

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

C o d e	Assets	2012/09/30		2011/09/30		C o d e	LIBILITIES AND STOCKHOLDERS' EQUITY	2012/09/30		2011/09/30	
		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	\$ 12,260,442	11	\$ 8,596,528	9	2100	Short-term debts	\$ 9,973,441	9	\$ 8,229,586	8
1310	Financial assets at fair value through profit or loss					2110	Short-term notes and bills payable	4,242,515	4	3,922,459	4
	— current	363,748	-	1,289,229	1	2140	Notes and accounts payable	13,826,456	13	11,697,155	12
1320	Available-for-Sales financial assets—current	508,013	1	490,392	1	2160	Income tax payable	467,260	-	693,359	1
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT 224,113 thousands in 2012 and 225,187 thousands in 2011.	1,629,142	2	829,354	1	2228	Other payables	7,803,614	7	6,008,817	6
1160	Other receivables	434,593	1	471,810	-	2260	Advanced receipts	6,978,806	6	5,694,272	6
120X	Inventories	3,349,333	3	3,051,347	3	2272	Current portion of long-term borrowings	5,988,000	6	2,336,571	2
1260	Prepayments	1,386,381	1	1,545,879	2	2280	Other current liability	1,328,103	1	1,072,291	1
1275	Non current assets classified as held for sale	-	-	1,128,997	1	21XX	Total current liability	50,608,195	46	39,654,510	40
1286	Deferred tax assets-current	176,617	-	134,343	-		LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
1291	Pledged time deposits	363,207	-	360,731	-	2410	Bonds issued	4,645,387	4	4,607,556	5
1298	Other current assets	85,661	-	65,087	-	2420	Long-term borrowings	18,857,782	17	20,887,861	21
11XX	Total current assets	20,557,137	19	17,963,697	18	24XX	Total long-term liabilities	23,503,169	21	25,495,417	26
	LONG-TERM INVESTMENTS						RESERVE				
1421	Investments accounted for by the equity method	8,898,340	8	8,608,877	9	2510	Reserve for land revaluation increment tax	508,719	1	508,719	-
1423	Real estate, net	1,121,395	1	-	-		OTHER LIABILITIES				
1450	Available-for-sale financial assets-non current	5,436,025	5	4,673,993	5	2810	Accrued pension costs	243,785	-	234,808	-
1480	Financial assets carried at cost—non current	779,369	1	427,333	-	2820	Deposits received	575,604	1	641,137	1
14XX	Total long-term investments	16,235,129	15	13,710,203	14	2860	Deferred tax liability-non current	385,759	-	351,810	-
	PROPERTY					2888	Miscellaneous	61,252	-	31,361	-
	Cost					28XX	Total other liabilities	1,266,400	1	1,259,116	1
1501	Land	11,587,168	11	6,857,788	7	2XXX	Total liabilities	75,886,483	69	66,917,762	67
1521	Buildings and equipment	28,139,133	26	18,734,474	19		STOCKHOLDERS' EQUITY OF PARENT COMPANY				
1531	Furniture and equipment	16,431,889	15	11,411,300	12	3110	Capital stock, NT\$ 10.00 par value				
1631	Leasehold improvements	582,853	-	1,313,664	1		Authorized - 1,750,000 thousand shares issued and outstanding-1,369,880 thousands shares in 2012 and 1,317,192 thousand shares in 2011	13,698,797	12	13,171,921	13
15X1	Total cost	56,741,043	52	38,317,226	39		Capital surplus:				
15X8	Revaluation increment	1,408,269	1	1,408,269	1	3210	Additional paid-in capital – share issuance in excess of par	2,175,718	2	2,175,718	2
15XY	Cost and appreciation	58,149,312	53	39,725,495	40	3220	Treasury stock transactions	1,213,526	1	1,213,526	1
15X9	Less: Accumulated depreciation	16,523,543	15	15,527,279	16	3260	Long-term investments	364,937	1	365,518	1
		41,625,769	38	24,198,216	24	3272	Stock warrants	108,930	-	108,930	-
1670	Construction in progress and prepayments for equipment	2,495,548	2	15,750,048	16	32XX	Total Capital Surplus	3,863,111	4	3,863,692	4
1681	Leasehold rights, net	11,161,666	10	10,637,364	11		Retained earnings				
15XX	Net property	55,282,983	50	50,585,628	51	3310	Legal reserve	2,189,631	2	1,975,319	2
	INTANGIBLE ASSETS					3320	Special reserve	1,069,595	1	1,069,583	1
1750	Computer software cost	29,937	-	33,276	-	3350	Unappropriated earnings	1,932,746	2	2,354,635	2
1760	Goodwill	6,798,975	6	7,007,960	7	33XX	Total retained earnings	5,191,972	5	5,399,537	5
1770	Deferred pension costs	124,931	-	130,693	-		Other equity adjustments				
17XX	Total intangible assets	6,953,843	6	7,171,929	7	3420	Cumulative translation adjustments	(236,818)	-	8,466	-
	OTHER ASSETS					3430	Net losses not recognized as pension costs	(20,949)	-	(8,300)	-
1820	Refundable deposits—non current	1,731,983	2	1,885,403	2	3450	Unrealized valuation gains on financial instruments	3,746,960	3	2,708,018	3
1810	Idle assets, net	562,616	1	569,367	1	3460	Unrealized asset revaluation increment	843,305	1	843,106	1
1850	Long-term prepayments	6,470,254	6	6,751,439	7	3480	Treasury Stock—7,812 thousand shares in 2012 and 7,511 thousand shares in 2011	(36,770)	-	(36,770)	-
1840	Prepaid pension costs	258,560	-	238,193	-	34XX	Total other equity adjustment	4,295,728	4	3,514,520	4
1860	Deferred tax assets—non current	59,672	-	72,215	-		Total stockholders' equity of parent company	27,049,608	25	25,949,670	26
1887	Restricted asset	1,643,431	1	206,478	-	3610	Minority interest	6,906,763	6	6,363,155	7
1888	Miscellaneous	87,246	-	76,035	-	3XXX	Total stockholders' equity	33,956,371	31	32,312,825	33
18XX	Total other assets	10,813,762	10	9,799,130	10		Total	\$ 109,842,854	100	\$ 99,230,587	100
1XXX	Total	\$ 109,842,854	100	\$ 99,230,587	100						

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

Code		2012		2011	
		YEAR ENDED September 30	%	YEAR ENDED September 30	%
		A m o u n t		A m o u n t	
	REVENUES				
4110	Sales	\$84,281,394	97	\$74,632,120	97
4800	Other operating				
	revenues	<u>2,186,887</u>	<u>3</u>	<u>1,985,862</u>	<u>3</u>
4000	Total revenues	<u>86,468,281</u>	<u>100</u>	<u>76,617,982</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	68,687,482	80	60,328,660	79
5800	Other operating costs	<u>261,784</u>	<u>-</u>	<u>113,867</u>	<u>-</u>
5000	Total costs	<u>68,949,266</u>	<u>80</u>	<u>60,442,527</u>	<u>79</u>
5910	GROSS PROFIT	<u>17,519,015</u>	<u>20</u>	<u>16,175,455</u>	<u>21</u>
	OPERATING EXPENSES				
6100	Selling	2,312,669	2	1,596,836	2
6200	General and				
	administrative	<u>13,680,788</u>	<u>16</u>	<u>11,969,043</u>	<u>15</u>
6000	Total operating	<u>15,993,457</u>	<u>18</u>	<u>13,565,879</u>	<u>17</u>
	expenses				
6900	OPERATING INCOME	<u>1,525,558</u>	<u>2</u>	<u>2,609,576</u>	<u>4</u>
	NONOPERATING				
	INCOME AND GAINS				
7122	Dividend income	336,122	1	299,552	1
7121	Equity in earnings of				
	equity-method				
	investees, net	151,256	-	9,113	-
7110	Interest income	106,246	-	73,097	-
7310	Valuation gain on				
	financial				
	instruments, net	15,954	-	-	-
7140	Gain on disposal of				
	investments, net	-	-	187,558	-
7160	Exchange gain, net	-	-	28,482	-
7480	Other income	<u>206,426</u>	<u>-</u>	<u>256,008</u>	<u>-</u>
7100	Total non-operating	<u>816,004</u>	<u>1</u>	<u>853,810</u>	<u>1</u>
	income and gains				

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C o d e		2012		2011	
		YEAR ENDED September 30	%	YEAR ENDED September 30	%
		A m o u n t		A m o u n t	
	NONOPERATING EXPENSES AND LOSSES				
7510	Interest expenses	465,181	1	361,681	1
7560	Exchange loss, net	25,953	-	-	-
7530	Loss on disposal of property, net	6,628	-	19,909	-
7540	Loss on disposal of investments, net	214	-	-	-
7640	Valuation loss on financial instruments, net	-	-	26,350	-
7630	Impairment losses on financial asset	-	-	1,066	-
7880	Other expenses	<u>101,527</u>	<u>-</u>	<u>124,086</u>	<u>-</u>
7500	Total non-operating expenses and losses	<u>599,503</u>	<u>1</u>	<u>533,092</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	1,742,059	2	2,930,294	4
8110	INCOME TAX	<u>458,240</u>	<u>1</u>	<u>1,007,916</u>	<u>1</u>
9600XX	NET INCOME	<u>\$ 1,283,819</u>	<u>1</u>	<u>\$ 1,922,378</u>	<u>3</u>
	ATTRIBUTED TO :				
9601	Stockholders of the parent	\$ 963,187	1	\$ 1,469,811	2
9602	Minority interest	<u>320,632</u>	<u>-</u>	<u>452,567</u>	<u>1</u>
		<u>\$ 1,283,819</u>	<u>1</u>	<u>\$ 1,922,378</u>	<u>3</u>
C o d e		Before Tax	After Tax	Before Tax	After Tax
	CONSOLIDATED EARNINGS PER SHARE				
9750	Basic	<u>\$ 0.79</u>	<u>\$ 0.71</u>	<u>\$ 1.20</u>	<u>\$ 1.08</u>
9850	Diluted	<u>\$ 0.79</u>	<u>\$ 0.71</u>	<u>\$ 1.20</u>	<u>\$ 1.08</u>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED September 30, 2012 AND 2011
(In thousands of New Taiwan Dollars)

	2012 YEAR ENDED <u>September 30</u>	2011 YEAR ENDED <u>September 30</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,283,819	\$ 1,922,378
Depreciation	1,873,719	1,125,563
Amortization of deferred charges	34,282	25,687
Amortization of leasehold rights included in rental expense	266,632	185,724
Impairment losses on financial asset	-	1,066
Cash dividends from equity-method investees	58,745	194,241
Equity in (earnings) losses of equity-method investees, net	(151,256)	(9,113)
Valuation loss (gain) on financial instruments, net	(15,954)	26,350
Loss on unrealized physical inventory and slow-moving inventories	32,193	49,250
Reversing Unrealized purchase discounts and allowances	(18,800)	(5,486)
Loss (gain) on disposal of investments, net	214	(187,558)
Loss (gain) on disposal of property, net	6,628	19,909
Interest recognized on bonds payable	28,429	21,797
Amortization of long-term prepaid rent	210,890	210,890
Deferred income taxes	(12,463)	64,089
Prepaid pension cost	(13,111)	(22,465)
Accrued pension cost	2,055	5,334
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(50,000)	146,935
Notes and account receivable	(247,864)	(290,383)
Other receivables	(100,153)	(65,911)
Inventories	(371,841)	(575,444)
Prepayments	81,421	(118,055)
Other current assets	12,612	(29,794)
Notes and account payable	(4,402,698)	(5,564,682)
Income tax payable	(685,643)	(347,527)
Other payable	(425,305)	24,234
Advanced receipts	1,280,922	819,386
Other current liabilities	(84,300)	235,766
Net cash provided by operating activities	<u>(1,406,827)</u>	<u>(2,137,819)</u>

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	2012 YEAR ENDED <u>September 30</u>	2011 YEAR ENDED <u>September 30</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (Increase) in Pledged time deposits	(1,629)	30,051
Acquisition of financial assets carried at cost	(126,000)	-
Proceeds of the disposal of available-for-sale financial assets	-	310,317
Proceeds of the disposal of financial assets carried at cost	261	-
Acquisition of property	(4,550,818)	(5,694,490)
Proceeds of the disposal of property	960	611
Acquisition of intangible assets	(2,048)	(5,851)
Decrease (Increase) in refundable deposits	102,011	(142,327)
Decrease (Increase) in restricted assets	(398,220)	2,045,125
(Increase) decrease in other assets	(4,444)	(18,322)
Net cash used in investing activities	<u>(4,979,927)</u>	<u>(3,474,886)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term debts	(361,239)	1,533,166
Increase (Decrease) in short-term notes and bills payable	606,320	(54,966)
Issuance of bonds	-	2,493,658
Increase (Decrease) in long-term borrowings	3,334,878	869,937
Increase (Decrease) in deposits received	(11,859)	145,625
Increase (Decrease) in other liabilities	29,967	(28,181)
Dividend paid to minority interest	(207,531)	(169,083)
Cash dividends	<u>(1,317,289)</u>	<u>(1,242,674)</u>
Net cash provided by financing activities	<u>2,073,247</u>	<u>3,547,482</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>38,558</u>	<u>39,186</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,274,949)	(2,026,037)
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>\$12,260,442</u>	<u>\$ 8,596,528</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 518,492	\$ 630,321
Less : Capitalized interest	<u>58,270</u>	<u>132,803</u>
Interest paid, excluding capitalized interest	<u>\$ 460,222</u>	<u>\$ 497,518</u>
Income tax paid	<u>\$ 1,325,687</u>	<u>\$ 1,261,746</u>

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	2012 YEAR ENDED <u>September 30</u>	2011 YEAR ENDED <u>September 30</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Adjustment to advance receipts and depreciation	<u>\$ 161,168</u>	<u>\$ 119,576</u>
Real estate reclassified to property	<u>\$ -</u>	<u>\$ 93,600</u>
Cash dividends receivable from equity-method investees(Classified as Related Partied-others)	<u>\$ 10,098</u>	<u>\$ -</u>
Current portion of Long-term prepayments	<u>\$ 281,185</u>	<u>\$ 281,185</u>
Current portion of long-term borrowings	<u>\$ 5,988,000</u>	<u>\$ 2,336,571</u>
Non current assets reclassified 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>\$ 14,733</u>	<u>\$ -</u>
Properties reclassified to Miscellaneous	<u>\$ 541</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	\$ 3,199,504	\$ 5,225,456
Decrease (Increase) in balance payable - property	<u>1,351,314</u>	<u>469,034</u>
Cash paid	<u>\$ 4,550,818</u>	<u>\$ 5,694,490</u>

(Concluded)