For the Years Ended December 31	
	2014	2013
Current tax		
Revaluation gain	$ (157,056)	$ -
Actuarial gains and losses on defined benefit plans	5,350	(855)
Income tax relating to components of other comprehensive income	$ (151,706)	$ (855)

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Promotion expense on coupons	$ 19,042	$ (1,069)	$ -	$ 17,973
Investments accounted for using the equity method	14,626	15,152	-	29,778
Leasing incentives	7,897	-	-	7,897
Payable - compensated absences	4,187	192	-	4,379
Deferred revenue	1,063	1,468	-	2,531
Others	6,086	861	-	6,947
	$ 52,901	$ 16,604	$ -	$ 69,505
Deferred tax liabilities				
Temporary differences				
Depreciation	$ 767,997	$ 63,292	$ -	$ 831,289
Reserve for land revaluation increment tax	391,157	-	-	391,157
Investment properties	119,321	(5,183)	157,056	271,194
Investments accounted for using the equity method	101,789	30,546	-	132,335
Leasing incentives	8,697	(1,562)	-	7,135
Others	28	(28)	-	-
	$ 1,388,989	$ 87,065	$ 157,056	$ 1,633,110

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Investments accounted for using the equity method	$ 56,255	$ (41,629)	$ -	$ 14,626
Promotion expense on coupons	17,965	1,077	-	19,042
Leasing incentives	4,953	2,944	-	7,897
Payable - compensated absences	4,478	(291)	-	4,187
Deferred revenue	1,238	(175)	-	1,063
Others	6,161	(75)	-	6,086
	$ 91,050	$ (38,149)	$ -	$ 52,901
Deferred tax liabilities				
Temporary differences				
Depreciation	$ 651,435	$ 116,562	$ -	$ 767,997
Reserve for land revaluation increment tax	396,282	(5,125)	-	391,157
Investment properties	100,437	18,884	-	119,321
Investments accounted for using the equity method	72,628	29,161	-	101,789
Leasing incentives	10,181	(1,484)	-	8,697
Others	-	28	-	28
	$ 1,230,963	$ 158,026	$ -	$ 1,388,989

d. Deductible temporary differences for which no deferred tax assets has been recognized in the balance sheets

	December 31, 2014	December 31, 2013	January 1, 2013
Deductible temporary differences	$ 516,035	$ 529,783	$ 442,300

e. Integrated income tax information is as follows

	December 31, 2014	December 31, 2013	January 1, 2013
Balance of imputation credits trade	$ 386,608	$ 104,565	$ 174,211

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

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident stockholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of the Imputation Credit Account (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2014 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of the Regulations.

The Company's unappropriated earnings before 1997 were used to offset the 2002 deficit.

f. Income tax assessments

Income tax returns through 2011 had been examined by the tax authorities.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Years 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 Years Ended December 31	
	2014	**2013**
Net profit attributable to owner 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 Years 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 Company offers to settle the bonuses to employees in cash or shares, the Company 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.

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

On the above acquisition, the Company maintained its control over Far Eastern CitySuper; thus, the Company 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)
<u>Adjustments for differences arising from equity transaction</u>	
Unappropriated earnings	$ (3,416)

29. OPERATING LEASE ARRANGEMENTS

a. The Company as lessee

In addition to the transaction described in Note 17 to the financial statements, the Company signed operating lease arrangements with related parties and unrelated parties in line with its business operations.

As of December 31, 2014, December 31, 2013 and January 1, 2013, the deposit paid for operating lease arrangements was $150,000 thousand for each of these dates.

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	$ 739,931	$ 721,096	$ 724,634
Later than 1 year but not later than 5 years	2,086,240	2,407,424	2,629,571
Later than 5 years	7,679,615	8,079,320	8,564,850
	$ 10,505,786	$ 11,207,840	$ 11,919,055

The lease payments recognized in profit or loss were as follows:

	For the Years Ended December 31	
	2014	2013
Minimum lease payments	$ 538,317	$ 533,648
Contingent rentals	2,977	-
	$ 541,294	$ 533,648

Liabilities recognized in respect of non-cancellable operating leases were as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Leasing incentives (Note 21)			
Non-current	$ 46,455	$ 46,455	$ 29,137

b. The Company as lessor

As of December 31, 2014, December 31, 2013 and January 1, 2013, the Company received the deposits from operating leasing contract were $34,200 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	$ 264,484	$ 271,018	$ 233,921
Later than 1 year but not later than 5 years	772,870	865,642	1,375,954
Later than 5 years	1,153,086	1,263,608	701,188
	$ 2,190,440	$ 2,400,268	$ 2,311,063

30. CAPITAL MANAGEMENT

Under its operating development schemes and related government rules, the Company manages its capital to ensure it can continue to operate as a going concern while maximizing the return to stockholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt borrowings and equity of the Company (comprising share capital, capital surplus, retained earnings and other equity). The Company's capital management concerns its the capital expenditures of capital structure and relative risks to ensure the optimal capital structure, the Company 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.

31. FAIR VALUE OF 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 financial statements approximate their fair values or their fair values can not be reliably measured.

	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						
Bonds payable (including current portions)	$ 1,000,000	$ 1,001,509	$ 1,000,000	$ 1,003,716	$ 2,200,000	$ 2,215,492

2) Fair value measurements recognized in the 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
Available-for-sale financial assets				
Listed common shares				
Equity investments	$ 3,245,377	$ -	$ -	$ 3,245,377

December 31, 2013

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Listed common shares				
Equity investments	$ 3,254,254	$ -	$ -	$ 3,254,254

January 1, 2013

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Listed common shares				
Equity investments	$ 3,067,382	$ -	$ -	$ 3,067,382

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. Categories financial instruments

	December 31, 2014	December 31, 2013	January 1, 2013
Financial assets			
Loans and receivables (Note 1)	$ 1,124,619	$ 1,475,451	$ 2,064,380
Available-for-sale financial assets (Note 2)	3,354,865	3,365,797	3,129,952
Financial liabilities			
Measured at amortized cost (Note 3)	26,233,238	26,686,711	27,492,435

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

Note 2: The balances included the carrying amounts of available-for-sale financial assets measured at cost.

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

c. Financial risk management objectives and policies

The Company's financial risk management pertains to the management of operations-related risks (including foreign currency, interest rate and other price risks) and credit and liquidity risks. To reduce financial risk, the Company is committed to identifying, assessing and avoiding market uncertainties and reducing the negative effects of these market changes on the Company's financial performance.

The main financial activities of the Company are governed by the Company's internal management and approved by the board of directors. The financial schemes, which include fund raising plans should be carried out in compliance with the Company's policies.

1) Market risk

a) Interest rate risk

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

The carrying amount of the Company'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**
Fair value risk			
Financial assets	$ 192,371	$ 191,594	$ -
Financial liabilities	9,496,035	11,990,433	11,951,670
Cash flow risk			
Financial assets	65,836	62,152	82,515
Financial liabilities	10,799,460	9,498,491	9,199,455

Sensitivity analysis

The sensitivity analysis below are determined based on the Company'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 profit before income tax for the years ended December 31, 2014 and 2013 would have (decrease or increase) by $107,336 thousand and $94,363 thousand, respectively.

b) Other price risks

The Company is exposed to equity price risks involving equity investments in listed companies and beneficial certificates. The Company's investments in listed companies and beneficial certificates should be in compliance with the rules 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, pre-tax other comprehensive income for the years ended December 31, 2014 and 2013 would have increased/decreased by $162,269 thousand and $162,713 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 Company. At the end of the reporting period, the Company's credit risk is mainly from trade receivables in operating activities, bank deposits and financial instruments in financial activities.

To maintain the quality of trade receivables, the Company manages credit risk by assessing customers' credit status in terms of financial status, historical transactions, etc., and obtains an adequate amount of collaterals as guarantees from the customers with high credit risk. In addition, the Company reviews the recoverable amount of each trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. On the credit risk management of bank deposits and other financial instruments, the Company trades with counterparties comprising banks with high credit ratings.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the use of bank borrowings and ensures compliance with loan covenants.

On the demand for capital payments for a particular purpose, the Company maintains adequate cash by way of long-term financing/borrowings. For the management of cash shortage, the Company monitors cash management and allocates cash appropriately to maintain financial flexibility and ensure the mitigation of liquidity risk.

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

December 31, 2014

	On Demand or Not Later 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	$ 1,800,000	$ -	$ -	$ -	$ -	$ -	$ 1,800,000
Short-term bills payable	1,649,460	-	-	-	-	-	1,649,460
Trade payables	3,345,297	-	-	-	-	-	3,345,297
Trade payables to related parties	65,002	-	-	-	-	-	65,002
Other payables	2,487,711	-	-	-	-	-	2,487,711
Bond payables (including current portion)	1,000,000	-	-	-	-	-	1,000,000
Long-term borrowings (including current portion)	999,429	7,650,000	4,696,606	2,500,000	-	-	15,846,035
Deposits received	4,510	1,200	33,000	-	-	1,023	39,733

December 31, 2013

	On Demand or Not Later 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	$ 2,650,000	$ -	$ -	$ -	$ -	$ -	$ 2,650,000
Short-term bills payable	1,598,491	-	-	-	-	-	1,598,491
Trade payables	3,328,710	-	-	-	-	-	3,328,710
Trade payables to related parties	65,113	-	-	-	-	-	65,113
Other payables	1,765,311	-	-	-	-	-	1,765,311
Bond payables (including current portion)	2,493,512	1,000,000	-	-	-	-	3,493,512
Long-term borrowings (including current portion)	997,159	5,149,762	2,400,000	3,700,000	1,500,000	-	13,746,921
Deposits received	2,306	2,147	1,200	33,000	-	-	38,653

January 1, 2013

	On Demand or Not Later 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	$ 2,500,000	$ -	$ -	$ -	$ -	$ -	$ 2,500,000
Short-term bills payable	1,699,455	-	-	-	-	-	1,699,455
Trade payables	3,848,239	-	-	-	-	-	3,848,239
Trade payables to related parties	89,723	-	-	-	-	-	89,723
Other payables	2,364,945	-	-	-	-	-	2,364,945
Bond payables (including current portion)	1,200,000	2,454,937	1,000,000	-	-	-	4,654,937
Long-term borrowings (including current portion)	600,000	5,997,019	1,999,714	-	3,700,000	-	12,296,733
Deposits received	3,613	45	545	1,200	33,000	-	38,403

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

32. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and its related parties are disclosed below:

a. Operating revenue

	For the Years Ended December 31 2014	2013
Sales of goods (Note)		
The associates of investor that has significant influence over the Company	$ 51,100	$ 52,775
Subsidiaries	33,745	30,005
Associates	4,077	3,616
	$ 88,922	$ 86,396

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

	For the Years Ended December 31	
	2014	2013
Other operating revenue		
Subsidiaries	$ 35,596	$ 36,067
Associates	13,867	13,383
The associates of investor that has significant influence over the Company	13,778	12,133
Other related parties	10,757	6,843
	$ 73,998	$ 68,426

b. Operating costs and expenses

	For the Years Ended December 31	
	2014	2013
Operating costs (Note)		
The associates of investor that has significant influence over the Company	$ 28,860	$ 31,724
Subsidiaries	78	140
	$ 28,938	$ 31,864

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

	For the Years Ended December 31	
	2014	2013
Operating expenses (Note)		
The associates of investor that has significant influence over the Company	$ 294,994	$ 284,351
Subsidiaries	245,168	244,462
Investor that has significant influence over the Company	57,290	62,011
Other related parties	2,775	14,993
Associates	4,080	1,437
	$ 604,307	$ 607,254

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 Years Ended December 31	
	2014	2013
Other gains		
Other related parties	$ 20,098	$ 5,883
Subsidiaries	19,654	20,876
Investor that has significant influence over the Company	7,500	7,500
The associates of investor that has significant influence over the Company	7	241
Associates	4	-
	$ 47,263	$ 34,500
Other losses		
Associates	$ 7,384	$ 7,453
Subsidiaries	5,683	-
Investor that has significant influence over the Company	5	3
Other related parties	5	-
The associates of investor that has significant influence over the Company	7	1
	$ 13,084	$ 7,457

d. Finance costs

	For the Years Ended December 31	
	2014	2013
Subsidiaries	$ 9,407	$ 8,447

e. Receivables from related parties

	December 31, 2014	December 31, 2013	January 1, 2013
Trade receivables, net			
The associates of investor that has significant influence over the Company	$ 4,625	$ 2,992	$ 4,398
Subsidiaries	4,028	7,052	1,110
Associates	1,803	2,265	2,704
Other related parties	1,294	1,081	3,267
Investor that has significant influence over the Company	289	2,286	2,708
	$ 12,039	$ 15,676	$ 14,187
Other receivables			
Subsidiaries (Note)	$ 6,450	$ 254,456	$ 409,265
Other related parties	5,140	302	480
Associates	1,475	205	4,145
The associates of investor that has significant influence over the Company	1,342	1,141	908
	$ 14,407	$ 256,104	$ 414,798

Note: As of January 1, 2013, the amount of finance to related parties was $144,411 thousand and interest income $1,577 thousand.

f. Other assets

	December 31, 2014	December 31, 2013	January 1, 2013
Prepayments			
Other related parties	$ -	$ 122	$ -
Refundable deposits - non-current			
The associates of investor that has significant influence over the Company	$ 4	$ 4	$ 5

g. Trade payables to related parties

	December 31, 2014	December 31, 2013	January 1, 2013
Trade payables			
The associates of investor that has significant influence over the Company	$ 49,121	$ 50,753	$ 65,089
Subsidiaries	15,881	14,360	22,796
Associates	-	-	1,838
	$ 65,002	$ 65,113	$ 89,723
Other payables			
The associates of investor that has significant influence over the Company	$ 611,474	$ 126,875	$ 512,005
Subsidiaries	132,358	117,361	151,464
Associates	55,829	48,076	51,893
Investor that has significant influence over the Company	33,277	29,898	16,660
Other related parties	53	130	111
	$ 832,991	$ 322,340	$ 732,133

h. Other liabilities

	December 31, 2014	December 31, 2013	January 1, 2013
Advance receipts			
The associates of investor that has significant influence over the Company	$ 136	$ 140	$ 129
Other current liabilities			
The associates of investor that has significant influence over the Company	$ 266	$ 312	$ 284
Other related parties	-	50	-
	$ 266	$ 362	$ 284

(Continued)

	December 31, 2014	December 31, 2013	January 1, 2013
Other non-current liabilities			
Leasing incentives			
The associates of investor that has significant influence over the Company	$ 46,455	$ 46,455	$ 29,137
Deposits received			
Other related parties	$ 1,023	$ -	$ -
Subsidiaries	545	545	545
The associates of investor that has significant influence over the Company	87	87	87
	$ 1,655	$ 632	$ 632

(Concluded)

i. Construction projects

The Company contracted out construction projects to the associates of investor that has significant influence over the Company. The construction costs in 2014 and 2013 were $273,150 thousand and $864,699 thousand, respectively.

j. Loans from related parties

Financing from other related parties was as follows:

	For the Year Ended December 31 2014				
Related Party	**Maximum Balance**	**Date of the Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Finance Cost**
Far Eastern International Bank	$ 200,000	2014.6.3-2014.7.3	$ -	1.20	$ 197

k. Compensation of key management personnel

	For the Years Ended December 31	
	2014	**2013**
Short-term employee benefit	$ 58,549	$ 90,151
Post-employment benefit	163	469
	$ 58,712	$ 90,620

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been provided as collateral for long or short-term borrowings, short-term bills payables and bonds payables:

	December 31, 2014	December 31, 2013	January 1, 2013
Debt investments with no active market	$ 192,371	$ 191,594	$ -
Available-for-sale financial assets	1,365,000	1,351,000	1,307,250
Investments accounted for using the equity method	1,221,885	1,212,791	1,183,384
Properties, plant and equipment	15,693,958	16,652,186	16,782,061
Investment properties	8,654,808	1,691,758	1,675,978
	$ 27,128,022	$ 21,099,329	$ 20,948,673

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2014, December 31, 2013 and January 1, 2013 were as follows:

a. Significant commitments

The amount of unrecognized commitments were as follow:

	December 31, 2014	December 31, 2013	January 1, 2013
Property, plant and equipment	$ 515,847	$ 869,728	$ 2,422,160

b. 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 Pacific Liu Tong Investment ("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. The registered capital of PLT was previously $4,010,000 thousand, representing 401,000 thousand shares at a par value of $10.00. 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 1,000 thousand 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.

d. 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 Inoue 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. Furthermore, 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 chairman 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.

e. 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 Pacific Liu Tong Investment 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.

f. In April 2014, under a ruling by the Ministry of Economic Affairs "The terms and Conditions of goods (service) coupons in a retail industry should (and not) be documented in a standard contract", the Company and SOGO signed an agreement to have mutual performance guarantees on gift certificates bought by customers. The guarantee period was from April 1, 2014 to March 31, 2015. As of December 31, 2014, the Company's guarantee amount for SOGO was $3,725,468 thousand and that by SOGO for the Company was $2,276,719 thousand.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

   1) Financing provided: Table 1.

   2) Endorsements/guarantees provided: Table 2.

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

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

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

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

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

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

9) Trading in derivative instruments: None.

10) Information on investees. Table 6.

c. 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, repatriation of investment income, and the limit of investment in Mainland China: Table 7.

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: None.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.

c) The amount of property transactions and the amount of the resultant gains or losses: None.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.

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 1.

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.

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FINANCING PROVIDED
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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 Company and the accounts are not disclosed in the financial statement.

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ENDORSEMENTS/GUARANTEES PROVIDED
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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 Company and the accounts are not disclosed in the 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.

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	

(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
	Beneficiary certificate							
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,831	$ 44,008	-	$ 44,008	
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.

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, Unless Stated Otherwise)

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.

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, Unless Stated Otherwise)

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)	-	-	-	-	-
	Yuan Ding Enterprise (Shanghai) Co., Ltd.	The associate of investor that has significant influence over FEDS	102,863 (Note)	-	-	-	-	-
Chongqing FEDS Co., Ltd.	Chongqing Pacific Consultant & Management Co., Ltd.	Same ultimate parent company	387,930 (Note)	-	-	-	-	-
	Tianjin FEDS Co., Ltd.	Same ultimate parent company	394,536 (Note)	-	-	-	1,434	-
	Wuxi FEDS Co., Ltd.	Same ultimate parent company	352,963 (Note)	-	-	-	1,240	-
	Dalian Pacific Department Store Co., Ltd.	Same ultimate parent company	420,492 (Note)	-	-	-	1,528	-
	Chengdu FEDS Co., Ltd.	Same ultimate parent company	519,126 (Note)	-	-	-	188,094	-
	Chengdu Beicheng FEDS Co., Ltd.	Same ultimate parent company	207,774 (Note)	-	-	-	878	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chongqing Pacific Consultant & Management Co., Ltd.	Same parent company	362,068 (Note)	-	-	-	-	-
	Chongqing FEDS Co., Ltd.	Same ultimate parent company	184,339 (Note)	-	-	-	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)	-	-	-	-	-
	Chengdu FEDS Co., Ltd.	Subsidiary	764,753 (Note)	-	-	-	5,155	-
	Tianjin FEDS Co., Ltd.	Subsidiary	253,200 (Note)	-	-	-	-	-
Pacific China Holdings (HK) Limited.	Pacific China Holdings Ltd.	Subsidiary	104,573 (Note)	-	-	-	-	-

Note: This balance refers to fund lending.

FAR EASTERN DEPARTMENT STORES, LTD.

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, Unless Stated Otherwise)

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 Department 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 Company and the accounts are not disclosed in the financial statement.

(Concluded)

TABLE 7

FAR EASTERN DEPARTMENT STORES, LTD.

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)