

FAR EASTERN DEPARTMENT STORES, LTD.

BALANCE SHEETS

Dec. 31, 2015, Dec. 31, 2014 and Jan. 1, 2014

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

Code	Assets	2015/12/31		2014/12/31 (Retrospective application)		2014/1/1 (Retrospective application)	
		Amount	%	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>							
1100	Cash and cash equivalents	\$ 522,970	1	\$ 453,650	1	\$ 516,953	1
1125	Available-for-Sales financial Assets – current	247,350	-	251,769	1	285,698	1
1147	Bond investments without active market-current	-	-	192,371	-	191,594	-
1150	Notes receivable	1,037	-	223	-	26,350	-
1170	Accounts receivable	254,301	-	245,217	-	242,626	-
1180	Accounts receivable due from related parties	22,857	-	12,039	-	15,676	-
1200	Other receivables	93,185	-	66,111	-	329,741	1
1220	Current tax asset	4,270	-	20,163	-	20,163	-
130X	Inventories	390,075	1	413,419	1	384,916	1
1410	Prepayments	261,345	1	249,054	-	247,658	-
1470	Other current assets	17,609	-	15,151	-	21,801	-
11XX	Total current assets	<u>1,814,999</u>	<u>3</u>	<u>1,919,167</u>	<u>3</u>	<u>2,283,176</u>	<u>4</u>
<b>NONCURRENT ASSETS</b>							
1523	Available-for-sale financial assets - noncurrent	2,185,496	4	2,993,608	5	2,968,556	5
1543	Financial assets measured at cost - noncurrent	107,433	-	109,488	-	111,543	-
1550	Bond investments without active market – non-current	17,866,126	30	19,188,257	31	19,555,805	32
1600	Investments accounted for by equity method	26,098,891	44	27,090,806	43	31,227,060	51
1760	Property, plant and equipment	9,144,466	15	8,734,944	14	1,771,695	3
1780	Investment properties	12,553	-	21,897	-	5,494	-
1840	Intangible assets	106,958	-	69,505	-	52,901	-
1975	Net defined benefit asset, non-current	-	-	185,782	-	222,615	1
1985	Long-term prepayments for lease	2,360,977	4	2,423,382	4	2,485,787	4
1990	Other noncurrent assets	211,072	-	207,026	-	218,746	-
15XX	Total noncurrent assets	<u>58,093,972</u>	<u>97</u>	<u>61,024,695</u>	<u>97</u>	<u>58,620,202</u>	<u>96</u>
1XXX	TOTAL	<u>\$ 59,908,971</u>	<u>100</u>	<u>\$ 62,943,862</u>	<u>100</u>	<u>\$ 60,903,378</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
2100	Short-term debts	\$ 4,900,000	8	\$ 1,800,000	3	\$ 2,650,000	4
2110	Short-term notes and bills payable	1,049,686	2	1,649,460	3	1,598,491	3
2170	Accounts payables	3,355,590	6	3,345,297	5	3,328,710	5
2180	Notes and accounts payable to related parties	66,998	-	65,002	-	65,113	-
2200	Other payables	1,847,950	3	2,487,711	4	1,765,311	3
2230	Current tax liabilities	65,194	-	166,765	-	40,192	-
2313	Deferred revenue - current	38,775	-	14,892	-	6,257	-
2315	Advance receipts	3,163,444	5	3,106,025	5	3,088,826	5
2321	Bond issued – current portion	-	-	1,000,000	2	2,493,512	4
2322	Long-term borrowings – current portion	300,000	1	999,429	1	997,159	2
2399	Other current liabilities	137,093	-	55,658	-	77,358	-
21XX	Total current liabilities	<u>14,924,730</u>	<u>25</u>	<u>14,690,239</u>	<u>23</u>	<u>16,110,929</u>	<u>26</u>
<b>NONCURRENT LIABILITIES</b>							
2530	Bonds issued	-	-	-	-	1,000,000	2
2540	Long-term borrowings	13,596,945	23	14,846,606	24	12,749,762	21
2570	Deferred tax liabilities	1,840,126	3	1,633,110	3	1,388,989	2
2640	Net defined benefit liability, non-current	176,764	-	-	-	-	-
2670	Other noncurrent liabilities	123,407	-	106,854	-	85,108	-
25XX	Total noncurrent liabilities	<u>15,737,242</u>	<u>26</u>	<u>16,586,570</u>	<u>27</u>	<u>15,223,859</u>	<u>25</u>
2XXX	Total liabilities	<u>30,661,972</u>	<u>51</u>	<u>31,276,809</u>	<u>50</u>	<u>31,334,788</u>	<u>51</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>							
<b>Share Capital</b>							
3110	Ordinary share	14,169,406	24	14,391,956	23	14,109,761	23
3200	Capital surplus	3,315,420	5	3,498,252	5	3,498,174	6
<b>Retained earnings</b>							
3310	Legal reserve	2,728,379	5	2,575,473	4	2,358,917	4
3320	Special reserve	2,461,168	4	2,461,168	4	1,931,285	3
3350	Unappropriated earnings	2,673,946	4	2,936,463	5	4,107,920	7
3300	Total retained earnings	<u>7,863,493</u>	<u>13</u>	<u>7,973,104</u>	<u>13</u>	<u>8,398,122</u>	<u>14</u>
3400	Other equity	3,995,790	7	5,900,851	9	3,659,643	6
3500	Treasury stock	(97,110)	-	(97,110)	-	(97,110)	-
3XXX	Total equity attributable to owners of the Company	<u>29,246,999</u>	<u>49</u>	<u>31,667,053</u>	<u>50</u>	<u>29,568,590</u>	<u>49</u>
Total equity		<u>\$ 59,908,971</u>	<u>100</u>	<u>\$ 62,943,862</u>	<u>100</u>	<u>\$ 60,903,378</u>	<u>100</u>

FAR EASTERN DEPARTMENT STORES, LTD  
Statement of comprehensive income  
Year ended Dec. 31, 2015 and 2014  
(In thousands of New Taiwan Dollars, Except Par Value)

C o d e		2015		2014	
		Year ended Dec. 31		Year ended Dec. 31 (Retrospective application)	
		Amount	%	Amount	%
4000	REVENUES	\$ 10,348,566	100	\$ 10,193,869	100
5000	COSTS	<u>3,710,684</u>	<u>36</u>	<u>3,559,957</u>	<u>35</u>
5900	GROSS PROFIT	<u>6,637,882</u>	<u>64</u>	<u>6,633,912</u>	<u>65</u>
	OPERATING EXPENSES				
6100	Selling	481,701	4	470,142	4
6200	General and administrative	<u>4,625,049</u>	<u>45</u>	<u>4,578,721</u>	<u>45</u>
6000	Total operating expenses	<u>5,106,750</u>	<u>49</u>	<u>5,048,863</u>	<u>49</u>
6900	OPERATING INCOME	<u>1,531,132</u>	<u>15</u>	<u>1,585,049</u>	<u>16</u>
	NONOPERATING INCOME AND EXPENSES				
7010	Other income	169,662	2	143,061	1
7020	Other gains and losses	483,759	5	61,343	1
7050	Finance costs	( 228,199)	( 2)	( 214,344)	( 2)
7070	Share of profit (loss) of subsidiaries and associates accounted for using equity method	<u>142,971</u>	<u>1</u>	<u>213,916</u>	<u>2</u>
7000	Total Non-operating income and expenses	<u>568,193</u>	<u>6</u>	<u>203,976</u>	<u>2</u>
7900	INCOME BEFORE INCOME TAX	2,099,325	21	1,789,025	18
7950	INCOME TAX EXPENSE	<u>384,555</u>	<u>4</u>	<u>264,584</u>	<u>3</u>
8200	NET INCOME	<u>1,714,770</u>	<u>17</u>	<u>1,524,441</u>	<u>15</u>

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C o d e		2015		2014	
		Year ended Dec. 31		Year ended Dec. 31 (Retrospective application)	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	( 354,195 )	( 3 )	( 28,858 )	-
8312	Gains on revaluation of property, plan and equipment	-	-	2,328,026	23
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	( 46,074 )	( 1 )	( 21,133 )	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	60,213	1	( 151,706 )	( 2 )
		<u>( 340,056 )</u>	<u>( 3 )</u>	<u>2,126,329</u>	<u>21</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	( 812,531 )	( 8 )	( 8,877 )	-
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	( 1,092,530 )	( 11 )	79,115	-
		<u>( 1,905,061 )</u>	<u>( 19 )</u>	<u>70,238</u>	<u>-</u>
8300	Total other comprehensive income, net	<u>( 2,245,117 )</u>	<u>( 22 )</u>	<u>2,196,567</u>	<u>21</u>
8500	COMPREHENSIVE INCOME	<u>( \$ 530,347 )</u>	<u>( 5 )</u>	<u>\$ 3,721,008</u>	<u>36</u>
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 1.20</u>		<u>\$ 1.07</u>	
9850	Diluted	<u>\$ 1.20</u>		<u>\$ 1.07</u>	

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CASH FLOWS

Year ended Dec. 31, 2015 and 2014

(In thousands of New Taiwan Dollars)

Code		2015 Year ended Dec. 31	2014 Year ended Dec. 31 (Retrospective application)
	CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 2,099,325	\$ 1,789,025
A20000	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	1,287,152	1,252,030
A20200	Amortization expense	11,107	5,377
A20300	Provision for bad debt expense	19	-
A29900	Amortization of prepayments	8,363	8,786
A20900	Finance costs	228,199	214,344
A29900	Reversing unearned revenue	( 14,892)	( 6,257)
A22400	Share of loss (profit) of subsidiaries and associates accounted for using equity method	( 142,971)	( 213,916)
A21200	Interest income	( 991)	( 2,966)
A21300	Dividend income	( 168,671)	( 140,095)
A22500	Loss (gain) on disposal of property, plant and equipment, net	4,994	2,662
A22700	Loss (gain) on disposal of Investment property, net	145	42
A23500	Impairment loss on financial assets	2,055	2,055
A24600	Loss (gain) on change in fair value of investment properties	( 398,179)	( 4,469)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	( 814)	26,127
A31150	Accounts receivable	( 9,103)	( 2,591)
A31160	Notes and accounts receivable due from related parties	( 10,818)	3,637
A31180	Other receivable	( 26,419)	19,084
A31200	Inventories	23,344	( 28,503)
A31230	Prepayments	( 12,512)	( 1,580)
A31240	Other current assets	( 2,458)	6,650
A31990	Increase (decrease) in net defined benefit asset	8,351	7,975
A32150	Accounts payable	10,293	16,587
A32160	Accounts payable to related parties	1,996	( 111)
A32180	Other payables	( 95,057)	( 43,450)
A32210	Advance receipts	38,775	14,892
A32210	Unearned revenue	271,148	196,800
A32230	Other current liabilities	81,435	( 21,700)

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<u>Code</u>		2015 Year ended Dec. 31	2014 Year ended Dec. 31 (Retrospective application)
A33000	Cash inflow (outflow) generated from operations	3,193,816	3,100,435
A33300	Interests paid	( 263,830)	( 268,123)
A33100	Interests received	336	995
A33200	Dividends received	632,296	1,226,802
A33400	Income taxes refund	18,988	-
A33500	Income taxes paid	( 259,445)	( 62,200)
AAAA	Net cash flows from (used in) operating activities	<u>3,322,161</u>	<u>3,997,909</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
B00600	Decrease (increase) in bond investments without active market	192,371	( 777)
B01800	Acquisition of investments accounted for using equity method	( 203,000)	( 180,000)
B02700	Acquisition of property, plant and equipment	( 953,756)	( 1,044,231)
B05400	Acquisition of investment property	( 11,488)	( 42)
B06700	Decrease (increase) in other non-current assets	2,224	6,692
B04500	Acquisition of intangible assets	( 1,763)	( 21,780)
B02800	Proceeds from disposal of property, plant and equipment	<u>726</u>	<u>375</u>
BBBB	Net cash flows from (used in) investing activities	( 974,686)	( 1,239,763)
Cash flows from (used in) financing activities			
C00100	Increase in short-term loans	17,300,000	24,100,000
C00200	Decrease in short-term loans	( 14,200,000)	( 24,950,000)
C00500	Increase in short-term notes and bills payable	11,097,355	11,671,438
C00600	Decrease in short-term notes and bills payable	( 11,697,129)	( 11,620,469)
C01300	Repayments of bonds	( 1,000,000)	( 2,500,000)
C01600	Proceeds from long-term debt	38,300,910	39,499,114
C01700	Repayment of long-term debt	( 40,250,000)	( 37,400,000)
C04300	Increase in other non-current liabilities	15,224	1,080
C04500	Dividends paid	( 1,439,211)	( 1,622,612)
C04900	Payments to acquire treasury shares	( 405,304)	-
CCCC	Net cash flows from (used in) financing activities	( 2,278,155)	( 2,821,449)
EEEE	Net increase (decrease) in cash and cash equivalents	69,320	( 63,303)
	Cash and cash equivalents at beginning of period		
E00100	Cash and cash equivalents at end of period	<u>453,650</u>	<u>516,953</u>
E00200	Net increase (decrease) in cash and cash equivalents	<u>\$ 522,970</u>	<u>\$ 453,650</u>

(Concluded)