

FAR EASTERN DEPARTMENT STORES, LTD.  
BALANCE SHEETS  
September 30, 2011 AND 2010  
(In thousands of New Taiwan Dollars, Expect Par Value)

Code	ASSETS	2011 9/30		2010 9/30		Code	LIABILITIES AND STOCKHOLDERS' EQUITY	2011 9/30		2010 9/30	
		Amount	%	Amount	%			Amount	%	Amount	%
	<b>CURRENT ASSETS</b>						<b>CURRENT LIABILITIES</b>				
1100	Cash	\$ 268,949	1	\$ 244,001	-	2100	Short-term debts	\$ 2,350,000	5	\$ 2,650,000	6
1320	Available-for-Sale financial assets – current	243,940	-	274,442	1	2110	Short-term notes and bill payable	1,699,444	3	1,199,532	3
1120	Notes of account receivable	22,940	-	31,875	-	2140	Notes and accounts payable	2,024,672	4	1,795,118	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	133,298	-	221,586	-	2150	Accounts payable - related parties	21,943	-	20,074	-
1150	Related parties - notes and receivables	36,250	-	25,490	-	2190	Other payables – related parties	153,606	-	129,363	-
1180	Related parties - others	311,156	1	295,364	1	2160	Income tax payable	-	-	147,370	-
1160	Other receivables	74,895	-	71,798	-	2170	Accrued expenses	635,327	1	694,637	1
120X	Inventories	687,296	1	450,904	1	2228	Other payables	119,753	-	233,991	-
1260	Prepayments	409,555	1	312,655	1	2260	Advanced receipts	1,793,050	3	1,528,877	3
1286	Deferred tax assets-current	8,587	-	30,422	-	2272	Current portion of long-term borrowings	999,071	2	-	-
1298	Other current assets	6,406	-	14,852	-	2280	Other current liability	857,909	2	802,722	2
11XX	Total current assets	<u>2,203,272</u>	<u>4</u>	<u>1,973,389</u>	<u>4</u>	21XX	Total current liability	<u>10,654,775</u>	<u>20</u>	<u>9,201,684</u>	<u>19</u>
	<b>LONG-TERM INVESTMENTS</b>					2410	<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION</b>				
1421	Long-term investments accounted for by the equity method	18,624,971	35	18,085,370	38	2410	Bonds issued	4,607,556	9	2,200,000	5
1450	Available-for-sale financial assets-non current	2,394,068	5	2,546,368	5	2420	Long-term borrowings	11,260,000	21	10,947,446	23
1480	Financial assets carried at cost- non current	100,367	-	102,798	-	24XX	Total long-term liabilities	<u>15,867,556</u>	<u>30</u>	<u>13,147,446</u>	<u>28</u>
14XX	Total long-term investments	<u>21,119,406</u>	<u>40</u>	<u>20,734,536</u>	<u>43</u>		<b>Reserve</b>				
	<b>PROPERTY</b>					2510	Reserve for land revaluation increment tax	508,719	1	575,490	1
	<b>Cost</b>						<b>Other liabilities</b>				
1501	Land	3,951,477	7	4,128,297	9	2820	Deposits received	39,386	-	38,502	-
1521	Buildings and equipment	6,786,785	13	7,211,767	15	2860	Deferred tax liabilities - noncurrent	168,807	-	100,184	-
1531	Furniture and equipment	3,463,175	7	3,400,920	7	2881	Deferred credits - gain on related party transaction	11,366	-	11,366	-
15X1	Total cost	14,201,437	27	14,740,984	31	2888	Miscellaneous	18,848	-	-	-
15X8	Revaluation increment	1,213,827	2	1,212,414	2	28XX	Other current liability	238,407	-	150,052	-
15XY	Cost and appreciation	15,415,264	29	15,953,398	33		<b>Total current liability</b>	<u>27,269,457</u>	<u>51</u>	<u>23,074,672</u>	<u>48</u>
15X9	Less: Accumulated depreciation	5,015,813	10	4,961,428	10	2XXX	<b>STOCKHOLDERS' EQUITY</b>				
		10,399,451	19	10,991,970	23		Capital stock, NT\$ 10.00 par value				
1670	Construction in progress and prepayment for equipment	8,407,636	16	6,608,298	14		Authorized - 1,750,000 thousand shares issued and outstanding - 1,317,192 thousands shares in 2011 and 1,242,634 thousand shares in 2010	13,171,921	25	12,426,341	26
1681	Leasehold rights, net	8,892,157	17	5,678,886	12		<b>Capital surplus:</b>				
1627	Properties leased to others, net	1,225,599	2	1,246,473	2		Additional paid-in capital - share issuance in excess of par	2,175,718	4	2,175,718	4
15XX	Net properties	<u>28,924,843</u>	<u>54</u>	<u>24,525,627</u>	<u>51</u>		Treasury stock transactions	1,213,526	2	964,467	2
	<b>OTHER ASSETS</b>						Long-term investments	365,518	1	375,936	1
1810	Idle assets, net	569,344	1	379,384	1		Stock warrants	108,930	-	-	-
1820	Refundable deposits	158,969	-	158,641	-	32XX	Total Capital Surplus	<u>3,863,692</u>	<u>7</u>	<u>3,516,121</u>	<u>7</u>
1840	Prepaid pension cost	238,193	1	210,560	1		<b>Retained earnings</b>				
1880	Miscellaneous	5,100	-	6,703	-	3310	Legal reserve	1,975,319	4	1,718,606	4
18XX	Total other assets	<u>971,606</u>	<u>2</u>	<u>755,288</u>	<u>2</u>	3320	Special reserve	1,069,583	2	1,000,564	2
						3350	Unappropriated earnings	2,354,635	4	2,022,431	4
						33XX	Total retained earnings	<u>5,399,537</u>	<u>10</u>	<u>4,741,601</u>	<u>10</u>
							<b>Other equity adjustments</b>				
						3420	Cumulative translation adjustments	8,466	-	27,861	-
						3430	Net losses not recognized as pension costs	( 8,300 )	-	( 10,706 )	-
						3450	Unrealized valuation gains on financial instruments	2,708,018	5	3,400,236	7
						3460	Unrealized asset revaluation increment	843,106	2	883,944	2
							Treasury Stock – 7,511 thousand shares in 2011 and 13,727 thousand shares in 2010	( 36,770 )	-	( 71,230 )	-
						34XX	Total other equity adjustments	<u>3,514,520</u>	<u>7</u>	<u>4,230,105</u>	<u>9</u>
						3XXX	Total Stockholders' equity	<u>25,949,670</u>	<u>49</u>	<u>24,914,168</u>	<u>52</u>
1XXX	Total	<u>\$ 53,219,127</u>	<u>100</u>	<u>\$ 47,988,840</u>	<u>100</u>		<b>TOTAL</b>	<u>\$ 53,219,127</u>	<u>100</u>	<u>\$ 47,988,840</u>	<u>100</u>

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

Code		2011		2010	
		Year ended September 30		Year ended September 30	
		Amount	%	Amount	%
	REVENUES				
4100	Sales	\$17,020,829	99	\$15,558,419	99
4800	Other operating revenue	<u>199,092</u>	<u>1</u>	<u>197,746</u>	<u>1</u>
4000	Total Revenues	<u>17,219,921</u>	<u>100</u>	<u>15,756,165</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	13,725,131	80	12,503,246	80
5800	Other operating costs	<u>44,115</u>	<u>-</u>	<u>44,930</u>	<u>-</u>
5000	Total costs	<u>13,769,246</u>	<u>80</u>	<u>12,548,176</u>	<u>80</u>
5910	GROSS PROFIT	<u>3,450,675</u>	<u>20</u>	<u>3,207,989</u>	<u>20</u>
	OPERATING EXPENSES				
6100	Selling	525,320	3	473,672	3
6200	General and administrative	<u>2,187,256</u>	<u>13</u>	<u>2,093,461</u>	<u>13</u>
6000	Total operating expenses	<u>2,712,576</u>	<u>16</u>	<u>2,567,133</u>	<u>16</u>
6900	OPERATING INCOME	<u>738,099</u>	<u>4</u>	<u>640,856</u>	<u>4</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earning of equity-method investees, net	800,027	5	794,723	5
7122	Dividend income	146,820	1	122,387	1
7140	Gains on disposal of investments, net	4,962	-	-	-
7130	Gain on disposal of property and idle assets, net	-	-	79,040	1
7110	Interest income	1,200	-	902	-
7480	Other income	<u>65,354</u>	<u>-</u>	<u>74,171</u>	<u>-</u>
7100	Total non-operating income and gains	<u>1,018,363</u>	<u>6</u>	<u>1,071,223</u>	<u>7</u>

( Continued )

Code		2011		2010	
		Year ended September 30		Year ended September 30	
		Amount	%	Amount	%
	NONOPERATING				
	EXPENSES AND LOSSES				
7510	Interest expense	62,923	-	41,164	-
7530	Loss on disposal of property and idle assets	3,913	-	-	-
7631	Impairment losses on financial asset carried at cost	1,066	-	12,470	-
7880	Other expenses	<u>52,706</u>	<u>-</u>	<u>56,087</u>	<u>1</u>
7500	Total non-operating expenses and losses	<u>120,608</u>	<u>-</u>	<u>109,721</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	1,635,854	10	1,602,358	10
8110	INCOME TAX (BENEFIT) EXPENSE	<u>166,043</u>	<u>1</u>	<u>142,535</u>	<u>1</u>
9600	NET INCOME	<u>\$ 1,469,811</u>	<u>9</u>	<u>\$ 1,459,823</u>	<u>9</u>
Code		Before Tax	After Tax	Before Tax	After Tax
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 1.25</u>	<u>\$ 1.12</u>	<u>\$ 1.23</u>	<u>\$ 1.12</u>
9850	Diluted	<u>\$ 1.25</u>	<u>\$ 1.12</u>	<u>\$ 1.23</u>	<u>\$ 1.12</u>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.  
STATEMENTS OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2011 AND 2010  
(In thousands of New Taiwan Dollars)

	2011 Year ended September 30	2010 Year ended September 30
Cash Flows From Operating Activities		
Net incomes	\$1,469,811	\$1,459,823
Depreciation	299,263	325,081
Amortization of deferred charges	2,405	4,333
Amortization of leasehold rights included in rental expense	56,117	56,117
Equity in losses (earnings) of equity-method investees, net	( 800,027)	( 794,723)
Cash dividends from equity-method investees	1,166,581	1,269,073
Impairment losses on financial asset carried at cost	1,066	12,470
Gains on disposal of investments	( 4,962)	-
Interest recognized on bonds payable	21,797	-
Loss (gain) on disposal of property and idle assets, net	3,913	( 79,040)
Deferred income taxes	85,011	( 4,837)
Increase in prepaid pension cost	( 22,465)	( 15,713)
Net changes in operating assets and liabilities		
Notes receivable	( 7,424)	( 18,555)
Accounts receivable	48,467	( 40,745)
Accounts and notes receivable-related parties	4,840	11,126
Account receivable-other related parties	( 38,910)	8,072
Other receivables	25,764	42,932
Inventories	( 479,699)	( 234,588)
Prepayments	( 147,120)	( 163,391)
Other current assets	8,598	1,581
Accounts and notes payable	( 307,131)	( 443,593)
Accounts payable-related parties	( 39,442)	( 34,481)
Other payables-related parties	42,524	35,651
Income tax payable	( 198,220)	147,370
Accrued expenses	( 183,111)	( 9,446)
Other payables	( 801)	( 1,704)
Advanced receipts	310,579	206,455
Other current liabilities	113,188	218,738
Net cash provided by operating activities	<u>1,430,612</u>	<u>1,958,006</u>

(Continued)

	2011 Year ended September 30	2010 Year ended September 30
Cash Flows From Investing Activities		
Acquisition of investments accounted for by the using equity method	( 200,000)	( 100,000)
Proceeds of available-for-sale financial assets	8,407	-
Proceeds of the disposal of property and idle assets	159	139,026
Acquisition of property	( 4,155,809)	( 2,240,504)
Decrease in refundable deposit	174	387
Increase in other assets	-	( 2,083)
Net cash used in investing activities	<u>( 4,347,069)</u>	<u>( 2,203,174)</u>
Cash Flows From Financing Activities		
Increase ( decrease)in short-term debts	( 800,000)	-
Increase ( decrease)in short-term notes and bills payable	399,988	( 249,402)
Increase in long-term borrowings	2,043,173	869,299
Issuance of bonds	2,493,658	1,000,000
Repayments of bonds issued	-	( 500,000)
Increase(decrease) in deposits received	1,437	( 370)
Cash dividends	( 1,242,674)	( 909,276)
Net cash provided by (used in) financing activities	<u>2,895,582</u>	<u>210,251</u>
Net Increase ( Decrease) in cash	( 20,875)	( 34,917)
Cash, Beginning of Year	<u>289,824</u>	<u>278,918</u>
Cash, End of Year	<u>\$ 268,949</u>	<u>\$ 244,001</u>
Supplement Cash Flow information		
Interest paid	\$ 337,940	\$ 102,259
Less: Capitalized interest	<u>132,803</u>	<u>100,058</u>
Interest paid, excluding capitalized interest	<u>\$ 205,137</u>	<u>\$ 2,201</u>
Income tax paid	<u>\$ 282,872</u>	<u>\$ 2</u>
Noncash investing and financing activities		
Adjustment to advance receipts and depreciation	<u>\$ 59,160</u>	<u>\$ 72,302</u>
Adjustment to real estate received in advance (classified as advance receipts) and disposal of property	<u>\$ -</u>	<u>\$ 36,000</u>
Current portion of long-term borrowings	<u>\$ 999,071</u>	<u>\$ -</u>
Classification of credit balance in long-term investment to other liabilities	<u>\$ 18,848</u>	<u>\$ -</u>

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	2011 Year ended September 30	2010 Year ended September 30
CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 123,843	\$ 180,740
Acquisition of leasehold rights	2,557,737	1,277,654
Increase in construction in progress and prepaid equipment	1,392,535	661,929
Decrease in balance payable-property	61,858	118,284
Decrease in balance payable-property-related party	<u>19,836</u>	<u>1,897</u>
Cash paid	<u>\$4,155,809</u>	<u>\$2,240,504</u>

(Concluded)