

FAR EASTERN DEPARTMENT STORES, LTD.
BALANCE SHEETS
March 31, 2011 AND 2010
(In thousands of New Taiwan Dollars, Expect Par Value)

C o d e	ASSETS	2011/3/31		2010/3/31		C o d e	LIABILITIES AND STOCKHOLDERS' EQUITY	2011/3/31		2010/3/31	
		Amount	%	Amount	%			Amount	%		
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash	\$ 219,524	-	\$ 262,461	1	2100	Short-term debts	\$ 2,300,000	5	\$ 1,300,000	3
1320	Available-for-Sales financial assets – current	263,583	1	195,552	-	2110	Short-term notes and bills payable	1,099,423	2	1,249,301	3
1120	Notes of account receivable	8,705	-	12,771	-	2140	Notes and accounts payable	2,113,342	4	2,042,490	4
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT \$ 3,550 thousands in 2011 and 4,133 thousands in 2010	106,777	-	128,030	-	2150	Related parties-payables	24,100	-	24,584	-
1150	Related parties - notes and receivables	40,926	-	24,210	-	2190	Related parties - others	124,237	-	101,294	-
1180	Related parties – others	262,388	1	305,551	1	2160	Income tax payable	247,732	1	49,035	-
1160	Other receivables	78,622	-	180,543	-	2170	Accrued expenses	718,701	1	588,560	1
120X	Inventories	471,274	1	364,553	1	2228	Other payable	144,175	-	264,957	1
1260	Prepayments	390,042	1	377,728	1	2260	Advanced receipts	1,752,992	3	1,476,824	3
1286	Deferred tax assets-current	33,159	-	32,513	-	2271	Current portion of bonds issued	-	-	500,000	1
1298	Other current assets	19,693	-	16,629	-	2272	Current portion of long-term borrowings	997,910	2	-	-
11XX	Total current assets	1,894,693	4	1,900,541	4	2280	Other current liabilities	844,140	2	772,899	2
						21XX	Total current liabilities	10,366,752	20	8,369,944	18
	INVESTMENTS						LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
1421	Long-term investments accounted for by the equity method	19,467,216	38	18,314,543	39	2410	Bonds issued	4,588,860	9	1,200,000	3
1450	Available-for-sale financial assets-non current	2,657,023	5	2,292,419	5	2420	Long-term borrowings	8,990,000	17	12,116,521	26
1480	Financial assets carried at cost	102,168	-	116,241	-	24XX	Total long-term liabilities	13,578,860	26	13,316,521	29
14XX	Total investments	22,226,407	43	20,723,203	44						
	PROPERTY						RESERVES				
	Cost					2510	Reserve for land revaluation increment tax	508,719	1	575,490	1
1501	Land	3,951,477	8	4,128,297	9		OTHER LIABILITIES				
1521	Buildings and equipment	6,773,679	13	7,191,146	16	2820	Deposits received	37,949	-	37,483	-
1531	Furniture and equipment	3,430,202	7	3,405,462	7	2860	Deferred tax liabilities – non current	114,776	1	107,911	-
15X1	Total cost	14,155,358	28	14,724,905	32	2881	Deferred credits - gains on related-party transactions	11,366	-	11,366	-
15X8	Revaluation increment	1,213,827	2	1,212,414	2	2888	Miscellaneous	32,138	-	35,551	-
15XY	Cost and appreciation	15,369,185	30	15,937,319	34	28XX	Total other liabilities	196,229	1	192,311	-
15X9	Less: Accumulated depreciation	4,817,877	9	4,855,291	10	2XXX	Total liabilities	24,650,560	48	22,454,266	48
		10,551,308	21	11,082,028	24						
1671	Construction in progress and prepayments for equipment	7,417,544	14	6,088,785	13		STOCKHOLDERS' EQUITY				
1780	Leasehold rights, net	7,263,373	14	4,693,910	10		Capital stock NT\$10.00 par value				
1627	Properties leased to others, net	1,239,060	2	1,258,829	3	3110	Authorized - 1,350,000 thousand shares 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
15XX	Net property	26,471,285	51	23,123,552	50		Capital surplus				
	OTHER ASSETS						Additional paid-in capital –share issuance in excess of par	2,175,718	4	2,175,718	5
1810	Idle assets, net	573,060	1	381,044	1	3210	Treasury Stock transactions	1,213,526	2	964,467	2
1820	Refundable deposits	157,445	-	157,575	-	3260	Long-term investments	375,936	1	384,640	1
1840	Prepaid pension costs	223,681	1	200,425	1	3272	Stock warrants	108,930	-	-	-
1880	Miscellaneous	5,967	-	7,507	-	32XX	Total capital surplus	3,874,110	7	3,524,825	8
18XX	Total other assets	960,153	2	746,551	2		Retained earnings:				
						3310	Legal reserve	1,718,606	3	1,525,328	3
						3320	Special reserve	1,069,583	2	1,000,564	2
						3350	Unappropriated earnings	3,866,817	8	2,544,179	6
						33XX	Total retained earnings	6,655,006	13	5,070,071	11
							Other equity adjustments				
						3420	Cumulative translation adjustments	(301,304)	(1)	101,418	-
						3430	Net loss not recognized as pension costs	(8,300)	-	(10,386)	-
						3450	Unrealized valuation gains on financial instruments	3,449,789	7	2,417,680	5
						3460	Unrealized asset revaluation increment	843,106	2	883,944	2
							Treasury stock – 7,086 thousand shares in 2011 and 13,392 thousand shares in 2010	(36,770)	-	(71,230)	-
						34XX	Total other equity adjustments	3,946,521	8	3,321,426	7
						3XXX	Total stockholders' equity	26,901,978	52	24,039,581	52
1XXX	TOTAL	\$ 51,552,538	100	\$ 46,493,847	100		TOTAL	\$ 51,552,538	100	\$ 46,493,847	100

FAR EASTERN DEPARTMENT STORES, LTD.
STATEMENTS OF INCOME
YEARS ENDED March 31, 2011 AND 2010
(In thousands of New Taiwan Dollars, Expect Par Value)

Code		2011		2010	
		Year ended March 31		Year ended March 31	
		Amount	%	Amount	%
	REVENUES				
4100	Sales	\$6,038,698	99	\$5,465,115	99
4800	Other operating revenues	<u>70,793</u>	<u>1</u>	<u>67,456</u>	<u>1</u>
4000	Total revenues	<u>6,109,491</u>	<u>100</u>	<u>5,532,571</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	4,855,311	80	4,378,637	79
5800	Other operating costs	<u>14,678</u>	<u>-</u>	<u>15,446</u>	<u>-</u>
5000	Total costs	<u>4,869,989</u>	<u>80</u>	<u>4,394,083</u>	<u>79</u>
5910	GROSS PROFIT	<u>1,239,502</u>	<u>20</u>	<u>1,138,488</u>	<u>21</u>
	OPERATING EXPENSES				
6100	Selling	224,457	3	207,820	4
6200	General and administrative	<u>724,214</u>	<u>12</u>	<u>668,209</u>	<u>12</u>
6000	Total operating expenses	<u>948,671</u>	<u>15</u>	<u>876,029</u>	<u>16</u>
6900	OPERATING INCOME	<u>290,831</u>	<u>5</u>	<u>262,459</u>	<u>5</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earnings of equity-method investees, net	499,135	8	286,408	5
7130	Gain on disposal of property and idle assets, net	-	-	84,975	1
7110	Interest income	386	-	297	-
7480	Other income	<u>29,320</u>	<u>1</u>	<u>31,230</u>	<u>1</u>
7100	Total nonoperating income and gains	<u>528,841</u>	<u>9</u>	<u>402,910</u>	<u>7</u>

(Continued)

Code	2011 Year ended March 31		2010 Year ended March 31		
	Amount	%	Amount	%	
	NONOPERATING EXPENSES AND LOSSES				
7510	Interest expenses	10,394	-	13,993	-
7530	Loss on disposal of property and idle assets	25	-	-	-
7880	Other expenses	<u>16,267</u>	<u>1</u>	<u>25,575</u>	<u>1</u>
7500	Total non-operating expenses and losses	<u>26,686</u>	<u>1</u>	<u>39,568</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	792,986	13	625,801	11
8110	INCOME TAX	<u>55,920</u>	<u>1</u>	<u>49,834</u>	<u>1</u>
9600	NET INCOME	<u>\$ 737,066</u>	<u>12</u>	<u>\$ 575,967</u>	<u>10</u>

Code	Before Tax	After Tax	Before Tax	After Tax	
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 0.64</u>	<u>\$ 0.60</u>	<u>\$ 0.51</u>	<u>\$ 0.47</u>
9850	Diluted	<u>\$ 0.64</u>	<u>\$ 0.60</u>	<u>\$ 0.51</u>	<u>\$ 0.47</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>\$ 0.64</u>	<u>\$ 0.59</u>	<u>\$ 0.50</u>	<u>\$ 0.46</u>
9850	Diluted	<u>\$ 0.64</u>	<u>\$ 0.59</u>	<u>\$ 0.50</u>	<u>\$ 0.46</u>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED March 31, 2011 AND 2010
(In thousands of New Taiwan Dollars)

	2011 Year ended March 31	2010 Year ended March 31
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 737,066	\$ 575,967
Depreciation	97,100	106,384
Amortization of deferred charges	803	1,553
Amortization of leasehold rights included in rental expense	18,706	18,706
Equity in earnings of equity-method investees, net	(499,135)	(286,408)
Loss (gain) on disposal of property and idle assets, net	25	(84,975)
Interest recognized on bonds payable	3,101	-
Deferred income taxes	6,408	799
Increase in prepaid pension cost	(7,953)	(5,578)
Net changes in operating assets and liabilities		
Notes receivable	6,811	549
Accounts receivable	74,988	52,811
Accounts and notes receivable-related parties	164	12,406
Account receivable-related parties	9,858	(2,115)
Other receivables	22,037	24,187
Inventories	(263,677)	(148,237)
Prepayments	(127,607)	(228,464)
Other current assets	(4,689)	(196)
Accounts and notes payable	(218,461)	(196,221)
Accounts payable-related parties	(37,285)	(29,971)
Accounts payable- other related parties	13,155	7,065
Income tax payable	49,512	49,035
Other payable	(283)	(1,908)
Accrued expenses	(99,737)	(115,523)
Advanced receipts	232,692	106,718
Other current liabilities	<u>99,419</u>	<u>188,915</u>
Net cash provided by (used in) operating activities	<u>113,018</u>	<u>45,499</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for by the equity method	-	(100,000)
Proceeds of the disposal of property	-	48,812
Acquisition of property	(1,400,638)	(498,475)

(Continued)

	2011 <u>Year ended March 31</u>	2010 <u>Year ended March 31</u>
Increase in other assets	-	(1,080)
Decrease in refundable deposits	<u>1,698</u>	<u>1,453</u>
Net cash used in investing activities	(<u>1,398,940</u>)	(<u>549,290</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term debts	(850,000)	(1,350,000)
Decrease in short-term notes and bills payable	(200,033)	(199,633)
Issuance of bonds	2,493,658	-
Increase(decrease) in long-term borrowings	(227,988)	2,038,374
Decrease in deposits received	-	(1,389)
Dividend from previous years paid	(<u>15</u>)	(<u>18</u>)
Net cash (used in) provided by financing activities	<u>1,215,622</u>	<u>487,334</u>
NET INCREASE (DECREASE) IN CASH	(70,300)	(16,457)
CASH, BEGINNING OF YEAR	<u>289,824</u>	<u>278,918</u>
CASH, END OF YEAR	<u>\$ 219,524</u>	<u>\$ 262,461</u>
SUPPLEMENT CASH FLOW INFORMATION		
Interest paid	\$ 32,604	\$ 29,824
Less: Capitalized interest	<u>40,365</u>	<u>31,970</u>
Interest paid, excluding capitalized interest	<u>\$ -</u>	<u>\$ -</u>
Income tax paid	<u>\$ -</u>	<u>\$ -</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Proceeds of the disposal of property classified as other receivable	<u>\$ -</u>	<u>\$ 90,000</u>
Adjustment to real estate received in advance (classified as advance receipts) and disposal of property	<u>\$ -</u>	<u>\$ 36,000</u>
Adjustment to advance receipts and depreciation	<u>\$ 21,331</u>	<u>\$ 24,618</u>
Current portion of bonds issued	<u>\$ -</u>	<u>\$ 500,000</u>
Current portion of long-term borrowings	<u>\$ 997,910</u>	<u>\$ -</u>
Classification of credit balance in long-term investment to other liability	<u>\$ 32,138</u>	<u>\$ 35,551</u>
CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 48,838	\$ 12,284
Increase in construction in progress and prepaid equipment	402,443	142,416
Acquisition of leasing rights	891,542	255,267
Decrease in balance payable - property	37,979	87,128
Decrease in balance payable property-related parties	<u>19,836</u>	<u>1,380</u>
Cash paid	<u>\$1,400,638</u>	<u>\$ 498,475</u>

(Concluded)