

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

C o d e	ASSETS	2011/3/31		2010/3/31		C o d e	LIBILITIES AND STOCKHOLDERS' EQUITY	2011/3/31		2010/3/31	
		Amounts	%	Amounts	%			Amounts	%	Amounts	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash and cash equivalents	\$ 7,671,345	8	\$ 8,214,913	9	2100	Short-term debts	\$ 7,780,263	8	\$ 6,640,503	7
1310	Financial assets at fair value through profit or loss- current	1,465,409	1	809,689	1	2110	Short-term notes and bills payable	3,453,301	4	3,771,520	4
1320	Available-for-Sales financial assets – current	534,879	1	398,523	-	2140	Notes and accounts payable	11,875,494	12	11,792,684	13
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT 224,088 thousands in 2011 and 225,255 thousands in 2010.	562,146	1	435,595	-	2160	Income tax payable	1,112,220	1	769,773	1
1160	Other receivables	525,611	-	592,892	1	2170	Accrued expenses	2,415,584	3	2,170,566	2
120X	Inventories	2,676,135	3	2,427,174	3	2228	Other payables	2,082,538	2	3,099,257	4
1260	Prepayments	1,573,126	2	1,491,902	2	2224	Balance payable- property	469,766	-	618,892	1
1275	Non current assets classified as held for sale	1,128,997	1	-	-	2260	Advanced receipts	5,514,008	6	5,032,588	6
1286	Deferred tax assets-current	173,474	-	255,906	-	2271	Current portion of bonds issued	-	-	500,000	1
1291	Pledged time deposits	352,390	-	550,390	1	2272	Current portion of long-term borrowings	1,714,410	2	2,456,000	3
1292	Refundable deposits - current	-	-	116,000	-	2280	Other current liability	908,007	1	899,067	1
1298	Other current assets	33,140	-	29,383	-	21XX	Total current liability	37,325,591	39	37,750,850	43
11XX	Total current assets	16,696,652	17	15,322,367	17		LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
	INVESTMENTS					2410	Bonds issued	4,588,860	5	1,200,000	1
1421	Long-term investments accounted for by the equity method	8,704,963	9	8,346,529	9	2420	Long-term borrowings	19,157,223	20	18,594,438	21
1423	Real estate	93,600	-	93,600	-	24XX	Total long-term liabilities	23,746,083	25	19,794,438	22
1450	Available-for-sale financial assets-non current	5,478,868	6	4,925,592	6		RESERVE				
1480	Financial assets carried at cost – non current	423,939	-	846,857	1	2510	Reserve for land revaluation increment tax	508,719	-	575,490	1
14XX	Total investments	14,701,370	15	14,212,578	16		OTHER LIABILITIES				
	PROPERTY					2810	Accrued pension costs	228,784	-	229,770	-
	Cost					2820	Deposits received	574,055	1	547,994	1
1501	Land	6,419,803	7	6,591,451	7	2860	Deferred tax liability-non current	514,725	-	158,146	-
1521	Buildings and equipment	20,680,142	21	20,819,278	24	2888	Miscellaneous	62,306	-	40,157	-
1531	Furniture and equipment	8,507,287	9	8,809,799	10	28XX	Total other liabilities	1,379,870	1	976,067	1
1631	Leasehold improvements	1,308,333	1	1,272,065	1	2XXX	Total liabilities	62,960,263	65	59,096,845	67
15X1	Total cost	36,915,565	38	37,492,593	42		STOCKHOLDERS' EQUITY				
15X8	Revaluation increment	1,231,856	1	1,212,414	2		Capital stock, NT\$ 10.00 par value				
15XY	Cost and appreciation	38,147,421	39	38,705,007	44	3110	Authorized-1,350,000 thousand shares Issued and Outstanding-1,242,634 thousands shares in 2011 and 1,212,326 thousand shares in 2010	12,426,341	13	12,123,259	13
15X9	Less: Accumulated depreciation	14,728,153	15	14,259,192	16		Capital surplus:				
1599	Less: Accumulated Impairment	34,263	-	-	-		Additional paid-in capital – share issuance in excess of par	2,175,718	2	2,175,718	3
		23,385,005	24	24,445,815	28	3210	Treasury stock transactions	1,213,526	1	964,467	1
1670	Construction in progress and prepayments for equipment	12,423,677	13	6,163,543	7	3260	Long-term investments	375,936	1	384,640	-
1681	Leasehold rights, net	11,195,329	12	8,806,946	10	3272	Stock warrants	108,930	-	-	-
1627						32XX	Total Capital Surplus	3,874,110	4	3,524,825	4
	Properties leased to others, net	841,642	1	865,539	1		Retained earnings				
15XX	Net property	47,845,653	50	40,281,843	46	3310	Legal reserve	1,718,606	2	1,525,328	2
	INTANGIBLE ASSETS					3320	Special reserve	1,069,583	1	1,000,564	1
1750	Computer software cost	41,997	-	-	-	3350	Unappropriated earnings	3,866,817	4	2,544,179	3
1760	Goodwill	6,817,494	7	7,235,601	8	33XX	Total retained earnings	6,655,006	7	5,070,071	6
1770	Deferred pension costs	130,693	-	133,554	-		Other equity adjustments				
17XX	Total intangible assets	6,990,184	7	7,369,155	8	3420	Cumulative translation adjustments	(301,304)	-	101,418	-
	OTHER ASSETS					3430	Net losses not recognized as pension costs	(8,300)	-	(10,386)	-
1820	Refundable deposits – non current	1,759,925	2	1,576,684	2	3450	Unrealized valuation gains on financial instruments	3,449,789	3	2,417,680	3
1810	Idle assets, net	573,106	1	381,107	-	3460	Unrealized asset revaluation increment	843,106	1	883,944	1
1850	Long-term prepayments	6,892,033	7	7,173,218	8		Treasury Stock – 7,086 thousand shares in 2011 and 13,392 thousand shares in 2010	(36,770)	-	(71,230)	-
1840	Prepaid pension costs	223,681	-	200,425	-	34XX	Total other equity adjustment	3,946,521	4	3,321,426	4
1860	Deferred tax assets – non current	236,499	1	-	-		Total stockholders' equity of parent company	26,901,978	28	24,039,581	27
1887						3610	Minority interest	6,351,078	7	5,635,876	6
	Restricted asset	206,457	-	2,175,127	3	3XXX	Total stockholders' equity	33,253,056	35	29,675,457	33
1888	Miscellaneous	87,759	-	79,798	-						
18XX	Total other assets	9,979,460	11	11,586,359	13						
1XXX	TOTAL	\$ 96,213,319	100	\$ 88,772,302	100		Total	\$ 96,213,319	100	\$ 88,772,302	100

FAR EASTERN DEPARTMENT STORES, LTD.
CONSOLIDATED 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				
4110	Sales	\$ 26,598,167	97	\$ 24,652,191	98
4800	Other operating revenues	<u>689,973</u>	<u>3</u>	<u>621,996</u>	<u>2</u>
4000	Total revenues	<u>27,288,140</u>	<u>100</u>	<u>25,274,187</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	21,427,074	79	19,818,768	78
5800	Other operating costs	<u>106,879</u>	<u>-</u>	<u>108,266</u>	<u>1</u>
5000	Total costs	<u>21,533,953</u>	<u>79</u>	<u>19,927,034</u>	<u>79</u>
5910	GROSS PROFIT	<u>5,754,187</u>	<u>21</u>	<u>5,347,153</u>	<u>21</u>
	OPERATING EXPENSES				
6100	Selling	550,610	2	512,768	2
6200	General and				
	administrative	<u>3,835,712</u>	<u>14</u>	<u>3,625,994</u>	<u>14</u>
6000	Total operating expenses	<u>4,386,322</u>	<u>16</u>	<u>4,138,762</u>	<u>16</u>
6900	OPERATING INCOME	<u>1,367,865</u>	<u>5</u>	<u>1,208,391</u>	<u>5</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earning of equity-method investees, net	50,987	-	-	-
7110	Interest income	27,348	-	26,804	-
7130	Gain on disposal of property and idle assets, net	-	-	79,791	-
7310	Valuation gain on financial instruments, net	-	-	37,518	-

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Code		2011		2010	
		Year ended March 31	Year ended March 31	Year ended March 31	Year ended March 31
		Amount	%	Amount	%
7140	Gain on disposal of investments, ne	\$ -	-	\$ 472	-
7480	Other income	<u>108,334</u>	<u>1</u>	<u>104,379</u>	<u>1</u>
7100	Total non-operating income and gains	<u>186,669</u>	<u>1</u>	<u>248,964</u>	<u>1</u>
NONOPERATING EXPENSES AND LOSSES					
7510	Interest expenses	111,111	1	117,641	1
7540	Losses on Sale of Investments	3,457	-	-	-
7530	Loss on disposal of property and idle assets	3,072	-	-	-
7560	Losses on Exchange	1,216	-	2,165	-
7640	Valuation loss on financial assets	102	-	-	-
7520	Equity in loss of equity method investee, net	-	-	84,367	-
7880	Other expenses	<u>18,575</u>	<u>-</u>	<u>33,668</u>	<u>-</u>
7500	Total non-operating expenses and losses	<u>137,533</u>	<u>1</u>	<u>237,841</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	1,417,001	5	1,219,514	5
8110	INCOME TAX	<u>317,587</u>	<u>1</u>	<u>326,071</u>	<u>1</u>
9600XX	NET INCOME	<u>\$ 1,099,414</u>	<u>4</u>	<u>\$ 893,443</u>	<u>4</u>
ATTRIBUTED TO :					
9601	Stockholders of the parent	\$ 737,066	3	\$ 575,967	3
9602	Minority interest	<u>362,348</u>	<u>1</u>	<u>317,476</u>	<u>1</u>
		<u>\$ 1,099,414</u>	<u>4</u>	<u>\$ 893,443</u>	<u>4</u>
<u>C o d e</u>		<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
CONSOLIDATED 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>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.
CONSOLIDATED 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	\$ 1,099,414	\$ 893,443
Depreciation	402,025	465,035
Amortization of deferred charges	9,504	5,754
Amortization of leasehold rights included in rental expense	58,057	63,047
Valuation loss (gain) on financial instruments	102	(37,518)
Loss on unrealized physical inventory and slow-moving inventories	5,662	10,233
Unrealized purchase discounts and allowances	(22,298)	-
Equity in (earnings) losses of equity-method investees, net	(50,987)	84,367
Loss (Gain) on disposal of investments, net	3,457	(472)
Loss (gain) on disposal of property and idle assets, net	3,072	(79,791)
Amortization of long-term prepaid rent	70,296	82,795
Interest recognized for bonds payable	3,101	-
Deferred income taxes	23,589	11,484
Prepaid pension cost	(7,953)	(5,578)
Accrued pension cost	(690)	3,214
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(3,490)	36,849
Notes and account receivable	(23,175)	95,282
Other receivables	(119,712)	143,551
Inventories	(139,832)	(202,868)
Prepayments	(145,302)	(176,569)
Other current assets	2,652	3,120
Notes and account payable	(5,386,343)	(3,761,641)
Income tax payable	71,334	93,934
Accrued expenses	(215,130)	(663,449)
Other payable	(836,825)	(132,096)
Advanced receipts	559,055	357,153
Other current liabilities	71,482	225,647
Net cash provided by operating activities	(4,568,935)	(2,485,074)

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	2011 Year ended March 31	2010 Year ended March 31
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in pledged time deposits	\$ 38,392	\$ 485,985
Acquisition of available-for-sale financial assets	-	(12,968)
Acquisition of property	(1,904,172)	(764,199)
Proceeds of the disposal of property and idle assets	143	48,817
Acquisition of intangible assets	(4,743)	-
Increase in refundable deposits	(16,849)	(130,965)
Decrease in restricted assets	2,045,146	9,749
(Increase) decrease in other assets	(24,427)	(14,211)
Net cash (used in) provided by investing activities	<u>133,490</u>	<u>(377,792)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term debts	1,083,843	(545,554)
Decrease in short-term notes and bills payable	(524,124)	(219,622)
Issuance of bonds	2,493,658	-
Increase(decrease) in long-term borrowings	(1,482,862)	2,144,822
Increase in deposits received	78,543	62,918
Increase in other liabilities	2,764	8,365
Dividend paid to minority interest	(169,083)	-
Dividend from previous years paid	(15)	(18)
Net cash (used in) provided by financing activities	<u>1,482,724</u>	<u>1,450,911</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>1,501</u>	<u>(18,241)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,951,220)	(1,430,196)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,622,565</u>	<u>9,645,109</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,671,345</u>	<u>\$ 8,214,913</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 113,465	\$ 101,154
Less : Capitalized interest	<u>40,365</u>	<u>31,970</u>
Interest paid, excluding capitalized interest	<u>\$ 73,100</u>	<u>\$ 69,184</u>
Income tax paid	<u>\$ 136,898</u>	<u>\$ 135,601</u>

(Continued)

	<u>2011</u> Year ended March 31	<u>2010</u> Year ended March 31
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>\$ 39,509</u>	<u>\$ 24,721</u>
Current portion of bonds issued	<u>\$ -</u>	<u>\$ 500,000</u>
Current portion of long-term borrowings	<u>\$ 1,714,410</u>	<u>\$ 2,456,000</u>
CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 1,175,960	\$ 422,456
Increase in construction in progress and prepaid equipment	526,107	161,392
Decrease in balance payable-property	<u>202,105</u>	<u>180,351</u>
Cash paid	<u>\$ 1,904,172</u>	<u>\$ 764,199</u>
(Concluded)		