

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

Code	Assets	2011/9/30		2010/9/30		Code	LIABILITIES AND STOCKHOLDERS' EQUITY	2011/9/30		2010/9/30	
		Amounts	%	Amounts	%			Amounts	%		
	<b>CURRENT ASSETS</b>						<b>CURRENT LIABILITIES</b>				
1100	Cash and cash equivalents	\$ 8,596,528	9	\$ 7,285,058	8	2100	Short-term debts	\$ 8,229,586	8	\$ 12,928,227	14
1310	Financial assets at fair value through profit or loss-current	1,289,229	1	422,215	-	2110	Short-term notes and bill payable	3,922,459	4	3,641,927	4
1320	Available-for-sales financial assets-current	490,392	1	541,198	1	2140	Notes and accounts payable	11,697,155	12	11,141,425	12
1140	Notes of accounts receivable, net of allowance for Doubtful accounts of NT 225,178 thousands in 2011 and 225,044 thousands in 2010	829,354	1	651,204	1	2160	Income tax payable	693,359	1	869,877	1
1160	Other receivables	471,810	-	565,934	1	2228	Other payables	6,008,817	6	6,145,011	6
120X	Inventories	3,051,347	3	2,649,345	3	2260	Advanced receipts	5,694,272	6	5,018,313	5
1260	Prepayments	1,545,879	2	1,472,633	1	2272	Current portion of long-term borrowings	2,336,571	2	1,868,000	2
1275	Non current assets classified as held for sale	1,128,997	1	-	-	2280	Other current liabilities	1,072,291	1	919,282	1
1286	Deferred tax assets-current	134,343	-	240,022	-	21XX	Total current liabilities	39,654,510	40	42,532,062	45
1291	Pledged time deposits	360,731	-	353,920	-		<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION</b>				
1292	Refundable deposits-current	557	-	37,350	-	2410	Bonds issued	4,607,556	5	2,200,000	2
1298	Other current assets	64,530	-	36,676	-	2420	Long-term borrowings	20,887,861	21	18,311,185	19
11XX	Total current assets	17,963,697	18	14,255,555	15	24XX	Total long-term liabilities	25,495,417	26	20,511,185	21
	<b>INVESTMENTS</b>						<b>RESERVE</b>				
1421	Long-term investments accounted for by the equity method	8,608,877	9	8,469,653	9	2510	Reserve for land revaluation increment tax	508,719	-	575,490	1
1423	Real estate, net	-	-	1,226,103	1		<b>OTHER LIABILITIES</b>				
1450	Available-for-sale financial assets-non current	4,673,993	5	5,526,487	6	2810	Accrued pension costs	234,808	-	230,499	-
1480	Financial assets carried at cost-non current	427,333	-	433,516	-	2820	Deposits received	641,137	1	503,132	1
14XX	Total investments	13,710,203	14	15,655,759	16	2860	Deferred tax liabilities - noncurrent	351,810	-	285,813	-
	<b>PROPERTY</b>					2888	Miscellaneous	31,361	-	32,702	-
	<b>Cost</b>					28XX	Total other liabilities	1,259,116	1	1,052,146	1
1501	Land	6,513,403	7	6,591,451	7	2XXX	Total liabilities	66,917,762	67	64,670,883	68
1521	Buildings and equipment	18,283,664	18	18,778,697	20		<b>STOCKHOLDERS' EQUITY</b>				
1531	Furniture and equipment	11,411,300	12	11,150,050	12		Capital stock, NT\$ 10.00 par value				
1631	Leasehold improvements	1,313,664	1	1,284,370	1	3110	Authorized-1,750,000 thousands shares issued and Outstanding-1,317,192 thousands shares in 2011 And 1,242,634 thousands shares in 2011	13,171,921	13	12,426,341	13
15X1	Total cost	37,522,031	38	37,804,568	40		Capital surplus:				
15X8	Revaluation increment	1,231,856	1	1,212,414	1		Additional paid-in capital - share issuance in excess of par	2,175,718	2	2,175,718	2
15XY	Cost and appreciation	38,753,887	39	39,016,982	41	3210	Treasury stock transactions	1,213,526	1	964,467	1
15X9	Less: Accumulated depreciation	15,392,356	16	14,978,202	15	3220	Long-term investments	365,518	1	375,936	1
		23,361,531	23	24,038,780	26	3260	Stock warrants	108,930	-	-	-
1670	Construction in progress and prepayments for equipment	13,636,572	14	11,495,268	12	3272	Total Capital Surplus	3,863,692	4	3,516,121	4
1681	Leasehold rights, net	12,750,840	13	9,705,666	10	32XX	Retained earnings				
1627	Properties leased to others, net	836,685	1	873,181	1	3310	Legal reserve	1,975,319	2	1,718,606	2
15XX	Net property	50,585,628	51	46,112,895	49	3320	Special reserve	1,069,583	1	1,000,564	1
	<b>INTANGIBLE ASSETS</b>					3350	Unappropriated earnings	2,354,635	2	2,022,431	2
1750	Computer software cost	33,276	-	46,683	-	33XX	Total retained earnings	5,399,537	5	4,741,601	5
1760	Goodwill	7,007,960	7	7,145,521	8		Other equity adjustments				
1770	Deferred pension costs	130,693	-	133,554	-	3420	Cumulative translation adjustments	8,466	-	27,861	-
17XX	Total intangible assets	7,171,929	7	7,325,758	8	3430	Net losses not recognized as pension costs	( 8,300 )	-	( 10,706 )	-
	<b>OTHER ASSETS</b>					3450	Unrealized valuation gains on financial instruments	2,708,018	3	3,400,236	3
1820	Refundable deposits- non current					3460	Unrealized asset revaluation increment	843,106	1	883,944	1
1810	Idle assets, net	1,885,403	2	1,650,429	2	3480	Treasury Stock-7,511 thousand shares in 2011 And 13,727 thousand shares in 2010	( 36,770 )	-	( 71,230 )	-
1850	Long-term prepayments	569,367	1	379,443	-	34XX	Total other equity adjustment	3,514,520	4	4,230,105	4
1840	Prepaid pension costs	6,751,439	7	7,032,626	8		Total stockholders' equity of parent company	25,949,670	26	24,914,168	26
1860	Deferred tax assets-non current	238,193	-	210,560	-		Minority interest	6,363,155	7	5,451,458	6
1867	Restricted asset	72,215	-	92,499	-	3610					
1887	Miscellaneous	206,478	-	2,251,600	2	3XXX	Total Stockholders' equity	32,312,825	33	30,365,626	32
1888	Miscellaneous	76,035	-	69,385	-		<b>TOTAL</b>	\$ 99,230,587	100	\$ 95,036,509	100
18XX	Total other assets	9,799,130	10	11,686,542	12						
1XXX	Total	\$ 99,230,587	100	\$ 95,036,509	100						

FAR EASTERN DEPARTMENT STORES, LTD.  
CONSOLIDATED 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	Year ended September 30	Year ended September 30
		Amount	%	Amount	%
	REVENUES				
4110	Sales	\$74,632,120	97	\$69,815,664	97
4800	Other operating revenue	<u>1,985,862</u>	<u>3</u>	<u>2,012,235</u>	<u>3</u>
4000	Total Revenues	<u>76,617,982</u>	<u>100</u>	<u>71,827,899</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	60,328,660	79	56,235,758	78
5800	Other operating costs	<u>113,867</u>	<u>-</u>	<u>147,395</u>	<u>-</u>
5000	Total costs	<u>60,442,527</u>	<u>79</u>	<u>56,383,153</u>	<u>78</u>
5910	GROSS PROFIT	<u>16,175,455</u>	<u>21</u>	<u>15,444,746</u>	<u>22</u>
	OPERATING EXPENSES				
6100	Selling	1,596,836	2	1,434,650	2
6200	General and administrative	<u>11,969,043</u>	<u>15</u>	<u>11,306,899</u>	<u>16</u>
6000	Total operating expenses	<u>13,565,879</u>	<u>17</u>	<u>12,741,549</u>	<u>18</u>
6900	OPERATING INCOME	<u>2,609,576</u>	<u>4</u>	<u>2,703,197</u>	<u>4</u>
	NONOPERATING INCOME AND GAINS				
7122	Dividend income	299,552	1	272,235	1
7121	Equity in earning of equity-method investees, net	9,113	-	80,508	-
7140	Gain on disposal of investments, net	187,558	-	1,796	-
7110	Interest income	73,097	-	62,964	-
7160	Gains on exchange	28,482	-	12,880	-
7130	Gain on disposal of property and idle assets, net	-	-	68,144	-
7480	Other income	<u>256,008</u>	<u>-</u>	<u>154,084</u>	<u>-</u>
7100	Total non-operating income and gains	<u>853,810</u>	<u>1</u>	<u>652,611</u>	<u>1</u>

( Continued )

Code		2011		2010	
		Year ended September 30		Year ended September 30	
		Amount	%	Amount	%
	NONOPERATING EXPENSES AND LOSSES				
7510	Interest expense	\$ 361,681	1	\$ 369,825	1
7640	Valuation loss on financial assets	26,350	-	18,221	-
7530	Loss on disposal of property and idle assets	19,909	-	-	-
7630	Impairment loss on financial asset	1,066	-	21,426	-
7880	Other expenses	<u>124,086</u>	<u>-</u>	<u>130,211</u>	<u>-</u>
7500	Total non-operating expenses and losses	<u>533,092</u>	<u>1</u>	<u>539,683</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	2,930,294	4	2,816,125	4
8110	INCOME TAX	<u>1,007,916</u>	<u>1</u>	<u>764,519</u>	<u>1</u>
9600XX	NET INCOME	<u>\$ 1,922,378</u>	<u>3</u>	<u>\$ 2,051,606</u>	<u>3</u>
	ATTRIBUTED TO :				
9601	Stockholders of the parent	\$ 1,469,811	2	\$ 1,459,823	2
9602	Minority interest	<u>452,567</u>	<u>1</u>	<u>591,783</u>	<u>1</u>
		<u>\$ 1,922,378</u>	<u>3</u>	<u>\$ 2,051,606</u>	<u>3</u>
Code		Before Tax	After Tax	Before Tax	After Tax
	CONSOLIDATED 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.  
CONSOLIDATED 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 income	\$ 1,922,378	\$ 2,051,606
Depreciation	1,125,563	1,303,405
Amortization of deferred charges	25,687	28,958
Amortization of leasehold rights included in rental expense	185,724	187,368
Impairment loss on financial asset	1,066	21,426
Cash dividends from equity-method investees	194,241	290,457
Equity in losses (earnings) of equity-method investees, net	( 9,113)	( 80,508)
Valuation (gain) loss on financial instruments	26,350	18,221
Unrealized loss on physical inventory and slow-moving inventories	49,250	62,378
(Reversal) purchase discounts and allowances	( 5,486)	14,704
Gain on disposal of investments, net	( 187,558)	( 1,796)
Loss (gain) on disposal of property and idle assets, net	19,909	( 68,144)
Interest recognized on bonds payable	21,797	-
Amortization of long-term prepaid rent	210,890	248,388
Deferred income taxes	64,089	62,536
Prepaid pension cost	( 22,465)	( 15,713)
Accrued pension cost	5,334	3,943
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	146,935	369,908
Notes and account receivable	( 290,383)	( 120,327)
Other receivables	( 65,911)	80,509
Inventories	( 575,444)	( 491,888)
Prepayments	( 118,055)	( 182,301)
Other current assets	( 29,237)	( 4,173)
Notes and account payable	( 5,564,682)	( 4,412,900)
Income tax payable	( 347,527)	194,038
Other payables	24,234	( 667,071)
Advanced receipts	819,386	484,169
Other current liabilities	235,766	245,862
Net cash provided by operating activities	( 2,137,262)	( 376,945)

( Continued )

	2011 Year ended September 30	2010 Year ended September 30
<b>Cash Flows From Investing Activities</b>		
Decrease (increase) in pledged time deposits	\$ 30,051	\$ 682,455
Acquisition of real estate	-	( 1,136,010)
Acquisition of available-for-sale financial assets	-	( 12,968)
Proceeds of available-for-sale financial assets	310,317	-
Proceeds of the disposal of financial assets carried at cost	-	388,345
Acquisition of property	( 5,694,490)	( 7,815,242)
Proceeds of the disposal of property and idle assets	611	139,689
Acquisition of intangible assets	( 5,851)	( 59,627)
Decrease (increase) in refundable deposits	( 142,884)	( 126,060)
Decrease (increase) in restricted assets	2,045,125	( 66,724)
Decrease (increase) in other assets	( 18,322)	( 13,085)
Net cash used in investing activities	<u>( 3,475,443)</u>	<u>( 8,019,227)</u>
<b>Cash Flows From Financing Activities</b>		
Increase ( decrease)in short-term debts	1,533,166	5,742,170
Decrease in short-term notes and bills payable	( 54,966)	( 349,215)
Issuance of bonds	2,493,658	1,000,000
Repayments of bonds issued	-	( 500,000)
Increase in long-term borrowings	869,937	1,273,569
Increase in deposits received	145,625	18,056
Increase (decrease) in other liabilities	( 28,181)	910
Dividend paid to minority interest	( 169,083)	( 225,195)
Cash dividends	( 1,242,674)	( 909,276)
Net cash provided by (used in) financing activities	<u>3,547,482</u>	<u>6,051,019</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>39,186</u>	<u>( 14,898)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	( 2,026,037)	( 2,360,051)
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>\$ 8,596,528</u>	<u>\$ 7,285,058</u>

( Continued )

	2011 Year ended September 30	2010 Year ended September 30
Supplemental Cash Flow information		
Interest paid	\$ 652,118	\$ 410,110
Less: Capitalized interest	<u>132,803</u>	<u>100,058</u>
Interest paid, excluding capitalized interest	<u>\$ 519,315</u>	<u>\$ 310,052</u>
Income tax paid	<u>\$ 1,261,746</u>	<u>\$ 506,206</u>
Noncash investing and financing activities		
Adjustment to advance receipts and depreciation	<u>\$ 119,576</u>	<u>\$ 166,012</u>
Classification of investment in real estate to property	<u>\$ 93,600</u>	<u>\$ -</u>
Current portion of long-term borrowings	<u>\$ 2,336,571</u>	<u>\$ 1,868,000</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 (classified as other payables)	<u>\$ 231,178</u>	<u>\$ 450,931</u>
Dividends receivable from equity method investees (classified as other receivables)	<u>\$ -</u>	<u>\$ 1,557</u>
Cash Paid for Acquisition of Property		
Acquisition of property	\$ 3,486,454	\$ 2,034,818
Increase in construction in progress and prepayments for equipment	1,739,002	5,492,271
Decrease (increase) in balance payable-property	<u>469,034</u>	<u>288,153</u>
Cash paid	<u>\$ 5,694,490</u>	<u>\$ 7,815,242</u>
(Concluded)		