

FAR EASTERN DEPARTMENT STORES, LTD.

BALANCE SHEETS

June 30, 2011 AND 2010

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

C o d e	ASSETS	2011/6/30		2010/6/30		C o d e	LIABILITIES AND STOCKHOLDERS' EQUITY	2011/6/30		2010/6/30	
		Amount	%	Amount	%			Amount	%	Amount	%
	<b>CURRENT ASSETS</b>						<b>CURRENT LIABILITIES</b>				
1100	Cash	\$ 266,073	-	\$ 275,716	1	2100	Short-term debts	\$ 2,300,000	4	\$ 2,650,000	6
1320	Available-for-Sales financial assets – current	282,339	1	196,505	-	2110	Shore-term notes and bills payable	1,699,411	3	1,399,077	3
1120	Notes of account receivable	14,397	-	17,354	-	2140	Notes and accounts payable	1,944,620	4	1,731,978	4
1140	Notes of account receivable, net of allowance for doubtful accounts of NT \$ 3,550 thousands in 2011 and 4,133 thousands in 2010	84,080	-	185,044	-	2150	Related parties – payable	24,241	-	19,524	-
1150	Related parties – notes and receivables	37,580	-	35,124	-	2190	Related parties – others	146,963	-	127,079	-
1180	Related parties – others	349,720	1	429,760	1	2160	Income tax payable	90,197	-	125,515	-
1160	Other receivables	60,828	-	67,421	-	2170	Accrued expenses	771,593	2	633,212	2
120X	Inventories	197,840	-	199,763	1	2216	Dividend payable	1,242,634	2	909,244	2
1260	Prepayments	388,988	1	342,457	1	2228	Other payable	143,187	-	173,516	-
1286	Deferred tax assets – current	36,677	-	29,082	-	2260	Advanced receipts	1,560,855	3	1,395,346	3
1298	Other current assets	15,299	-	39,498	-	2271	Current portion of bonds issued	-	-	500,000	1
11XX	Total current assets	<u>1,733,821</u>	<u>3</u>	<u>1,817,724</u>	<u>4</u>	2272	Current portion of long-term borrowings	995,279	2	-	-
	<b>INVESTMENT</b>					2280	Other current liabilities	812,934	2	785,534	2
1421	Long-term investments accounted for by the equity method	18,838,210	36	16,894,746	37	21XX	Total current liabilities	<u>11,731,914</u>	<u>22</u>	<u>10,450,025</u>	<u>23</u>
1450	Available-for-sale financial assets – non current	3,089,873	6	2,124,962	5		<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION</b>				
1480	Financial assets carried at cost	100,729	-	115,755	-	2410	Bonds issued	4,598,190	9	1,200,000	3
14XX	Total investments	<u>22,028,812</u>	<u>42</u>	<u>19,135,463</u>	<u>42</u>	2420	Long-term borrowings	8,720,000	16	10,190,000	22
	<b>PROPERTY</b>					24XX	Total long-term liabilities	<u>13,318,190</u>	<u>25</u>	<u>11,390,000</u>	<u>25</u>
1501	Cost						<b>RESERVES</b>				
1501	Land	3,951,477	7	4,128,297	9	2510	Reserve for land revaluation increment tax	508,719	1	575,490	1
1521	Buildings and equipment	6,789,916	13	7,206,640	16		<b>OTHER LIABILITIES</b>				
1531	Furniture and equipment	3,449,326	7	3,344,370	7	2820	Deposits received	37,972	-	37,485	-
15X1	Total cost	14,190,719	27	14,679,307	32	2860	Deferred tax liabilities – non current	172,904	1	98,514	1
15X8	Revaluation increment	1,213,827	2	1,212,414	3	2881	Deferred credits – gains on related party transactions	11,366	-	11,366	-
15XY	Cost and appreciation	15,404,546	29	15,891,721	35	2888	Miscellaneous	590	-	-	-
15X9	Less: Accumulated depreciation	4,921,777	9	4,897,303	11	28XX	Total other liabilities	<u>222,832</u>	<u>1</u>	<u>147,365</u>	<u>1</u>
1670	Construction in progress and prepayments for equipment	7,922,538	15	6,392,253	14	2XXX	Total liabilities	<u>25,781,655</u>	<u>49</u>	<u>22,562,880</u>	<u>50</u>
1681	Leasehold rights, net	8,067,374	16	5,189,368	11		<b>STOCKHOLDERS' EQUITY</b>				
1627	Properties leased to others, net	1,231,859	2	1,253,989	3	3110	Capital stock NT10.00 par value				
15XX	Net property	<u>27,704,540</u>	<u>53</u>	<u>23,830,028</u>	<u>52</u>		Authorized – 1,350,000 thousand shares				
1810	Idle assets, net	571,202	1	380,090	1		Issued and outstanding – 1,242,634 thousand share in 2011 and 1,212,326 thousand shares in 2010	12,426,341	24	12,123,259	26
1820	Refundable deposits	157,377	-	158,597	-	3150	Stock dividend to be distributed	745,580	1	303,082	1
1840	Prepaid pension costs	230,937	1	205,510	1		Capital surplus				
1880	Miscellaneous	5,534	-	6,417	-	3210	Additional pay-in capital – share issuance in excess of par	2,175,718	4	2,175,718	5
18XX	Total other assets	<u>965,050</u>	<u>2</u>	<u>750,614</u>	<u>2</u>	3220	Treasury stock transactions	1,213,526	3	964,467	2
	<b>1XXX TOTAL</b>	<b>\$ 52,432,223</b>	<b>100</b>	<b>\$ 45,533,829</b>	<b>100</b>	3260	Long-term investments	365,518	1	375,936	1
						3272	Stock warrants	108,930	-	-	-
						32XX	Total capital surplus	<u>3,863,692</u>	<u>8</u>	<u>3,516,121</u>	<u>8</u>
							Retained earnings				
						3310	Legal reserve	1,975,319	4	1,718,606	4
						3320	Special reserve	1,069,583	2	1,000,564	2
						3350	Unappropriated earnings	1,825,257	3	1,263,741	3
						33XX	Total retained earnings	<u>4,870,159</u>	<u>9</u>	<u>3,982,911</u>	<u>9</u>
							Other equity adjustments				
						3420	Cumulative translation adjustments	( 419,132 )	( 1 )	186,446	-
						3430	Net cost not recognized as pension costs	( 8,300 )	-	( 10,706 )	-
						3450	Unrealized valuation gains on financial instruments	4,365,892	8	2,057,122	4
						3460	Unrealized asset revaluation increment	843,106	2	883,944	2
						3480	Treasury stock – 7,086 thousand shares in 2011 and 13,392 thousand shares in 2010	( 36,770 )	-	( 71,230 )	-
						34XX	Total other equity adjustments	<u>4,744,796</u>	<u>9</u>	<u>3,045,576</u>	<u>6</u>
						3XXX	Total stockholders' equity	<u>26,650,568</u>	<u>51</u>	<u>22,970,949</u>	<u>50</u>
							<b>TOTAL</b>	<b>\$ 52,432,223</b>	<b>100</b>	<b>\$ 45,533,829</b>	<b>100</b>

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF INCOME

YEARS ENDED June 30, 2011 AND 2010

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

Code		2011		2010	
		Year ended June 30		Year ended June 30	
		Amount	%	Amount	%
	REVENUES				
4100	Sales	\$11,987,789	99	\$10,700,980	99
4800	Other operating revenues	<u>130,900</u>	<u>1</u>	<u>128,335</u>	<u>1</u>
4000	Total revenues	<u>12,118,689</u>	<u>100</u>	<u>10,829,315</u>	<u>100</u>
	COST				
5110	Cost of goods sold	9,647,301	80	8,580,133	79
5800	Other operating costs	<u>29,358</u>	<u>-</u>	<u>30,393</u>	<u>1</u>
5000	Total costs	<u>9,676,659</u>	<u>80</u>	<u>8,610,526</u>	<u>80</u>
5910	GROSS PROFIT	<u>2,442,030</u>	<u>20</u>	<u>2,218,789</u>	<u>20</u>
	OPERATING EXPENSES				
6100	Selling	461,489	4	407,206	4
6200	General and administrative	<u>1,403,561</u>	<u>11</u>	<u>1,347,115</u>	<u>12</u>
6000	Total operating expense	<u>1,865,050</u>	<u>15</u>	<u>1,754,321</u>	<u>16</u>
6900	OPERATING INCOME	<u>576,980</u>	<u>5</u>	<u>464,468</u>	<u>4</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earnings of equity-method investees, net	532,007	5	289,285	3
7130	Gain on disposal of property and idle assets, net	-	-	80,069	1
7110	Interest income	806	-	605	-
7480	Other income	<u>46,336</u>	<u>-</u>	<u>54,581</u>	<u>-</u>
7100	Total nonoperating income and gains	<u>579,149</u>	<u>5</u>	<u>424,540</u>	<u>4</u>
	NONOPERATING EXPENSES AND LOSSES				
7510	Interest expenses	27,818	-	30,743	-
7530	Loss on disposal of property and idle assets	2,957	-	-	-
7631	Impairment loss on financial assets carried at cost	1,066	-	-	-
7880	Other expenses	<u>32,553</u>	<u>1</u>	<u>36,782</u>	<u>1</u>
7500	Total non-operating expenses and losses	<u>64,394</u>	<u>1</u>	<u>67,525</u>	<u>1</u>

(Continued)

Code		2011		2010	
		Year ended June 30		Year ended June 30	
		Amount	%	Amount	%
7900	INCOME BEFORE INCOME TAX	1,091,735	9	821,483	7
8110	INCOME TAX	<u>151,302</u>	<u>1</u>	<u>120,350</u>	<u>1</u>
9600	NET INCOME	<u>\$ 940,433</u>	<u>8</u>	<u>\$ 701,133</u>	<u>6</u>
Code		Before Tax	After Tax	Before Tax	After Tax
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 0.88</u>	<u>\$ 0.76</u>	<u>\$ 0.67</u>	<u>\$ 0.57</u>
9850	Diluted	<u>\$ 0.88</u>	<u>\$ 0.76</u>	<u>\$ 0.67</u>	<u>\$ 0.57</u>

Pro forma information on the assumption that the Company's shares traded or held by subsidiaries are treated as investments instead of treasury stocks:

Code		Before Tax	After Tax	Before Tax	After Tax
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 0.88</u>	<u>\$ 0.76</u>	<u>\$ 0.66</u>	<u>\$ 0.56</u>
9850	Diluted	<u>\$ 0.88</u>	<u>\$ 0.76</u>	<u>\$ 0.66</u>	<u>\$ 0.56</u>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CASHFLOWS

YEARS ENDED June 30, 2011 AND 2010

(In thousands of New Taiwan Dollars)

	2011 Year ended June 30	2010 Year ended June 30
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 940,433	\$ 701,133
Depreciation	197,242	213,209
Amortization of deferred charges	1,609	3,130
Amortization of leasehold rights included in rental expense	37,411	37,411
Equity in earnings of equity-method investees, net	( 532,007)	( 289,285)
Impairment loss on financial assets carried at cost	1,066	-
Cash dividends from equity-method investees	1,093,627	1,123,866
Loss (gain) on disposal of property and idle assets, net	2,957	( 80,069)
Interest recognized for bonds payable	12,431	-
Deferred income taxes	61,018	( 5,167)
Increase in prepaid pension cost	( 15,209)	( 10,663)
Net changes in operating assets and liabilities		
Notes receivable	1,119	( 4,034)
Accounts receivable	97,685	( 4,203)
Accounts and notes receivable-related parties	3,510	1,492
Account receivable – other related parties	( 4,520)	18,883
Other receivables	39,831	47,309
Inventories	9,757	16,553
Prepayments	( 126,553)	( 193,193)
Other current assets	( 295)	( 23,065)
Accounts payable	( 387,183)	( 506,733)
Accounts payable-related parties	( 37,144)	( 35,031)
Accounts payable-other related parties	35,881	33,302
Income tax payable	( 108,023)	125,515
Accrued expenses	( 46,845)	( 70,871)
Other payable	( 286)	( 1,847)
Advanced receipts	59,842	50,500
Other current liabilities	<u>68,213</u>	<u>201,550</u>
Net cash provided by (used in) operating activities	<u>1,405,567</u>	<u>1,349,692</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments accounted for by the equity method	( 200,000)	( 100,000)
Proceeds of the disposal of property	68	139,026
Acquisition of property	( 2,774,154)	( 1,451,861)

(Continued)

	2011 Year ended June 30	2010 Year ended June 30
Increase in other assets	-	( 1,081)
Decrease in refundable deposits	<u>1,766</u>	<u>431</u>
Net cash used in investing activities	( <u>2,972,320</u> )	( <u>1,413,485</u> )
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Decrease in short-term debts	( 850,000)	-
Increase (decrease) in short-term notes and bills payable	399,955	( 49,857)
Issuance of bonds	2,493,658	-
Increase(decrease) in long-term borrowings	( 500,619)	111,853
Increase(decrease) in deposits received	23	( 1,387)
Dividend from previous years paid	( <u>15</u> )	( <u>18</u> )
Net cash (used in) provided by financing activities	<u>1,543,002</u>	<u>60,591</u>
NET DECREASE IN CASH	( 23,751)	( 3,202)
CASH, BEGINNING OF YEAR	<u>289,824</u>	<u>278,918</u>
CASH, END OF YEAR	<u>\$ 266,073</u>	<u>\$ 275,716</u>
<b>SUPPLEMENT CASH FLOW INFORMATION</b>		
Interest paid	\$ 78,127	\$ 62,756
Less: Capitalized interest	<u>84,588</u>	<u>64,972</u>
Interest paid, excluding capitalized interest	<u>\$ -</u>	<u>\$ -</u>
Income tax paid	<u>\$ 200,407</u>	<u>\$ 2</u>
<b>NON CASH INVESTING AND FINANCING ACTIVITIES</b>		
Cash dividends payable	<u>\$ 1,242,634</u>	<u>\$ 909,244</u>
Current portion of bonds issued	<u>\$ -</u>	<u>\$ 500,000</u>
Current portion of long-term borrowings	<u>\$ 995,279</u>	<u>\$ -</u>
Cash dividends receivable from equity-method investees (Classified as Related Parties - others)	<u>\$ 72,954</u>	<u>\$ 145,207</u>
Adjustment to advance receipts and depreciation	<u>\$ 40,618</u>	<u>\$ 49,878</u>
Adjustment to real estate received in advance (classified as advance receipts) and disposal of property	<u>\$ -</u>	<u>\$ 36,000</u>
Classification of credit balance in long-term investment to other liabilities	<u>\$ 590</u>	<u>\$ -</u>
<b>CASH PAID FOR ACQUISITION OF PROPERTY AND PROPERTIES LEASED</b>		
Increase in fixed and rental assets	\$ 93,669	\$ 56,085
Increase in construction in progress and prepaid equipment	907,437	445,884
Acquisition of leasehold rights	1,714,248	769,430
Decrease in balance payable - property - related parties	19,836	1,832
Decrease in balance payable-property	<u>38,964</u>	<u>178,630</u>
Cash paid (Concluded)	<u>\$ 2,774,154</u>	<u>\$ 1,451,861</u>