

FAR EASTERN DEPARTMENT STORES, LTD.
BALANCE SHEETS
June 30, 2012 AND 2011
(In thousands of New Taiwan Dollars, Expect Par Value)

C o d e	Assets	2012/06/30		2011/06/30		C o d e	LIBILITIES AND STOCKHOLDERS' EQUITY	2012/06/30		2011/06/30		
		金	額	%	金			額	%	金	額	%
	CURRENT ASSETS						CURRENT LIABILITIES					
1100	Cash	\$	937,039	2	\$	266,073	2100	Short-term debts	\$	3,850,000	7	
1320	Available-for-Sale financial assets—current		235,635	-		282,339	2110	Short-term notes and bill payable		1,548,599	3	
1120	Notes		29,385	-		14,397	2140	Notes and accounts payable		3,396,521	6	
1140	Accounts receivable, net of allowance for doubtful accounts of NT \$3,575 thousands in 2012 and 3,550 thousands in 2011		274,832	-		84,080	2150	Accounts payable - related parties		55,966	-	
1150	Related parties - notes and accounts receivables		3,607	-		37,580	2190	Other payables - related parties		793,133	1	
1180	Related parties - others		926,428	2		349,720	2160	Income tax payable		16,214	-	
1160	Other receivables		178,873	-		60,828	2228	Other payables		3,681,877	6	
120X	Inventories		292,174	1		197,840	2260	Advanced receipts		2,078,308	4	
1260	Prepayments		201,165	-		388,988	2272	Current portion of long-term borrowings		300,000	-	
1286	Deferred tax assets-current		9,026	-		36,677	2280	Other current liability		746,467	1	
1298	Other current assets		6,356	-		15,299	21XX	Total current liability		16,467,085	28	
11XX	Total current assets		3,094,520	5		1,733,821				11,731,914	22	
	LONG-TERM INVESTMENTS							LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
1421	investments accounted for by the equity method		19,076,359	32		18,838,210	36	2410	Bonds issued		4,635,873	8
1450	Available-for-sale financial assets-non current		2,707,151	5		3,089,873	6	2420	Long-term borrowings		10,196,309	17
1480	Financial assets carried at cost - noncurrent		62,570	-		100,729	-	24XX	Total long-term liabilities		14,832,182	25
14XX	Total long-term investments		21,846,080	37		22,028,812	42				13,318,190	25
	PROPERTY								Reserve			
	Cost							2510	Reserve for land revaluation increment tax		508,719	1
1501	Land		6,995,873	12		4,318,667	8		Other liabilities			
1521	Buildings and equipment		14,168,830	24		7,623,807	14	2820	Deposits received		39,966	-
1531	Furniture and equipment		5,990,003	10		3,449,326	7	2860	Deferred tax liabilities - noncurrent		292,973	1
15X1	Total cost		27,154,706	46		15,391,800	29	2881	Deferred credits		11,366	-
15X8	Revaluation increment		1,408,269	3		1,408,269	3	2888	Miscellaneous		-	-
15XY	Cost and appreciation		28,562,975	49		16,800,069	32	28XX	Other current liability		344,305	1
15X9	Less: Accumulated depreciation		5,805,134	10		5,085,441	10				222,832	1
1670	Construction in progress and prepayments for equipment		2,387,786	4		9,460,800	18	2XXX	Total liability		32,152,291	55
1681	Leasehold rights, net		7,523,352	13		6,529,112	13		STOCKHOLDERS' EQUITY			
15XX	Net properties		32,668,979	56		27,704,540	53		Capital stock, NT\$ 10.00 par value			
	OTHER ASSETS							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	22
1810	Idle assets, net		564,223	1		571,202	1	3150	Stock dividend to be distributed		526,876	1
1820	Refundable deposits		163,056	-		157,377	-		Capital surplus:			
1840	Prepaid pension cost		254,189	1		230,937	1	3210	Additional paid-in capital - share issuance in excess of par		2,175,718	4
1880	Miscellaneous		41,141	-		5,534	-	3220	Treasury stock transactions		1,213,526	3
18XX	Total other assets		1,022,609	2		965,050	2	3260	Long-term investments		364,937	1
								3272	Stock warrants		108,930	-
								32XX	Total Capital Surplus		3,863,111	7
									Retained earnings:			
								3310	Legal reserve		2,189,631	4
								3320	Special reserve		1,069,595	2
								3350	Unappropriated earnings		1,540,549	2
								33XX	Total retained earnings		4,799,775	8
									Other equity adjustments			
								3420	Cumulative translation adjustments		(104,424)	-
								3430	Net losses not recognized as pension costs		(20,949)	-
								3450	Unrealized valuation gains on financial instruments		3,437,052	6
								3460	Unrealized asset revaluation increment		843,305	1
								3480	Treasury Stock—7,511 thousand shares in 2012 and 7,086 thousand shares in 2011		(36,770)	-
								34XX	Total other equity adjustments		4,118,214	7
								3XXX	Total Stockholders' equity		26,479,897	45
1XXX	Total		\$ 58,632,188	100		\$ 52,432,223	100		Total		\$ 58,632,188	100
											\$ 52,432,223	100

FAR EASTERN DEPARTMENT STORES, LTD.
STATEMENTS OF INCOME
YEAR ENDED June 30, 2012 AND 2011
(In thousands of New Taiwan Dollars, Except Par Value)

Code		2012		2011	
		YEAR ENDED June 30	June 30	YEAR ENDED June 30	June 30
		A m o u n t	%	A m o u n t	%
	REVENUES				
4100	Sales	\$ 18,848,305	99	\$ 11,987,789	99
4800	Other operating revenue	<u>190,405</u>	<u>1</u>	<u>130,900</u>	<u>1</u>
4000	Total Revenues	<u>19,038,710</u>	<u>100</u>	<u>12,118,689</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	15,434,228	81	9,647,301	80
5800	Other operating costs	<u>70,855</u>	<u>-</u>	<u>29,358</u>	<u>-</u>
5000	Total costs	<u>15,505,083</u>	<u>81</u>	<u>9,676,659</u>	<u>80</u>
5910	GROSS PROFIT	<u>3,533,627</u>	<u>19</u>	<u>2,442,030</u>	<u>20</u>
	OPERATING EXPENSES				
6100	Selling	775,451	4	461,489	4
6200	General and administrative	<u>2,192,736</u>	<u>12</u>	<u>1,403,561</u>	<u>11</u>
6000	Total operating expenses	<u>2,968,187</u>	<u>16</u>	<u>1,865,050</u>	<u>15</u>
6900	OPERATING INCOME	<u>565,440</u>	<u>3</u>	<u>576,980</u>	<u>5</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earnings of equity-method investees, net	167,140	1	532,007	5
7110	Interest income	1,229	-	806	-
7480	Other income	<u>67,748</u>	<u>-</u>	<u>46,336</u>	<u>-</u>
7100	Total non-operating income and gains	<u>236,117</u>	<u>1</u>	<u>579,149</u>	<u>5</u>

(Continued)

(Continued)

Code		2012		2011	
		YEAR ENDED June 30	YEAR ENDED June 30	YEAR ENDED June 30	YEAR ENDED June 30
		A m o u n t	%	A m o u n t	%
	NONOPERATING EXPENSES AND LOSSES				
7510	Interest expense	\$ 95,241	-	\$ 27,818	-
7530	Loss on disposal of property and idle assets	542	-	2,957	-
7631	Impairment losses on financial asset carried at cost	-	-	1,066	-
7880	Other expenses	<u>32,036</u>	<u>-</u>	<u>32,553</u>	<u>1</u>
7500	Total non-operating expenses and losses	<u>127,819</u>	<u>-</u>	<u>64,394</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	673,738	4	1,091,735	9
8110	INCOME TAX (BENEFIT) EXPENSE	<u>102,748</u>	<u>1</u>	<u>151,302</u>	<u>1</u>
9600	NET INCOME	<u>\$ 570,990</u>	<u>3</u>	<u>\$ 940,433</u>	<u>8</u>

Code		Before Tax	After Tax	Before Tax	After Tax
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 0.51</u>	<u>\$ 0.44</u>	<u>\$ 0.83</u>	<u>\$ 0.72</u>
9850	Diluted	<u>\$ 0.51</u>	<u>\$ 0.43</u>	<u>\$ 0.83</u>	<u>\$ 0.72</u>

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		Before Tax	After Tax	Before Tax	After Tax
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 0.51</u>	<u>\$ 0.43</u>	<u>\$ 0.83</u>	<u>\$ 0.71</u>
9850	Diluted	<u>\$ 0.51</u>	<u>\$ 0.43</u>	<u>\$ 0.83</u>	<u>\$ 0.71</u>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CASH FLOWS

YEAR ENDED June 30, 2012 AND 2011

(In thousands of New Taiwan Dollars)

	2012 YEAR ENDED <u>June 30</u>	2011 YEAR ENDED <u>June 30</u>
Cash Flows From Operating Activities		
Net incomes	\$ 570,990	\$ 940,433
Depreciation	504,077	197,242
Amortization of deferred charges	5,013	1,609
Amortization of leasehold rights included in rental expense	91,061	37,411
Equity in losses (earnings) of equity-method investees, net	(167,140)	(532,007)
Cash dividends from equity-method investees	-	1,093,627
Impairment losses on financial asset carried at cost	-	1,066
Loss (gain) on disposal of property and idle assets, net	542	2,957
Interest recognized on bonds payable	18,915	12,431
Deferred income taxes	86,423	61,018
Increase in prepaid pension cost	(8,740)	(15,209)
Net changes in operating assets and liabilities		
Notes receivable	9,383	1,119
Accounts receivable	157,434	97,685
Accounts and notes receivable-related parties	48,511	3,510
Account receivable-other related parties	29,136	(4,520)
Other receivables	(42,768)	39,831
Inventories	80,783	9,757
Prepayments	121,925	(126,553)
Other current assets	11,007	(295)
Accounts and notes payable	263,711	(387,183)
Accounts payable-related parties	(26,140)	(37,144)
Other payables-related parties	90,623	35,881
Income tax payable	(22,048)	(108,023)
Other payables	(42,077)	(47,131)
Advanced receipts	475,103	59,842
Other current liabilities	(109,298)	68,213
Net cash provided by operating activities	<u>2,146,426</u>	<u>1,405,567</u>
Cash Flows From Investing Activities		
Related parties - others receivable	(144,411)	-
Acquisition of investments accounted for by the using equity method	-	(200,000)
Proceeds of the disposal of property	61	68
Acquisition of property	(1,728,862)	(2,774,154)
Increase in other assets	(1,027)	-
Decrease (increase) in refundable deposit	<u>509</u>	<u>1,766</u>

(Continued)

(Continued)	2012 YEAR ENDED <u>June 30</u>	2011 YEAR ENDED <u>June 30</u>
Net cash used in investing activities	(<u>1,873,730</u>)	(<u>2,972,320</u>)
Cash Flows From Financing Activities		
Increase (decrease) in short-term debts	(550,000)	(850,000)
Increase (decrease) in short-term notes and bills payable	(150,669)	399,955
Issuance of bonds	-	2,493,658
Increase(decrease) in long-term borrowings	799,663	(500,619)
Increase(decrease) in deposits received	(666)	23
Dividend from previous years paid	(<u>42</u>)	(<u>15</u>)
Net cash provided by (used in) financing activities	<u>98,286</u>	<u>1,543,002</u>
Net Increase (Decrease) in cash	370,982	(23,751)
Cash, Beginning of Year	<u>566,057</u>	<u>289,824</u>
Cash, End of Year	<u>\$ 937,039</u>	<u>\$ 266,073</u>
Supplement Cash Flow information		
Interest paid	\$ 93,961	\$ 65,696
Less: Capitalized interest	<u>33,085</u>	<u>84,588</u>
Interest paid, excluding capitalized interest	<u>\$ 60,876</u>	<u>\$ -</u>
Income tax paid	<u>\$ 38,340</u>	<u>\$ 200,407</u>
Noncash investing and financing activities		
Cash dividends payable	<u>\$ 1,317,192</u>	<u>\$ 1,242,634</u>
Current portion of long-term borrowings	<u>\$ 300,000</u>	<u>\$ 995,279</u>
Cash dividends receivable from equity-method investees (Classified as Related Parties-others receivable)	<u>\$ 504,630</u>	<u>\$ 72,954</u>
Adjustment to advance receipts and depreciation	<u>\$ 76,094</u>	<u>\$ 40,618</u>
Classification of credit balance in long-term investment to other liabilities	<u>\$ -</u>	<u>\$ 590</u>
CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 304,232	\$ 93,669
Increase in construction in progress and prepayments for equipment	565,275	2,026,967
Acquisition of leasehold rights	30,046	594,718
Decrease (increase) in balance payable-property-related party	(600,912)	19,836
Decrease (increase) in balance payable-property	<u>1,430,221</u>	<u>38,964</u>
Cash paid	<u>\$ 1,728,862</u>	<u>\$ 2,774,154</u>
(Concluded)		