

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Mar. 31, 2016, Dec. 31, 2015 and Mar. 31, 2015

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

Code	Assets	2016/3/31		2015/12/31		2015/3/31	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents	\$ 6,551,694	7	\$ 10,026,630	9	\$ 5,856,819	6
1110	Financial assets at fair value through profit or loss - current	343,162	-	351,111	-	332,653	-
1125	Available-for-sale financial assets - current	456,078	1	468,682	-	503,653	1
1147	Bond investments without active market-current	346,113	-	876,847	1	998,777	1
1150	Notes receivable	4,781	-	3,393	-	36,916	-
1170	Accounts receivable	474,245	1	515,195	1	394,924	-
1180	Accounts receivable due from related parties	154,142	-	182,970	-	189,538	-
1200	Other receivables	1,424,613	1	1,687,802	2	1,463,378	1
1220	Current tax assets	5,742	-	5,782	-	150,946	-
130X	Inventories	2,983,365	3	2,997,240	3	3,023,108	3
1429	Prepayments	1,080,363	1	871,542	1	1,109,683	1
1460	Noncurrent asset held for sale	-	-	-	-	113	-
1470	Other current assets	37,268	-	90,102	-	94,814	-
11XX	Total current assets	<u>13,861,566</u>	<u>14</u>	<u>18,077,296</u>	<u>17</u>	<u>14,155,322</u>	<u>13</u>
	NONCURRENT ASSETS						
1523	Available-for-sale financial assets - noncurrent	3,898,197	4	3,689,341	3	5,060,907	5
1543	Financial assets measured at cost - noncurrent	611,062	-	611,576	-	780,624	1
1546	Bond investments without active market - non-current	127,000	-	127,000	-	125,000	-
1550	Investments accounted for by equity method	9,079,084	9	9,163,153	9	9,494,151	9
1600	Property, plant and equipment	44,947,655	44	45,612,886	43	46,984,424	44
1760	Investment properties	10,035,336	10	10,036,266	9	9,667,344	9
1780	Intangible assets	7,234,040	7	7,240,992	7	7,221,643	7
1840	Deferred tax assets	708,841	1	727,394	1	906,739	1
1975	Net defined benefit asset	-	-	-	-	183,696	-
1985	Long-term prepayments for lease	8,974,432	9	9,177,719	9	9,369,302	9
1990	Other noncurrent assets	1,918,290	2	1,873,863	2	1,923,937	2
15XX	Total noncurrent assets	<u>87,533,937</u>	<u>86</u>	<u>88,260,190</u>	<u>83</u>	<u>91,717,767</u>	<u>87</u>
1XXX	TOTAL	<u>\$ 101,395,503</u>	<u>100</u>	<u>\$ 106,337,486</u>	<u>100</u>	<u>\$ 105,873,089</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term debts	\$ 11,285,970	11	\$ 9,499,733	9	\$ 7,406,657	7
2110	Short-term notes and bills payable	2,862,549	3	2,351,020	2	2,409,359	2
2150	Notes payable	22,808	-	52,224	-	47,884	-
2170	Accounts payables	11,956,327	12	16,605,966	16	13,348,354	13
2180	Notes and accounts payable to related parties	55,469	-	119,754	-	74,213	-
2219	Other payables	4,093,894	4	4,895,382	5	4,647,402	4
2230	Current tax liabilities	335,592	1	182,997	-	658,731	1
2250	Provision-current	3,993	-	3,000	-	4,135	-
2313	Deferred revenue - current	114,601	-	98,552	-	121,765	-
2310	Advance receipts	8,358,832	8	8,063,527	7	8,297,995	8
2321	Bond issued - current portion	-	-	-	-	1,000,000	1
2322	Long-term borrowings - current portion	2,159,200	2	1,959,200	2	1,000,000	1
2399	Other current liabilities	291,618	-	309,764	-	276,019	-
21XX	Total current liabilities	<u>41,540,853</u>	<u>41</u>	<u>44,141,119</u>	<u>41</u>	<u>39,292,514</u>	<u>37</u>
	NONCURRENT LIABILITIES						
2530	Bonds issued	994,885	1	994,419	1	993,024	1
2540	Long-term borrowings	16,079,794	16	18,829,745	18	20,688,606	19
2550	Provision-noncurrent	30,135	-	31,058	-	33,804	-
2570	Deferred tax liabilities	1,997,985	2	1,991,395	2	1,746,435	2
2640	Net defined benefit liability	804,024	1	802,608	1	562,072	-
2670	Other noncurrent liabilities	2,559,814	2	2,695,271	2	2,803,266	3
25XX	Total noncurrent liabilities	<u>22,466,637</u>	<u>22</u>	<u>25,344,496</u>	<u>24</u>	<u>26,827,207</u>	<u>25</u>
2XXX	Total liabilities	<u>64,007,490</u>	<u>63</u>	<u>69,485,615</u>	<u>65</u>	<u>66,119,721</u>	<u>62</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
	Share Capital						
3110	Ordinary share	14,169,406	14	14,169,406	13	14,391,956	13
3200	Capital surplus	3,315,420	3	3,315,420	3	3,498,252	3
	Retained earnings						
3310	Legal reserve	2,728,379	3	2,728,379	3	2,575,473	3
3320	Special reserve	2,461,168	2	2,461,168	2	2,461,168	2
3350	Unappropriated earnings	2,978,664	3	2,673,946	3	3,081,411	3
3300	Total retained earnings	8,168,211	8	7,863,493	8	8,118,052	8
3400	Other equity	4,185,528	4	3,995,790	4	5,998,043	6
3500	Treasury stock	(97,110)	-	(97,110)	-	(97,110)	-
31XX	Total equity attributable to owners of the Company	29,741,455	29	29,246,999	28	31,909,193	30
36XX	NON-CONTROLLING INTERESTS	7,646,558	8	7,604,872	7	7,844,175	8
3XXX	Total equity	<u>37,388,013</u>	<u>37</u>	<u>36,851,871</u>	<u>35</u>	<u>39,753,368</u>	<u>38</u>
	TOTAL	<u>\$ 101,395,503</u>	<u>100</u>	<u>\$ 106,337,486</u>	<u>100</u>	<u>\$ 105,873,089</u>	<u>100</u>

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended Mar. 31, 2016 and 2015

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

Code		2016 Year ended Mar. 31		2015 Year ended Mar. 31	
		Amount	%	Amount	%
4000	REVENUES	\$ 10,874,476	100	\$ 11,012,342	100
5000	COSTS	<u>5,344,605</u>	<u>49</u>	<u>5,361,111</u>	<u>49</u>
5900	GROSS PROFIT	<u>5,529,871</u>	<u>51</u>	<u>5,651,231</u>	<u>51</u>
	OPERATING EXPENSES				
6100	Selling	304,331	3	294,969	2
6200	General and administrative	<u>4,365,624</u>	<u>40</u>	<u>4,607,488</u>	<u>42</u>
6000	Total operating expenses	<u>4,669,955</u>	<u>43</u>	<u>4,902,457</u>	<u>44</u>
6900	OPERATING INCOME	<u>859,916</u>	<u>8</u>	<u>748,774</u>	<u>7</u>
	NONOPERATING INCOME AND EXPENSES				
7190	Other income	13,027	-	25,971	-
7020	Other gains and losses	(123,469)	(1)	(130,429)	(1)
7050	Finance costs	(108,230)	(1)	(114,447)	(1)
7060	Share of profit (loss) of associates accounted for using equity method	(<u>35,477</u>)	(<u>1</u>)	(<u>42,534</u>)	<u>-</u>
7000	Total Non-operating income and expenses	(<u>254,149</u>)	(<u>3</u>)	(<u>261,439</u>)	(<u>2</u>)
7900	INCOME BEFORE INCOME TAX	605,767	5	487,335	5
7950	INCOME TAX EXPENSE	<u>217,719</u>	<u>2</u>	<u>286,512</u>	<u>3</u>
8200	NET INCOME	<u>388,048</u>	<u>3</u>	<u>200,823</u>	<u>2</u>

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Code		2016		2015	
		Year ended Mar. 31		Year ended Mar. 31	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Other comprehensive income, before tax, exchange differences on translation	17,625	-	(17,616)	-
8362	Other comprehensive income, before tax, available-for-sale financial assets	196,252	2	87,661	1
8370	Share of other comprehensive income of associates accounted for using equity method	(15,597)	-	25,033	-
8300	Total other comprehensive income, net	<u>198,280</u>	<u>2</u>	<u>95,078</u>	<u>1</u>
8500	COMPREHENSIVE INCOME	<u>\$ 586,328</u>	<u>5</u>	<u>\$ 295,901</u>	<u>3</u>
8600	NET INCOME ATTRIBUTED TO :				
8610	Owners of parent	\$ 304,718	3	\$ 144,948	1
8620	Non-controlling interests	<u>83,330</u>	<u>1</u>	<u>55,875</u>	<u>1</u>
		<u>\$ 388,048</u>	<u>4</u>	<u>\$ 200,823</u>	<u>2</u>
8700	COMPREHENSIVE INCOME CONTRIBUTED TO :				
8710	Owners of parent	\$ 494,456	4	\$ 242,140	2
8720	Non-controlling interests	<u>91,872</u>	<u>1</u>	<u>53,761</u>	<u>1</u>
		<u>\$ 586,328</u>	<u>5</u>	<u>\$ 295,901</u>	<u>3</u>
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 0.22</u>		<u>\$ 0.10</u>	
9850	Diluted	<u>\$ 0.22</u>		<u>\$ 0.10</u>	

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended Mar. 31, 2016 and 2015

(In thousands of New Taiwan Dollars)

<u>C o d e</u>		<u>2016</u> <u>Year ended Mar. 31</u>	<u>2015</u> <u>Year ended Mar. 31</u>
	CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 605,767	\$ 487,335
A20000	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	737,094	762,427
A20200	Amortization expense	10,466	7,889
A20300	Gain on reversal of losses on doubtful debts	-	(923)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	7,949	(2,854)
A20900	Finance costs	108,230	114,447
A23500	Impairment loss on financial assets	514	514
A24600	Loss (gain) on fair value adjustment of investment property	4,673	-
A29900	Amortization of prepayments	5,587	3,466
A29900	Amortization of prepayments for lease	81,947	80,898
A29900	Recognition of provision	-	2,508
A29900	Reversal unrealized purchase discounts	(106,800)	(9,200)
A29900	Reversal of deferred revenue	(98,552)	(65,656)
A22300	Share of loss (profit) of associates accounted for using equity method	35,477	42,534
A21200	Interest income	(13,027)	(25,971)
A22500	Loss (gain) on disposal of property, plant and equipment, net	3,227	2,358
A23800	Unrealized loss (gain) on physical inventory and slow-moving inventories	(121,914)	1,160
A30000	Net changes in operating assets and liabilities		
A31110	Financial assets held for trading	-	(38,904)
A31130	Notes receivable	(1,388)	(34,506)
A31150	Accounts receivable	41,304	140,681
A31160	Notes and accounts receivable due from related parties	28,828	2,393
A31180	Other receivable	267,485	43,369
A31200	Inventories	242,589	(144,341)

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C o d e		2016		2015	
		Year ended	Mar. 31	Year ended	Mar. 31
A31230	Prepayments	(126,524)	(134,614)
A31240	Other current assets		52,834		7,446
A31990	Net defined benefit asset		-		2,086
A32130	Notes payable	(	29,416)	(	15,419)
A32150	Accounts payable	(	4,649,639)	(	4,252,700)
A32160	Notes and accounts payable to related parties	(	64,285)	(	79,025)
A32180	Other payables	(	711,390)	(	709,461)
A32210	Advance receipts		357,753		539,881
A32210	Deferred revenue		114,601		121,765
A32240	Net defined benefit liability		1,416	(	1,220)
A32230	Other current liabilities	(	18,146)		10,862
A33000	Cash inflow (outflow) generated from operations	(	3,233,340)	(	3,140,775)
A33300	Interests paid	(	99,758)	(	197,690)
A33100	Interests received		8,731		27,956
A33500	Income tax returned		-		25
A33500	Income taxes paid	(	39,919)	(	54,982)
AAAA	Net cash flows from (used in) operating activities	(	3,364,286)	(	3,365,466)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
B00600	Acquisition of investments in debt instrument without active market		530,734		205,540
B02700	Acquisition of property, plant and equipment	(	349,941)	(	397,823)
B02800	Proceeds from disposal of property, plant and equipment		828		7
B04500	Acquisition of intangible assets	(	3,824)	(	3,177)
B05400	Acquisition of investment properties	(	3,743)		-
B06700	Increase (decrease) in other non-current assets		8,785		1,963
BBBB	Net cash flows from (used in) investing activities		182,839	(	193,490)
Cash flows from (used in) financing activities					
C00100	Increase in short-term loans		25,894,860		11,728,446
C00200	Decrease in short-term loans	(	23,961,676)	(	10,929,670)
C00500	Increase in short-term notes and bills payable		6,561,556		6,280,817
C00600	Decrease in short-term notes and bills payable	(	6,050,027)	(	6,863,141)
C01600	Proceeds from long-term debt		8,700,049		12,200,265
C01700	Repayment of long-term debt	(	11,250,000)	(	13,825,000)
C04400	Decrease in other non-current liabilities	(	23,648)	(	31,951)
C04500	Dividends paid by parent company	(	36)	(	15)
C05800	Dividends paid to non-controlling interests	(39,098)	(81,392)
C05800	Non-controlling Interests	(50,186)		-

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<u>C o d e</u>		<u>2016</u> <u>Year ended Mar. 31</u>	<u>2015</u> <u>Year ended Mar. 31</u>
CCCC	Net cash flows from (used in) financing activities	(<u>218,206</u>)	(<u>1,521,641</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>75,283</u>)	(<u>15,502</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	(3,474,936)	(5,096,099)
E00100	Cash and cash equivalents at beginning of period	<u>10,026,630</u>	<u>10,952,918</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 6,551,694</u>	<u>\$ 5,856,819</u>

(Concluded)