

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

C o d e	Assets	2011/12/31		2010/12/31		C o d e	LIBILITIES AND STOCKHOLDERS' EQUITY	2011/12/31		2010/12/31	
		Amount	%	Amount	%			Amount	%	Amount	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash and cash equivalents	\$ 16,535,391	15	\$ 10,622,565	11	2100	Short-term debts	\$ 10,334,680	9	\$ 6,696,420	7
1310	Financial assets at fair value through profit or loss- current	303,286	-	1,465,478	1	2110	Short-term notes and bills payable	3,636,195	3	3,977,425	4
1320	Available-for-Sales financial assets – current	471,920	1	581,938	1	2140	Notes and accounts payable	18,229,154	17	17,261,837	17
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT 225,037 thousands in 2011 and 226,430 thousands in 2010.	1,381,278	1	538,971	1	2160	Income tax payable	1,152,903	1	1,040,886	1
1160	Other receivables	324,342	-	405,899	-	2228	Other payables	9,555,084	9	6,391,562	6
120X	Inventories	2,990,885	3	2,519,667	3	2260	Advanced receipts	5,859,052	5	4,994,462	5
1260	Prepayments	1,467,802	1	1,427,824	1	2272	Current portion of long-term borrowings	3,020,717	3	2,738,898	3
1275	Non current assets classified as held for sale	1,128,997	1	1,128,997	1	2280	Other current liability	1,412,403	1	836,525	1
1286	Deferred tax assets-current	166,104	-	170,443	-	21XX	Total current liability	53,200,188	48	43,938,015	44
1291	Pledged time deposits	361,578	-	390,782	-		LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
1298	Other current assets	98,273	-	35,293	-	2410	Bonds issued	4,616,958	4	2,200,000	2
11XX	Total current assets	25,229,856	22	19,287,857	19	2420	Long-term borrowings	18,490,187	17	19,615,597	20
	LONG-TERM INVESTMENTS					24XX	Total long-term liabilities	23,107,145	21	21,815,597	22
1421	Investments accounted for by the equity method	8,750,526	8	8,563,729	9		RESERVE				
1423	Real estate, net	-	-	93,600	-	2510	Reserve for land revaluation increment tax	508,719	-	508,719	1
1450	Available-for-sale financial assets-non current	5,040,384	4	5,548,553	6		OTHER LIABILITIES				
1480	Financial assets carried at cost – non current	658,550	1	423,014	-	2810	Accrued pension costs	241,730	-	229,474	-
14XX	Total long-term investments	14,449,460	13	14,628,896	15	2820	Deposits received	587,463	1	495,512	1
	PROPERTY					2860	Deferred tax liability-non current	395,517	-	328,667	-
	Cost					2888	Miscellaneous	31,285	-	59,542	-
1501	Land	9,534,993	9	6,764,188	7	28XX	Total other liabilities	1,255,995	1	1,113,195	1
1521	Buildings and equipment	25,198,264	22	18,578,412	19		Total liabilities	78,072,047	70	67,375,526	68
1531	Furniture and equipment	14,027,806	13	11,779,032	12		STOCKHOLDERS' EQUITY				
1631	Leasehold improvements	488,932	-	271,038	-	3110	Capital stock, NT\$ 10.00 par value				
15X1	Total cost	49,249,995	44	37,392,670	38		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	12	12,426,341	12
15X8	Revaluation increment	1,408,269	1	1,408,269	1		Capital surplus:				
15XY	Cost and appreciation	50,658,264	45	38,800,939	39	3210	Additional paid-in capital – share issuance in excess of par	2,175,718	2	2,175,718	2
15X9	Less: Accumulated depreciation	15,153,118	13	14,411,249	14	3220	Treasury stock transactions	1,213,526	1	1,213,526	1
1599	Less: Accumulated Impairment	-	-	34,263	-	3260	Long-term investments	364,937	-	375,941	1
1670	Construction in progress and prepayments for equipment	7,590,944	7	12,316,302	12	3272	Stock warrants	108,930	-	-	-
1681	Leasehold rights, net	11,399,927	10	9,944,125	10	32XX	Total Capital Surplus	3,863,111	3	3,765,185	4
15XX	Net property	54,496,017	49	46,615,854	47		Retained earnings				
	INTANGIBLE ASSETS					3310	Legal reserve	1,975,319	2	1,718,606	2
1750	Computer software cost	29,554	-	42,008	-	3320	Special reserve	1,069,595	1	1,000,564	1
1760	Goodwill	6,971,807	6	6,769,876	7	3350	Unappropriated earnings	3,027,939	2	3,129,751	3
1770	Deferred pension costs	124,931	-	130,693	-	33XX	Total retained earnings	6,072,853	5	5,848,921	6
17XX	Total intangible assets	7,126,292	6	6,942,577	7		Other equity adjustments				
	OTHER ASSETS					3420	Cumulative translation adjustments	(14,294)	-	(374,215)	-
1820	Refundable deposits – non current	1,833,994	2	1,743,076	2	3430	Net losses not recognized as pension costs	(20,949)	-	(8,300)	-
1810	Idle assets, net	567,439	1	574,975	1	3450	Unrealized valuation gains on financial instruments	3,157,896	3	3,578,911	3
1850	Long-term prepayments	6,681,144	6	6,962,329	7	3460	Unrealized asset revaluation increment	843,305	1	843,106	1
1840	Prepaid pension costs	245,449	-	215,728	-	3480	Treasury Stock – 7,511 thousand shares in 2011 and 7,086 thousand shares in 2010	(36,770)	-	(36,770)	-
1860	Deferred tax assets – non current	67,480	-	76,030	-	34XX	Total other equity adjustment	3,929,188	4	4,002,732	4
1887	Restricted asset	1,239,719	1	2,251,603	2		Total stockholders' equity of parent company	27,037,073	24	26,043,179	26
1888	Miscellaneous	100,145	-	67,710	-	3610	Minority interest	6,927,875	6	5,947,930	6
18XX	Total other assets	10,735,370	10	11,891,451	12	3XXX	Total stockholders' equity	33,964,948	30	31,991,109	32
1XXX	Total	\$ 112,036,995	100	\$ 99,366,635	100		Total	\$ 112,036,995	100	\$ 99,366,635	100

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

C o d e		2011		2010	
		Year ended December 31	Year ended December 31	Year ended December 31	Year ended December 31
		Amount	%	Amount	%
	REVENUES				
4110	Sales	\$111,893,243	98	\$105,306,143	97
4800	Other operating revenues	<u>2,811,544</u>	<u>2</u>	<u>2,781,165</u>	<u>3</u>
4000	Total revenues	<u>114,704,787</u>	<u>100</u>	<u>108,087,308</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	90,387,350	79	84,690,623	79
5800	Other operating costs	<u>174,572</u>	<u>-</u>	<u>177,244</u>	<u>-</u>
5000	Total costs	<u>90,561,922</u>	<u>79</u>	<u>84,867,867</u>	<u>79</u>
5910	GROSS PROFIT	<u>24,142,865</u>	<u>21</u>	<u>23,219,441</u>	<u>21</u>
	OPERATING EXPENSES				
6100	Selling	3,300,882	3	2,803,053	2
6200	General and administrative	<u>16,704,837</u>	<u>14</u>	<u>15,937,255</u>	<u>15</u>
6000	Total operating expenses	<u>20,005,719</u>	<u>17</u>	<u>18,740,308</u>	<u>17</u>
6900	OPERATING INCOME	<u>4,137,146</u>	<u>4</u>	<u>4,479,133</u>	<u>4</u>
	NONOPERATING INCOME AND GAINS				
7122	Dividend income	300,299	-	273,131	-
7121	Equity in earnings of equity-method investees, net	21,930	-	339,127	1
7140	Gain on disposal of investments, net	187,558	-	133,156	-
7110	Interest income	119,156	-	91,950	-

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C o d e		2011		2010	
		Year ended December 31		Year ended December 31	
		Amount	%	Amount	%
7160	Gains on exchange	32,648	-	17,072	-
7130	Gain on disposal of property and idle assets, net	-	-	60,369	-
7310	Valuation gain on financial instruments, net	-	-	11,948	-
7480	Other income	<u>731,153</u>	<u>1</u>	<u>669,301</u>	<u>1</u>
7100	Total non-operating income and gains	<u>1,392,744</u>	<u>1</u>	<u>1,596,054</u>	<u>2</u>
	NONOPERATING EXPENSES AND LOSSES				
7510	Interest expenses	498,914	1	480,098	1
7530	Loss on disposal of property and idle assets	49,115	-	-	-
7630	Impairment losses on financial asset	38,500	-	21,426	-
7640	Valuation loss on financial instruments, net	15,658	-	-	-
7633	Impairment loss of property and idle assets	-	-	67,194	-
7880	Other expenses	<u>239,884</u>	<u>-</u>	<u>398,444</u>	<u>-</u>
7500	Total non-operating expenses and losses	<u>842,071</u>	<u>1</u>	<u>967,162</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	4,687,819	4	5,108,025	5
8110	INCOME TAX	<u>1,526,591</u>	<u>1</u>	<u>1,247,845</u>	<u>1</u>
9600XX	NET INCOME	<u>\$ 3,161,228</u>	<u>3</u>	<u>\$ 3,860,180</u>	<u>4</u>
	ATTRIBUTED TO :				
9601	Stockholders of the parent	\$ 2,143,115	2	\$ 2,567,143	3
9602	Minority interest	<u>1,018,113</u>	<u>1</u>	<u>1,293,037</u>	<u>1</u>
		<u>\$ 3,161,228</u>	<u>3</u>	<u>\$ 3,860,180</u>	<u>4</u>

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<u>C o d e</u>		2011		2010	
		<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
	CONSOLIDATED				
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 1.82</u>	<u>\$ 1.64</u>	<u>\$ 2.12</u>	<u>\$ 1.97</u>
9850	Diluted	<u>\$ 1.82</u>	<u>\$ 1.63</u>	<u>\$ 2.12</u>	<u>\$ 1.97</u>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS 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 income	\$ 3,161,228	\$ 3,860,180
Depreciation	1,611,830	1,634,383
Amortization of deferred charges	38,237	38,267
Amortization of leasehold rights included in rental expense	247,879	249,209
Valuation loss (gain) on financial instruments	15,658	(11,948)
Impairment losses on financial asset	38,500	21,426
Cash dividends from equity-method investees	194,241	309,131
Equity in (earnings) losses of equity-method investees, net	(21,930)	(339,127)
Loss on unrealized physical inventory and slow-moving inventories	16,989	33,438
Unrealized purchase discounts and allowances	14,623	28,298
Gain on disposal of investments, net	(187,558)	(133,156)
Loss (gain) on disposal of property and idle assets, net	49,115	(60,369)
Impairment loss on disposal of property and idle assets	-	67,194
Interest recognized on bonds payable	31,199	-
Amortization of long-term prepaid rent	281,185	331,186
Deferred income taxes	80,770	191,438
Prepaid pension cost	(29,721)	(20,881)
Accrued pension cost	18,018	5,779
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	136,935	(643,072)
Notes and account receivable	(842,307)	(8,094)
Other receivables	81,557	240,544
Inventories	(502,830)	(346,864)
Prepayments	(39,978)	(149,993)
Other current assets	(62,980)	(2,790)
Long-term prepayments	-	-
Notes and account payable	967,317	1,250,486
Income tax payable	112,017	365,047
Other payable	414,413	(332,511)
Advanced receipts	1,022,862	515,667
Other current liabilities	575,878	163,105
Net cash provided by operating activities	<u>7,423,147</u>	<u>7,255,973</u>

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	2011 Year ended December 31	2010 Year ended December 31
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in pledged time deposits	29,204	645,593
Acquisition of available-for-sale financial assets	-	(12,968)
Proceeds of the disposal of available-for-sale financial assets	310,317	291,042
Acquisition of financial assets carried at cost	(270,000)	-
Proceeds of the disposal of financial assets carried at cost	-	388,345
Acquisition of property	(7,092,606)	(9,244,893)
Acquisition of real estate	-	(1,136,010)
Proceeds of the disposal of property and idle assets	177,974	141,737
Acquisition of intangible assets	(7,142)	(59,627)
Increase in refundable deposits	(90,918)	(181,357)
Decrease (Increase) in restricted assets	2,018,519	(66,727)
(Increase) decrease in other assets	(49,606)	(15,786)
Net cash used in investing activities	<u>(4,974,258)</u>	<u>(9,250,651)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term debts	3,638,260	(489,637)
Increase (Decrease) in short-term notes and bills payable	(341,230)	443,309
Issuance of bonds	2,493,658	1,000,000
Repayments of bonds issued	-	(500,000)
Increase (Decrease) in long-term borrowings	(843,591)	3,448,879
Increase in deposits received	91,951	10,436
Increase (Decrease) in other liabilities	(28,257)	27,750
Proceeds of subsidiaries' disposal of parent's shares	-	283,548
Dividend paid to minority interest	(206,104)	(474,187)
Cash dividends	(1,242,674)	(909,276)
Net cash provided by financing activities	<u>3,562,013</u>	<u>2,840,822</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(98,076)</u>	<u>131,312</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,912,826	977,456
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>\$ 16,535,391</u>	<u>\$ 10,622,565</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 861,932	\$ 522,127

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	2011 Year ended December 31	2010 Year ended December 31
Less : Capitalized interest	<u>183,265</u>	<u>139,495</u>
Interest paid, excluding capitalized interest	<u>\$ 678,667</u>	<u>\$ 382,632</u>
Income tax paid	<u>\$ 1,329,376</u>	<u>\$ 668,076</u>
 NONCASH INVESTING AND FINANCING ACTIVITIES		
Financial assets at fair value through profit or loss reclassified to restricted asset	<u>\$ 1,006,635</u>	<u>\$ -</u>
Real estate reclassified to noncurrent assets classified as held for sale	<u>\$ -</u>	<u>\$ 1,128,997</u>
Real estate reclassified to property	<u>\$ 93,600</u>	<u>\$ -</u>
Properties reclassified to idle assets	<u>\$ -</u>	<u>\$ 346,340</u>
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 prepayments	<u>\$ 281,185</u>	<u>\$ 281,185</u>
Adjustment to advance receipts and depreciation	<u>\$ 158,272</u>	<u>\$ 221,361</u>
Current portion of long-term borrowings	<u>\$ 3,020,717</u>	<u>\$ 2,738,898</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>\$ 220,685</u>	<u>\$ 166,189</u>
 CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 9,827,174	\$ 9,097,047
Decrease (Increase) in balance payable - property	(<u>2,734,568</u>)	<u>147,846</u>
Cash paid	<u>\$ 7,092,606</u>	<u>\$ 9,244,893</u>

(Concluded)