

FAR EASTERN DEPARTMENT STORES, LTD.
CONSOLIDATED 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	
		A m o u n t	%	A m o u n t	%			A m o u n t	%	A m o u n t	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash and cash equivalents	\$ 12,260,276	11	\$ 7,674,445	8	2100	Short-term debts	\$ 10,853,849	10	\$ 7,617,533	8
1310	Financial assets at fair value through profit or loss- current	356,937	-	1,312,214	1	2110	Short-term notes and bills payable	4,813,635	4	3,870,743	4
1320	Available-for-Sales financial assets – current	474,600	1	569,147	1	2140	Notes and accounts payable	13,421,280	12	11,645,533	12
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT 224,113 thousands in 2012 and 225,188 thousands in 2011.	1,100,708	1	646,656	1	2160	Income tax payable	575,325	1	976,799	1
1160	Other receivables	490,124	1	832,425	1	2228	Other payables	9,489,288	9	6,923,878	7
120X	Inventories	2,549,365	3	2,239,961	2	2260	Advanced receipts	6,272,897	6	5,156,992	5
1260	Prepayments	1,218,057	1	1,390,490	2	2272	Current portion of long-term borrowings	2,108,000	2	2,418,879	2
1275	Non current assets classified as held for sale	-	-	1,128,997	1	2280	Other current liability	1,044,660	1	892,330	1
1286	Deferred tax assets-current	176,941	-	162,046	-	21XX	Total current liability	48,578,934	45	39,502,687	40
1291	Pledged time deposits	369,619	-	342,303	-		LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
1298	Other current assets	92,362	-	33,062	-	2410	Bonds issued	4,635,873	4	4,598,190	5
11XX	Total current assets	19,088,989	18	16,331,746	17	2420	Long-term borrowings	20,119,645	19	18,926,243	19
	LONG-TERM INVESTMENTS					24XX	Total long-term liabilities	24,755,518	23	23,524,433	24
1421	Investments accounted for by the equity method	8,814,262	8	8,593,815	9		RESERVE				
1423	Real estate, net	1,125,533	1	93,600	-	2510	Reserve for land revaluation increment tax	508,719	-	508,719	1
1450	Available-for-sale financial assets-non current	5,254,399	5	6,276,960	7		OTHER LIABILITIES				
1480	Financial assets carried at cost –non current	782,651	1	419,253	-	2810	Accrued pension costs	241,769	-	233,123	-
14XX	Total long-term investments	15,976,845	15	15,383,628	16	2820	Deposits received	571,658	1	603,685	1
	PROPERTY					2860	Deferred tax liability-non current	412,405	-	375,370	-
	Cost					2888	Miscellaneous	61,244	-	61,229	-
1501	Land	11,587,168	11	6,764,188	7	28XX	Total other liabilities	1,287,076	1	1,273,407	1
1521	Buildings and equipment	28,071,560	26	21,137,966	22		Total liabilities	75,130,247	69	64,809,246	66
1531	Furniture and equipment	16,434,851	15	8,445,824	9		STOCKHOLDERS' EQUITY				
1631	Leasehold improvements	582,391	-	1,264,167	1	3110	Capital stock, NT\$ 10.00 par value				
15X1	Total cost	56,675,970	52	37,612,145	39		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
15X8	Revaluation increment	1,408,269	2	1,408,269	1	3150	Stock dividend to be distributed	526,876	1	745,580	1
15XY							Capital surplus:				
	Cost and appreciation	58,084,239	54	39,020,414	40	3210	Additional paid-in capital – share issuance in excess of par	2,175,718	2	2,175,718	2
15X9	Less: Accumulated depreciation	16,232,994	15	15,031,211	16	3220	Treasury stock transactions	1,213,526	1	1,213,526	1
		41,851,245	39	23,989,203	24	3260	Long-term investments	364,937	1	365,518	1
1670	Construction in progress and prepayments for equipment	2,424,645	2	14,729,367	15	3272	Stock warrants	108,930	-	108,930	-
1681	Leasehold rights, net	11,248,382	10	10,415,901	11	32XX	Total Capital Surplus	3,863,111	4	3,863,692	4
15XX	Net property	55,524,272	51	49,134,471	50		Retained earnings				
	INTANGIBLE ASSETS					3310	Legal reserve	2,189,631	2	1,975,319	2
1750	Computer software cost	30,785	-	37,309	-	3320	Special reserve	1,069,595	1	1,069,583	1
1760	Goodwill	6,902,144	6	6,698,451	7	3350	Unappropriated earnings	1,540,549	1	1,825,257	2
1770	Deferred pension costs	124,931	-	130,693	-	33XX	Total retained earnings	4,799,775	4	4,870,159	5
17XX	Total intangible assets	7,057,860	6	6,866,453	7		Other equity adjustments				
	OTHER ASSETS					3420	Cumulative translation adjustments	(104,424)	-	(419,132)	-
1820	Refundable deposits –non current	1,841,576	2	1,839,607	2	3430	Net losses not recognized as pension costs	(20,949)	-	(8,300)	-
1810	Idle assets, net	564,223	1	571,236	1	3450	Unrealized valuation gains on financial instruments	3,437,052	3	4,365,892	4
1850	Long-term prepayments	6,540,552	6	6,821,737	7	3460	Unrealized asset revaluation increment	843,305	1	843,106	1
1840	Prepaid pension costs	254,189	-	230,937	-	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	59,672	-	72,215	-	34XX	Total other equity adjustment	4,118,214	4	4,744,796	5
1887	Restricted asset	1,491,657	1	206,478	-		Total stockholders' equity of parent company	26,479,897	25	26,650,568	28
1888	Miscellaneous	91,020	-	78,612	-						
18XX	Total other assets	10,842,889	10	9,820,822	10	3610	Minority interest	6,880,711	6	6,077,306	6
						3XXX	Total stockholders' equity	33,360,608	31	32,727,874	34
1XXX	Total	\$ 108,490,855	100	\$ 97,537,120	100		Total	\$ 108,490,855	100	\$ 97,537,120	100

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

C o d e		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	%
	REVENUES				
4110	Sales	\$ 57,881,906	98	\$ 51,294,659	98
4800	Other operating revenues	<u>1,428,715</u>	<u>2</u>	<u>1,129,429</u>	<u>2</u>
4000	Total revenues	<u>59,310,621</u>	<u>100</u>	<u>52,424,088</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	47,098,249	80	41,172,044	79
5800	Other operating costs	<u>191,283</u>	<u>-</u>	<u>85,778</u>	<u>-</u>
5000	Total costs	<u>47,289,532</u>	<u>80</u>	<u>41,257,822</u>	<u>79</u>
5910	GROSS PROFIT	<u>12,021,089</u>	<u>20</u>	<u>11,166,266</u>	<u>21</u>
	OPERATING EXPENSES				
6100	Selling	1,709,036	3	1,237,400	2
6200	General and administrative	<u>8,942,972</u>	<u>15</u>	<u>7,767,567</u>	<u>15</u>
6000	Total operating expenses	<u>10,652,008</u>	<u>18</u>	<u>9,004,967</u>	<u>17</u>
6900	OPERATING INCOME	<u>1,369,081</u>	<u>2</u>	<u>2,161,299</u>	<u>4</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earnings of investees, net	108,962	-	94,099	-
7110	Interest income	69,340	-	63,434	-
7310	Valuation gain on financial instruments, net	7,330	-	-	-
7140	Gain on disposal of investments, net	-	-	26,478	-

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<u>C o d e</u>		2012		2011	
		<u>Y E A R E N D E D</u>	<u>J u n e 3 0</u>	<u>Y E A R E N D E D</u>	<u>J u n e 3 0</u>
		<u>A m o u n t</u>	<u>%</u>	<u>A m o u n t</u>	<u>%</u>
7160	Gains on exchange	-	-	7,538	-
7480	Other income	<u>144,702</u>	<u>1</u>	<u>124,459</u>	<u>1</u>
7100	Total non-operating income and gains	<u>330,334</u>	<u>1</u>	<u>316,008</u>	<u>1</u>
	NONOPERATING EXPENSES AND LOSSES				
7510	Interest expenses	303,364	1	228,597	1
7560	Exchange loss, net	17,879	-	-	-
7530	Loss on disposal of property and idle assets	1,569	-	12,889	-
7640	Valuation loss on financial instruments, net	-	-	3,365	-
7631	Impairment losses on financial asset	-	-	1,066	-
7880	Other expenses	<u>74,635</u>	<u>-</u>	<u>54,267</u>	<u>-</u>
7500	Total non-operating expenses and losses	<u>397,447</u>	<u>1</u>	<u>300,184</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	1,301,968	2	2,177,123	4
8110	INCOME TAX	<u>499,081</u>	<u>1</u>	<u>869,528</u>	<u>2</u>
9600XX	NET INCOME	<u>\$ 802,887</u>	<u>1</u>	<u>\$ 1,307,595</u>	<u>2</u>
	ATTRIBUTED TO :				
9601	Stockholders of the parent	\$ 570,990	1	\$ 940,433	2
9602	Minority interest	<u>231,897</u>	<u>-</u>	<u>367,162</u>	<u>-</u>
		<u>\$ 802,887</u>	<u>1</u>	<u>\$ 1,307,595</u>	<u>2</u>

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<u>C o d e</u>		2012		2011	
		<u>YEAR ENDED June 30</u>	<u>YEAR ENDED June 30</u>	<u>YEAR ENDED June 30</u>	<u>YEAR ENDED June 30</u>
		<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
	CONSOLIDATED				
	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>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS 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 income	\$ 802,887	\$ 1,307,595
Depreciation	1,186,300	802,175
Amortization of deferred charges	22,371	19,913
Amortization of leasehold rights included in rental expense	177,853	123,758
Impairment losses on financial asset	-	1,066
Valuation loss (gain) on financial instruments	(7,330)	3,365
Equity in (earnings) losses of equity-method investees, net	(108,962)	(94,099)
Gain on disposal of investments, net	-	(26,478)
Loss (gain) on disposal of property, net	1,569	12,889
Interest recognized on bonds payable	18,915	12,431
Amortization of long-term prepaid rent	140,592	140,592
Loss on unrealized physical inventory and slow-moving inventories	11,385	25,860
Reversing Unrealized purchase discounts and allowances	(23,591)	(19,298)
Deferred income taxes	13,859	59,946
Increase in prepaid pension cost	(8,740)	(15,209)
Accrued pension cost	39	3,649
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(50,000)	146,935
Notes and account receivable	280,570	(107,685)
Other receivables	(96,939)	(232,285)
Inventories	453,726	273,144
Prepayments	249,745	37,334
Other current assets	5,911	2,231
Notes and account payable	(4,807,874)	(5,616,304)
Income tax payable	(577,578)	(64,087)
Other payable	(564,397)	(538,452)
Advanced receipts	529,571	240,197
Other current liabilities	(<u>367,743</u>)	(<u>55,805</u>)
Net cash provided by operating activities	(<u>2,717,861</u>)	(<u>3,445,012</u>)

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	2012 YEAR ENDED <u>J u n e 3 0</u>	2011 YEAR ENDED <u>J u n e 3 0</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (Increase) in Pledged time deposits	(8,041)	48,479
Proceeds of the disposal of available-for-sale financial assets	-	50,774
Acquisition of financial assets carried at cost	(126,000)	-
Acquisition of property	(3,398,767)	(3,748,031)
Proceeds of the disposal of property	363	611
Acquisition of intangible assets	(1,536)	(4,967)
Decrease (Increase) in refundable deposits	(7,582)	(96,531)
Decrease (Increase) in restricted assets	(248,259)	2,045,125
(Increase) decrease in other assets	(<u>2,902</u>)	(<u>20,404</u>)
Net cash used in investing activities	(<u>3,792,724</u>)	(<u>1,724,944</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term debts	519,169	921,113
Increase (Decrease) in short-term notes and bills payable	1,177,440	(106,682)
Issuance of bonds	-	2,493,658
Increase (Decrease) in long-term borrowings	716,741	(1,009,373)
Increase (Decrease) in deposits received	(15,805)	108,173
Increase (Decrease) in other liabilities	29,959	1,687
Dividend from previous years paid	(42)	(15)
Dividend paid to minority interest	(<u>207,531</u>)	(<u>169,083</u>)
Net cash provided by financing activities	<u>2,219,931</u>	<u>2,239,478</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>15,539</u>	(<u>17,642</u>)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,275,115)	(2,948,120)
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>\$12,260,276</u>	<u>\$ 7,674,445</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 330,601	\$ 239,155
Less : Capitalized interest	<u>38,845</u>	<u>84,588</u>
Interest paid, excluding capitalized interest	<u>\$ 291,756</u>	<u>\$ 154,567</u>
Income tax paid	<u>\$ 1,096,677</u>	<u>\$ 861,138</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
(Continued)		

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	2012 YEAR ENDED <u>J u n e 3 0</u>	2011 YEAR ENDED <u>J u n e 3 0</u>
Cash dividends payable (Classified as other payable)	<u>\$ 1,317,192</u>	<u>\$ 1,242,634</u>
Adjustment to advance receipts and depreciation	<u>\$ 115,726</u>	<u>\$ 77,667</u>
Cash dividends receivable from equity-method investees(Classified as Related Partied-others)	<u>\$ 68,843</u>	<u>\$ 194,241</u>
Current portion of Long-term prepayments	<u>\$ 281,185</u>	<u>\$ 281,185</u>
Current portion of long-term borrowings	<u>\$ 2,108,000</u>	<u>\$ 2,418,879</u>
Non current assets classified as held for sale reclassified to Real estate	<u>\$ 1,128,997</u>	<u>\$ -</u>
Properties reclassified to Real estate	<u>\$ 18,399</u>	<u>\$ -</u>
Properties reclassified to Computer software cost	<u>\$ 10,258</u>	<u>\$ -</u>
Properties reclassified to Miscellaneous	<u>\$ 219</u>	<u>\$ -</u>
Dividend payable to minority interest (classified as other payables)	<u>\$ 232,524</u>	<u>\$ 231,178</u>
 CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 2,555,225	\$ 3,514,883
Decrease (Increase) in balance payable - property	<u>843,542</u>	<u>233,148</u>
Cash paid	<u>\$ 3,398,767</u>	<u>\$ 3,748,031</u>

(Concluded)