

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2016, Dec. 31, 2015 and June. 30, 2015

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

Code	Assets	June 30,2016 (Reviewed)		Dec. 31,2015 (Audited)		June 30,2015 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents	\$ 6,771,577	7	\$ 10,026,630	9	\$ 8,027,809	8
1110	Financial assets at fair value through profit or loss - current	327,413	-	351,111	-	336,229	-
1125	Available-for-sale financial assets - current	437,550	1	468,682	-	498,162	1
1147	Bond investments without active market-current	421,886	-	876,847	1	602,048	1
1150	Notes receivable	13,664	-	3,393	-	16,695	-
1170	Accounts receivable	390,706	-	515,195	1	389,687	-
1180	Accounts receivable due from related parties	178,323	-	182,970	-	136,758	-
1200	Other receivables	1,876,781	2	1,687,802	2	1,530,272	1
1220	Current tax assets	88,198	-	5,782	-	86,697	-
130X	Inventories	2,440,250	3	2,997,240	3	2,604,668	2
1429	Prepayments	918,192	1	871,542	1	910,554	1
1470	Other current assets	73,843	-	90,102	-	65,305	-
11XX	Total current assets	<u>13,938,383</u>	<u>14</u>	<u>18,077,296</u>	<u>17</u>	<u>15,204,884</u>	<u>14</u>
	NONCURRENT ASSETS						
1523	Available-for-sale financial assets - noncurrent	3,656,329	4	3,689,341	3	4,814,987	4
1543	Financial assets measured at cost - noncurrent	610,549	1	611,576	-	612,604	1
1546	Bond investments without active market - non-current	227,000	-	127,000	-	225,000	-
1550	Investments accounted for by equity method	8,470,005	8	9,163,153	9	9,325,829	9
1600	Property, plant and equipment	44,524,852	44	45,612,886	43	46,507,881	44
1760	Investment properties	10,035,226	10	10,036,266	9	9,665,654	9
1780	Intangible assets	7,229,289	7	7,240,992	7	7,220,503	7
1840	Deferred tax assets	692,690	1	727,394	1	888,317	1
1975	Net defined benefit asset	-	-	-	-	181,608	-
1985	Long-term prepayments for lease	8,869,847	9	9,177,719	9	9,342,326	9
1990	Other noncurrent assets	2,194,507	2	1,873,863	2	1,926,295	2
15XX	Total noncurrent assets	<u>86,510,294</u>	<u>86</u>	<u>88,260,190</u>	<u>83</u>	<u>90,711,004</u>	<u>86</u>
1XXX	TOTAL	<u>\$ 100,448,677</u>	<u>100</u>	<u>\$ 106,337,486</u>	<u>100</u>	<u>\$ 105,915,888</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term debts	\$ 9,358,872	9	\$ 9,499,733	9	\$ 7,092,884	7
2110	Short-term notes and bills payable	3,656,095	4	2,351,020	2	2,473,265	2
2150	Notes payable	34,490	-	52,224	-	44,346	-
2170	Accounts payables	11,184,847	11	16,605,966	16	12,148,355	12
2180	Notes and accounts payable to related parties	60,847	-	119,754	-	68,223	-
2219	Other payables	5,801,056	6	4,895,382	5	6,509,120	6
2230	Current tax liabilities	447,007	1	182,997	-	328,231	-
2250	Provision-current	3,996	-	3,000	-	-	-
2313	Deferred revenue - current	80,618	-	98,552	-	92,252	-
2310	Advance receipts	8,123,301	8	8,063,527	7	7,981,289	8
2321	Bond issued - current portion	-	-	-	-	1,000,000	1
2322	Long-term borrowings - current portion	5,318,400	5	1,959,200	2	2,200,000	2
2399	Other current liabilities	265,964	-	309,764	-	325,465	-
21XX	Total current liabilities	<u>44,335,493</u>	<u>44</u>	<u>44,141,119</u>	<u>41</u>	<u>40,263,430</u>	<u>38</u>
	NONCURRENT LIABILITIES						
2530	Bonds issued	995,350	1	994,419	1	993,489	1
2540	Long-term borrowings	13,960,642	14	18,829,745	18	21,888,654	21
2550	Provision-noncurrent	30,203	-	31,058	-	33,880	-
2570	Deferred tax liabilities	2,012,522	2	1,991,395	2	1,763,344	2
2640	Net defined benefit liability	805,715	1	802,608	1	561,030	-
2670	Other noncurrent liabilities	2,619,182	2	2,695,271	2	2,779,124	2
25XX	Total noncurrent liabilities	<u>20,423,614</u>	<u>20</u>	<u>25,344,496</u>	<u>24</u>	<u>28,019,521</u>	<u>26</u>
2XXX	Total liabilities	<u>64,759,107</u>	<u>64</u>	<u>69,485,615</u>	<u>65</u>	<u>68,282,951</u>	<u>64</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
	Share Capital						
3110	Ordinary share	14,169,406	14	14,169,406	13	14,391,956	14
3200	Capital surplus	3,315,420	3	3,315,420	3	3,498,252	3
	Retained earnings						
3310	Legal reserve	2,899,856	3	2,728,379	3	2,728,379	3
3320	Special reserve	2,529,594	3	2,461,168	2	2,461,168	2
3350	Unappropriated earnings	1,423,932	1	2,673,946	3	1,624,633	2
3300	Total retained earnings	<u>6,853,382</u>	<u>7</u>	<u>7,863,493</u>	<u>8</u>	<u>6,814,180</u>	<u>7</u>
3400	Other equity	3,922,730	4	3,995,790	4	5,686,357	5
3500	Treasury stock	(97,110)	-	(97,110)	-	(97,110)	-
31XX	Total equity attributable to owners of the Company	<u>28,163,828</u>	<u>28</u>	<u>29,246,999</u>	<u>28</u>	<u>30,293,635</u>	<u>29</u>
36XX	NON-CONTROLLING INTERESTS	<u>7,525,742</u>	<u>8</u>	<u>7,604,872</u>	<u>7</u>	<u>7,339,302</u>	<u>7</u>
3XXX	Total equity	<u>35,689,570</u>	<u>36</u>	<u>36,851,871</u>	<u>35</u>	<u>37,632,937</u>	<u>36</u>
	TOTAL	<u>\$ 100,448,677</u>	<u>100</u>	<u>\$ 106,337,486</u>	<u>100</u>	<u>\$ 105,915,888</u>	<u>100</u>

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From Apr. 1 to June 30, 2016 and 2015, and Year ended June 30, 2016 and 2015

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

Code		From Apr. 1 to June 30, 2016		From Apr. 1 to June 30, 2015		Year ended June 30, 2016		Year ended June 30, 2015	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	REVENUES	\$10,064,295	100	\$10,371,295	100	\$20,938,771	100	\$21,383,637	100
5000	COSTS	<u>4,885,095</u>	<u>48</u>	<u>5,048,080</u>	<u>48</u>	<u>10,229,700</u>	<u>49</u>	<u>10,409,191</u>	<u>49</u>
5900	GROSS PROFIT	<u>5,179,200</u>	<u>52</u>	<u>5,323,215</u>	<u>52</u>	<u>10,709,071</u>	<u>51</u>	<u>10,974,446</u>	<u>51</u>
	OPERATING EXPENSES								
6100	Selling	307,600	3	274,894	3	611,931	3	569,863	2
6200	General and administrative	<u>4,407,272</u>	<u>44</u>	<u>4,571,402</u>	<u>44</u>	<u>8,772,896</u>	<u>42</u>	<u>9,178,890</u>	<u>43</u>
6000	Total operating expenses	<u>4,714,872</u>	<u>47</u>	<u>4,846,296</u>	<u>47</u>	<u>9,384,827</u>	<u>45</u>	<u>9,748,753</u>	<u>45</u>
6900	OPERATING INCOME	<u>464,328</u>	<u>5</u>	<u>476,919</u>	<u>5</u>	<u>1,324,244</u>	<u>6</u>	<u>1,225,693</u>	<u>6</u>
	NONOPERATING INCOME AND EXPENSES								
7190	Other income	11,393	-	21,670	-	24,420	-	47,641	-
7020	Other gains and losses	(70,883)	(1)	57,176	-	(194,352)	(1)	(73,253)	(1)
7050	Finance costs	(106,785)	(1)	(117,617)	(1)	(215,015)	(1)	(232,064)	(1)
7060	Share of profit (loss) of associates accounted for using equity method	(110)	-	(8,556)	-	(35,587)	-	(51,090)	-
7000	Total Non-operating income and expenses	(166,385)	(2)	(47,327)	(1)	(420,534)	(2)	(308,766)	(2)
7900	INCOME BEFORE INCOME TAX	297,943	3	429,592	4	903,710	4	916,927	4
7950	INCOME TAX EXPENSE	<u>174,056</u>	<u>2</u>	<u>209,130</u>	<u>2</u>	<u>391,775</u>	<u>2</u>	<u>495,642</u>	<u>2</u>
8200	NET INCOME	<u>123,887</u>	<u>1</u>	<u>220,462</u>	<u>2</u>	<u>511,935</u>	<u>2</u>	<u>421,285</u>	<u>2</u>
	OTHER COMPREHENSIVE INCOME								
	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Other comprehensive income, before tax, exchange differences on translation	26,105	-	(27,144)	-	43,730	-	(44,760)	-
8362	Other comprehensive income, before tax, available-for-sale financial assets	(260,396)	(2)	(251,411)	(3)	(64,144)	-	(163,750)	(1)
8370	Share of other comprehensive income of associates accounted for using equity method	(12,779)	-	(35,451)	-	(28,376)	-	(10,418)	-
8300	Total other comprehensive income, net	(247,070)	(2)	(314,006)	(3)	(48,790)	-	(218,928)	(1)
8500	COMPREHENSIVE INCOME	<u>(\$ 123,183)</u>	<u>(1)</u>	<u>(\$ 93,544)</u>	<u>(1)</u>	<u>\$ 463,145</u>	<u>2</u>	<u>\$ 202,357</u>	<u>1</u>
	NET INCOME ATTRIBUTED TO :								
8610	Owners of parent	\$ 103,239	1	\$ 135,324	1	\$ 407,957	2	\$ 280,272	1
8620	Non-controlling interests	<u>20,648</u>	-	<u>85,138</u>	<u>1</u>	<u>103,978</u>	-	<u>141,013</u>	<u>1</u>
8600		<u>\$ 123,887</u>	<u>1</u>	<u>\$ 220,462</u>	<u>2</u>	<u>\$ 511,935</u>	<u>2</u>	<u>\$ 421,285</u>	<u>2</u>
	CONPREHENSIVE INCOME CONTRIBUTED TO :								
8710	Owners of parent	(\$ 159,559)	(1)	(\$ 176,362)	(2)	\$ 334,897	1	\$ 65,778	-
8720	Non-controlling interests	<u>36,376</u>	-	<u>82,818</u>	<u>1</u>	<u>128,248</u>	<u>1</u>	<u>136,579</u>	<u>1</u>
8700		<u>(\$ 123,183)</u>	<u>(1)</u>	<u>(\$ 93,544)</u>	<u>(1)</u>	<u>\$ 463,145</u>	<u>2</u>	<u>\$ 202,357</u>	<u>1</u>
	EARNINGS PER SHARE								
9750	Basic	<u>\$ 0.07</u>		<u>\$ 0.09</u>		<u>\$ 0.29</u>		<u>\$ 0.20</u>	
9850	Diluted	<u>\$ 0.07</u>		<u>\$ 0.09</u>		<u>\$ 0.29</u>		<u>\$ 0.20</u>	

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended June 30, 2016 and 2015

(In thousands of New Taiwan Dollars)

Code		Year ended June 30, 2016	Year ended June 30, 2015
	CASH FLOWS FROM (USED IN)		
	OPERATING ACTIVITIES		
A00010	INCOME BEFORE INCOME TAX	\$ 903,710	\$ 916,927
A20000	Adjustments to reconcile profit(loss)		
A20100	Depreciation expense	1,474,685	1,520,215
A20200	Amortization expense	20,893	15,935
A20300	Gain on reversal of losses on doubtful debts	-	(712)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	23,695	(27,726)
A20900	Finance costs	215,015	232,064
A23000	Loss (gain) on disposal of non-current assets classified as held for sale	-	97
A23500	Impairment loss on financial assets	1,027	168,253
A24600	Loss (gain) on change in fair value of investment properties	4,600	2,459
A29900	Reversal of provisions	-	(1,627)
A29900	Amortization of prepayments	9,826	6,889
A29900	Amortization of prepayments for lease	163,798	162,569
A29900	Reversal unrealized purchase discounts	(106,800)	(6,200)
A29900	Reversal of deferred revenue	(98,552)	(65,656)
A22300	Share of loss (profit) of associates accounted for using equity method	35,587	51,090
A21200	Interest income	(24,146)	(47,640)
A21300	Dividend income	(274)	(1)
A22500	Loss (gain) on disposal of property, plant and equipment, net	16,411	17,363
A23800	Loss for market price decline and obsolete and slow-moving inventories	(128,439)	(2,027)
A30000	Net changes in operating assets and liabilities		
A31110	Financial assets held for trading	3	(17,608)
A31130	Notes receivable	(10,271)	(14,285)
A31150	Accounts receivable	124,936	145,707

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<u>C o d e</u>		<u>Year ended June</u> <u>30, 2016</u>	<u>Year ended June</u> <u>30, 2015</u>
A31160	Notes and accounts receivable due from related parties	4,647	55,173
A31180	Other receivable	304,039	116,352
A31200	Inventories	792,229	274,286
A31230	Prepayments	35,124	64,138
A31240	Other current assets	16,259	36,955
A31990	Net defined benefit asset	-	4,174
A32130	Notes payable	(17,734)	(18,957)
A32150	Accounts payable	(5,421,119)	(5,452,699)
A32160	Notes and accounts payable to related parties	(58,907)	(85,015)
A32180	Other payables	(632,935)	(899,856)
A32210	Advance receipts	179,316	305,618
A32210	Deferred revenue	80,618	92,252
A32240	Net defined benefit liability	3,107	(2,262)
A32230	Other current liabilities	(<u>43,800</u>)	<u>60,308</u>
A33000	Cash inflow (outflow) generated from operations	(2,133,452)	(2,393,447)
A33300	Interests paid	(197,280)	(202,774)
A33100	Interests received	19,741	40,395
A33500	Income tax returned	500	19,233
A33500	Income taxes paid	(<u>154,802</u>)	(<u>511,581</u>)
AAAA	Net cash flows from (used in) operating activities	(<u>2,465,293</u>)	(<u>3,048,174</u>)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
B00700	Acquisition of investments in debt instrument without active market	354,961	502,269
B01800	Acquisition of investments accounted for using equity method	-	(106,000)
B02100	Decrease in prepayments for long-term investment	55,972	78,346
B02600	Proceeds from disposal of non-current assets classified as held for sale	-	16
B02700	Acquisition of property, plant and equipment	(666,348)	(974,083)
B02800	Proceeds from disposal of property, plant and equipment	8,608	457
B04500	Acquisition of intangible assets	(10,299)	(9,208)
B04600	Proceeds from disposal of intangible assets	306	-
B05400	Acquisition of investment properties	(3,743)	(769)

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<u>C o d e</u>		<u>Year ended June</u> <u>30, 2016</u>	<u>Year ended June</u> <u>30, 2015</u>
B06700	Increase (decrease) in other non-current assets	(263,780)	(3,399)
B07600	Dividends received	<u>1</u>	<u>1</u>
BBBB	Net cash flows from (used in) investing activities	(<u>524,322</u>)	(<u>512,370</u>)
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	51,388,140	21,089,308
C00200	Decrease in short-term loans	(51,406,270)	(20,574,263)
C00500	Increase in short-term notes and bills payable	15,152,531	11,024,656
C00600	Decrease in short-term notes and bills payable	(13,847,456)	(11,543,074)
C01600	Proceeds from long-term debt	20,790,097	26,300,313
C01700	Repayment of long-term debt	(22,300,000)	(25,525,000)
C04400	Increase in other non-current liabilities	(24,527)	(23,149)
C04500	Dividends paid by parent company	(36)	(15)
C05800	Dividends paid to non-controlling interests	(39,098)	(81,392)
C05800	Non-controlling Interests	(<u>50,186</u>)	<u>-</u>
CCCC	Net cash flows from (used in) financing activities	(<u>336,805</u>)	<u>667,384</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>71,367</u>	(<u>31,949</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	(3,255,053)	(2,925,109)
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>\$ 6,771,577</u>	<u>\$ 8,027,809</u>

(Concluded)