

FAR EASTERN DEPARTMENT STORES, LTD.  
BALANCE SHEETS  
Year Ended September 30, 2009 AND 2008

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

C o d e	ASSETS	September 30, 2009		September 30, 2008		C o d e	LIBILITIES AND STOCKHOLDERS' EQUITY	September 30, 2009		September 30, 2008	
		Amount	%	Amount	%			Amount	%	Amount	%
	<b>CURRENT ASSETS</b>						<b>CURRENT LIABILITIES</b>				
1100	Cash ( note 4 )	\$ 297,666	1	\$ 213,965	1	2110	Short-term debts ( notes 15 and 27 )	\$ 2,150,000	5	\$ 3,080,000	7
1320	Available-for-Sales financial assets—current( note 2 and 5 )	181,243	-	142,057	-	2120	Short-term notes and bills payable ( note 16 )	1,149,247	3	1,598,582	4
1120	Notes of account receivable	13,278	-	20,157	-	2140	Accounts payable	1,654,117	4	1,441,849	4
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT \$8,799 thousands in 2009 and NT \$8,216 thousands in 2008 ( note 2 )	173,515	-	219,058	1	2150	Accounts payable - related parties ( note 26 )	188,318	1	156,110	-
1150	Account receivables related parties ( note 26 )	290,306	1	47,439	-	2160	Income tax payable ( notes 2 and 22 )	96,068	-	-	-
1178	Other receivables ( notes 2 and 22 )	52,875	-	68,117	-	2170	Accrued expenses ( note 28 )	605,382	1	528,009	1
1210	Inventories ( notes 2 and 6 )	340,343	1	400,316	1	2224	Balance payable-property ( note 28 )	48,492	-	77,294	-
1260	Prepayments	68,083	-	58,357	-	2190	Other payables	96,009	-	102,420	-
1286	Deferred tax assets ( notes 2 and 22 )	32,145	-	34,114	-	2260	Advanced receipts ( note 7 )	1,421,666	3	1,434,121	3
1291						2271	Current portion of bonds issued ( notes 17 and 27 )	500,000	1	-	-
	Available for sale assets—non-current ( notes 7 and 12 )	89,461	-	-	-	2272	Current portion of long-term borrowings ( notes 18 and 27 )	-	-	698,863	2
1298	Other current assets	76,645	-	72,870	-	2274	Current portion of franchise liability ( notes 2 and 11 )	-	-	298,588	1
11XX	Total current assets	1,615,560	3	1,276,450	3	2280	Other current liability	612,816	1	614,862	2
						21XX	Total current liability	8,522,115	19	10,030,698	24
	<b>LONG-TERM INVESTMENTS</b>						<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION</b>				
1421	Investments accounted for by the equity method ( notes 2 · 9 and 27 )	17,185,370	39	16,445,102	39	2410	Bonds issued ( notes 17 and 27 )	1,200,000	3	500,000	1
1450	Available-for-sale financial assets—non-current ( notes 2 · 5 and 27 )	2,612,981	6	1,856,584	5	2420	Long-term borrowings ( notes 18 · 26 and 27 )	10,702,000	24	9,810,959	24
1480	Financial assets carried at cost ( notes 2 and 8 )	157,500	-	162,570	-	24XX	Total long-term liabilities	11,902,000	27	10,310,959	25
14XX	Total long-term investments	19,955,851	45	18,464,256	44						
	<b>PROPERTY ( notes 2 · 10 · 11 · 12 · 26 · 27 and 28 )</b>						<b>Reserve</b>				
	Cost					2510	Reserve for land revaluation increment tax ( note 10 )	575,490	1	575,490	1
1501	Land	4,072,720	9	4,073,120	10		<b>Other liabilities</b>				
1521	Buildings and equipment	6,127,255	14	6,120,667	15	2820	Deposits received ( notes 11 and 26 )	39,038	-	41,567	-
1531							Deferred credits - gains on related-party transactions ( notes 2 and 26 )	11,366	-	11,366	-
	Furniture and equipment	3,163,417	7	3,101,841	7	2881	Miscellaneous ( notes 2 and 9 )	777	-	116,342	-
15X1	Total cost	13,363,392	30	13,295,628	32	2888		51,181	-	169,275	-
15X8	Revaluation increment	1,193,498	3	1,193,498	3	28XX	Total other liabilities				
15XY	Cost and appreciation	14,556,890	33	14,489,126	35						
15X9	Less: Accumulated depreciation	4,606,902	10	4,161,788	10	2XXX	Total liabilities	21,050,786	47	21,086,422	50
		9,949,988	23	10,327,338	25						
1671	Construction in progress and prepaid equipment	7,182,879	16	5,936,089	14		<b>STOCKHOLDERS' EQUITY ( notes 2 · 5 · 9 · 10 · 19 · 20 and 22 )</b>				
1780	Leasehold rights, net	4,156,466	9	4,019,673	10		Capital stock, NT\$ 10.00 par value				
1627	Properties leased to others, net	911,101	2	1,016,921	2	3110	Authorized-1,350,000 thousand shares Issued and Outstanding-1,212,326 thousands shares in 2009 and 1,117,015 thousand shares in 2008	12,123,259	27	11,770,154	28
15XX	Net properties	22,200,434	50	21,300,021	51		Capital surplus:				
	<b>OTHER ASSETS</b>						Additional paid-in capital – share issuance in excess of par	2,175,718	5	2,175,718	5
1810	Idle assets, net ( note 2 · 13 and 27 )	382,643	1	385,166	1	3210	Treasury stock transactions	904,456	2	835,591	2
1820	Refundable deposits ( note 11 and 14 )	162,439	-	157,751	-	3220	Long-term investments	373,376	1	403,976	1
1840	Prepaid pension cost ( note 2 and 25 )	194,653	1	185,212	1	3260	Total Capital Surplus	3,453,550	8	3,415,285	8
1860	Deferred tax assets—non current ( note 2 and 22 )	4,692	-	10,383	-	32XX	Retained earnings				
1888	Miscellaneous	6,664	-	5,738	-	3310	Legal reserve	1,525,328	3	1,496,641	4
18XX	Total other assets	751,091	2	744,250	2	3320	Special reserve	1,000,564	2	1,484,033	3
						3350	Unappropriated earnings	1,219,694	3	297,434	1
						33XX	Total retained earnings	3,745,586	8	3,278,108	8
							Other equity adjustments				
						3420	Cumulative translation adjustments	221,718	1	233,677	1
						3430	Net losses not recognized as pension costs	( 6,224 )	-	( 12,351 )	-
						3450	Unrealized valuation gains on financial instruments	3,132,179	7	1,225,461	3
						3460	Unrealized asset revaluation increment	883,944	2	883,944	2
						34XX	Total other equity adjustments	4,231,617	10	2,330,731	6
							Treasury Stock – 15,391 thousand shares in 2009 and 17,473 thousand shares in 2008	( 81,862 )	-	( 95,723 )	-
						3510	Total Stockholders' equity	23,472,150	53	20,698,555	50
1XXX	Total	\$ 44,522,936	100	\$ 41,784,977	100	3XXX	TOTAL	\$ 44,522,936	100	\$ 41,784,977	100

Far Eastern Department Stores LTD.

STATEMENTS OF INCOME

YEAR ENDED SEPTEMBER 30, 2009 AND 2008

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

Code		2009		2008	
		Year ended September 30		Year ended September 30	
		Amount	%	Amount	%
	REVENUES				
4100	Sales ( notes 2 and 26 )	\$14,215,291	99	\$14,290,199	99
4881	Other operating revenues ( notes 2 、 21 及 26 )	<u>151,782</u>	<u>1</u>	<u>157,876</u>	<u>1</u>
4000	Total Revenues	<u>14,367,073</u>	<u>100</u>	<u>14,448,075</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold ( note 26 )	11,447,780	80	11,476,141	80
5800	Other operating costs ( notes 21 and 23 )	<u>34,242</u>	<u>-</u>	<u>35,809</u>	<u>-</u>
5000	Total costs	<u>11,482,022</u>	<u>80</u>	<u>11,511,950</u>	<u>80</u>
5910	GROSS PROFIT	<u>2,885,051</u>	<u>20</u>	<u>2,936,125</u>	<u>20</u>
	OPERATING EXPENSES (notes 10 、 11 、 23 and 26 )				
6100	Selling	424,833	3	442,954	3
6200	General and administrative	<u>2,058,251</u>	<u>14</u>	<u>2,002,276</u>	<u>14</u>
6000	Total operating expenses	<u>2,483,084</u>	<u>17</u>	<u>2,445,230</u>	<u>17</u>
6900	OPERATING INCOME	<u>401,967</u>	<u>3</u>	<u>490,895</u>	<u>3</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earnings of equity-method investees, net ( note 9 )	806,519	6	-	-
7122	Dividend income	108,663	1	149,609	1
7110	Interest income	1,505	-	2,941	-
7140	Gain on disposal of investments, net	-	-	156,388	1
7480	Other income ( note 26 )	<u>81,139</u>	<u>-</u>	<u>77,210</u>	<u>1</u>
7100	Total non-operating income and gains	<u>997,826</u>	<u>7</u>	<u>386,148</u>	<u>3</u>

( Continued )

Code		2009		2008	
		Year ended September 30		Year ended September 30	
		amount	%	amount	%
	NONOPERATING EXPENSES AND LOSSES				
7510	Interest expense ( notes 26 and 28 )	\$ 70,061	1	\$ 134,393	1
7530	Loss on disposal of property and idle assets ( note 2 )	2,809	-	9,024	-
7521	Equity in loss of equity-method investees, net ( note 9 )	-	-	467,153	3
7880	Other expenses ( notes 13 and 23 )	<u>60,562</u>	<u>-</u>	<u>58,696</u>	<u>1</u>
7500	Total non-operating expenses and losses	<u>133,432</u>	<u>1</u>	<u>669,266</u>	<u>5</u>
7900	INCOME BEFORE INCOME TAX	1,266,361	9	207,777	1
8110	INCOME TAX (BENEFIT) EXPENSE ( notes 2 and 22 )	<u>82,103</u>	<u>1</u>	<u>( 89,657 )</u>	<u>( 1 )</u>
9600	NET INCOME	<u>\$ 1,184,258</u>	<u>8</u>	<u>\$ 297,434</u>	<u>2</u>
Code		Before Tax	After Tax	Before Tax	After Tax
	EARNINGS PER SHARE ( note 24 )				
9750	Basic	<u>\$ 1.06</u>	<u>\$ 0.99</u>	<u>\$ 0.17</u>	<u>\$ 0.25</u>
9850	Diluted	<u>\$ 1.06</u>	<u>\$ 0.99</u>	<u>\$ 0.17</u>	<u>\$ 0.25</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 (note 24):

EARNINGS PER SHARE					
	Basic	<u>\$ 1.10</u>	<u>\$ 1.03</u>	<u>\$ 0.60</u>	<u>\$ 0.68</u>
	Diluted	<u>\$ 1.10</u>	<u>\$ 1.03</u>	<u>\$ 0.60</u>	<u>\$ 0.68</u>

Far Eastern Department Stores LTD.  
STATEMENTS OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2009 AND 2008  
(In thousands of New Taiwan Dollars)

	2009 Year ended September 30	2008 Year ended September 30
<b>Cash Flows From Operating Activities</b>		
Net incomes	\$1,184,258	\$ 297,434
Depreciation	283,000	306,909
Amortization of deferred charges	5,101	3,894
Amortization of leasehold rights included in rental expense	56,117	56,117
Equity in losses (earnings) of equity-method investees, net	( 806,519)	467,153
Cash dividends from equity-method investees	1,027,242	827,539
Loss on disposal of property and idle assets, net	2,809	9,010
Gain on disposal of investments, net	-	( 156,388)
Other losses	-	198
Deferred income taxes	( 15,091)	( 89,651)
Increase in prepaid pension cost	( 497)	( 41,898)
Net changes in operating assets and liabilities		
Notes receivable	784	( 4,299)
Accounts receivable	( 4,755)	18,873
Account receivable-related parties	22,151	73,196
Other receivables	36,379	13,589
Inventories	( 44,114)	( 138,265)
Prepayments	( 45,379)	( 30,485)
Other current assets	( 12,172)	2,839
Accounts payable	( 172,262)	( 642,704)
Accounts payable-related parties	19,348	21,028
Income tax payable	96,068	-
Accrued expenses	73,498	( 17,869)
Other payable	( 1,031)	31,660
Advanced receipts	34,246	128,104
Other current liabilities	20,951	( 50,276)
Net cash provided by operating activities	<u>1,760,132</u>	<u>1,085,708</u>

( Continued )

	2009 Year ended September 30	2008 Year ended September 30
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of available-for-sale financial assets	\$ -	\$ 240,235
Acquisition of investments accounted for by the using equity method	( 30,000)	( 860,000)
Proceeds from the disposal of property and idle assets	258	30
Increase in advanced receipts regarding the disposal of property	36,000	-
Acquisition of property	( 1,287,795)	( 715,718)
Decrease (increase) in refundable deposits	( 3,611)	2,190
Increase in other assets	( 2,199)	( 84)
Net cash used in investing activities	<u>( 1,287,347)</u>	<u>( 1,333,347)</u>
<b>Cash Flows From Financing Activities</b>		
Increase ( decrease)in short-term debts	( 800,000)	1,030,000
Increase ( decrease)in short-term notes and bills payable	( 644,987)	899,378
Increase in long-term borrowings	1,339,748	1,031,506
Repayments of bonds issued	-	( 1,200,000)
Decrease in deposits received	( 335)	( 1,092)
Decrease in other liabilities	-	( 563)
Cash dividends, bonuses paid to employees and remuneration paid to paid to supervisors and directors	( 358,533)	( 1,530,573)
Net cash provided by (used in) financing activities	<u>( 464,107)</u>	<u>228,656</u>
Net Increase ( Decrease) in cash	8,678	( 18,983)
Cash, Beginning of Year	<u>288,988</u>	<u>232,948</u>
Cash, End of Year	<u>\$ 297,666</u>	<u>\$ 213,965</u>
<b>Supplement Cash Flow information</b>		
Interest paid	\$ 134,718	\$ 214,550
Less: Capitalized interest	<u>112,316</u>	<u>112,645</u>
Interest paid, excluding capitalized interest	<u>\$ 22,402</u>	<u>\$ 101,905</u>
Income tax paid	<u>\$ 1</u>	<u>\$ 1,241</u>

(Continued)

	2009 Year ended September 30	2008 Year ended September 30
Dividends receivable from equity-method investees reclassified into accounts receivable – related parties	<u>\$ 246,517</u>	<u>\$ -</u>
To adjust properties leased to others into available-for-sale assets – non-current.	<u>\$ 89,461</u>	<u>\$ -</u>
bonuses payable to employees and remuneration payable to paid to supervisors and directors	<u>\$ -</u>	<u>\$ 28,049</u>
Adjustment to advance receipts and depreciation	<u>\$ 76,525</u>	<u>\$ 85,061</u>
Current portion of bonds issued	<u>\$ 500,000</u>	<u>\$ -</u>
Current portion of long-term borrowings	<u>\$ -</u>	<u>\$ 698,863</u>
Current portion of franchise liabilities	<u>\$ -</u>	<u>\$ 298,588</u>
Account receivable of disposal on property assets	<u>\$ 88</u>	<u>\$ -</u>
Credit balance of long-term investments reclassified into other liabilities	<u>\$ 777</u>	<u>\$ 116,342</u>
Cash paid for acquisition of property		
Acquisition of property	\$1,140,394	\$ 663,040
Acquisition of leasing rights	94,915	75,985
Decrease in construction in progress	-	( 24,026)
Decrease in balance payable-property	<u>52,486</u>	<u>719</u>
Cash paid	<u>\$1,287,795</u>	<u>\$ 715,718</u>