

FAR EASTERN DEPARTMENT STORES, LTD.
BALANCE SHEETS
September 30, 2010 AND 2009
(In thousands of New Taiwan Dollars, Expect Par Value)

C o d e	ASSETS	2010 9/30		2009 9/30		C o d e	LIBILITIES AND STOCKHOLDERS' EQUITY	2010 9/30		2009 9/30	
		Amount	%	Amount	%			Amount	%	Amount	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash (note 4)	\$ 244,001	-	\$ 297,666	1	2100	Short-term debts (notes 15 and 27)	\$ 2,650,000	6	\$ 2,150,000	5
1320	Available-for-Sales financial assets--current(note 2 and 5)	274,442	1	181,243	-	2110	Short-term notes and bill payable (note 16)	1,199,532	3	1,149,247	3
1120	Notes of account receivable	31,875	-	13,278	-	2140	Notes and accounts payable	1,795,118	4	1,654,117	4
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT \$4,133 thousands in 2010 And 8,799 thousands in 2009. (note 2)	221,586	-	173,515	-	2150	Accounts payable - related parties (note 26)	20,074	-	21,750	-
1150	Related parties - notes and receivables (note 26)	25,490	-	15,414	-	2190	Other payables (note 26)	129,363	-	166,568	-
1180	Related parties - others (notes 26)	295,364	1	274,892	1	2160	Income tax payable (notes 2 and 22)	147,370	-	96,068	-
1160	Other receivables	71,798	-	52,875	-	2170	Accrued expenses (notes 19 and 28)	694,637	1	605,382	1
120X	Inventories (notes 2, 3 and 6)	450,904	1	340,343	1	2224	Balance payable-property (note 28)	140,774	-	48,492	-
1260	Prepayments	312,655	1	127,686	-	2228	Other payables	93,217	-	96,009	-
1275	Non current assets classified as held for sale (notes 7 and 12)	-	-	89,461	-	2260	Advanced receipts (note 7)	1,528,877	3	1,421,666	3
1286	Deferred tax assets-current (notes 2 and 22)	30,422	-	32,145	-	2270	Current portion of bonds issued (notes 17 and 27)	-	-	500,000	1
1298	Other current assets	14,852	-	17,042	-	2280	Other current liability	802,722	2	612,816	2
11XX	Total current assets	1,973,389	4	1,615,560	3	21XX	Total current liability	9,201,684	19	8,522,115	19
	LONG-TERM INVESTMENTS						LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
1421	Investments accounted for by the equity method (notes 2, 9 and 27)	18,085,370	38	17,185,370	39	2410	Bonds issued (notes 17 and 27)	2,200,000	5	1,200,000	3
1450	Available-for-sale financial assets-non current (notes 2, 5 and 27)	2,546,368	5	2,612,981	6	2420	Long-term borrowings (notes 18, 26 and 27)	10,947,446	23	10,702,000	24
1480	Financial assets carried at cost (notes 2 and 8)	102,798	-	157,500	-	24XX	Total long-term liabilities	13,147,446	28	11,902,000	27
14XX	Total long-term investments	20,734,536	43	19,955,851	45		Reserve				
	PROPERTY (notes 2, 10, 11, 12, 26, 27 and 28)					2510	Reserve for land revaluation increment tax (note 10)	575,490	1	575,490	1
	Cost						Other liabilities				
1501	Land	4,128,297	9	4,072,720	9	2820	Deposits received (notes 12 and 26)	38,502	-	39,038	-
1521	Buildings and equipment	7,211,767	15	6,127,255	14	2860	Deferred tax liabilities - noncurrent (notes 2 and 22)	100,184	-	-	-
1531	Furniture and equipment	3,400,920	7	3,163,417	7	2881	Deferred credits (notes 2 and 26)	11,366	-	11,366	-
15X1	Total cost	14,740,984	31	13,363,392	30	2888	Miscellaneous (notes 2 and 9)	-	-	777	-
15X8	Revaluation increment	1,212,414	2	1,193,498	3	28XX	Other current liability	150,052	-	51,181	-
15XY	Cost and appreciation	15,953,398	33	14,556,890	33	2XXX	Total current liability	23,074,672	48	21,050,786	47
15X9	Less: Accumulated depreciation	4,961,428	10	4,606,902	10		STOCKHOLDERS' EQUITY (notes 2, 5, 9, 10, 19, 20 and 22)				
		10,991,970	23	9,949,988	23		Capital stock, NT\$ 10.00 par value				
1671	Construction in progress and prepaid equipment	6,608,298	14	7,182,879	16	3110	Authorized - 1,350,000 thousand shares issued and Outstanding-1,242,634 thousand shares in 2010 and 1,212,326 thousand shares in 2009	12,426,341	26	12,123,259	27
1780	Leasehold rights, net	5,678,886	12	4,156,466	9		Capital surplus:				
1627	Properties leased to others, net	1,246,473	2	911,101	2		Additional paid-in capital - share issuance in excess of par	2,175,718	4	2,175,718	5
15XX	Net properties	24,525,627	51	22,200,434	50		Treasury stock transactions	964,467	2	904,456	2
	OTHER ASSETS						Long-term investments	375,936	1	373,376	1
1810	Idle assets, net (note 2, 13 and 27)	379,384	1	382,643	1	32XX	Total Capital Surplus	3,516,121	7	3,453,550	8
1820	Refundable deposits (note 11 and 14)	158,641	-	162,439	-		Retained earnings				
1840	Prepaid pension cost (note 2 and 25)	210,560	1	194,653	1	3310	Legal reserve	1,718,606	4	1,525,328	4
1860	Deferred tax assets--non current (note 2 and 22)	-	-	4,692	-	3320	Special reserve	1,000,564	2	1,000,564	2
1880	Miscellaneous	6,703	-	6,664	-	3350	Unappropriated earnings	2,022,431	4	1,219,694	3
18XX	Total other assets	755,288	2	751,091	2	33XX	Total retained earnings	4,741,601	10	3,745,586	9
							Other equity adjustments				
						3420	Cumulative translation adjustments	27,861	-	221,718	-
						3430	Net losses not recognized as pension costs	(10,706)	-	(6,224)	-
							Unrealized valuation gains (losses) on financial instruments	3,400,236	7	3,132,179	7
						3460	Unrealized asset revaluation increment	883,944	2	883,944	2
						3480	Treasury Stock--13,727 thousand shares in 2010 and 15,391 thousand shares in 2009	(71,230)	-	(81,862)	-
						34XX	Total other equity adjustments	4,230,105	9	4,149,755	9
						3XXX	Total Stockholders' equity	24,914,168	52	23,472,150	53
1XXX	Total	\$ 47,988,840	100	\$ 44,522,936	100		TOTAL	\$ 47,988,840	100	\$ 44,522,936	100

FAR EASTERN DEPARTMENT STORES, LTD.
STATEMENTS OF INCOME
YEAR ENDED SEPTEMBER 30, 2010 AND 2009
(In thousands of New Taiwan Dollars, Except Par Value)

Code		2010		2009	
		Year ended September 30		Year ended September 30	
		Amount	%	Amount	%
	REVENUES				
4100	Sales (notes 2 and 26)	\$15,558,419	99	\$14,215,291	99
4800	Other operating revenue (notes 2、21 及 26)	<u>197,746</u>	<u>1</u>	<u>151,782</u>	<u>1</u>
4000	Total Revenues	<u>15,756,165</u>	<u>100</u>	<u>14,367,073</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold (note 26)	12,503,246	80	11,447,780	80
5800	Other operating costs (notes 21, 23 and 26)	<u>44,930</u>	<u>-</u>	<u>34,242</u>	<u>-</u>
5000	Total costs	<u>12,548,176</u>	<u>80</u>	<u>11,482,022</u>	<u>80</u>
5910	GROSS PROFIT	<u>3,207,989</u>	<u>20</u>	<u>2,885,051</u>	<u>20</u>
	OPERATING EXPENSES (notes 10, 11, 23 and 26)				
6100	Selling	473,672	3	424,833	3
6200	General and administrative	<u>2,093,461</u>	<u>13</u>	<u>2,058,251</u>	<u>14</u>
6000	Total operating expenses	<u>2,567,133</u>	<u>16</u>	<u>2,483,084</u>	<u>17</u>
6900	OPERATING INCOME	<u>640,856</u>	<u>4</u>	<u>401,967</u>	<u>3</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earning of equity-method investees, net (note 9)	794,723	5	806,519	6
7122	Dividend income (note 2)	122,387	1	108,663	1
7130	Gain on disposal of property and idle assets, net (note 7)	79,040	1	-	-
7110	Interest income	902	-	1,505	-
7480	Other income (note 26)	<u>74,171</u>	<u>-</u>	<u>81,139</u>	<u>-</u>
7100	Total non-operating income and gains	<u>1,071,223</u>	<u>7</u>	<u>997,826</u>	<u>7</u>
	NONOPERATING EXPENSES AND LOSSES				

(Continued)

Code		2010		2009	
		Year ended September 30		Year ended September 30	
		Amount	%	Amount	%
7510	Interest expense (note 26)	41,164	-	70,061	1
7630	Losses on financial asset carried at cost(notes 2 and 8)	12,470	-	-	-
7530	Loss on disposal of property and idle assets (note 2)	-	-	2,809	-
7880	Other expenses (notes 13 and 23)	<u>56,087</u>	<u>1</u>	<u>60,562</u>	<u>-</u>
7500	Total non-operating expenses and losses	<u>109,721</u>	<u>1</u>	<u>133,432</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	1,602,358	10	1,266,361	9
8110	INCOME TAX (BENEFIT) EXPENSE (notes 2 and 22)	<u>142,535</u>	<u>1</u>	<u>82,103</u>	<u>1</u>
9600	NET INCOME	<u>\$ 1,459,823</u>	<u>9</u>	<u>\$ 1,184,258</u>	<u>8</u>
Code		Before Tax	After Tax	Before Tax	After Tax
	EARNINGS PER SHARE (note 24)				
9750	Basic	<u>\$ 1.30</u>	<u>\$ 1.19</u>	<u>\$ 1.03</u>	<u>\$ 0.97</u>
9850	Diluted	<u>\$ 1.30</u>	<u>\$ 1.19</u>	<u>\$ 1.03</u>	<u>\$ 0.97</u>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.
STATEMENTS OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2010 AND 2009
(In thousands of New Taiwan Dollars)

	<u>2010</u> Year ended September 30	<u>2009</u> Year ended September 30
Cash Flows From Operating Activities		
Net incomes	\$ 1,459,823	\$ 1,184,258
Depreciation	325,081	283,000
Amortization of deferred charges	4,333	5,101
Amortization of leasehold rights included in rental expense	56,117	56,117
Equity in losses (earnings) of equity-method investees, net	(794,723)	(806,519)
Cash dividends from equity-method investees	1,269,073	1,027,242
Losses on financial asset carried at cost	12,470	-
Loss (gain) on disposal of property and idle assets, net	(79,040)	2,809
Deferred income taxes	(4,837)	(15,091)
Increase in prepaid pension cost	(15,713)	(497)
Net changes in operating assets and liabilities		
Notes receivable	(18,555)	784
Accounts receivable	(40,745)	(4,755)
Account receivable-related parties	19,198	22,151
Other receivables	42,932	36,379
Inventories	(234,588)	(44,114)
Prepayments	(163,391)	(104,982)
Other current assets	1,581	47,431
Accounts and notes payable	(443,593)	(172,262)
Accounts payable-related parties	1,170	19,348
Income tax payable	147,370	96,068
Accrued expenses	(9,446)	73,498
Other payable	(1,704)	(1,031)
Advanced receipts	206,455	34,246
Other current liabilities	<u>218,738</u>	<u>20,951</u>
Net cash provided by operating activities	<u>1,958,006</u>	<u>1,760,132</u>
Cash Flows From Investing Activities		
Acquisition of investments accounted for by the using equity method	(100,000)	(30,000)
Proceeds of the disposal of property and idle assets	139,026	258

(Continued)

	2010 Year ended September 30	2009 Year ended September 30
Increase in real estate received in advance	-	36,000
Acquisition of property	(2,240,504)	(1,287,795)
Decrease (increase) in refundable deposit	387	(3,611)
Increase in other assets	(2,083)	(2,199)
Net cash used in investing activities	<u>(2,203,174)</u>	<u>(1,287,347)</u>
Cash Flows From Financing Activities		
Increase (decrease)in short-term debts	-	(800,000)
Increase (decrease)in short-term notes and bills payable	(249,402)	(644,987)
Increase in long-term borrowings	869,299	1,339,748
Bonds issued	1,000,000	-
Repayments of bonds issued	(500,000)	-
Decrease in deposits received	(370)	(335)
Cash dividends	(909,276)	(358,533)
Net cash provided by (used in) financing activities	<u>210,251</u>	<u>(464,107)</u>
 Net Increase (Decrease) in cash	 (34,917)	 8,678
 Cash, Beginning of Year	 <u>278,918</u>	 <u>288,988</u>
 Cash, End of Year	 <u>\$ 244,001</u>	 <u>\$ 297,666</u>
Supplement Cash Flow information		
Interest paid	\$ 102,259	\$ 134,718
Less: Capitalized interest	<u>100,058</u>	<u>112,316</u>
Interest paid, excluding capitalized interest	<u>\$ 2,201</u>	<u>\$ 22,402</u>
Income tax paid	<u>\$ 2</u>	<u>\$ 1</u>
Noncash investing and financing activities		
Adjustment to advance receipts and depreciation	<u>\$ 72,302</u>	<u>\$ 76,525</u>
Adjustment to real estate received in advance (classified as advance receipts) and disposal of property	<u>\$ 36,000</u>	<u>\$ -</u>
Current portion of bonds issued	<u>\$ -</u>	<u>\$ 500,000</u>
Cash dividends receivable from equity-method investees(Classified as Related Parties-others)	<u>\$ -</u>	<u>\$ 246,517</u>
Properties leased to others reclassified to noncurrent assets classified as held for sale	<u>\$ -</u>	<u>\$ 89,461</u>
Classification of credit balance in long-term investment to other liability	<u>\$ -</u>	<u>\$ 777</u>
Sale of property, plant and equipment (classified as accounts receivable)	<u>\$ -</u>	<u>\$ 88</u>

(Continued)

	2010 Year ended September 30	2009 Year ended September 30
CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 180,740	\$1,140,394
Acquisition of leasehold rights	1,277,654	94,915
Increase in construction in progress and prepaid equipment	661,929	-
Decrease in balance payable property- others	1,897	-
Decrease in balance payable-property	<u>118,284</u>	<u>52,486</u>
Cash paid	<u>\$2,240,504</u>	<u>\$1,287,795</u>
(concluded)		