

FAR EASTERN DEPARTMENT STORES, LTD.

CONSOLIDATED BALANCE SHEETS

March 31, 2012 AND 2011

(In thousands of New Taiwan Dollars, Except Par Value)

C o d e	Assets	2012/03/31		2011/03/31		C o d e	LIBILITIES AND STOCKHOLDERS' EQUITY	2012/03/31		2011/03/31	
		Amount	%	Amount	%			Amount	%	Amount	%
	<b>CURRENT ASSETS</b>						<b>CURRENT LIABILITIES</b>				
1100	Cash and cash equivalents	\$ 8,677,225	8	\$ 7,671,345	8	2100	Short-term debts	\$ 8,678,053	9	\$ 7,780,263	8
1310	Financial assets at fair value through profit or loss- current	322,195	-	1,465,409	1	2110	Short-term notes and bills payable	3,266,222	3	3,453,301	4
1320	Available-for-Sales financial assets – current	494,649	1	534,879	1	2140	Notes and accounts payable	11,415,946	11	11,875,494	12
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT 225,037 thousands in 2012 and 224,088 thousands in 2011.	1,087,066	1	562,146	1	2160	Income tax payable	1,138,257	1	1,112,220	1
1160	Other receivables	630,630	1	525,611	-	2228	Other payables	7,555,375	7	4,967,888	5
120X	Inventories	2,939,698	3	2,676,135	3	2260	Advanced receipts	6,579,659	6	5,514,008	6
1260	Prepayments	1,423,433	2	1,573,126	2	2272	Current portion of long-term borrowings	6,667,778	7	1,714,410	2
1275	Non current assets classified as held for sale	1,128,997	1	1,128,997	1	2280	Other current liability	1,245,943	1	908,007	1
1286	Deferred tax assets-current	166,670	-	173,474	-	21XX	Total current liability	46,547,233	45	37,325,591	39
1291	Pledged time deposits	365,642	-	352,390	-		<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION</b>				
1298	Other current assets	79,129	-	33,140	-	2410	Bonds issued	4,626,397	4	4,588,860	5
11XX	Total current assets	17,315,334	17	16,696,652	17	2420	Long-term borrowings	16,667,113	16	19,157,223	20
	<b>LONG-TERM INVESTMENTS</b>					24XX	Total long-term liabilities	21,293,510	20	23,746,083	25
1421	Investments accounted for by the equity method	8,826,918	8	8,704,963	9		<b>RESERVE</b>				
1423	Real estate, net	-	-	93,600	-	2510	Reserve for land revaluation increment tax	508,719	1	508,719	-
1450	Available-for-sale financial assets-non current	5,206,017	5	5,478,868	6		<b>OTHER LIABILITIES</b>				
1480	Financial assets carried at cost –non current	654,871	1	423,939	-	2810	Accrued pension costs	239,418	-	228,784	-
14XX	Total long-term investments	14,687,806	14	14,701,370	15	2820	Deposits received	573,250	1	574,055	1
	<b>PROPERTY</b>					2860	Deferred tax liability-non current	424,200	-	514,725	-
	Cost					2888	Miscellaneous	31,226	-	62,306	-
1501	Land	9,534,993	9	6,764,188	7	28XX	Total other liabilities	1,268,094	1	1,379,870	1
1521	Buildings and equipment	25,236,220	24	21,129,293	22		<b>Total liabilities</b>	69,617,556	67	62,960,263	65
1531	Furniture and equipment	14,005,280	13	8,507,287	9	2XXX					
1631	Leasehold improvements	491,959	1	1,308,333	1		<b>STOCKHOLDERS' EQUITY</b>				
15X1	Total cost	49,268,452	47	37,709,101	39		Capital stock, NT\$ 10.00 par value				
15X8	Revaluation increment	1,408,269	1	1,408,269	2	3110	Authorized - 1,750,000 thousand shares issued and outstanding-1,317,192 thousands shares in 2012 and 1,242,634 thousand shares in 2011	13,171,921	12	12,426,341	13
15XY	Cost and appreciation	50,676,721	48	39,117,370	41		Capital surplus:				
15X9	Less: Accumulated depreciation	15,627,543	15	14,856,460	16		Additional paid-in capital – share issuance in excess of par	2,175,718	2	2,175,718	2
1599	Less: Accumulated Impairment	-	-	34,263	-	3220	Treasury stock transactions	1,213,526	1	1,213,526	1
		35,049,178	33	24,226,647	25	3260	Long-term investments	364,937	1	375,936	1
1670	Construction in progress and prepayments for equipment	8,454,291	8	13,378,306	14	3272	Stock warrants	108,930	-	108,930	-
1681	Leasehold rights, net	11,325,867	11	10,240,700	11	32XX	Total Capital Surplus	3,863,111	4	3,874,110	4
15XX	Net property	54,829,336	52	47,845,653	50		Retained earnings				
	<b>INTANGIBLE ASSETS</b>					3310	Legal reserve	1,975,319	2	1,718,606	2
1750	Computer software cost	25,333	-	41,997	-	3320	Special reserve	1,069,595	1	1,069,583	1
1760	Goodwill	6,836,892	7	6,817,494	7	3350	Unappropriated earnings	3,660,528	3	3,866,817	4
1770	Deferred pension costs	124,931	-	130,693	-	33XX	Total retained earnings	6,705,442	6	6,655,006	7
17XX	Total intangible assets	6,987,156	7	6,990,184	7		Other equity adjustments				
	<b>OTHER ASSETS</b>					3420	Cumulative translation adjustments	( 173,345 )	-	( 301,304 )	-
1820	Refundable deposits –non current	1,833,787	2	1,759,925	2	3430	Net losses not recognized as pension costs	( 20,949 )	-	( 8,300 )	-
1810	Idle assets, net	565,831	1	573,106	1	3450	Unrealized valuation gains on financial instruments	3,386,359	3	3,449,789	3
1850	Long-term prepayments	6,610,848	6	6,892,033	7	3460	Unrealized asset revaluation increment	843,305	1	843,106	1
1840	Prepaid pension costs	249,819	-	223,681	-	3480	Treasury Stock –7,511 thousand shares in 2012 and 7,086 thousand shares in 2011	( 36,770 )	-	( 36,770 )	-
1860	Deferred tax assets – non current	69,118	-	236,499	1	34XX	Total other equity adjustment	3,998,600	4	3,946,521	4
1887	Restricted asset	1,241,597	1	206,457	-		Total stockholders' equity of parent company	27,739,074	26	26,901,978	28
1888	Miscellaneous	95,481	-	87,759	-	3610	Minority interest	7,129,483	7	6,351,078	7
18XX	Total other assets	10,666,481	10	9,979,460	11	3XXX	Total stockholders' equity	34,868,557	33	33,253,056	35
1XXX	Total	\$104,486,113	100	\$ 96,213,319	100		Total	\$104,486,113	100	\$ 96,213,319	100

FAR EASTERN DEPARTMENT STORES, LTD.  
CONSOLIDATED STATEMENTS OF INCOME  
YEARS ENDED March 31, 2012 AND 2011  
(In thousands of New Taiwan Dollars, Expect Par Value)

C o d e		2012		2011	
		Year ended March 31		Year ended March 31	
		Amount	%	Amount	%
	REVENUES				
4110	Sales	\$ 29,744,728	98	\$ 26,598,167	97
4800	Other operating revenues	<u>702,406</u>	<u>2</u>	<u>689,973</u>	<u>3</u>
4000	Total revenues	<u>30,447,134</u>	<u>100</u>	<u>27,288,140</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	24,192,681	80	21,427,074	79
5800	Other operating costs	<u>73,735</u>	<u>-</u>	<u>65,589</u>	<u>-</u>
5000	Total costs	<u>24,266,416</u>	<u>80</u>	<u>21,492,663</u>	<u>79</u>
5910	GROSS PROFIT	<u>6,180,718</u>	<u>20</u>	<u>5,795,477</u>	<u>21</u>
	OPERATING EXPENSES				
6100	Selling	801,950	3	550,610	2
6200	General and administrative	<u>4,386,784</u>	<u>14</u>	<u>3,877,002</u>	<u>14</u>
6000	Total operating expenses	<u>5,188,734</u>	<u>17</u>	<u>4,427,612</u>	<u>16</u>
6900	OPERATING INCOME	<u>991,984</u>	<u>3</u>	<u>1,367,865</u>	<u>5</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earnings of equity-method investees, net	94,231	1	50,987	-
7110	Interest income	38,010	-	27,348	-
7310	Valuation gain on financial instruments, net	20,759	-	-	-
7480	Other income	<u>77,135</u>	<u>-</u>	<u>108,334</u>	<u>1</u>

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C o d e		2012		2011	
		Year ended March 31	Year ended March 31	Year ended March 31	Year ended March 31
		Amount	%	Amount	%
7100	Total non-operating income and gains	<u>230,135</u>	<u>1</u>	<u>186,669</u>	<u>1</u>
	NONOPERATING EXPENSES AND LOSSES				
7510	Interest expenses	145,914	1	111,111	1
7560	Exchange loss, net	9,136	-	1,216	-
7530	Loss on disposal of property and idle assets	1,988	-	3,072	-
7540	Loss on disposal of investments, net	-	-	3,457	-
7640	Valuation loss on financial instruments, net	-	-	102	-
7880	Other expenses	<u>27,439</u>	<u>-</u>	<u>18,575</u>	<u>-</u>
7500	Total non-operating expenses and losses	<u>184,477</u>	<u>1</u>	<u>137,533</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	1,037,642	3	1,417,001	5
8110	INCOME TAX	<u>124,131</u>	<u>-</u>	<u>317,587</u>	<u>1</u>
9600XX	NET INCOME	<u>\$ 913,511</u>	<u>3</u>	<u>\$ 1,099,414</u>	<u>4</u>
	ATTRIBUTED TO :				
9601	Stockholders of the parent	\$ 632,589	2	\$ 737,066	3
9602	Minority interest	<u>280,922</u>	<u>1</u>	<u>362,348</u>	<u>1</u>
		<u>\$ 913,511</u>	<u>3</u>	<u>\$ 1,099,414</u>	<u>4</u>
C o d e		Before Tax	After Tax	Before Tax	After Tax
	CONSOLIDATED EARNINGS PER SHARE				
9750	Basic	<u>\$ 0.54</u>	<u>\$ 0.48</u>	<u>\$ 0.61</u>	<u>\$ 0.56</u>
9850	Diluted	<u>\$ 0.54</u>	<u>\$ 0.48</u>	<u>\$ 0.60</u>	<u>\$ 0.56</u>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED March 31, 2012 AND 2011  
(In thousands of New Taiwan Dollars)

	2012 Year ended <u>March 31</u>	2011 Year ended <u>March 31</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 913,511	\$ 1,099,414
Depreciation	547,165	402,025
Amortization of deferred charges	12,299	9,504
Amortization of leasehold rights included in rental expense	88,932	58,057
Valuation loss (gain) on financial instruments	( 20,759)	102
(Reserving) Loss on unrealized physical inventory and slow-moving inventories	( 13,552)	5,662
Reversing unrealized purchase discounts and allowances	( 33,071)	( 22,298)
Equity in (earnings) losses of equity-method investees, net	( 94,231)	( 50,987)
Loss on disposal of investments, net	-	3,457
Loss (gain) on disposal of property and idle assets, net	1,988	3,072
Amortization of long-term prepaid rent	70,296	70,296
Interest recognized on bonds payable	9,439	3,101
Deferred income taxes	26,479	23,589
Increase in prepaid pension cost	( 4,370)	( 7,953)
Accrued pension cost	( 2,312)	( 690)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	( 3,490)
Notes and account receivable	294,212	( 23,175)
Other receivables	( 306,288)	( 119,712)
Inventories	97,810	( 139,832)
Prepayments	44,369	( 145,302)
Other current assets	19,144	2,652
Notes and account payable	( 6,813,208)	( 5,386,343)
Income tax payable	( 14,646)	71,334
Other payable	( 901,931)	( 1,051,955)
Advanced receipts	778,122	559,055
Other current liabilities	( <u>166,460</u> )	( <u>71,482</u> )
Net cash provided by operating activities	( <u>5,467,062</u> )	( <u>4,568,935</u> )

CASH FLOWS FROM INVESTING ACTIVITIES  
( Continued )

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	2012 Year ended March 31	2011 Year ended March 31
Decrease in pledged time deposits	( 4,064 )	38,392
Acquisition of property	( 1,976,614 )	( 1,904,172 )
Proceeds of the disposal of property	51	143
Acquisition of intangible assets	( 921 )	( 4,743 )
Decrease (Increase) in refundable deposits	207	( 16,849 )
Decrease (Increase) in restricted assets	( 28 )	2,045,146
(Increase) Decrease in other assets	( 2,493 )	( 24,427 )
Net cash used in investing activities	<u>( 1,983,862 )</u>	<u>133,490</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in short-term debts	( 1,656,627 )	1,083,843
Increase (Decrease) in short-term notes and bills payable	( 369,973 )	( 524,124 )
Issuance of bonds	-	2,493,658
Increase (Decrease) in long-term borrowings	1,823,987	( 1,482,862 )
Increase (Decrease) in deposits received	( 14,213 )	78,543
Increase (Decrease) in other liabilities	( 59 )	2,764
Dividend paid to minority interest	( 205,958 )	( 169,083 )
Dividend from previous years paid	( 42 )	( 15 )
Net cash provided by financing activities	<u>( 422,885 )</u>	<u>1,482,724</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>15,643</u>	<u>1,501</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	( 7,858,166 )	( 2,951,220 )
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>16,535,391</u>	<u>10,622,565</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,677,225</u>	<u>\$ 7,671,345</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 176,656	\$ 113,465
Less : Capitalized interest	<u>20,199</u>	<u>40,365</u>
Interest paid, excluding capitalized interest	<u>\$ 156,457</u>	<u>\$ 73,100</u>
Income tax paid	<u>\$ 116,150</u>	<u>\$ 136,898</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Current portion of Long-term prepayments	<u>\$ 281,185</u>	<u>\$ 281,185</u>

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	2012 Year ended March 31	2011 Year ended March 31
Adjustment to advance receipts and depreciation	<u>\$ 57,515</u>	<u>\$ 39,509</u>
Current portion of long-term borrowings	<u>\$ 6,667,778</u>	<u>\$ 1,714,410</u>
 CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 1,084,836	\$ 1,702,067
Decrease (Increase) in balance payable - property	<u>891,778</u>	<u>202,105</u>
Cash paid	<u>\$ 1,976,614</u>	<u>\$ 1,904,172</u>

(Concluded)