

FAR EASTERN DEPARTMENT STORES, LTD.

CONSOLIDATED 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	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	cash and cash equivalents	\$ 7,674,445	8	\$ 8,819,726	9	2100	Short-term debts	\$ 7,617,533	8	\$ 14,403,215	15
1310	Financial assets at fair value through profit or loss-current	1,312,214	1	405,481	1	2110	Shore-term notes and bills payable	3,870,743	4	4,366,008	5
1320	Available-for-Sales financial assets – current	569,147	1	397,016	-	2140	Notes and accounts payable	11,645,533	12	11,287,137	12
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT 225,188 thousands in 2011 and 225,044 thousands in 2010	646,656	1	517,394	1	2160	Income tax payable	976,799	1	837,090	1
1160	Other receivables	832,425	1	757,274	1	2170	Accrued expenses	2,562,418	3	2,363,364	2
120X	Inventories	2,239,961	2	2,166,034	2	2228	Other payable	3,922,737	4	4,263,336	4
1260	Prepayments	1,390,490	2	1,350,745	2	2224	Balanced payable-property	438,723	-	522,364	1
1275	Non current assets classified as held for sale	1,128,997	1	388,345	-	2260	Advanced receipts	5,156,992	5	4,716,174	5
1286	Deferred tax assets – current	162,046	-	240,841	-	2271	Current portion of bonds issued	-	-	500,000	-
1291	Pledged time deposits	342,303	-	556,165	1	2272	Current portion of long-term borrowings	2,418,879	2	1,918,000	2
1292	Refundable deposits-current	-	-	77,000	-	2280	Other current liabilities	892,330	1	920,332	1
1298	Other current assets	33,062	-	52,420	-	21XX	Total current liabilities	39,502,687	40	46,097,020	48
11XX	Total current assets	16,331,746	17	15,728,441	17		LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
	INVESTMENT					2410	Bonds issued	4,598,190	5	1,200,000	1
1421	Long-term investments accounted for by the equity method	8,593,815	9	8,041,515	8	2420	Long-term borrowings	18,926,243	19	17,657,838	19
1423	Real estate, net	93,600	-	1,229,610	1	24XX	Total long-term liabilities	23,524,433	24	18,857,838	20
1450	Available-for-sale financial assets – non current	6,276,960	7	4,577,966	5		RESERVES				
1480	Financial assets carried at cost	419,253	-	450,753	1	2510	Reserve for land revaluation increment tax	508,719	1	575,490	1
14XX	Total investments	15,383,628	16	14,299,844	15		OTHER LIABILITIES				
	PROPERTY					2810	Accrued pension costs	233,123	-	231,673	-
	Cost					2820	Deposits received	603,685	1	507,500	1
1501	Land	6,419,803	7	6,591,451	7	2860	Deferred tax liabilities – non current	375,370	-	298,361	-
1521	Buildings and equipment	20,688,613	21	20,872,340	22	2888	Miscellaneous	61,229	-	31,673	-
1531	Furniture and equipment	8,445,824	9	8,753,693	9	28XX	Total other liabilities	1,273,407	1	1,069,207	1
1631	Leasehold improvements	1,264,167	1	1,277,258	2	2XXX	Total liabilities	64,809,246	66	66,599,555	70
15X1	Total cost	36,818,407	38	37,494,742	40		STOCKHOLDERS' EQUITY				
15X8	Revaluation increment	1,231,856	1	1,212,414	1		Capital stock NT10.00 par value				
15XY	Cost and appreciation	38,050,263	39	38,707,156	41	3110	Authorized-1,350,000 thousands 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	14,899,699	15	14,622,398	16	3150	Stock dividend to be distributed	745,580	1	303,082	-
1670	Construction in progress and prepayments for equipment	13,191,105	13	11,462,219	12		Capital surplus:				
1681	Leasehold rights, net	11,954,163	12	9,262,772	10	3210	Additional pay-in capital – share issuance in excess of par	2,175,718	2	2,175,718	2
1627	Properties leased to others, net	838,639	1	876,633	1	3220	Treasury stock transactions	1,213,526	1	964,467	1
15XX	Net property	49,134,471	50	45,686,382	48	3260	Long-term investments	365,518	1	375,936	1
	INTANGIBLE ASSETS					3272	Stock warrants	108,930	-	-	-
1750	Computer software cost	37,309	-	50,890	-	32XX	Total capital surplus	3,863,692	4	3,516,121	4
1760	Goodwill	6,698,451	7	7,293,501	8		Retained earnings				
1770	Deferred pension costs	130,693	-	133,554	-	3310	Legal reserve	1,975,319	2	1,718,606	2
17XX	Total intangible assets	6,866,453	7	7,477,945	8	3320	Special reserve	1,069,583	1	1,000,564	1
	OTHER ASSETS					3350	Unappropriated earnings	1,825,257	2	1,263,741	1
1820	Refundable deposits	1,839,607	2	1,564,684	2	33XX	Total retained earnings	4,870,159	5	3,982,911	4
1810	Idle assets, net	571,236	1	380,151	-		Other equity adjustments				
1850	Long-term prepayments	6,821,737	7	7,102,922	8	3420	Cumulative translation adjustments	(419,132)	-	186,446	-
1840	Prepaid pension costs	230,937	-	205,510	-	3430	Net cost not recognized as pension costs	(8,300)	-	(10,706)	-
1860	Deferred tax assets-non current	72,215	-	108,407	-	3450	Unrealized valuation gains on financial instruments	4,365,892	4	2,057,122	2
1887	Restricted asset	206,478	-	2,252,653	2	3460	Unrealized asset revaluation increment	843,106	1	883,944	1
1888						3480	Treasury Stock- 7,086 thousand shares in 2011 and 13,392 thousands shares in 2010	(36,770)	-	(71,230)	-
18XX	Miscellaneous	78,612	-	79,245	-	34XX	Total other equity adjustment	4,744,796	5	3,045,576	3
	Total other assets	9,820,822	10	11,693,572	12		Total stockholders' equity of parent company	26,650,568	28	22,970,949	24
1XXX	TOTAL	\$ 97,537,120	100	\$ 94,886,184	100	3610	Minority interest	6,077,306	6	5,315,680	6
						3XXX	Total stockholders' equity	32,727,874	34	28,286,629	30
							TOTAL	\$ 97,537,120	100	\$ 94,886,184	100

FAR EASTERN DEPARTMENT STORES, LTD.
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED June 30, 2011 AND 2010
(In thousands of New Taiwan Dollars, Except Par Value)

C o d e		2011		2010	
		Year ended June 30		Year ended June 30	
		Amount	%	Amount	%
	REVENUES				
4110	Sales	\$51,294,659	98	\$47,546,214	98
4800	Other operating revenues	<u>1,129,429</u>	<u>2</u>	<u>1,021,056</u>	<u>2</u>
4000	Total revenues	<u>52,424,088</u>	<u>100</u>	<u>48,567,270</u>	<u>100</u>
	COST				
5110	Cost of goods sold	41,172,044	79	38,157,461	79
5800	Other operating costs	<u>85,778</u>	<u>-</u>	<u>113,438</u>	<u>-</u>
5000	Total costs	<u>41,257,822</u>	<u>79</u>	<u>38,270,899</u>	<u>79</u>
5910	GROSS PROFIT	<u>11,166,266</u>	<u>21</u>	<u>10,296,371</u>	<u>21</u>
	OPERATING EXPENSES				
6100	Selling	1,237,400	2	1,101,053	2
6200	General and administrative	<u>7,767,567</u>	<u>15</u>	<u>7,254,958</u>	<u>15</u>
6000	Total operating expense	<u>9,004,967</u>	<u>17</u>	<u>8,356,011</u>	<u>17</u>
6900	OPERATING INCOME	<u>2,161,299</u>	<u>4</u>	<u>1,940,360</u>	<u>4</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earnings of equity-method investees, net	94,099	-	-	-
7122	Dividend income	-	-	1,498	-
7110	Interest income	63,434	-	43,994	-
7140	Gain on disposal of investments, net	26,478	-	1,666	-
7160	Gains on exchange	7,538	-	5,103	-
7130	Gain on disposal of property and idle assets, net	-	-	70,280	-
7480	Other income	<u>124,459</u>	<u>1</u>	<u>143,266</u>	<u>-</u>
7100	Total nonoperating income and gains	<u>316,008</u>	<u>1</u>	<u>265,807</u>	<u>-</u>

(Continued)

C o d e	2011 Year ended June 30		2010 Year ended June 30		
	Amount	%	Amount	%	
	NONOPEATING EXPENSES AND LOSSES				
7510	Interest expenses	228,597	1	279,748	1
7530	Loss on disposal of property and idle assets	12,889	-	-	-
7640	Valuation loss on financial assets	3,365	-	11,967	-
7631	Impairment loss on financial assets carried at cost	1,066	-	8,956	-
7521	Equity in loss of equity-method investees, net	-	-	130,668	-
7880	Other expenses	<u>54,267</u>	-	<u>71,991</u>	-
7500	Total non-operating expenses and losses	<u>300,184</u>	<u>1</u>	<u>503,330</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	2,177,123	4	1,702,837	3
8110	INCOME TAX	<u>869,528</u>	<u>2</u>	<u>577,627</u>	<u>1</u>
9600XX	Net Income	<u>\$ 1,307,595</u>	<u>2</u>	<u>\$ 1,125,210</u>	<u>2</u>
	ATTRIBUTED TO :				
9601	Stockholders of the parent	\$ 940,433	2	\$ 701,133	1
9602	Minority interest	<u>367,162</u>	-	<u>424,077</u>	<u>1</u>
		<u>\$ 1,307,595</u>	<u>2</u>	<u>\$ 1,125,210</u>	<u>2</u>
C o d e		Before Tax	After Tax	Before Tax	After Tax
	CONSOLIDATED 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>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.
CONSOLIDATED 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
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,307,595	\$ 1,125,210
Depreciation	802,175	860,935
Amortization of deferred charges	19,913	20,289
Amortization of leasehold rights included in rental expense	123,758	125,209
Impairment loss on financial assets	1,066	8,956
Valuation loss on financial instruments	3,365	11,967
Equity in (earnings) losses of equity-method investees, net	(94,099)	130,668
Gain on disposal of investments, net	(26,478)	(1,666)
Loss (gain) on disposal of property and idle assets, net	12,889	(70,280)
Interest recognized for bonds payable	12,431	-
Amortization of long-term prepaid rent	140,592	165,592
Unrealized loss on physical inventory and slow-moving inventories	25,860	40,269
(Reversal) Unrealized purchase discounts and allowances	(19,298)	2,000
Deferred income taxes	59,946	58,357
Prepaid pension cost	(15,209)	(10,663)
Accrued pension cost	3,649	5,117
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	146,935	392,766
Accounts and notes receivable	(107,685)	13,483
Other receivables	(232,285)	178,915
Inventories	273,144	26,236
Prepayments	37,334	(47,913)
Other current assets	2,231	(19,917)
Accounts and notes payable	(5,616,304)	(4,267,188)
Accrued expenses	(68,296)	(470,651)
Income tax payable	(64,087)	161,251
Other payables	(470,156)	(187,589)
Advanced receipts	240,197	128,552
Other current liabilities	55,805	246,912
Net cash provided by operating activities	(3,445,012)	(1,373,183)

(Continued)

	2011 Year ended June 30	2010 Year ended June 30
	<u> </u>	<u> </u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in pledged time deposits	48,479	480,210
Acquisition of real estate	-	(1,136,010)
Acquisition of available-for-sale financial assets	-	(12,968)
Proceeds of available-for-sale financial assets	50,774	-
Acquisition of property	(3,748,031)	(6,816,706)
Proceeds of the disposal of property	611	139,403
Acquisition of intangible assets	(4,967)	(59,183)
Increase in refundable deposits	(96,531)	(79,965)
(Increase) decrease in restricted assets	2,045,125	(67,777)
(Increase) decrease in other assets	(20,404)	(19,414)
Net cash used in investing activities	<u>(1,724,944)</u>	<u>(7,572,410)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in short-term debts	921,113	7,217,158
Increase (decrease) in short-term notes and bills payable	(106,682)	374,866
Issuance of bonds	2,493,658	-
Increase(decrease) in long-term borrowings	(1,009,373)	670,222
Increase in deposits received	108,173	22,424
Increase (decrease) in other liabilities	1,687	(119)
Dividend from previous years paid	(15)	(18)
Dividend paid to minority interest	(169,083)	(178,490)
Net cash (used in) provided by financing activities	<u>2,239,478</u>	<u>8,106,043</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(17,642)</u>	<u>14,167</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,948,120)	(825,383)
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>\$ 7,674,445</u>	<u>\$ 8,819,726</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 239,155	\$ 311,761
Less : Capitalized interest	<u>84,588</u>	<u>64,972</u>
Interest paid, excluding capitalized interest	<u>\$ 154,567</u>	<u>\$ 246,789</u>
Income tax paid	<u>\$ 861,138</u>	<u>\$ 266,363</u>
(Continued)		

	2011 Year ended June 30	2010 Year ended June 30
NON CASH INVESTING AND FINANCING ACTIVITIES		
Cash dividends payable (classified as other payable)	<u>\$ 1,242,634</u>	<u>\$ 909,244</u>
Adjustment to advance receipts and depreciation	<u>\$ 77,667</u>	<u>\$ 112,534</u>
Cash dividends receivable from equity-method investees (Classified as other receivables)	<u>\$ 194,241</u>	<u>\$ 289,746</u>
Current portion of bonds issued	<u>\$ -</u>	<u>\$ 500,000</u>
Current portion of long-term borrowings	<u>\$ 2,418,879</u>	<u>\$ 1,918,000</u>
Adjustment to real estate received in advance (classified as advance receipts) and disposal of property	<u>\$ -</u>	<u>\$ 36,000</u>
Dividend payable to minority interest shown under notes payable	<u>\$ 231,178</u>	<u>\$ 488,818</u>
CASH PAID FOR ACQUISITION OF PROPERTY AND PROPERTIES LEASED		
Increase in fixed assets	\$ 2,221,348	\$ 1,107,103
Increase in construction in progress and prepaid equipment	1,293,535	5,443,438
Decrease(increase) in balance payable-property	<u>233,148</u>	<u>266,165</u>
Cash paid	<u>\$ 3,748,031</u>	<u>\$ 6,816,706</u>

(Concluded)