

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

Code	Assets	2011/12/31		2010/12/31		Code	LIBILITIES AND STOCKHOLDERS' EQUITY	2011/12/31		2010/12/31	
		Amount	%	Amount	%			Amount	%	Amount	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash	\$ 566,057	1	\$ 289,824	1	2100	Short-term debts	\$ 4,400,000	8	\$ 3,150,000	6
1320	Available-for-Sale financial assets—current	233,559	-	291,224	1	2110	Short-term notes and bill payable	1,699,268	3	1,299,456	3
1120	Notes of account receivable	38,768	-	15,516	-	2140	Notes and accounts payable	3,132,810	5	2,331,803	5
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT \$3,550 thousands in 2011 and 3,550 thousands in 2010	432,266	1	181,765	-	2150	Accounts payable - related parties	82,106	-	61,385	-
1150	Related parties - notes and receivables	52,118	-	41,090	-	2190	Other payables - related parties	101,598	-	130,918	-
1180	Related parties - others	306,523	-	272,246	1	2160	Income tax payable	38,262	-	198,220	-
1160	Other receivables	136,105	-	100,659	-	2228	Other payables	3,837,025	7	1,000,890	2
120X	Inventories	372,957	1	207,597	-	2260	Advanced receipts	1,679,299	3	1,541,631	3
1260	Prepayments	323,090	1	262,435	-	2272	Current portion of long-term borrowings	-	-	995,898	2
1286	Deferred tax assets-current	4,024	-	30,654	-	2280	Other current liability	855,765	1	744,721	2
1298	Other current assets	17,363	-	15,004	-	21XX	Total current liability	15,826,133	27	11,454,922	23
11XX	Total current assets	2,482,830	4	1,708,014	3		LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
	LONG-TERM INVESTMENTS					2410	Bonds issued	4,616,958	8	2,200,000	4
1421	investments accounted for by the equity method	19,356,620	33	18,884,849	38	2420	Long-term borrowings	9,696,646	17	9,220,000	19
1450	Available-for-sale financial assets-non current	2,577,430	5	2,682,262	6	24XX	Total long-term liabilities	14,313,604	25	11,420,000	23
1480	Financial assets carried at cost	62,570	-	102,540	-		Reserve				
14XX	Total long-term investments	21,996,620	38	21,669,651	44	2510	Reserve for land revaluation increment tax	508,719	1	508,719	1
	PROPERTY						Other liabilities				
	Cost					2820	Deposits received	40,632	-	37,949	-
1501	Land	6,995,873	12	4,318,667	9	2860	Deferred tax liabilities - noncurrent	201,548	-	106,894	-
1521	Buildings and equipment	14,081,814	24	7,570,780	15	2881	Deferred credits	11,366	-	11,366	-
1531	Furniture and equipment	5,815,882	10	3,418,045	7	2888	Miscellaneous	-	-	14,589	-
15X1	Total cost	26,893,569	46	15,307,492	31	28XX	Other current liability	253,546	-	170,798	-
15X8	Revaluation increment	1,408,269	3	1,408,269	3		Total liability	30,902,002	53	23,554,439	47
15XY	Cost and appreciation	28,301,838	49	16,715,761	34		STOCKHOLDERS' EQUITY				
15X9	Less: Accumulated depreciation	5,270,671	9	4,857,633	10		Capital stock, NT\$ 10.00 par value				
		23,031,167	40	11,858,128	24						
1670	Construction in progress and prepayments for equipment	1,822,511	3	7,433,833	15	3110	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	23	12,426,341	25
1681	Leasehold rights, net	7,584,367	13	5,971,805	12		Capital surplus:				
15XX	Net properties	32,438,045	56	25,263,766	51		Additional paid-in capital - share issuance in excess of par	2,175,718	4	2,175,718	4
	OTHER ASSETS					3210	Treasury stock transactions	1,213,526	2	1,213,526	3
1810	Idle assets, net	567,439	1	574,918	1	3260	Long-term investments	364,937	1	375,941	1
1820	Refundable deposits	163,565	-	159,143	-	3272	Stock warrants	108,930	-	-	-
1840	Prepaid pension cost	245,449	1	215,728	1	32XX	Total Capital Surplus	3,863,111	7	3,765,185	8
1880	Miscellaneous	45,127	-	6,398	-		Retained earnings:				
18XX	Total other assets	1,021,580	2	956,187	2	3310	Legal reserve	1,975,319	3	1,718,606	4
						3320	Special reserve	1,069,595	2	1,000,564	2
						3350	Unappropriated earnings	3,027,939	5	3,129,751	6
						33XX	Total retained earnings	6,072,853	10	5,848,921	12
							Other equity adjustments				
						3420	Cumulative translation adjustments	(14,294)	-	(374,215)	(1)
						3430	Net losses not recognized as pension costs	(20,949)	-	(8,300)	-
						3450	Unrealized valuation gains on financial instruments	3,157,896	5	3,578,911	7
						3460	Unrealized asset revaluation increment	843,305	2	843,106	2
						3480	Treasury Stock—7,511 thousand shares in 2011 and 7,086 thousand shares in 2010	(36,770)	-	(36,770)	-
						34XX	Total other equity adjustments	3,929,188	7	4,002,732	8
						3XXX	Total Stockholders' equity	27,037,073	47	26,043,179	53
1XXX	Total	\$ 57,939,075	100	\$ 49,597,618	100		Total	\$ 57,939,075	100	\$ 49,597,618	100

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

Code		2011		2010	
		YEAR ENDED DECEMBER 31	YEAR ENDED DECEMBER 31	YEAR ENDED DECEMBER 31	YEAR ENDED DECEMBER 31
		Amount	%	Amount	%
	REVENUES				
4100	Sales	\$ 27,339,765	99	\$ 24,320,923	99
4800	Other operating revenue	<u>300,884</u>	<u>1</u>	<u>282,195</u>	<u>1</u>
4000	Total Revenues	<u>27,640,649</u>	<u>100</u>	<u>24,603,118</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	22,115,164	80	19,592,662	80
5800	Other operating costs	<u>59,269</u>	<u>-</u>	<u>59,820</u>	<u>-</u>
5000	Total costs	<u>22,174,433</u>	<u>80</u>	<u>19,652,482</u>	<u>80</u>
5910	GROSS PROFIT	<u>5,466,216</u>	<u>20</u>	<u>4,950,636</u>	<u>20</u>
	OPERATING EXPENSES				
6100	Selling	1,140,866	4	970,771	4
6200	General and				
	administrative	<u>3,135,861</u>	<u>11</u>	<u>2,995,888</u>	<u>12</u>
6000	Total operating expenses	<u>4,276,727</u>	<u>15</u>	<u>3,966,659</u>	<u>16</u>
6900	OPERATING INCOME	<u>1,189,489</u>	<u>5</u>	<u>983,977</u>	<u>4</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earnings of equity-method investees, net	1,148,081	4	1,669,760	7
7122	Dividend income	146,820	1	122,387	1
7140	Gains on disposal of investments, net	4,962	-	-	-
7110	Interest income	1,605	-	1,212	-

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Code		2011		2010	
		YEAR ENDED DECEMBER 31	YEAR ENDED DECEMBER 31	YEAR ENDED DECEMBER 31	YEAR ENDED DECEMBER 31
		Amount	%	Amount	%
7130	Gain on disposal of property and idle assets, net	\$ -	-	\$ 72,531	-
7480	Other income	98,475	-	97,335	-
7100	Total non-operating income and gains	1,399,943	5	1,963,225	8
	NONOPERATING EXPENSES AND LOSSES				
7510	Interest expense	79,401	1	50,913	-
7631	Impairment losses on financial asset carried at cost	38,500	-	12,470	-
7639	Impairment loss of idle assets	-	-	32,931	-
7530	Loss on disposal of property and idle assets	6,619	-	-	-
7880	Other expenses	78,662	-	83,883	1
7500	Total non-operating expenses and losses	203,182	1	180,197	1
7900	INCOME BEFORE INCOME TAX	2,386,250	9	2,767,005	11
8110	INCOME TAX (BENEFIT) EXPENSE	243,135	1	199,862	1
9600	NET INCOME	\$ 2,143,115	8	\$ 2,567,143	10

Code		Before Tax	After Tax	Before Tax	After Tax
	EARNINGS PER SHARE				
9750	Basic	\$ 1.82	\$ 1.64	\$ 2.12	\$ 1.97
9850	Diluted	\$ 1.82	\$ 1.63	\$ 2.12	\$ 1.97

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		2011		2010	
		Before Tax	After Tax	Before Tax	After Tax
	EARNINGS PER SHARE				
9750	Basic	\$ 1.81	\$ 1.63	\$ 2.29	\$ 2.14
9850	Diluted	\$ 1.81	\$ 1.62	\$ 2.29	\$ 2.13

(Concluded)

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

	2011 YEAR ENDED DECEMBER 31	2010 YEAR ENDED DECEMBER 31
Cash Flows From Operating Activities		
Net incomes	\$ 2,143,115	\$ 2,567,143
Depreciation	403,283	440,214
Amortization of deferred charges	3,204	5,061
Amortization of leasehold rights included in rental expense	74,822	74,822
Equity in losses (earnings) of equity-method investees, net	(1,148,081)	(1,669,760)
Cash dividends from equity-method investees	1,166,581	1,269,073
Impairment losses on financial asset carried at cost	38,500	12,470
Gains on disposal of investments	(4,962)	-
Interest recognized on bonds payable	31,199	-
Impairment loss of idle assets	-	32,931
Loss (gain) on disposal of property and idle assets, net	6,619	(72,531)
Deferred income taxes	122,315	1,641
Increase in prepaid pension cost	(29,721)	(20,881)
Net changes in operating assets and liabilities		
Notes receivable	(23,252)	(2,196)
Accounts receivable	(250,501)	(924)
Accounts and notes receivable-related parties	(11,028)	(4,474)
Account receivable-other related parties	(34,277)	31,190
Other receivables	(35,446)	14,071
Inventories	(165,360)	8,719
Prepayments	(60,655)	(113,171)
Other current assets	(2,359)	1,429
Accounts and notes payable	801,007	93,092
Accounts payable-related parties	20,721	6,830
Other payables-related parties	(9,484)	17,434
Income tax payable	(159,958)	198,220
Other payables	43,193	112,977
Advanced receipts	214,658	242,058
Other current liabilities	<u>111,044</u>	<u>160,737</u>
Net cash provided by operating activities	<u>3,245,177</u>	<u>3,406,175</u>

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	2011 YEAR ENDED DECEMBER 31	2010 YEAR ENDED DECEMBER 31
Cash Flows From Investing Activities		
Acquisition of investments accounted for by the using equity method	(\$ 361,325)	(\$ 100,000)
Proceeds of available-for-sale financial assets	8,407	-
Proceeds of the disposal of property and idle assets	598	139,026
Acquisition of property	(4,955,966)	(3,510,006)
Decrease (increase) in refundable deposit	(4,422)	(115)
Increase in other assets	(40,463)	(2,248)
Net cash used in investing activities	<u>(5,353,171)</u>	<u>(3,473,343)</u>
Cash Flows From Financing Activities		
Increase (decrease) in short-term debts	1,250,000	500,000
Increase (decrease) in short-term notes and bills payable	399,812	(149,478)
Repayments of bonds issued	-	(500,000)
Issuance of bonds	2,493,658	1,000,000
Increase(decrease) in long-term borrowings	(519,252)	137,751
Increase(decrease) in deposits received	2,683	(923)
Cash dividends	(1,242,674)	(909,276)
Net cash provided by (used in) financing activities	<u>2,384,227</u>	<u>78,074</u>
Net Increase (Decrease) in cash	276,233	10,906
Cash, Beginning of Year	<u>289,824</u>	<u>278,918</u>
Cash, End of Year	<u>\$ 566,057</u>	<u>\$ 289,824</u>
Supplement Cash Flow information		
Interest paid	\$ 418,675	\$ 169,332
Less: Capitalized interest	<u>183,265</u>	<u>139,495</u>
Interest paid, excluding capitalized interest	<u>\$ 235,410</u>	<u>\$ 29,837</u>
Income tax paid	<u>\$ 282,875</u>	<u>\$ 2</u>
Noncash investing and financing activities		
Adjustment to advance receipts and depreciation	<u>\$ 76,990</u>	<u>\$ 95,151</u>
Adjustment to real estate received in advance (classified as advance receipts) and disposal of property	<u>\$ -</u>	<u>\$ 36,000</u>
Properties reclassified to idle assets	<u>\$ -</u>	<u>\$ 346,340</u>

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	2011 YEAR ENDED DECEMBER 31	2010 YEAR ENDED DECEMBER 31
Adjustment to impairment on reserve for land revaluation increment tax and unrealized asset revaluation increment	\$ <u>-</u>	\$ <u>107,609</u>
Current portion of long-term borrowings	\$ <u>-</u>	\$ <u>995,898</u>
Classification of credit balance in long-term investment to other liabilities	\$ <u>-</u>	\$ <u>14,589</u>
CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 143,330	\$ 280,990
Acquisition of leasehold rights	1,687,384	1,712,316
Increase in construction in progress and prepayments for equipment	5,898,398	1,364,426
Decrease (increase) in balance payable-property	(2,792,982)	170,149
Decrease (increase) in balance payable-property-related party	<u>19,836</u>	(<u>17,875</u>)
Cash paid	<u>\$4,955,966</u>	<u>\$3,510,006</u>

(Concluded)