

**Far Eastern Department Stores, Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2004 and 2003 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Far Eastern Department Stores, Ltd.

We have audited the consolidated balance sheets of Far Eastern Department Stores, Ltd. and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Far Eastern Department Stores, Ltd. and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for the years then ended, in conformity with Guidelines Governing the Preparation of Financial Report by Securities Issuers and accounting principles generally accepted in the Republic of China.

Our audits also comprehended the translation of the 2004 and 2003 New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 3. Such U.S. dollar amounts are presented solely for the convenience of readers.

February 17, 2005

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands, Except Per Share Amounts)

	2004			2003		
	New Taiwan Dollars	U.S. Dollars (Note 3)	%	New Taiwan Dollars	U.S. Dollars (Note 3)	%
REVENUES						
Sales (Notes 2 and 29)	\$ 73,059,470	\$ 2,303,988	98	\$ 70,588,967	\$ 2,226,079	98
Other operating revenues (Note 29)	<u>1,369,969</u>	<u>43,203</u>	<u>2</u>	<u>1,209,935</u>	<u>38,156</u>	<u>2</u>
Total revenues	<u>74,429,439</u>	<u>2,347,191</u>	<u>100</u>	<u>71,798,902</u>	<u>2,264,235</u>	<u>100</u>
COSTS (Notes 26 and 29)						
Cost of goods sold (Note 2)	58,572,658	1,847,135	79	56,836,979	1,792,399	79
Other operating costs	<u>123,040</u>	<u>3,880</u>	<u>-</u>	<u>88,781</u>	<u>2,800</u>	<u>-</u>
Total costs	<u>58,695,698</u>	<u>1,851,015</u>	<u>79</u>	<u>56,925,760</u>	<u>1,795,199</u>	<u>79</u>
GROSS PROFIT	<u>15,733,741</u>	<u>496,176</u>	<u>21</u>	<u>14,873,142</u>	<u>469,036</u>	<u>21</u>
OPERATING EXPENSES (Notes 9, 10, 11, 16, 17, 26 and 29)						
Marketing	6,471,847	204,095	9	5,333,425	168,194	7
General and administrative	<u>6,717,829</u>	<u>211,852</u>	<u>9</u>	<u>7,651,841</u>	<u>241,307</u>	<u>11</u>
Total operating expenses	<u>13,189,676</u>	<u>415,947</u>	<u>18</u>	<u>12,985,266</u>	<u>409,501</u>	<u>18</u>
OPERATING INCOME	<u>2,544,065</u>	<u>80,229</u>	<u>3</u>	<u>1,887,876</u>	<u>59,535</u>	<u>3</u>
NONOPERATING INCOME AND GAIN						
Gain on disposal of investments in shares of stock (Note 6)	1,260,295	39,744	2	288,667	9,103	-
Equity in net income of investees, net	225,258	7,104	1	133,978	4,225	-
Dividend income	109,256	3,446	-	78,372	2,472	-
Interests	78,906	2,488	-	105,028	3,312	-
Reversal of allowance for losses on short-term investments	8,409	265	-	116,497	3,674	-
Other income	<u>173,186</u>	<u>5,462</u>	<u>-</u>	<u>295,675</u>	<u>9,324</u>	<u>1</u>
Total nonoperating income and gain	<u>1,855,310</u>	<u>58,509</u>	<u>3</u>	<u>1,018,217</u>	<u>32,110</u>	<u>1</u>
NONOPERATING EXPENSES AND LOSSES						
Interests (Notes 22 and 29)	815,508	25,718	1	1,222,424	38,550	2
Loss on disposal of properties (Note 22)	208,580	6,578	-	62,436	1,969	-
Loss on investments in shares of stock (Note 8)	46,235	1,458	-	-	-	-
Loss on physical inventory	37,146	1,171	-	42,560	1,342	-
Unrealized loss on physical inventory and slow-moving inventories	15,951	503	-	1,661	52	-
Loss on branch closure (Note 32)	-	-	-	265,894	8,385	-
Other expenses (Notes 15 and 26)	<u>493,536</u>	<u>15,564</u>	<u>1</u>	<u>583,437</u>	<u>18,399</u>	<u>1</u>
Total nonoperating expenses and losses	<u>1,616,956</u>	<u>50,992</u>	<u>2</u>	<u>2,178,412</u>	<u>68,697</u>	<u>3</u>

(Continued)

	2004			2003		
	New Taiwan Dollars	U.S. Dollars (Note 3)	%	New Taiwan Dollars	U.S. Dollars (Note 3)	%
INCOME BEFORE INCOME TAX AND MINORITY INTEREST	\$ 2,782,149	\$ 87,746	4	\$ 727,681	\$ 22,948	1
INCOME TAX EXPENSE (Notes 2 and 25)	<u>877,572</u>	<u>27,675</u>	<u>1</u>	<u>594,063</u>	<u>18,734</u>	<u>1</u>
INCOME BEFORE MINORITY INTEREST	1,904,847	60,071	3	133,618	4,214	-
MINORITY INTEREST (GAIN) LOSS	(411,340)	(12,972)	(1)	162,239	5,116	-
SUBSIDIARIES' BONUS TO EMPLOYEES AND REMUNERATION TO DIRECTORS AND SUPERVISORS	<u>(13,978)</u>	<u>(441)</u>	<u>-</u>	<u>5,955</u>	<u>188</u>	<u>-</u>
NET INCOME	<u>\$ 1,479,529</u>	<u>\$ 46,658</u>	<u>2</u>	<u>\$ 301,812</u>	<u>\$ 9,518</u>	<u>-</u>

	2004				2003			
	Before Tax		After Tax		Before Tax		After Tax	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
EARNINGS PER SHARE (Note 27)								
Basic	<u>\$ 1.68</u>	<u>\$ 0.05</u>	<u>\$ 1.59</u>	<u>\$ 0.05</u>	<u>\$ 0.42</u>	<u>\$ 0.01</u>	<u>\$ 0.33</u>	<u>\$ 0.01</u>

Pro forma information on the assumption that the Company's stocks traded or held by subsidiaries are treated as investments instead of treasury stocks (Note 27):

	2004				2003			
	Before Tax		After Tax		Before Tax		After Tax	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
EARNINGS PER SHARE								
Basic	<u>\$ 1.60</u>	<u>\$ 0.05</u>	<u>\$ 1.52</u>	<u>\$ 0.05</u>	<u>\$ 0.41</u>	<u>\$ 0.01</u>	<u>\$ 0.32</u>	<u>\$ 0.01</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2004 AND 2003
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	<u>Capital Surplus (Notes 2, 11, 23, 24 and 33)</u>					<u>Retained Earnings (Notes 2, 23 and 25)</u>			<u>Other Equity Adjustments</u>				
	<u>Capital Stock Issued and Outstanding</u>	<u>Issue of Stock in Excess of Par Value</u>	<u>Treasury Stock Transactions</u>	<u>Revaluation Increment on Properties</u>	<u>Equity in Capital Surplus Reported by Equity- method Investees</u>	<u>Legal Reserve</u>	<u>Special Reserve</u>	<u>Unappropriated Earnings</u>	<u>Unrealized Loss on Decline in Market Value of Investment in Shares of Stock (Notes 2 and 23)</u>	<u>Cumulative Translation Adjustments (Note 2)</u>	<u>Recognized as Pension Cost (Note 23)</u>	<u>Treasury Stock (Notes 2, 23 and 24)</u>	<u>Total Stockholders' Equity</u>
BALANCE, JANUARY 1, 2003	\$ 10,001,438	\$ 2,646,449	\$ -	\$ 614,880	\$ 320,697	\$ 1,412,256	\$ 2,159,977	\$ (410,511)	\$ (1,625,855)	\$ 63,143	\$ (9,137)	\$ (547,948)	\$ 14,625,389
Cancellation of treasury stock - 13,099 thousand shares	(130,990)	(39,590)	51,380	-	-	-	-	-	-	-	-	119,200	-
Offset of deficit against legal reserve	-	-	-	-	-	(410,511)	-	410,511	-	-	-	-	-
Unrealized gain on reversal of decline in the market value of investments in shares of stock	-	-	-	-	-	-	-	-	391,732	-	-	-	391,732
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	(7,060)	-	-	(7,060)
Subscription for additional stocks issued by investees at a rate not equal to the previous equity	-	-	-	-	(116,277)	-	-	-	-	-	-	-	(116,277)
Adjustment on change in SOGO's equity in equity-method investees	-	-	-	-	108,133	-	-	(5,111)	359,635	(2,293)	(9,853)	-	450,511
Net income in 2003	-	-	-	-	-	-	-	301,812	-	-	-	-	301,812
BALANCE, DECEMBER 31, 2003	9,870,448	2,606,859	51,380	614,880	312,553	1,001,745	2,159,977	296,701	(874,488)	53,790	(18,990)	(428,748)	15,646,107
Treasury stock transferred to employees - 14,845 thousand shares	-	-	(31,486)	-	-	-	-	-	-	-	-	135,089	103,603
Appropriation of prior year's earnings:													
Legal reserve	-	-	-	-	-	29,671	-	(29,671)	-	-	-	-	-
Employee bonuses	-	-	-	-	-	-	-	(10,454)	-	-	-	-	(10,454)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	(7,840)	-	-	-	-	(7,840)
Cash dividends - \$0.25 per share	-	-	-	-	-	-	-	(243,050)	-	-	-	-	(243,050)
Unrealized gain on reversal of decline in market value of investments in shares of stock	-	-	-	-	-	-	-	-	100,549	-	-	-	100,549
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	(21,399)	-	-	(21,399)
Adjustment on change in SOGO's equity in equity-method investees	-	-	-	-	1,068	-	-	-	299,667	(128,850)	4,923	-	176,808
Net income in 2004	-	-	-	-	-	-	-	1,479,529	-	-	-	-	1,479,529
BALANCE, DECEMBER 31, 2004	<u>\$ 9,870,448</u>	<u>\$ 2,606,859</u>	<u>\$ 19,894</u>	<u>\$ 614,880</u>	<u>\$ 313,621</u>	<u>\$ 1,031,416</u>	<u>\$ 2,159,977</u>	<u>\$ 1,485,215</u>	<u>\$ (474,272)</u>	<u>\$ (96,459)</u>	<u>\$ (14,067)</u>	<u>\$ (293,659)</u>	<u>\$ 17,223,853</u>

The accompanying notes are an integral part of the consolidated financial statements.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands)

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 1,479,529	\$ 46,658	\$ 301,812	\$ 9,518
Adjustments to reconcile net income to net cash provided by operating activities:				
Minority interest gain (loss)	411,340	12,972	(162,239)	(5,116)
Subsidiaries' bonus to employees and remuneration to directors and supervisors	13,978	441	(5,955)	(188)
Depreciation	1,739,474	54,855	1,800,882	56,792
Amortization	476,558	15,029	528,099	16,654
Amortization of leasehold rights and refundable deposits (included in rental expense)	390,500	12,315	411,148	12,966
Reversal for decline in market value of short-term investments	(8,409)	(265)	(116,497)	(3,674)
Equity in net income of investees	(225,258)	(7,104)	(133,978)	(4,225)
Cash dividends from equity-method investments	5,293	167	5,700	180
Loss on investments in shares of stock	46,235	1,458	-	-
Gain on disposal of investments in shares of stock, net	-	-	(229,262)	(7,230)
Loss on disposal of properties, net	208,320	6,569	62,555	1,973
Other expenses	378,600	11,939	200,000	6,307
Amortization of prepaid rent	22,183	700	4,869	154
Loss on a branch closure	-	-	136,208	4,295
Deferred income taxes	84,662	2,670	(42,638)	(1,345)
Prepaid pension cost	(29,521)	(931)	9,150	289
Accrued pension cost	64,065	2,020	39,485	1,245
Net changes in operating assets and liabilities				
Notes and accounts receivable	109,205	3,444	35,450	1,118
Other receivables	(49,577)	(1,563)	825,000	26,017
Inventories	(35,031)	(1,105)	(35,182)	(1,109)
Prepayments	(16,695)	(526)	(624,958)	(19,709)
Other current assets	189,760	5,984	(34,686)	(1,093)
Notes and accounts payable	60,510	1,908	1,242,983	39,198
Accrued expenses	31,333	988	(432,795)	(13,649)
Income tax payable	96,363	3,039	118,159	3,726
Other payables	(11,582)	(365)	(225,443)	(7,110)
Advances from customers	800,525	25,245	332,905	10,499
Other current liabilities	(189,158)	(5,965)	25,698	810
Net cash provided by operating activities	<u>6,043,202</u>	<u>190,577</u>	<u>4,036,470</u>	<u>127,293</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in time deposits	21,130	666	509,188	16,058
Decrease (increase) in short-term investments, net	738,415	23,287	(1,778,703)	(56,093)
(Increase) decrease in restricted assets	(273,334)	(8,620)	650,000	20,498
Acquisition of investments in shares of stock	(190,006)	(5,992)	-	-
Acquisition of investments in real estate	(25,133)	(793)	(2,623)	(83)
Proceeds from liquidation of long-term investments	16,895	533	-	-
Proceeds from disposal of long-term investments	-	-	569,619	17,963
Proceeds from disposal of properties and land held for future construction	187,656	5,918	45,694	1,441
Acquisition of properties	(2,958,355)	(93,294)	(2,884,953)	(90,979)
Increase in refundable deposits	(112,742)	(3,555)	(21,156)	(667)

(Continued)

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Increase in prepaid long-term rent	\$ (2,495,103)	\$ (78,685)	\$ (312,843)	\$ (9,866)
Increase in consolidated debit	-	-	(127,812)	(4,030)
Increase in other assets	(62,767)	(1,979)	(41,556)	(1,311)
Net cash used in investing activities	(5,153,344)	(162,514)	(3,395,145)	(107,069)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in short-term bank loans	(2,644,858)	(83,408)	(1,117,246)	(35,233)
Increase in commercial paper payable	768,055	24,221	2,033,992	64,144
Proceeds from issuance of bonds	-	-	1,700,000	53,611
Payments on bonds issued	(425,000)	(13,403)	(2,200,000)	(69,379)
Increase (decrease) in long-term bank loans and commercial paper payable	2,447,472	77,183	(1,613,371)	(50,879)
Increase (decrease) in deposits received	2,043	65	(46,682)	(1,472)
Increase (decrease) in other liabilities	2,483	78	(12,512)	(395)
(Decrease) increase in minority interest	(32,898)	(1,037)	1,907,414	60,152
Dividends paid to minority interest and return of capital by minority interest	(76,378)	(2,410)	(109,507)	(3,453)
Proceeds from transferred treasury stock	103,603	3,267	-	-
Cash dividends and payment of bonus to employees and remuneration to supervisors and directors	(283,120)	(8,928)	-	-
Net cash provided by (used in) financing activities	(138,598)	(4,372)	542,088	17,096
NET INCREASE IN CASH AND CASH EQUIVALENTS	751,260	23,691	1,183,413	37,320
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,161,035	131,222	2,977,622	93,902
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,912,295</u>	<u>\$ 154,913</u>	<u>\$ 4,161,035</u>	<u>\$ 131,222</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid	\$ 968,065	\$ 30,529	\$ 744,140	\$ 23,467
Less: Capitalized interest	130,789	4,125	133,501	4,210
Interest paid (excluding capitalized interest)	<u>\$ 837,276</u>	<u>\$ 26,404</u>	<u>\$ 610,639</u>	<u>\$ 19,257</u>
Income tax paid	<u>\$ 758,300</u>	<u>\$ 23,914</u>	<u>\$ 20,264</u>	<u>\$ 639</u>
NONCASH INVESTING AND FINANCING ACTIVITIES				
Idle properties reclassified as properties	<u>\$ 56,814</u>	<u>\$ 1,792</u>	<u>\$ -</u>	<u>\$ -</u>
Land to be exchanged by the government reclassified as properties	<u>\$ 385,341</u>	<u>\$ 12,152</u>	<u>\$ -</u>	<u>\$ -</u>
Refundable deposits reclassified as buildings	<u>\$ 232,324</u>	<u>\$ 7,327</u>	<u>\$ -</u>	<u>\$ -</u>
Adjustment to advances from customers and depreciation	<u>\$ 117,171</u>	<u>\$ 3,695</u>	<u>\$ 118,838</u>	<u>\$ 3,748</u>
Adjustment to advances from customers and loss on disposal of properties	<u>\$ 38,956</u>	<u>\$ 1,229</u>	<u>\$ -</u>	<u>\$ -</u>
Current portion of bonds issued	<u>\$ 1,100,000</u>	<u>\$ 34,689</u>	<u>\$ 425,000</u>	<u>\$ 13,403</u>
Current portion of long-term bank loans	<u>\$ 1,808,900</u>	<u>\$ 57,045</u>	<u>\$ 821,359</u>	<u>\$ 25,902</u>
Current portion of franchise liabilities	<u>\$ 466,613</u>	<u>\$ 14,715</u>	<u>\$ 630,705</u>	<u>\$ 19,890</u>
Current portion of capital lease liabilities	<u>\$ 385,552</u>	<u>\$ 12,159</u>	<u>\$ 380,103</u>	<u>\$ 11,987</u>
Other liabilities reclassified as long-term investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,116</u>	<u>\$ 2,558</u>
Other liabilities reclassified as long-term bank loans	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 565,083</u>	<u>\$ 17,820</u>
Credit balance of long-term investments reclassified as other liabilities	<u>\$ 22,129</u>	<u>\$ 698</u>	<u>\$ 20,062</u>	<u>\$ 633</u>
CASH PAID FOR ACQUISITION OF PROPERTIES AND PROPERTIES LEASED TO OTHERS:				
Acquisition of properties	\$ 1,638,417	\$ 51,669	\$ 4,027,803	\$ 127,020
Net decrease in payable on properties	163,066	5,142	1,927,754	60,793
Decrease (increase) in franchise liabilities	630,705	19,890	(2,158,885)	(68,082)
Decrease (increase) in capital lease liabilities	526,167	16,593	(911,719)	(28,752)
	<u>\$ 2,958,355</u>	<u>\$ 93,294</u>	<u>\$ 2,884,953</u>	<u>\$ 90,979</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars and U.S. Dollars, Except Per Share Amounts)

1. ORGANIZATION AND OPERATIONS

Far Eastern Department Stores, Ltd. (the "Company" or FEDS) manages and operates a nationwide chain of department stores, which numbered 9 as of December 31, 2004. Its shares are listed on the Taiwan Stock Exchange.

Far Eastern Geant Co., Ltd. (FE Geant) operates wholesale and retail stores. It also processes and markets fresh food items.

Ya Tung Department Stores Ltd. (YTDS), FEDS Asia Pacific Development Corp. (FAPD) and FEDS New Century Development Co., Ltd. (FNCD) manage department stores and shopping malls. FNCD was still in the development stage as of December 31, 2004.

Pacific SOGO Department Store Co., Ltd. (SOGO), Shanghai Pacific Department Store Co., Chengdu Shangxia Pacific Department Store Co., Chengdu Quaxing Mansion Pacific Department Store Co., Chongqing Mentropolitan Plaza Pacific Department Store Co. and Sidan of Beijing Pacific Department Store Co. all manage and operate a chain of department stores.

Bai Ding Investment Co., Ltd. (BDIC), Bai Yang Investment Co., Ltd. ("Bai Yang"), Pacific Liu Tong Investment Co., Ltd. ("Pacific Liu Tong Investment") and Pacific China Holdings Co., Ltd. are in the investing business.

Chongqing Pacific Business Management Consulting Co. was incorporated in 2001. It renders business consulting services.

As of December 31, 2004 and 2003, the Company and its subsidiaries had 9,007 and 9,365 employees, respectively.

The diagram of the Company-subsidiary relationship (including unconsolidated subsidiaries) as of December 31, 2004 is shown in Table 1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Statements by Securities Issuers and accounting principles generally accepted in the Republic of China. These regulations and accounting principles require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of revenues and expenses during the reporting period. Actual results could differ from these estimates.

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

Consolidation

The accompanying consolidated financial statements included the accounts of FEDS and the following subsidiaries (collectively, the "Group"):

- a. Direct and indirect subsidiaries;
- b. Subsidiaries with individual total assets or total sales that are at least 10% of the corresponding unconsolidated totals of FEDS (10% requirement); and
- c. Subsidiaries with individual total assets or sales that do not meet the 10% requirement but with aggregate total assets or total operating revenues that are at least 30% of total assets or operating revenues of FEDS ("30% subsidiaries"). However, a 30 % subsidiary will be consolidated only if its total asset or total sales are at least 3% of the Company's unconsolidated total assets or total sales.

All intercompany transactions and balances are excluded from the consolidation.

The stocks of FEDS that are held by consolidated subsidiaries are presented as a deduction to arrive at stockholders' equity. Consolidated debit, which is the acquisition cost in excess of the Company's equity in the subsidiaries' net assets, is amortized over 5 to 20 years.

The consolidated financial statements as of and for the year ended December 31, 2004 and December 31, 2003 included the accounts of FEDS and of Bai Ding Investment Co., Ltd., Far Eastern Geant Co., Ltd., Ya Tung Department Stores Ltd., FEDS Asia Pacific Development Corp., Bai Yang Investment Co., Ltd., FEDS New Century Development Co., Ltd., Pacific Liu Tong Investment Co., Ltd. (PLTIC) and PLTIC's subsidiaries.

The accounts of Far Eastern Continent, FEDS Development Ltd. (BVI), Chongqing Bai Ding Business Management Consulting Co., Ltd., Far Eastern Department Stores (USA) Inc., Far Eastern CitySuper Ltd., Asians Merchandise Co., Yu Ming Advertising Agency Co., Bai Chin (Singapore) Pte., Ltd., Pacific Sogo Investment., Lian Ching Investment Co., Ltd. and Netmicro Technology Co., Ltd. were not included in the consolidated financial statements of the Company since neither their total assets nor total sales individually reached at least 10% or collectively reached at least 30% of the Company's total assets or total sales.

The financial statements of entities with functional currencies other than the New Taiwan dollars are translated at the following rates: (a) assets and liabilities - at rates as of the balance sheet date; (b) equity accounts - at historical rates; and (c) income and expense items - at the average exchange rates for the year.

The significant accounting policies of the Company and its consolidated subsidiaries are summarized as follows:

Current and Noncurrent Assets and Liabilities

Unrestricted cash and cash equivalents and other assets to be used or consumed within one year are classified as current. Liabilities to be redeemed, paid or settled within one year are classified as current. All other assets and liabilities are classified as noncurrent.

Cash Equivalents

Commercial paper with maturities of up to three months from the date of purchase are considered cash equivalents.

Short-term Investments

Short-term investments are stocks listed or traded over the counter and mutual funds.

Short-term investments are carried at the lower of aggregate cost or market value. If the aggregate carrying value of the investments exceeds their total market value, an allowance for losses is recognized and charged to income for the current year. Any recovery of the market value is recognized as income. Stock dividends received are recorded only as increases in the number of shares held and not as investment income. The costs of investments per share are recalculated on the basis of the increased number of shares. Cash dividends received within a year from the investment acquisition date are deducted from investment cost, and cash dividends received in subsequent years are accounted for as investment revenue.

The costs of mutual fund beneficiary certificates sold are determined using the specific identification method, while the costs of shares of stocks sold are determined using the weighted-average method.

Allowances for Doubtful Accounts

Allowances for doubtful accounts are provided on the basis of a review of the collectibility of receivables.

Inventories

Merchandise is stated at the lower of the aggregate of the weighted-average cost or market value, using the retail method, except for the weighted-average method used for the merchandise of Far Eastern Geant Co., Ltd. Other inventories are stated at the lower of the aggregate weighted-average cost or aggregate market value (replacement cost).

Long-term Investments in Shares of Stock

Stock investments in which the Group exercises significant influence over investees are accounted for by the equity method. Under this method, the investments are stated at cost on the acquisition date and subsequently adjusted for the Group's equity in the investees' net income or net loss. The difference between investment cost and the equity in the investees' net assets when the shares are acquired or when the equity method is first used, is amortized over five or ten years. Cash dividends received are accounted for as a reduction of the carrying value of the investments. The Group's cumulative share in the investees' net loss in excess of the original investment acquisition cost is recorded as part of "other liabilities - miscellaneous" in the balance sheets. The difference between investment cost and the equity in the investees' net assets when the shares are acquired or when the equity method is first used, is amortized over 5 or 10 years.

If an investee issues additional shares and the Group acquires these additional shares at a rate not equal to the Group's current equity, the resulting increase in equity in the investee's net assets is credited to capital surplus. But if the subscription results in a decrease in the Group's equity in the investee's net assets, the decrease is debited to capital surplus. If capital surplus is not enough for debiting purposes, the difference is debited to unappropriated retained earnings.

Investments in which the Group owns less than 20 percent of investees' issued stocks and exercises no significant influence over the investees are accounted for by the cost method. The investments are accounted at the lower of aggregate cost or market value if stocks are listed or traded over the counter.

The investments in shares of stock with no quoted market prices are accounted for by the cost method. Cash dividends received within a year from investment acquisition are recorded as dividend income on the date of the stockholders' declaration of the dividend or on the actual date of its distribution. If there is temporary decline in market value of listed stocks below carrying value, an allowance for this decline is recognized and debited to a stockholders' equity account. The carrying amounts of investments in unlisted stocks are reduced to reflect an other than temporary decline in their value, with the related losses charged to income.

For both equity-method and cost-method stocks, the costs of investments sold or transferred are determined using the weighted-average method.

Properties, Properties Leased to Others and Investments in Real Estate

Properties and investments in real estate are stated at cost or cost plus appreciation. Major renewals and betterments are capitalized. Maintenance and repairs are expensed currently and are presented as a separate expense line item or as part of rental cost. Interest expenses incurred during construction are capitalized as cost of the building during the construction period.

Property under capital lease is accounted for at the lower of the present value of all future rental payments plus the bargain purchase or the asset fair value at the start of the lease. Interest imputed is treated as unrealized expense and recognized as interest expense when paid.

Depreciation on costs and revaluation increment on properties acquired by FEDS is computed using the following methods: (i) acquired as of December 31, 1998 - fixed-percentage-of-declining-balance method and (ii) acquired starting January 1, 1999 - straight-line method. Ya Tung Department Stores Ltd. uses the fixed-percentage-of-declining-balance method and other subsidiaries use the straight-line method. The estimated service lives used in depreciating the properties are: buildings and equipment, 8 to 55 years; furniture and equipment, 3 to 17 years; leasehold assets, 3 to 17 years; and leasehold improvements, 3 to 10 years. Revaluation increment is depreciated on the basis of the remaining service lives when assets are revalued. The carrying value of properties and properties leased to others, which were fully depreciated using the foregoing service lives, but are still being used by the Group are depreciated over their newly estimated service lives.

Upon sale or other disposal of items of properties and investments in real estate, the related cost, appreciation and accumulated depreciation are removed from the accounts, and any gain or loss is credited or charged to current income.

The losses from other than temporary decline in the market value of investments in real estate are charged to current income.

Leasehold Rights

Leasehold rights pertain to the cost of acquiring the land use rights and the construction cost of a commercial building that the Company will exchange for the use of a parcel of land.

The costs of the land use rights and the interest imputed thereon are accounted for as liabilities. The cost of the land use rights is amortized during the contract term. The imputed interest is treated as unrealized expense and recognized as interest expense as it realized. The construction cost, which includes the interests and amortized expenses which were capitalized as the cost of the building during the construction period, is amortized by using the straight-line method over the remaining service life of the building.

Idle Properties

Idle properties are stated at the lower of carrying value or net realizable value. If the aggregate carrying value of the idle properties exceeds market value, an allowance for losses is recognized.

Pension Costs

FEDS, Far Eastern Geant Co., Ltd., Ya Tung Department Stores Ltd., and Pacific SOGO Department Store (SOGO) have pension plans for all regular employees, which provide benefits based on service years and average basic pay of the six months before retirement. Pension costs are recognized on the basis of actuarial calculations.

Unrecognized net transition assets or obligation, unrecognized prior service cost and unrecognized net actuarial losses are amortized using the straight-line method over 19 years (for FEDS), 15 years (for FE Geant), 9 years (for YTDS) and the average remaining service years of the employees (for SOGO).

FEDS Asia Pacific Development Corp., FEDS New Century Development Co., Ltd., Bai Yang Investment Co., Ltd., Bai Ding Investment Co., Ltd. and Pacific Liu Tong Investment Co., Ltd. have no pension plans.

Under government regulations in China, Pacific China Holdings Co. and its subsidiaries follow a defined contribute pension plan, and the related payments are made to the provincial government.

Concessionaires' Sales and Inventories

Sales made at special counters operated by concessionaires under contracts with the Group are presented as "concessionaires' sales" in the statements of income, and the costs of these sales are recognized at amounts paid by the Group at an agreed cost ratio.

The titles to and risk of loss on unsold merchandise at these counters are retained by the concessionaires and are therefore excluded from the Group's inventories.

Revenue Recognition

Sales are recognized when titles to products and risks of ownership are transferred to customers or when the earnings process has been completed or substantially completed and revenue is realized or realizable.

Sales are determined at fair value, taking into account business and quantity discounts agreed on by the Group and its customers. Since sales transactions are frequent and the sales receivables are collectible within one year, the fair value of receivables is equivalent to the nominal amount of cash received.

Treasury Stock

If the Company buys back its issued shares, the cost of the payment is debited as treasury stock, which is treated a deduction to arrive at stockholders' equity.

When treasury stock is retired, the treasury stock account is credited, and the capital surplus - issue of stock in excess of par value and the capital stock account should be debited according to the share ratio. If the carrying value of treasury stock exceeds the sum of its par value and stock premium, the excess should first be offset against capital surplus - treasury stock transaction, and any remainder should be debited to retained earnings. If the carrying value of treasury stock is lower than the sum of the par value and the stock premium equals, the difference is credited capital surplus from treasury stock transactions.

The losses on disposal of treasury stocks are recognized as capital surplus - treasury stock transaction to the extent that its carrying value s reduced to zero. The disposal loss in excess of carrying value of capital surplus - treasury stock transaction is charged to retained earnings.

Income Tax

Deferred tax assets are recognized for the tax effects of deductible temporary differences, unused operating loss carryforwards and unused investment tax credits, and deferred tax liabilities are recognized for the tax effects of taxable temporary differences. A valuation allowance is provided for deferred income tax assets that are not certain to be realized. Deferred tax assets or liabilities are classified as current or noncurrent on the basis of the classification of the related assets or liabilities for financial reporting. A deferred tax liability or asset that cannot be related to an asset or liability for financial reporting, including deferred tax assets related to net loss carryforwards, is classified according to the expected realization date of the temporary difference.

Income tax credits for certain purchases of equipment, research and development expenditures, personnel training expenses and stock investment are accounted for as a reduction of the current year's income tax expense.

Adjustments to prior years' tax liabilities are added to or deducted from the current year's tax expense.

Income tax of 10% on undistributed earnings generated since January 1, 1998 is recorded as expense in the year when the stockholders resolve to retain the earnings.

Income tax on subsidiaries overseas is based on local regulations.

Foreign-currency Transactions

Foreign-currency transactions are recorded in New Taiwan dollars at the exchange rates prevailing on the transaction dates. Gains or losses (measured from transaction date or the most recent intervening balance sheet date, whichever is later) realized upon the settlement of a foreign currency transaction are included in the period in which the transaction is settled. At year-end, the balances of foreign-currency assets and liabilities are restated at the prevailing exchange rates, and resulting differences are recorded as follows:

- a. Equity-method investments - as cumulative translation adjustments under stockholders' equity; and
- b. Other assets and liabilities - as credits or charges to current income.

Reclassifications

Certain 2003 accounts have been reclassified to conform to the 2004 consolidated financial statement presentation.

3. TRANSLATION INTO U.S. DOLLARS

The financial statements are stated in New Taiwan dollars. The translations of the 2004 and 2003 New Taiwan dollar amounts into U.S. dollar amounts are included solely for the convenience of readers, using the rate of NT\$31.71 to US\$1.00 as of December 31, 2004, as published by the Bank of Taiwan. The convenience translations should not be construed as representations that the New Taiwan dollar amounts have been, could have been, or could be, converted into U.S. dollars at this or any other exchange rate.

4. ELIMINATED SIGNIFICANT INTERCOMPANY TRANSACTIONS

As of and for the year ended December 31, 2004

Company	Eliminated Account	Debit (Credit)		Counter Party
		New Taiwan Dollars	U.S. Dollars (Note 3)	
FEDS	Sales revenue	\$ 4903	\$ 155	FE Geant
	Other operating revenue	101,326	3,195	FE Geant
	Operating expenses	(192)	(6)	FE Geant
	Accounts receivable	(8,851)	(279)	FE Geant
	Other receivables	(21)	(1)	FE Geant
	Accounts payable	8,585	271	FE Geant
	Accrued expenses	87	3	FE Geant
	Deferred income	363,639	11,468	FE Geant
	Deferred income	5,447	172	BDIC
	Investments in shares of stock	(1,982)	(63)	BDIC
	Sales revenue	10,221	322	YTDS
	Other revenue	36	1	YTDS
	Accounts receivable	(153)	(5)	YTDS

(Continued)

Company	Eliminated Account	Debit (Credit)		Counter Party
		New Taiwan Dollars	U.S. Dollars (Note 3)	
	Other receivables	\$ (1)	\$ -	YTDS
	Accounts payable	350	11	YTDS
	Accrued expenses	26	1	YTDS
	Other operating revenue	23	1	Bai Yang
	Other operating revenue	23	1	FAPD
	Operating expenses	(228,000)	(7,190)	FAPD
	Sales revenue	242	8	SOGO
	Accounts receivable	(9)	-	SOGO
	Other receivables	(50,000)	(1,577)	SOGO
BDIC	Investments in shares of stock	(5,447)	(172)	FEDS
	Deferred income	1,982	63	FEDS
	Other revenue	576	18	SOGO
Bai Yang	Operating expenses	(23)	(1)	FEDS
FE Geant	Sales revenue	192	6	FEDS
	Operating expenses	(106,229)	(3,350)	FEDS
	Accounts receivable	(1,151)	(36)	FEDS
	Accrued expense	1,351	43	FEDS
	Land held for future construction	(363,639)	(11,468)	FEDS
YTDS	Cost of goods sold	(10,257)	(323)	FEDS
	Account receivable	(350)	(11)	FEDS
	Accounts payable	128	4	FEDS
FAPD	Operating expenses	(23)	(1)	FEDS
	Sales revenue	228,000	7,190	FEDS
Pacific Liu Tong Investment	Other receivables	(31,505)	(994)	SOGO
	Notes payable	2,285	72	SOGO
	Operating expenses	(7,486)	(236)	SOGO
	Interests revenue	458	14	SOGO
	Interests expenses	(2,427)	(77)	SOGO
SOGO	Cost of goods sold	(242)	(8)	FEDS
	Accounts payable	9	-	FEDS
	Other payables	50,000	(1,577)	FEDS
	Other expenses	(576)	(18)	BDIC
	Sales revenue	2,797	88	Pacific Liu Tong Investment
	Other revenue	4,689	148	Pacific Liu Tong Investment
	Accrued expenses	31,505	994	Pacific Liu Tong Investment
	Other receivables	(2,285)	(72)	Pacific Liu Tong Investment
	Interest revenue	2,427	77	Pacific Liu Tong Investment
	Interest expenses	(458)	(14)	Pacific Liu Tong Investment
	Other receivables	(656)	(21)	Pacific china Holding Co., Ltd.
Pacific China Holding Co., Ltd.	Other payables	656	21	SOGO

5. CASH AND CASH EQUIVALENTS

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Cash				
Cash on hand and petty cash	\$ 214,502	\$ 6,765	\$ 169,699	\$ 5,352
Checking and savings accounts	4,434,273	139,838	3,485,336	109,913
Time deposits - 0.56% interest rate	-	-	20,513	647
Cash equivalents				
Commercial paper - interest of 1.12% to 1.15% in 2004 and 0.80% in 2003	<u>263,520</u>	<u>8,310</u>	<u>485,487</u>	<u>15,310</u>
	<u>\$ 4,912,295</u>	<u>\$ 154,913</u>	<u>\$ 4,161,035</u>	<u>\$ 131,222</u>

As of December 31, 2004, deposits in other countries were as follow:

Location and Amounts of Deposits	December 31, 2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)
China (RMB647,119 thousand; US\$39 thousand)	\$ 2,479,328	\$ 78,188
Hong Kong (RMB13,149 thousand)	50,376	1,589
Macau (RMB392 thousand)	<u>1,503</u>	<u>47</u>
	<u>\$ 2,531,207</u>	<u>\$ 79,824</u>

6. SHORT-TERM INVESTMENTS

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Mutual funds	\$ 3,707,587	\$ 116,922	\$ 2,365,957	\$ 74,613
Common stock - listed and OTC	<u>329,414</u>	<u>10,388</u>	<u>2,409,459</u>	<u>75,984</u>
	4,037,001	127,310	4,775,416	150,597
Less: Allowance for decline in value	<u>137,800</u>	<u>4,346</u>	<u>146,209</u>	<u>4,611</u>
	<u>\$ 3,899,201</u>	<u>\$ 122,964</u>	<u>\$ 4,629,207</u>	<u>\$ 145,986</u>

Bai Yang acquired 113,044 thousand shares of Far EasTone Telecom Co., Ltd. ("Far EasTone") at NT\$18.4 (US\$0.58) per share from Cheung Hing Development Ltd., Tai Tong Investment Ltd. and Tai Chin Investment Ltd. At the special meeting on February 18, 2004 of the stockholders of Far EasTone, Bai Yang objected to the proposed merger of Far EasTone with its subsidiary, KG Telecommunications Co., Ltd. In addition, Bai Yang requested Far EasTone to comply with Article 187 of the Company Law, under which Far EasTone Telecom should buy its own shares back from Bai Yang at the closing price on April 23, 2004 of NT\$29.5 (US\$0.93) per share. In April 2004, Far EasTone bought its shares from Bai Yang at the net selling price of NT\$3,324,794 thousand (US\$104,850 thousand). Bai Yang's gain on its sale of shares was NT\$1,244,749 thousand (US\$39,254 thousand).

The fair values of short-term investments as of December 31, 2004 and 2003 were NT\$3,963,650 thousand (US\$124,997 thousand) and NT\$5,404,653 thousand (US\$170,440 thousand), respectively.

7. INVENTORIES

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Merchandise	\$ 2,342,273	\$ 73,865	\$ 2,286,669	\$ 72,112
Others	<u>106,576</u>	<u>3,361</u>	<u>111,198</u>	<u>3,507</u>
	2,448,849	77,226	2,397,867	75,619
Less: Allowance for slow-moving inventories	39,362	1,241	24,109	760
Allowance for losses on physical inventory	<u>9,319</u>	<u>294</u>	<u>8,621</u>	<u>272</u>
	<u>\$ 2,400,168</u>	<u>\$ 75,691</u>	<u>\$ 2,365,137</u>	<u>\$ 74,587</u>

8. INVESTMENTS IN SHARES OF STOCK

Investments in shares of stock were as follows:

	2004			2003		
	New Taiwan Dollars	U.S. Dollars (Note 3)	% of Ownership	New Taiwan Dollars	U.S. Dollars (Note 3)	% of Ownership
Equity method (with no quoted market prices)						
Ya Tung Securities	\$ 3,450,797	\$ 108,824	34	\$ 3,186,916	\$ 100,502	34
FEDS Development	294,550	9,289	100	322,017	10,155	100
Pacific Department Store	174,530	5,504	26	179,635	5,665	26
Far Eastern CitySuper Ltd.	111,176	3,506	87	-	-	-
Ding Ding Integrated Marketing Service Co., Ltd.	54,742	1,726	20	-	-	-
Pacific United Consultant	49,761	1,569	39	52,717	1,662	39
Yu Ming	29,081	917	100	30,697	968	100
Far Eastern Continent (FECL)	21,579	681	100	27,918	880	100
Yu Ming Commerce	16,970	535	47	16,993	536	47
Pacific 88	7,481	236	28	21,425	676	33
Shanghai Pacific Consultant & Management	5,840	184	49	6,172	195	49
Bai Chin (Singapore) Pte. Ltd. (BC Singapore)	707	22	100	970	31	100
Far Eastern Department Stores, (U.S.A.) Inc. (FEDS-USA)	(22,129)	(698)	100	(20,062)	(633)	100
Netmicro Technology	-	-	-	48,895	1,542	65
Lian Cing Investment	-	-	50	-	-	50
Pacific Sogo Investment	-	-	100	-	-	100
Sogo Department Store	-	-	34	-	-	34
Pacific Venture Investment Ltd.	-	-	48	-	-	48
	<u>4,195,085</u>	<u>132,295</u>		<u>3,874,293</u>	<u>122,179</u>	
Add: Credit balance of long-term investments classified as other liability	<u>22,129</u>	<u>698</u>		<u>20,062</u>	<u>632</u>	
	<u>4,217,214</u>	<u>132,993</u>		<u>3,894,355</u>	<u>122,811</u>	

(Continued)

	2004			2003		
	New Taiwan Dollars	U.S. Dollars (Note 3)	% of Ownership	New Taiwan Dollars	U.S. Dollars (Note 3)	% of Ownership
<u>Cost method</u>						
Listed stocks						
Asia Cement	\$ 2,194,828	\$ 69,216	4	\$ 2,194,828	\$ 69,216	4
Far Eastern Textile	712,295	22,463	1	712,295	22,463	1
Far Eastern International Commercial Bank (FE Bank)	<u>179,771</u>	<u>5,669</u>	1	<u>179,771</u>	<u>5,669</u>	1
	3,086,894	97,348		3,086,894	97,348	
Less - unrealized loss on decline in market value	<u>-</u>	<u>-</u>		<u>412,926</u>	<u>13,022</u>	
	<u>3,086,894</u>	<u>97,348</u>		<u>2,673,968</u>	<u>84,326</u>	
Stocks with no quoted market prices						
New Century Information						
Communication Technology	604,965	19,078	1	651,200	20,535	1
Far Eastern International Leasing	135,000	4,257	6	135,000	4,257	6
Kaohsiung M.R.T.	100,000	3,154	1	100,000	3,154	1
Chung Nan Textile	81,390	2,567	5	81,390	2,567	5
Pacific Securities	81,116	2,558	5	81,116	2,558	5
Yuan Ding Leasing	7,360	232	9	7,360	232	9
Ding Ding Management Consultants	900	28	18	900	28	18
Others	<u>173</u>	<u>6</u>		<u>173</u>	<u>6</u>	
	<u>1,010,904</u>	<u>31,880</u>		<u>1,057,139</u>	<u>33,337</u>	
	<u>4,097,798</u>	<u>129,228</u>		<u>3,731,107</u>	<u>117,663</u>	
	<u>\$ 8,315,012</u>	<u>\$ 262,221</u>		<u>\$ 7,625,462</u>	<u>\$ 240,474</u>	

The carrying values of equity-method investments, except for the investments in BC Singapore and FEDS-USA in 2004 and FEDS-USA in 2003, were based on audited financial statements. Had the financial statements of the abovementioned investees been audited, the impact on the Group's consolidated financial position and the consolidated results of its operations would not have been significant.

The Company and its subsidiaries subscribed for 13,000 thousand shares (87% equity) of Far Eastern CitySuper Ltd.'s issued stock at NT\$10 per share and 6,000 thousand shares (20% equity) of Ding Ding Integrated Marketing Service Co., Ltd.'s issued stock at NT\$10 per share in August 2004 and September 2004, respectively.

SOGO did not acquire the same-period financial statements of Pacific Department Store and Lian Cing Investment in time in 2003. Thus, SOGO changed its recognition of its share in the gain or loss of these two investees on the basis of its equity in investments of the prior period. Furthermore, SOGO's management determined that the value of Lian Cing Investment had been totally impaired; thus, a loss of NT\$169,818 thousand (US\$5,355 thousand) was recognized accordingly.

On October 15, 2003, Pacific 88, SOGO's equity-method investee, offset its deficit of NT\$70,000 thousand (US\$2,208 thousand) against its paid-in capital and also issued additional shares amounting to NT\$30,000 thousand (US\$946 thousand). However, SOGO did not subscribe for these additional stocks issued; thus, the percentage of SOGO's ownership of Pacific 88 decreased to 33%. On December 16, 2004, Pacific 88 converted the loan of NT\$15,000 thousand (US\$473 thousand) into common stock. Thus, the percentage of SOGO's ownership of Pacific 88 decreased further to 28%.

In August 2003, Netmicro Technology Co. had applied for dissolution to the Ministry of Economic Affairs and was liquidated in June 2004.

SOGO guaranteed the loan for its investee, Pacific Sogo Investment Co., Ltd., and thus recognized a loss based on the liability guaranteed. This investment had a negative carrying value of NT\$483,967 thousand (US\$15,262 thousand) as of December 31, 2002 (included in other liabilities). Because Pacific Sogo Investment Co., Ltd. could not repay in 2003 its bank loans of NT\$555,000 thousand (US\$17,502 thousand) and the interest expenses of NT\$10,083 thousand (US\$318 thousand), SOGO assumed and recorded these obligations. SOGO also got those securities, with a carrying value of NT\$81,116 thousand (US\$2,558 thousand), pledged as loan collateral and recorded them as long-term investments. Thus, the guaranteed liability of NT\$483,967 thousand (US\$15,262 thousand) as of December 31, 2002 was no longer recorded by SOGO in 2003.

Some subsidiaries were not included in the consolidated financial statements of FEDS because neither their total assets nor total operating revenues individually reached at least 10% or collectively reached at least 30% of the nonconsolidated total assets or total operating revenues of FEDS.

Cost-method investments were as follows:

	<u>2004</u>		<u>2003</u>	
	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 3)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 3)</u>
Listed stock - market value	\$ 3,756,177	\$ 118,454	\$ 2,673,968	\$ 84,326
Stocks with no quoted market prices - equity in the net assets of investees (based on audited financial statements or net asset values)	1,053,400	33,220	1,057,475	33,348

The carrying amounts of the investments in stocks of New Century Information Communication Technology ("New Century") decreased to reflect an other than temporary decline in their value. Thus, the investment losses of NT\$46,236 thousand (US\$1,458 thousand) in New Century was recognized in 2004.

In June 2003, BDIC and FE Geant sold 9,783 thousand shares of their holdings in Dah Chung Bills Finance to Far Eastern International Bank (with same director as the Company). The shares were sold for NT\$117,039 thousand (US\$3,691 thousand), and the gain on this sale was NT\$33,077 thousand (US\$1,043 thousand).

9. INVESTMENTS IN REAL ESTATE

	<u>2004</u>		<u>2003</u>	
	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 3)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 3)</u>
Cost				
Land	\$ 431,449	\$ 13,606	\$ 431,449	\$ 13,606
Buildings	<u>221,558</u>	<u>6,987</u>	<u>196,425</u>	<u>6,195</u>
	653,007	20,593	627,874	19,801
Accumulated depreciation - buildings	<u>(18,229)</u>	<u>(575)</u>	<u>(14,328)</u>	<u>(452)</u>
	<u>\$ 634,778</u>	<u>\$ 20,018</u>	<u>\$ 613,546</u>	<u>\$ 19,349</u>

Depreciation expenses were NT\$3,901 thousand (US\$123 thousand) in 2004 and NT\$3,662 thousand (US\$115 thousand) in 2003.

10. PROPERTIES

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Cost	\$ 32,387,738	\$ 1,021,373	\$ 32,920,349	\$ 1,038,169
Revaluation increment				
Land	1,183,852	37,334	816,855	25,760
Buildings and equipment	13,725	433	13,725	433
	<u>1,197,577</u>	<u>37,767</u>	<u>830,580</u>	<u>26,193</u>
Total cost and appreciation	<u>33,585,315</u>	<u>1,059,140</u>	<u>33,750,929</u>	<u>1,064,362</u>
Accumulated depreciation				
On cost				
Buildings and equipment	3,475,188	109,593	3,249,119	102,464
Furniture and equipment	2,752,746	86,810	2,636,046	83,130
Leasehold	226,326	7,138	149,145	4,703
Leasehold improvements	<u>1,409,768</u>	<u>44,458</u>	<u>1,736,852</u>	<u>54,773</u>
	7,864,028	247,999	7,771,162	245,070
On appreciation				
Buildings and equipment	<u>10,848</u>	<u>342</u>	<u>10,700</u>	<u>337</u>
Total accumulated depreciation	<u>7,874,876</u>	<u>248,341</u>	<u>7,781,862</u>	<u>245,407</u>
	25,710,439	810,799	25,969,067	818,955
Constructions in progress	4,697,526	148,140	4,504,480	142,053
Leasehold rights (Note 11)	9,484,875	299,113	9,809,142	309,339
Assets leased to others (Note12)	<u>1,620,095</u>	<u>51,091</u>	<u>1,573,966</u>	<u>49,636</u>
	<u>\$ 41,512,935</u>	<u>\$ 1,309,143</u>	<u>\$ 41,856,655</u>	<u>\$ 1,319,983</u>

Under government regulations, FEDS revalued its land in 1980, 1981, 1984 and 1995 and other properties in 1975 and 1981. The resulting appreciation (net of reserve for land value increment tax) was credited to capital surplus.

Depreciation expenses were \$1,730,957 thousand (US\$54,587 thousand) in 2004 and \$1,791,408 thousand (US\$52,735 thousand) in 2003. Capitalized interests were \$130,811 thousand (US\$4,125 thousand) in 2004 and \$133,298 thousand (US\$4,204 thousand) in 2003. The interest rates used in computing the amounts capitalized ranged from 2.50% to 2.80% in 2004 and 2.51% to 3.68% in 2003.

Constructions in progress of FEDS as of December 31, 2004 consisted mainly of acquisition cost for a parcel of land located in Pan-Chiao City and architect's fee of \$4,676,361 thousand (US\$147,473 thousand). FEDS plans to build a mall on the land for its customers in the Pan-Chiao City area.

11. LEASEHOLD RIGHTS

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
FAPD	\$ 3,845,187	\$ 121,261	\$ 3,934,609	\$ 124,081
FEDS - Xinyi division A13	3,132,136	98,774	3,122,402	98,467
FEDS - Taoyuan	997,162	31,446	1,071,829	33,801
FE Geant - Fu Shin - Taichung	814,987	25,701	883,460	27,861
FE Geant - Ping Deng - Kaohsiung	432,823	13,650	479,615	15,125
FE Geant - Taoyuan	242,608	7,651	291,130	9,181
FE Geant - Yuanlin	19,972	630	26,097	823
	<u>\$ 9,484,875</u>	<u>\$ 299,113</u>	<u>\$ 9,809,142</u>	<u>\$ 309,339</u>

Amortization expenses of leasehold rights were NT\$334,002 thousand (US\$10,533 thousand) in 2004 and NT\$354,053 thousand (US\$11,165 thousand) in 2003, shown as operating expenses - rental.

- a. On January 1, 1998, FAPD signed a contract with Asia Cement and other related parties on the construction of the Kaohsiung Asian Business and Finance Building (Feds Asia Pacific Shopping Center) on land provided by Asia Cement. Under this contract, FAPD will own the leasehold rights for 50 years from the date of the contract and should pay Asia Cement NT\$1,073,000 thousand (US\$33,838 thousand) as premium for land use rights (shown as leasehold rights). The land use rights are amortized during the land use period. Annual land rent is payable in November of every year for 50 years at 5% of the government declared value of the land.

The construction was completed in October 2001 and the building was rented out to FEDS and Warner Village Co. The construction cost is amortized over the rental period from October 2001 to December 2047.

The total amount of the construction is summarized as follows, shown as leasehold rights:

Company	Services Provided	Construction Cost	
		New Taiwan Dollars	U.S. Dollars (Note 3)
Far Eastern General Contractor Inc.	Undertaking construction jobs under a contract	\$ 1,859,176	\$ 58,631
Yuan Ding Co., Ltd.	Planning, consulting and management	294,600	9,290
Asia Cement Corp.	Providing construction materials	178,000	5,613
Asia Concrete Corporation	Providing prestressed concrete	37,099	1,170
		<u>\$ 2,368,875</u>	<u>\$ 74,704</u>

- b. The land use rights for A13 in the Hsinyi district amounted to NT\$3,132,136 thousand:

In September 2003, FEDS acquired the land use rights for No. A13 in the Hsinyi district, which is owned by the Taipei City Government. The total amount of the land use rights was NT\$3,196,888 thousand (US\$100,817 thousand), and FEDS completed the registration of its acquisition of the land use right in October 2003. Under the contract, FEDS has the right to use the land for 50 years from the completion of the right registration. The initial monthly rent is NT\$3,771 thousand (US\$119 thousand), to be adjusted annually according to the land price announced on the contract date. The monthly rent has been adjusted to NT\$4,536 thousand (US\$143 thousand) since January 2004.

In September 2003, FEDS paid NT\$959,066 thousand (US\$30,243 thousand), or 30% of the total land use rights payment. The rest, amounting to NT\$2,237,822 thousand (US\$70,568 thousand), would be paid annually in five consecutive years at no interest. After the deduction of unrealized interest expenses of NT\$78,937 thousand (US\$2,489 thousand), the net value of the rights was NT\$2,158,885 thousand (US\$68,079 thousand), shown as accrued franchised liabilities. In October 2004, FEDS paid NT\$630,705 thousand (US\$19,889 thousand); the franchised liabilities amounted to NT\$1,528,180 thousand (US\$48,190 thousand) (current portion was NT\$466,613 thousand (US\$14,714 thousand)).

- c. Tao-Yuan Farmers' Association of NT\$1,384,142 thousand:

Under an agreement made in March 1997, FEDS built a commercial building on land owned by the Tao-Yuan Farmers' Association. FEDS paid a guarantee deposit of NT\$150,000 thousand (US\$4,730 thousand). The initial monthly rent is NT\$3,000 thousand (US\$95 thousand), to be adjusted according to increases in the consumer price index.

Building and improvements pertain to a commercial building, including all improvements made thereon, the ownership of which will be transferred to Tao-Yuan Farmer Association in April 2018. The total construction cost of the commercial building is capitalized as leasehold rights, and cost amortization is from November 1999 to April 2018. The total amortization expense, classified as operating expenses - rental, was NT\$74,667 thousand (US\$2,355 thousand) in both 2004 and 2003.

- d. FE Geant entered into agreements with several companies for the joint construction of hypermarkets. Under these agreements, the lessors will provide the land and FE Geant will be responsible for hypermarket construction. By the end of the lease term, the titles to the land and building should be transferred to the lessors.

12. PROPERTIES LEASED TO OTHERS, NET

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Cost				
Land	\$ 966,002	\$ 30,464	\$ 954,998	\$ 30,117
Buildings and equipment	528,170	16,656	501,383	15,811
Furniture and equipment	9,732	307	9,732	307
	<u>1,503,904</u>	<u>47,427</u>	<u>1,466,113</u>	<u>46,235</u>
Appraisal increase				
Land	211,744	6,678	176,413	5,563
Buildings and equipment	3,027	95	-	-
	<u>214,771</u>	<u>6,773</u>	<u>176,413</u>	<u>5,563</u>

(Continued)

	<u>2004</u>		<u>2003</u>	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Accumulated depreciation				
Buildings and equipment	\$ 87,019	\$ 2,744	\$ 58,965	\$ 1,859
Furniture and equipment	<u>9,635</u>	<u>304</u>	<u>9,595</u>	<u>303</u>
	96,654	3,048	68,560	2,162
Appraisal increase				
Buildings and equipment	<u>1,926</u>	<u>61</u>	<u>-</u>	<u>-</u>
	<u>98,580</u>	<u>3,109</u>	<u>68,560</u>	<u>2,162</u>
	<u>\$ 1,620,095</u>	<u>\$ 51,091</u>	<u>\$ 1,573,966</u>	<u>\$ 49,636</u>

- a. FEDS leases the land located in Yung-Kang Tainan County to Far Eastern Continent Co. and Far Eastern Geant Co., Ltd. under a contract expiring on September 23, 2015. Under the contract, the Company received deposits of NT\$13,380 thousand (US\$422 thousand) from Far Eastern Continent Co., classified as deposits received, and receives monthly rent from Far Eastern Geant Co., Ltd. The monthly rent has been adjusted to NT\$8,627 thousand (US\$272 thousand) since October 2004. The transactions between FEDS and FE Geant have been eliminated.
- b. FEDS leases the site located in Kaohsiung City to Taiwan International Securities Corp. and two related parties, Far Eastern International Bank and Oriental Securities Co., for their office building; the lease terms will end in December 2004, February 2005 and April 2005, respectively.
- c. FEDS leases sections of sites separately located at the Tainan branch and the Hsin-Chu branch to Warner Village Movies Co. for its movie theatres. Both lease terms are 15 years each, and the monthly rent is NT\$2,917 thousand (US\$92 thousand) for the Tainan branch and NT\$3,383 thousand (US\$107 thousand) for the Hsinchu branch. The monthly rent for Hsinchu branch has been adjusted to NT\$3,434 thousand (US\$108 thousand) since November 2004. Under the contract, the Company obtained NT\$33,000 thousand (US\$1,041 thousand), classified as deposits received.
- d. FEDS leases the site located in Ren-ai road Taipei City to Wellcome Department Store Co., and two related parties, Yu Ming Commerce Co. and Far Eastern CitySuper Ltd. for their office building, the lease term will end in August 2008 and August 2007, respectively.

The minimum rents on all lease contracts for the next five years are summarized below:

Year	Rental Income	
	New Taiwan Dollars	U.S. Dollars (Note 3)
2005	\$ 316,640	\$ 9,985
2006	315,443	9,948
2007	327,898	10,340
2008	328,536	10,361
2009	<u>330,570</u>	<u>10,425</u>
	<u>\$ 1,619,087</u>	<u>\$ 51,059</u>

13. REFUNDABLE DEPOSITS

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Refundable deposits transferred to rent deposits	\$ -	\$ -	\$ 288,822	\$ 9,108
Less current portion (included in prepayments)	-	-	57,112	1,801
	-	-	231,710	7,307
Deposits on leases	1,211,938	38,219	1,101,621	34,741
Others	15,175	479	12,750	402
	<u>\$ 1,227,113</u>	<u>\$ 38,698</u>	<u>\$ 1,346,081</u>	<u>\$ 42,450</u>

Refundable deposits transferred to rent deposits pertained to the operating lease contract signed by FE Geant and Far Eastern Continent Co., Ltd. (FECC; its director is also FE Geant director) in May 2000. Under the contract, FECC will provide the land and FE Geant will be responsible for hypermarket construction. The related construction expenditures were regarded as deposits from the start of hypermarket operations and amortized during the leasing period. FE Geant entered into a contract with FECC on December 29, 2004 to buy the building from FECC. The purchase price for the building was NT\$232,324 thousand (US\$7,327 thousand), which was the total rent for the remaining period of the original lease agreement. The amortization expenses, classified as operating expenses - rental, were NT\$56,498 thousand (US\$1,782 thousand) in 2004 and NT\$57,095 thousand (US\$1,801 thousand) in 2003.

14. LAND WHICH IS WAITING TO BE SOLD (TO BE EXCHANGED BY THE GOVERNMENT)

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Cost	\$ 7,646	\$ 241	\$ 25,990	\$ 820
Revaluation increment	152,986	4,825	519,983	16,398
	<u>\$ 160,632</u>	<u>\$ 5,066</u>	<u>\$ 545,973</u>	<u>\$ 17,218</u>

The Company owned a land and a building (the "property") located in the Ban Qiao Train Station area, designated as a special economic zone by the Taipei County Government (TPG). Under a notice sent by the TPG, the Company vacated the building in February 1998. The building was demolished, and the Company received compensation in October 1999.

Under the Ban Qiao Urban Development Plan, the Company will receive a replacement land also located in the same area, which the Company can use as it deems appropriate. However, the Company believes that the size of the replacement land is improper, so the Company raised an appeal to the Ministry of the Interior (MOTI) in 2003. As of February 17, 2005, the date of the accompanying auditors' report, MOTI had no response on this matter.

Part of the Ban Qiao land was being used by FEDS's Ban Qiao branch; thus, the land cost of NT\$18,344 thousand (US\$578 thousand) and revaluation increment on property of NT\$366,997 thousand (US\$11,574 thousand) were reclassified as fixed asset according to the plan mentioned above. The other parts of the Ban Qiao property had been sold to the Bank of PanHsin on January 12, 2005; thus, the cost of NT\$7,646 thousand (US\$241 thousand) and revaluation increment on property of NT\$152,986 thousand (US\$4,825 thousand) should be reclassified as property to be sold. Proceeds from disposal of the land were NT\$496,720 thousand (US\$15,664 thousand); after the deduction of the relevant cost and tax, the gains on disposal of properties were estimated at NT\$463,000 thousand (US\$14,601 thousand). In addition, the Company made an agreement with the Bank of PanHsin, that after the building construction, the Bank of PanHsin will lease to the Company the first three floors, approximately 64,800 sq ft., for the Company's management of the operating site.

15. IDLE PROPERTIES

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Cost				
Land	\$ 153,247	\$ 4,833	\$ 164,251	\$ 5,180
Buildings and equipment	231,624	7,304	252,819	7,973
Furniture and equipment	28,403	896	28,403	895
	<u>413,274</u>	<u>13,033</u>	<u>445,473</u>	<u>14,048</u>
Appraisal increase				
Land	255,291	8,051	290,622	9,165
Buildings and equipment	16,470	519	19,497	615
	<u>271,761</u>	<u>8,570</u>	<u>310,119</u>	<u>9,780</u>
	685,035	21,603	755,592	23,828
Less: Allowance for impairment losses	<u>222,284</u>	<u>7,010</u>	<u>231,682</u>	<u>7,306</u>
	<u>\$ 462,751</u>	<u>\$ 14,593</u>	<u>\$ 523,910</u>	<u>\$ 16,522</u>

Depreciation expenses, classified as nonoperating expenses and losses - others, were NT\$4,616 thousand (US\$146 thousand) in 2004 and NT\$5,812 thousand (US\$171 thousand) in 2003.

16. LONG-TERM PREPAYMENT

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Long-term rent prepayment				
a. FE Geant - Hsin-Chu	\$ 403,227	\$ 12,716	\$ 412,755	\$ 13,016
b. FE Geant - Nei-Hu	165,000	5,203	-	-
c. SOGO - Dunhua	300,000	9,461	300,000	9,461
	<u>868,227</u>	<u>27,380</u>	<u>712,755</u>	<u>22,477</u>
Less: Current portion (included in prepayments)	<u>233,614</u>	<u>7,367</u>	<u>21,724</u>	<u>685</u>
	634,613	20,013	691,031	21,792
Other prepayment (d)	<u>2,317,448</u>	<u>73,083</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,952,061</u>	<u>\$ 93,096</u>	<u>\$ 691,031</u>	<u>\$ 21,792</u>

- a. Under an agreement, FE Geant will lease a hypermarket from the Hsin-Chu Chemical Industry, Ltd. (HCCI). HCCI will provide the land and build the hypermarket. The related construction expenses, except for the previous development expenses paid by FE Geant, will be paid by HCCI and FE Geant at the ratio of 1:2 ("1" refers to HCCI). The payment by FE Geant will be regarded as prepaid rent and amortized over the rent period upon the completion of the building (19 years and 3 months). The Hsin-Chu branch of FE Geant was opened in October 2003 and the amortization expense, classified as operating expenses - rental, were NT\$22,183 thousand (US\$700 thousand) in 2004 and as NT\$4,869 thousand (US\$154 thousand) in 2003.
- b. FE Geant entered into an operating lease agreement with Liang Ji Company and three other companies to lease a hypermarket under construction for the Neihu branch in September 2003. Upon the completion of the hypermarket, FE Geant is authorized to use the hypermarket for 20 years. In addition to the payments of NT\$55,000 thousand (US\$1,734 thousand) as deposit upon the signing of the agreement and another NT\$27,500 thousand (US\$867 thousand) upon the use of the hypermarket, FE Geant should pay NT\$165,000 thousand (US\$5,203 thousand) to each of the four companies upon receiving the construction license and usage license. Starting from the opening day of the hypermarket, the Company will pay NT\$13,750 thousand (US\$434 thousand) for rental expenses monthly, plus a certain percentage of the sale that exceeds a specific amount yearly. The Neihu branch will open on December 2005. Under the contract, FE Geant had to provide performance bonds issued by a bank and its own promissory note. Based on the operating lease agreement, the amount of the bonds and the note is calculated at a certain percentage of the total building cost (approximately NT\$837,623 thousand (US\$26,415 thousand)).
- c. For operating purposes, SOGO rents a building located in Taipei City from Min-Yang Development Co. The renewable lease is up to December 31, 2004. In July 2003, SOGO extend the lease contract up to December 23, 2009 and prepaid NT\$300,000 thousand (US\$9,461 thousand). Under the extended contract, SOGO may renew the lease annually under the same terms. The rent was NT\$177,703 thousand (US\$5,604 thousand) in 2004 and NT\$167,908 thousand (US\$5,295 thousand) in 2003. The refundable deposit was NT\$350,000 thousand (US\$11,038 thousand) as of December 31, 2004 and 2003.
- d. In order to obtain the lease rights of Taipei Rapid Transit System Muzha line Zhongxiao Fuxing Station land BR4 joint developing building, SOGO prepaid NT\$2,317,448 thousand (US\$73,083 thousand) to the developing rights owner - Hong-Tong Comprehensive Commercial Developing Co., Ltd. Until the auditor's report date (February 17, 2005), although SOGO and Hong-Tong Comprehensive Commercial Developing Co., Ltd. are still negotiating for the details of the lease contract, SOGO has already put its shares of stocks in trust and assigned its representative directors to protect its rights.

17. CONSOLIDATED DEBIT

Consolidated debit comes from the acquisition by FEDS, Pacific Investment and SOGO of subsidiaries. The amortized amounts were NT\$435,758 thousand (US\$13,742 thousand) in 2004 and NT\$489,332 thousand (US\$15,431 thousand) in 2003, included in operating expense.

18. SHORT-TERM BANK LOANS

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Unsecured loans: Interest - 1.25% to 3.36% in 2004 and 1.20% to 3.75% in 2003	\$ 2,898,680	\$ 91,412	\$ 4,705,538	\$ 148,393
Secured loans: Interest - 1.35% to 1.40% in 2004 1.25% to 4.50% in 2003	<u>133,000</u>	<u>4,194</u>	<u>971,000</u>	<u>30,621</u>
	<u>\$ 3,031,680</u>	<u>\$ 95,606</u>	<u>\$ 5,676,538</u>	<u>\$ 179,014</u>

19. COMMERCIAL PAPER ISSUED

Commercial paper were issued at discounts ranging from 0.697% to 2.050% in 2004 and from 0.40% to 1.71% in 2003.

20. BONDS ISSUED

	December 31, 2004					
	Current		Long-term		Total	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
<u>FEDS</u>						
Domestic secured bonds issued on:						
July 28, 2000	\$ 300,000	\$ 9,461	\$ -	\$ -	\$ 300,000	\$ 9,461
February 7 and 8, 2001	300,000	9,461	300,000	9,461	600,000	18,922
June 20 and 21, 2001	-	-	500,000	15,768	500,000	15,768
December 4, 5, 6 and 7, 2001	-	-	1,000,000	31,536	1,000,000	31,536
August 7 and 8, 2002	-	-	500,000	15,768	500,000	15,768
November 25, 26, 27 and 28, 2002	-	-	1,500,000	47,304	1,500,000	47,304
June 24, 2003	-	-	500,000	15,768	500,000	15,768
August 25, 26, 27 and 28, 2003	-	-	1,200,000	37,842	1,200,000	37,842
<u>BDIC</u>						
Domestic secured bonds issued on:						
February 7 and 8, 2001	250,000	7,884	125,000	3,942	375,000	11,826
June 20 and 21, 2001	<u>250,000</u>	<u>7,884</u>	<u>250,000</u>	<u>7,884</u>	<u>500,000</u>	<u>15,768</u>
	<u>\$ 1,100,000</u>	<u>\$ 34,690</u>	<u>\$ 5,875,000</u>	<u>\$ 185,273</u>	<u>\$ 6,975,000</u>	<u>\$ 219,963</u>

		December 31, 2003					
		Current		Long-term		Total	
		New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)

FEDS

Domestic secured bonds issued on:

July 28, 2000	\$ 300,000	\$ 9,461	\$ 300,000	\$ 9,461	\$ 600,000	\$ 18,922
February 7 and 8, 2001	-	-	600,000	18,922	600,000	18,922
June 20 and 21, 2001	-	-	500,000	15,768	500,000	15,768
December 4, 5, 6 and 7, 2001	-	-	1,000,000	31,536	1,000,000	31,536
August 7 and 8, 2002	-	-	500,000	15,768	500,000	15,768
November 25, 26, 27 and 28, 2002	-	-	1,500,000	47,304	1,500,000	47,304
June 24, 2003	-	-	500,000	15,768	500,000	15,768
August 25, 26, 27 and 28, 2003	-	-	1,200,000	37,842	1,200,000	37,842

BDIC

Domestic secured bonds issued on:

February 7 and 8, 2001	125,000	3,942	375,000	11,826	500,000	15,768
June 20 and 21, 2001	-	-	500,000	15,768	500,000	15,768
	<u>\$ 425,000</u>	<u>\$ 13,403</u>	<u>\$ 6,975,000</u>	<u>\$ 219,963</u>	<u>\$ 7,400,000</u>	<u>\$ 233,366</u>

- a. The FEDS domestic secured bonds issued on July 28, 2000 have an aggregate face value of NT\$600,000 thousand (US\$18,921 thousand). These instruments consisted of Types A and B bonds with aggregate face values of \$300,000 thousand (US\$9,461 thousand) each. The annual interest rates were 5.4500% for the Type A bonds and 5.3777% for the Type B bonds.

The interest on the Type A bonds is payable annually, while interest on the Type B bonds is also payable annually but compounded semiannually. The bonds are repayable at NT\$150,000 thousand (US\$4,730 thousand) for each bond type on July 28, 2004 and July 28, 2005.

- b. The FEDS domestic secured bonds issued on February 7 and 8, 2001 had an aggregate face value of NT\$600,000 thousand (US\$18,921 thousand). These instruments consisted of Types A and B bonds, with a face value of NT\$300,000 thousand (US\$9,461 thousand) each and interest rate of 5.38%, payable annually.
The bonds are repayable as follows: (i) \$300,000 thousand (US\$9,461 thousand) on February 7, 2005 and February 8, 2005, and (ii) \$300,000 thousand (US\$9,461 thousand) on February 7, 2006 and February 8, 2006.
- c. The aggregate face value of FEDS domestic secured bonds issued on June 20 and 21, 2001 was NT\$500,000 thousand (US\$15,768 thousand). These instruments consisted of Type A bonds with aggregate face value of NT\$300,000 thousand (US\$9,461 thousand) and Type B bonds with aggregate face value of NT\$200,000 thousand (US\$6,307 thousand). The bonds will mature on June 20 and 21, 2006. For both bonds, the interest rate is 4.25%, payable annually.
- d. The aggregate face value of FEDS domestic secured bonds issued on December 4 to 7, 2001 was NT\$1,000,000 thousand (US\$31,536 thousand). These instruments consisted of Types A and B bonds, each with a face value of NT\$300,000 thousand (US\$9,461 thousand); and Types C and D bonds, each with a face value of NT\$200,000 thousand (US\$6,307 thousand). The bonds will mature between December 4 and 7, 2006. Interest on all bonds is 2.6%, payable annually.
- e. The aggregate face value of FEDS domestic secured bonds issued on August 7 and 8, 2002 was NT\$500,000 thousand (US\$15,768 thousand). These instruments consisted of Type A bonds with a face value of NT\$300,000 thousand (US\$9,461 thousand) and Type B bonds with a face value of NT\$200,000 thousand (US\$6,307 thousand). The Type A bonds will mature on August 7, 2007 and the Type B bonds, on August 8, 2007. Interest on each type of bonds is 3.7%, payable annually.

- f. The aggregate face value of FEDS domestic secured bonds issued from November 25 to 29 2002 was NT\$1,500,000 thousand (US\$47,304 thousand). These instruments consisted of Types A, B, C, D and E bonds with face value of NT\$300,000 thousand (US\$9,461 thousand) each. The bonds will mature between November 25 and 29, 2007. Interest on each type of bonds is 2.588%, payable annually.
- g. The face value of FEDS domestic secured bonds issued on June 24, 2003 was NT\$500,000 thousand (US\$15,768 thousand). The bonds will all mature on June 24, 2006. Interest on all bonds is 1.165%, payable annually.
- h. The face value of FEDS domestic secured bonds issued on August 25 to 28, 2003 was NT\$1,200,000 thousand (US\$37,843 thousand). These instruments consisted of Types A, B, C and D bonds with face value of NT\$300,000 thousand (US\$9,461 thousand) each. The bonds will all mature on August 25 to 28, 2008. Interest on all bonds is 1.178%, payable annually.
- i. The BDIC domestic secured bonds are five-year bonds issued on February 7 and 8, 2001, consisting of Type A bonds with aggregate face value of NT\$300,000 thousand (US\$9,461 thousand) and Type B bonds with aggregate face value of NT\$200,000 thousand (US\$6,307 thousand), with 5.25% annual interest rates for each bond type. These bonds are repayable in four equal semiannual installments, with the first installment due after three and a half years from issuance. Interests on both types of bonds are payable semiannually.
- j. The BDIC domestic secured bonds are five-year bonds consisting of Type A bonds with aggregate face value of NT\$300,000 thousand (US\$9,461 thousand) issued on June 20, 2001 and Type B bonds with aggregate face value of NT\$200,000 thousand (US\$6,307 thousand) issued on June 21, 2001. The annual interest rate for both bond types was 4.35%. These bonds are repayable in two equal installments, with the first payment due on the fourth year after issuance. Interests on both types of bonds are payable annually.

21. BANK LOANS AND COMMERCIAL PAPER

	<u>2004</u>		<u>2003</u>	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Syndicate loans:				
a. Hua Nan Bank	\$ 1,370,000	\$ 43,204	\$ 2,100,000	\$ 66,225
b. International Commercial Bank of China	1,500,000	47,304	-	-
c. Bank of Taiwan	880,000	27,751	1,320,000	41,627
d. Taiwan Cooperative Bank, First Bank and Chang Hwa Bank	6,000,000	189,215	6,000,000	189,215
e. Taiwan Cooperative Bank, First Bank and Chang Hwa Bank	1,300,000	40,997	1,500,000	47,304
f. Chinatrust Commercial Bank	<u>1,350,000</u>	<u>42,573</u>	-	-
	12,400,000	391,044	10,920,000	344,371
Secured loans: Interest of 1.28% to 3.00% in 2004 and 1.97% to 12.08% in 2003	1,787,500	56,370	1,224,600	38,619

(Continued)

	<u>2004</u>		<u>2003</u>	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Unsecured loans: Interest of 1.29% to 3.35% in 2004 and 1.52% to 4.70% in 2003	\$ 1,000,000	\$ 31,536	\$ 1,247,488	\$ 39,340
Commercial paper: Discount rates of 0.850% to 1.317% in 2004 and 0.625% to 0.790% in 2003	<u>846,872</u>	<u>26,706</u>	<u>194,812</u>	<u>6,144</u>
	16,034,372	505,656	13,586,900	428,474
Less - due in one year	<u>1,808,900</u>	<u>57,045</u>	<u>821,359</u>	<u>25,902</u>
	<u>\$ 14,225,472</u>	<u>\$ 448,611</u>	<u>\$ 12,765,541</u>	<u>\$ 402,572</u>

- a. In December 2003, FEDS and its subsidiaries, Bai-Yang Investment (“Bai-Yang”) and Bai-Ding Investment (“Bai-Ding”), jointly signed an unsecured syndicated loan contract with Hua Nan Commercial Bank (HNCB), the lead bank, and other banks. Under this contract, FEDS, Bai-Yang and Bai-Ding obtained an NT\$2,500,000 thousand (US\$78,839 thousand) credit line, with a term of three years until December 2006.
- b. In March 2004, FE Geant entered a syndicated loan contract amounting to NT\$1,500,000 thousand (US\$47,304 thousand) with the International Commercial Bank of China and seven other banks. As of December 31, 2004, FE Geant had unsecured bank loans of NT\$1,500,000 (US\$47,301 thousand), with the principal repayable in equal installments in June 2006, December 2006, and June 2007. Under this contract, FE Geant should meet the following financial ratios and conditions:
- 1) Debt ratio (total liabilities/net value) should be equal to or lower than 300%.
 - 2) Net value (total assets - total liabilities) should be at least NT\$2,000,000 thousand (US\$63,072 thousand).

As of December 31, 2004, FE Geant was in compliance with the loan contract terms.

- c. In February 2002, FAPD entered into a syndicated loan contract with Bank of Taiwan (the lead bank). The loan is repayable every six months in 10 installments from February 2002. The interest rate was 2.5846% in 2004 and 2.5053% in 2003. This loan was used to design, plan and construct a shopping mall in Kaohsiung. The lead bank gave FAPD an NT\$3,000,000 thousand (US\$94,607 thousand) credit line for medium- and long-term loans and a guarantee to issue commercial paper.
- d. SOGO obtained an NT\$6,000,000 thousand (US\$189,215 thousand) syndicated loan from the Cooperative Bank, First Bank and Chang Hwa Bank, consisting of Types A and B. Type A is an NT\$1,500,000 thousand (US\$47,304 thousand) long-term secured loan obtained in October 2003 and maturing in October 2013. The principal is repayable every six months in 10 installments of NT\$150,000 thousand (US\$4,730 thousand) each from April 2009 to October 2013. The interest is payable monthly. Type B is an NT\$4,500,000 thousand (US\$141,911 thousand) medium-term unsecured loan obtained in October 2003 and maturing in October 2008. The interest is payable monthly. The principal is repayable every six month in 7 installments. Each installment is NT\$450,000 thousand (US\$14,191 thousand) and the last installment is NT\$1,800,000 thousand (US\$56,764 thousand).

- e. SOGO obtained an NT\$2,300,000 thousand (US\$72,532 thousand) syndicated loan from the Cooperative Bank, First Bank and Chang Hwa Bank, consisting of Types A and B. Type A is an NT\$1,500,000 thousand (US\$47,304 thousand) medium-term unsecured loan repayable every six months in 14 installments from June 2004 to June 2010. Each installment is NT\$100,000 thousand (US\$3,154 thousand), and the last installment is NT\$200,000 thousand (US\$6,307 thousand). The interest is payable monthly. Type B is an NT\$800,000 thousand (US\$25,229 thousand) credit line from commercial paper issuance. The term of credit is five years from the first appropriation date (March 12, 2004).

Under the above contract conditions (d) and (e), during the credit term, SOGO should meet the following financial ratios:

- 1) Times interest earned ((income before tax + interest expense + depreciation and amortization)/interest expense) should not be lower than 2.5 times.
- 2) Net tangible value (net value - treasury stock - intangible assets) should not be lower than NT\$2,000,000 thousand (US\$63,072 thousand).

The above financial ratios are based on SOGO's audited consolidated financial statements and calculated once a year. If, under relevant regulations, SOGO need not prepare consolidated financial statements, the calculation of financial ratios will be based on SOGO's financial statements.

- f. Pacific Liu Tong Investment Co. ("Pacific") signed a syndicated loan contract with Chinatrust Commercial Bank and 11 other banks. The credit amount is NT\$1,500,000 thousand (US\$47,304 thousand) consisting of Types A and B. Type A is an NT\$1,000,000 thousand (US\$31,536 thousand) secured credit amount and Type B is an NT\$500,000 thousand (US\$15,768 thousand) unsecured credit amount.

As of December 31, 2004, the loan balance of Type A was NT\$1,000,000 thousand (US\$31,536 thousand), repayable every six months in three installments from March 1, 2006 to March 1, 2007, with 2.92% to 2.98% interest; the loan balance of Type B was NT\$350,000 thousand (US\$11,038 thousand), repayable every six months in four installments from September 1, 2004 to March 1, 2006, with 3.19% to 3.30% interest.

Pacific should meet the following conditions during the credit term; otherwise, the banks have the right to cancel the credit line. In addition, Pacific cannot use the credit line without the agreement from the majority of the syndicate member banks. As of December 31, 2004, Pacific was in compliance with the loan requirements.

- 1) Pacific's direct equity in its guarantor (SOGO) should be equal to or over 51% of SOGO's issued common stock, and Pacific should have more than half of the seats in the board of directors.
- 2) Pacific should also meet the following financial ratios and conditions:
 - a) Debt ratio (total liabilities/net value) should be lower than 100%; and
 - b) Net tangible value (net value - treasury stock - intangible assets) should not be lower than NT\$2,600,000 thousand (US\$81,993 thousand).
- 3) The guarantor (SOGO) should meet the following financial ratios and conditions:
 - a) Times interest earned ((income before tax + interest expense + depreciation and amortization)/interest expense) should not be lower than 2.5 times.
 - b) Net tangible value (net value - treasury stock - intangible assets) should not be lower than NT\$2,000,000 thousand (US\$63,072 thousand).

Pacific paid Sea Ward Leasing Ltd. NT\$138,545 thousand (US\$4,369 thousand) and NT\$5,000 thousand (US\$158 thousand) the balance of the secured loan as of October 1, 2006 in December 2003 and January 2004, respectively. However, Sea Ward Leasing Ltd. believed Pacific had broken the loan contract. As of December 31, 2004, Pacific was still negotiating this matter with Sea Ward Leasing Ltd. Management believes the likelihood of significant loss on this case is remote.

Some of the secured bank loans, unsecured bank loans and commercial paper as of December 31, 2004 and 2003 were repayable within one year. Under the loan contracts, the Group could extend the repayment deadline for these loans. Thus, these obligations were classified as long-term liabilities.

22. CAPITAL LEASE LIABILITIES

	2004											
	Far Eastern International Leasing Co.				Yuan Ding Leasing Co.				Total			
	Current Portion		Noncurrent Portion		Current Portion		Noncurrent Portion		Current Portion		Noncurrent Portion	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Capital lease liabilities	\$ 398,258	\$ 12,559	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,258	\$ 12,559	\$ -	\$ -
Unrealized interest expenses	(12,706)	(400)	-	-	-	-	-	-	(12,706)	(400)	-	-
	<u>\$ 385,552</u>	<u>\$ 12,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,552</u>	<u>\$ 12,159</u>	<u>\$ -</u>	<u>\$ -</u>

	2003											
	Far Eastern International Leasing Co.				Yuan Ding Leasing Co.				Total			
	Current Portion		Noncurrent Portion		Current Portion		Noncurrent Portion		Current Portion		Noncurrent Portion	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Capital lease liabilities	\$ 308,595	\$ 9,732	\$ 398,258	\$ 12,559	\$ 107,384	\$ 3,387	\$ 151,326	\$ 4,772	\$ 415,979	\$ 13,119	\$ 549,584	\$ 17,331
Unrealized interest expenses	(26,177)	(826)	(12,706)	(400)	(9,692)	(306)	(5,262)	(166)	(35,876)	(1,132)	(17,968)	(566)
	<u>\$ 282,418</u>	<u>\$ 8,906</u>	<u>\$ 385,552</u>	<u>\$ 12,159</u>	<u>\$ 97,685</u>	<u>\$ 3,081</u>	<u>\$ 146,064</u>	<u>\$ 4,606</u>	<u>\$ 380,103</u>	<u>\$ 11,987</u>	<u>\$ 531,616</u>	<u>\$ 16,765</u>

In 2003, SOGO entered into a three-year sale and leaseback contract with Far Eastern International Leasing Co. and Yuan Ding Leasing Co. on certain properties with a carrying value of NT\$1,223,057 thousand (US\$38,570 thousand). The selling price was NT\$1,224,744 thousand (US\$38,623 thousand). The gain resulting from the sale of these leased properties was NT\$1,687 thousand (US\$53 thousand), deferred using the unearned gain on the sales-leaseback account. The amortization in 2004 and 2003 amounted to NT\$562 thousand (US\$18 thousand) and NT \$328 thousand (US\$10 thousand), respectively. After deducting the amortization, the unearned gains on the sales-leaseback were NT\$797 thousand (US\$25 thousand) in 2004 and NT\$1,359 thousand (US\$43 thousand) in 2003, classified as other liabilities - others. Later, SOGO paid NT\$149,634 thousand (US\$4,719 thousand) in 2004 and NT\$18,711 thousand (US\$590 thousand) in 2003 to Yuan Ding Leasing Co. to buy back the leased properties, with carrying values of NT\$167,758 thousand (US\$5,290 thousand) and NT\$21,877 thousand (US\$690 thousand), respectively, resulting in the cancellation of the related sale-leaseback agreement. The total cancellation losses were NT\$4,306 thousand (US\$136 thousand) in 2004 and NT\$3,166 thousand (US\$100 thousand) in 2003, shown as loss on disposal of properties.

In 2004, the realized interest expenses from Far Eastern International Leasing Co. and Yuan Ding Leasing Co. were NT\$16,688 thousand (US\$526 thousand) and NT\$5,857 thousand (US\$185 thousand), respectively. In 2003, the realized interest expenses from Far Eastern International Leasing Co. and Yuan Ding Leasing Co. were NT\$24,475 thousand (US\$772 thousand) and NT\$7,173 thousand (US\$226 thousand), respectively.

23. STOCKHOLDERS' EQUITY

Under relevant regulations, the Group's capital surplus from equity-method investments may not be used for any purpose, while other capital surplus items may only be used to offset a deficit. Further, paid-in capital from the issue of stock in excess of par value may be capitalized (as stock dividend) only up to prescribed limits.

The Company's Articles of Incorporation provide that annual net income less any deficit, 10% legal reserve and a certain amount for operational requirements should be appropriated, together with the unappropriated earnings from prior years, as follows:

Dividend	60%
Additional dividend	33%
Bonus to employees	4%
Remuneration to directors and supervisors	3%

These appropriations and earnings distributions should be approved by the stockholders in the following year and given effect to in the financial statements of that year.

Under the Company Law, legal reserve should be appropriated until the reserve equals the Company's paid-in capital. This reserve may be used to offset a deficit. Also, when the reserve has reached 50% of the Company's paid-in capital, up to 50% thereof may be transferred to capital.

The Company's dividend distribution depends on economic conditions, tax obligations, and operating requirements for cash. After taking into account the need to strengthen the Company's financial structure and meet cash demand for investments, store expansion, and other expenditures, the distribution of cash dividends should be over 10% of total cash and stock dividends for the year.

Under regulations promulgated by the Securities and Futures Bureau, a special reserve equivalent to the net debit balance of specific accounts shown in the stockholders' equity, other than the deficit and the cost of the treasury stock arising from the reclassification of the Company's stock held by subsidiaries since January 1, 2002, should be appropriated from unappropriated retained earnings. The balance of the special reserve should be adjusted according to the debit balance of such accounts at year-end.

Under the Integrated Income Tax System, which took effect on January 1, 1998, resident stockholders are allowed a tax credit for the income tax paid by the Company on earnings generated since January 1, 1998. An imputation credit account (ICA) is maintained by the Company for such income tax and the tax credit allocated to each resident stockholder.

The Company had no earnings available for distribution in 2002. Thus, on May 26, 2004, the Company's stockholders resolved that there would be distribution of bonus to employees and remuneration to directors and supervisors in 2003 is as follows:

	New Taiwan Dollars	U.S. Dollars (Note 3)
Remuneration to directors and supervisors - cash paid	\$ 7,840	\$ 247
Bonus to employees - cash paid	<u>10,454</u>	<u>330</u>
	<u>\$ 18,294</u>	<u>\$ 577</u>

The above appropriation of earnings was the same as that proposed by the board of directors on March 4, 2004. Had the bonus to employees and remuneration to directors and supervisors been charged to expense in 2003, the basic earnings per share after tax in 2003 (basis is weighted-average common shares outstanding in 2003) would have decreased from NT\$0.33 to NT\$0.31.

On September 18, 2003, the Company retired 13,099 thousand treasury shares and transferred 14,845 thousand treasury shares to employees on August 18, 2004.

As of February 17, 2005, the date of the accompanying auditors' report, the board of directors had not approved the proposal on the distribution of the 2004 earnings. Information on the appropriation of earnings can be accessed through the Market Observation Post System on the Web site of the Taiwan Stock Exchange (<http://mops.tse.com.tw>).

24. TREASURY STOCK

Reason for Acquisition	Shares in			Shares in
	Thousands (Beginning of Year)	Increase	Decrease	Thousands (End of Year)
<u>Year 2004</u>				
a. For possible transfer to employees	14,845	-	14,845	-
b. Company's issued stock held by subsidiaries	<u>44,977</u>	<u>-</u>	<u>-</u>	<u>44,977</u>
	<u>59,822</u>	<u>-</u>	<u>14,845</u>	<u>44,977</u>
<u>Year 2003</u>				
a. Shares for delivery upon conversion of convertible bonds	13,099	-	13,099	-
b. For transfer to employees	14,845	-	-	14,845
c. Company's issued stock held by subsidiaries	<u>44,977</u>	<u>-</u>	<u>-</u>	<u>44,977</u>
	<u>72,921</u>	<u>-</u>	<u>13,099</u>	<u>59,822</u>

The Company reclassified the Company's shares held by its subsidiaries from short-term and long-term investments to treasury stocks, which amounted to NT\$293,659 thousand (US\$9,260 thousand), based on the Company's equity in these subsidiaries in 2002. As of December 31, 2004, the book value of the treasury shares was NT\$293,659 thousand (US\$9,260 thousand) and fair value was NT\$798,307 thousand (US\$25,174 thousand). As of December 31, 2003, the book value of the treasury shares was NT\$293,659 thousand (US\$9,260 thousand) and fair value was NT\$787,578 thousand (US\$24,836 thousand).

Under the Securities and Exchange Law, the Company may buy up to 10% of its issued and outstanding capital stock. In addition, the Company may not spend more than the sum of the balances of the retained earnings, paid-in capital from the issue of stock in excess of par value and capital surplus from gain on sale of properties to buy its capital stock.

The Company may not pledge or hypothecate treasury stock. In addition, the Company may not exercise any stockholders' rights on the treasury stock, but subsidiaries may do so.

On July 6, 2001, the Company made repayments for the foreign unsecured convertible bonds. Since the investors did not exercise their conversion rights, the capital stock purchased by the Company for such purpose was retired on September 18, 2003, three years from their acquisition dates, as required under the regulations of the Securities and Futures Commission. To credit the treasury stock acquisition cost of NT\$119,200 (US\$3,759), the Company debited NT\$130,990 (US\$4,131) of the capital stock and NT\$39,590 (US\$1,249) of the paid-in capital in excess of par value, and then credited NT\$51,380 (US\$1,620) of additional paid-in capital from treasury stock transactions.

On August 18, 2004, the Company transferred to its employees 14,845 thousand treasury shares amounting to NT\$103,603 thousand (US\$3,267 thousand). After deducting the treasury stock acquisition cost of NT\$135,089 thousand (US\$4,260 thousand) from the amount of the treasury shares transferred to employees, the Company debited NT\$31,486 thousand (US\$993 thousand) to capital surplus - treasury stock transactions.

25. INCOME TAX

a. Income tax expenses consisted of:

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Income tax expenses - current	\$ 837,425	\$ 26,409	\$ 614,823	\$ 19,389
Income tax expenses - deferred	84,662	2,670	(28,909)	(912)
Investment tax credit	(2,167)	(68)	(127)	(4)
Income tax expense on short-term negotiable instruments taxed at 20%	181	6	218	7
Prior year's adjustment	(76,856)	(2,424)	8,058	254
Additional 10% income tax on unappropriated earnings	34,327	1,082	-	-
Income tax expenses	<u>\$ 877,572</u>	<u>\$ 27,675</u>	<u>\$ 594,063</u>	<u>\$ 18,734</u>

b. Deferred income tax consisted of the following:

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Current				
Deferred income tax assets				
Loss carryforward	\$ 95,681	\$ 3,017	\$ 163,799	\$ 5,165
Allowance for doubtful accounts	76,054	2,399	76,139	2,401
Investment tax credits	20,336	641	20,000	631
Allowance for losses on obsolescence	12,170	384	8,183	258
Others	2,228	70	3,158	100
	206,469	6,511	271,279	8,555
Less: Valuation allowance	(45,663)	(1,440)	(31,474)	(993)
	<u>160,806</u>	<u>5,071</u>	<u>239,805</u>	<u>7,562</u>
Deferred income tax liability				
Unrealized exchange gain	-	-	(58)	(2)
Others	(36)	(1)	(36)	(1)
	<u>(36)</u>	<u>(1)</u>	<u>(94)</u>	<u>(3)</u>
	<u>\$ 160,770</u>	<u>\$ 5,070</u>	<u>\$ 239,711</u>	<u>\$ 7,559</u>
Noncurrent				
Deferred income tax assets				
Loss carryforward	\$ 783,022	\$ 24,693	\$ 762,893	\$ 24,058
Cumulative equity in net loss of investees	590,799	18,632	516,108	16,276
Unrealized loss on investment in shares of stock	24,500	772	24,500	772

(Continued)

	<u>2004</u>		<u>2003</u>	
	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 3)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 3)</u>
Investment tax credits	\$ 2,541	\$ 80	\$ 2,208	\$ 70
Others	<u>20,395</u>	<u>643</u>	<u>12,206</u>	<u>385</u>
	1,421,257	44,820	1,317,915	41,561
Less: Valuation allowance	<u>(875,705)</u>	<u>(27,616)</u>	<u>(779,255)</u>	<u>(24,574)</u>
	<u>545,552</u>	<u>17,204</u>	<u>538,660</u>	<u>16,987</u>
Deferred income tax liabilities				
Difference of depreciation expense between financial reporting and tax reporting	(211,584)	(6,673)	(197,309)	(6,222)
Cumulative equity in net income of foreign-domiciled investees	(56,613)	(1,785)	(58,130)	(1,833)
Difference of pension cost between financial reporting and tax reporting	<u>(7,398)</u>	<u>(233)</u>	<u>(7,543)</u>	<u>(238)</u>
	<u>(275,595)</u>	<u>(8,691)</u>	<u>(262,982)</u>	<u>(8,293)</u>
Net deferred income tax assets	<u>\$ 269,957</u>	<u>\$ 8,513</u>	<u>\$ 275,678</u>	<u>\$ 8,694</u>

c. Information on the integrated income tax system is as follows:

	<u>Balance of Imputation Credit Account</u>			
	<u>December 31, 2004</u>		<u>December 31, 2003</u>	
	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 3)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 3)</u>
FEDS	\$ 36,228	\$ 1,142	\$ 31,358	\$ 989
BDIC	86,691	2,734	67,593	2,132
FE Geant	14,011	442	7,169	226
FAPD	397	13	159	5
YTDS	1,368	43	1,368	43
Bai Yang	741	23	3,268	103
FNCD	107	3	119	4
Pacific Investment	109,739	3,461	6	-
SOGO	1,409,453	44,448	1,265,818	39,919

The expected creditable tax ratio for the 2004 earnings and the actual creditable tax ratio for the 2003 earnings were as follows:

	<u>2004</u>	<u>2003</u>
FEDS	2.44	9.91
BDIC	-	-
FE Geant	-	-
FAPD	3.47	33.23
YTDS	-	-
Bai Yang	-	-
FNCD	0.65	-
Pacific Investment	33.33	-
SOGO	33.33	33.33

The calculation of the creditable tax ratio for the Company's earnings is based on the amounts based on the tax payable of the current year. A projected ratio for earnings distribution may differ from an actual ratio depending on the actual balance of the imputation credit account on the distribution date.

Unused investment tax credits as of December 31, 2004 were as follows:

Items	New Taiwan Dollars	U.S. Dollars (Note 3)	Year of Expiry
<u>FEDS</u>			
Investment tax credit	\$ 20,000	\$ 631	2006
<u>FE GEANT</u>			
Investment tax credits and training expense tax credit	1,341	42	2007
	1,200	38	2006
	336	11	2005

The loss carryforwards as of December 31, 2004 were as follows:

Year of Loss	FEDS		FE Geant		YTDS		FNCD		Pacific Investment		Year of Expiry
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	
2004	\$ -	\$ -	\$ 161,630	\$ 5,097	\$ 13,000	\$ 410	\$ 79	\$ 2	\$ 415	\$ 13	2009
2003	63,145	1,991	224,917	7,093	5,380	170	76	2	-	-	2008
2002	-	-	183,762	5,795	6,455	204	-	-	17,096	539	2007
2001	-	-	177,873	5,609	10,005	316	-	-	-	-	2006
2000	-	-	14,870	469	-	-	-	-	-	-	2005

The Group's income tax returns examined were of the following years:

	Year of Latest Tax Return Examined
FEDS	2001
BDIC	2002
FE Geant	2002
FAPD	2002
YTDS	2002
Bai Yang	2002
FNCD	2002
Pacific Investment	2002
SOGO	2001

26. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	2004							
	Included in Operating Cost		Included in Operating Expense		Included in Nonoperating Expense		Total	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
	Dollars		Dollars		Dollars		Dollars	
Personnel expenses								
Salary	\$ 24,451	\$ 771	\$ 2,810,144	\$ 88,620	\$ -	\$ -	\$ 2,834,595	\$ 89,391
Insurance	1,873	59	259,830	8,194	-	-	261,703	8,253
Pension	1,139	36	119,436	3,766	-	-	120,575	3,802
Other	-	-	120,517	3,801	-	-	120,517	3,801
	27,463	866	3,309,927	104,381	-	-	3,337,390	105,247
Depreciation expenses	17,148	541	1,717,710	54,169	4,616	146	1,739,474	54,856
Depletion expenses (included in rental expenses)	-	-	390,500	12,315	-	-	390,500	12,315
Amortization expenses	-	-	460,728	14,529	15,830	499	476,558	15,028
	<u>\$ 44,611</u>	<u>\$ 1,407</u>	<u>\$ 5,878,865</u>	<u>\$ 185,394</u>	<u>\$ 20,446</u>	<u>\$ 645</u>	<u>\$ 5,943,922</u>	<u>\$ 187,446</u>

	2003							
	Included in Operating Cost		Included in Operating Expense		Included in Nonoperating Expense		Total	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
	Dollars		Dollars		Dollars		Dollars	
Personnel expenses								
Salary	\$ 36,637	\$ 1,155	\$ 2,702,692	\$ 85,232	\$ -	\$ -	\$ 2,739,329	\$ 86,387
Insurance	2,908	92	194,865	6,145	-	-	197,773	6,237
Pension	1,230	39	113,096	3,566	-	-	114,326	3,605
Other	-	-	186,102	5,869	-	-	186,102	5,869
	40,775	1,286	3,196,755	100,812	-	-	3,237,530	102,098
Depreciation expenses	16,777	529	1,778,293	56,080	5,812	183	1,800,882	56,792
Depletion expenses (included in rental expenses)	-	-	411,148	12,966	-	-	411,148	12,966
Amortization expenses	-	-	515,403	16,254	12,696	400	528,099	16,654
	<u>\$ 57,552</u>	<u>\$ 1,815</u>	<u>\$ 5,901,599</u>	<u>\$ 186,112</u>	<u>\$ 18,508</u>	<u>\$ 583</u>	<u>\$ 5,977,659</u>	<u>\$ 188,510</u>

27. CONSOLIDATED EARNINGS PER SHARE

Numerators and denominators used to calculate consolidated earnings per share (EPS) were as follows:

	Amount (Numerator)				Shares (Denominator) (Thousands)	Earnings Per Share			
	Before Tax		After Tax			Before Tax		After Tax	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)		New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
2004									
Consolidated net income	\$ 2,782,419	\$ 87,745							
Add: Minority interest and subsidiary employee benefits and directors' and supervisors' remuneration effect	(1,219,326)	(38,452)							
	<u>\$ 1,563,093</u>	<u>\$ 49,293</u>	<u>\$ 1,479,529</u>	<u>\$ 46,658</u>					
Basic earnings per share					932,739	\$ 1.68	\$ 0.05	\$ 1.59	\$ 0.05
Pro forma information on the assumption that the Company's stocks traded or held by subsidiaries are treated as investments instead of treasury stock									
Consolidated net income	\$ 2,786,927	\$ 87,888							
Add: Minority interest and subsidiary employee benefits and directors' and supervisors' remuneration effect	(1,219,326)	(38,452)							
	<u>\$ 1,567,601</u>	<u>\$ 49,436</u>	<u>\$ 1,484,037</u>	<u>\$ 46,800</u>					
Basic earnings per share					977,716	\$ 1.60	\$ 0.05	\$ 1.52	\$ 0.05

(Continued)

	Amount (Numerator)				Shares (Denominator) (Thousands)	Earnings Per Share			
	Before Tax		After Tax			Before Tax		After Tax	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)		New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
<u>2003</u>									
Consolidated net income	\$ 727,681	\$ 22,948							
Add: Minority interest and subsidiary employee benefits and directors' and supervisors' remuneration effect	<u>(337,566)</u>	<u>(10,645)</u>							
	<u>\$ 390,115</u>	<u>\$ 12,303</u>	<u>\$ 301,812</u>	<u>\$ 9,518</u>					
Basic earnings per share					<u>927,223</u>	<u>\$ 0.42</u>	<u>\$ 0.01</u>	<u>\$ 0.33</u>	<u>\$ 0.01</u>
Pro forma information on the assumption that the Company's stocks traded or held by subsidiaries are treated as investments instead of treasury stock									
Consolidated net income	\$ 732,253	\$ 23,092							
Add: Minority interest and subsidiary employee benefits and directors' and supervisors' remuneration effect	<u>(337,566)</u>	<u>(10,645)</u>							
	<u>\$ 394,687</u>	<u>\$ 12,447</u>	<u>\$ 306,384</u>	<u>\$ 9,662</u>					
Basic earnings per share					<u>972,200</u>	<u>\$ 0.41</u>	<u>\$ 0.01</u>	<u>\$ 0.32</u>	<u>\$ 0.01</u>

28. PENSION PLAN

FEDS makes contributions, equal to 6% of salaries and wages, to a pension fund. The fund is administered by a pension plan committee and deposited in the committee's name in a financial institution. When FEDS became subject to the Labor Standards Law (LSL) on March 1, 1998, it reorganized the composition of the pension plan committee to conform to LSL requirements, and the reorganized committee has administered the fund assets since March 1, 1998.

FE Geant and YTDS and SOGO make contributions, equal to 2% of salaries and wages, to a pension fund monthly.

a. Net periodic pension cost

	2004							
	FEDS		FE Geant		YTDS		SOGO	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Service cost	\$ 29,485	\$ 930	\$ 19,772	\$ 624	\$ 742	\$ 23	\$ 33,432	\$ 1,054
Interest cost	16,955	535	4,476	141	283	9	11,031	348
Projected return on plan assets	(13,139)	(414)	(2,149)	(68)	(106)	(3)	(2,359)	(74)
Amortization	<u>2,713</u>	<u>85</u>	<u>2,160</u>	<u>68</u>	<u>30</u>	<u>1</u>	<u>11,982</u>	<u>378</u>
	<u>\$ 36,014</u>	<u>\$ 1,136</u>	<u>\$ 24,259</u>	<u>\$ 765</u>	<u>\$ 949</u>	<u>\$ 30</u>	<u>\$ 54,086</u>	<u>\$ 1,706</u>

2003

	FEDS		FE Geant		YTDS		SOGO	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Service cost	\$ 38,203	\$ 1,205	\$ 17,265	\$ 545	\$ 717	\$ 23	\$ 27,422	\$ 865
Interest cost	17,300	546	3,723	117	283	9	10,741	339
Projected return on plan assets	(12,654)	(399)	(1,721)	(54)	(114)	(4)	(2,429)	(77)
Amortization	<u>1,823</u>	<u>57</u>	<u>1,820</u>	<u>57</u>	<u>30</u>	<u>1</u>	<u>11,982</u>	<u>378</u>
	<u>\$ 44,672</u>	<u>\$ 1,409</u>	<u>\$ 21,087</u>	<u>\$ 665</u>	<u>\$ 916</u>	<u>\$ 29</u>	<u>\$ 47,716</u>	<u>\$ 1,505</u>

b. Reconciliation of the funded status of the plans and prepaid pension cost (accrued pension liabilities)

	FEDS		FE Geant		YTDS		SOGO	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
<u>2004</u>								
Present value of benefit obligation:								
Vested	\$ (92,661)	\$ (2,922)	\$ (49,495)	\$ (1,561)	\$ -	\$ -	\$ (4,905)	\$ (155)
Non-vested	<u>(282,657)</u>	<u>(8,914)</u>	<u>(97,437)</u>	<u>(3,073)</u>	<u>(7,019)</u>	<u>(221)</u>	<u>(258,024)</u>	<u>(8,137)</u>
Accumulated	(375,318)	(11,836)	(146,932)	(4,634)	(7,019)	(221)	(262,929)	(8,292)
Additional benefits based on future salaries	<u>(152,092)</u>	<u>(4,796)</u>	<u>(12,258)</u>	<u>(386)</u>	<u>(1,993)</u>	<u>(63)</u>	<u>(136,116)</u>	<u>(4,292)</u>
Projected	(527,410)	(16,632)	(159,190)	(5,020)	(9,012)	(284)	(399,045)	(12,584)
Fair value of plan assets	<u>463,406</u>	<u>14,614</u>	<u>67,869</u>	<u>2,140</u>	<u>3,364</u>	<u>106</u>	<u>84,227</u>	<u>2,656</u>
Funded status	(64,004)	(2,018)	(91,321)	(2,880)	(5,648)	(178)	(314,818)	(9,928)
Unrecognized net transition obligation (assets)	(192,215)	(6,062)	(1,959)	(62)	77	2	203,695	6,424
Unrecognized prior service cost	(19,145)	(604)	-	-	78	3	-	-
Unrecognized net actuarial loss	384,600	12,129	44,455	1,402	256	8	36,944	1,165
Additional pension cost	-	-	(30,238)	(953)	-	-	(104,522)	(3,296)
Prepaid pension cost (accrued pension liabilities)	<u>\$ 109,236</u>	<u>\$ 3,445</u>	<u>\$ (79,063)</u>	<u>\$ (2,493)</u>	<u>\$ (5,237)</u>	<u>\$ (165)</u>	<u>\$ (178,701)</u>	<u>\$ (5,635)</u>

	FEDS		FE Geant		YTDS		SOGO	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
<u>2003</u>								
Present value of benefit obligation:								
Vested	\$ (98,634)	\$ (3,111)	\$ (37,552)	\$ (1,184)	\$ -	\$ -	\$ (5,150)	\$ (162)
Non-vested	<u>(270,932)</u>	<u>(8,544)</u>	<u>(79,654)</u>	<u>(2,512)</u>	<u>(6,231)</u>	<u>(196)</u>	<u>(220,494)</u>	<u>(6,954)</u>
Accumulated	(369,566)	(11,655)	(117,206)	(3,696)	(6,231)	(196)	(225,644)	(7,116)
Additional benefits based on future salaries	<u>(154,965)</u>	<u>(4,887)</u>	<u>(13,676)</u>	<u>(431)</u>	<u>(1,863)</u>	<u>(59)</u>	<u>(113,764)</u>	<u>(3,588)</u>
Projected	(524,531)	(16,542)	(130,882)	(4,127)	(8,094)	(255)	(339,408)	(10,704)
Fair value of plan assets	<u>387,623</u>	<u>12,224</u>	<u>57,747</u>	<u>1,821</u>	<u>2,813</u>	<u>88</u>	<u>71,873</u>	<u>2,267</u>
Funded status	(136,908)	(4,318)	(73,135)	(2,306)	(5,281)	(167)	(267,535)	(8,437)
Unrecognized net transition obligation (assets)	(211,436)	(6,667)	(2,286)	(72)	89	3	215,677	6,802
Unrecognized prior service cost	(20,512)	(647)	-	-	97	3	-	-
Unrecognized net actuarial loss	448,571	14,146	37,954	1,197	256	8	16,901	533
Additional pension cost	-	-	(21,992)	(694)	-	-	(118,814)	(3,747)
Prepaid pension cost (accrued pension liabilities)	<u>\$ 79,715</u>	<u>\$ 2,514</u>	<u>\$ (59,459)</u>	<u>\$ (1,875)</u>	<u>\$ (4,839)</u>	<u>\$ (153)</u>	<u>\$ (153,771)</u>	<u>\$ (4,849)</u>

c. Vested benefits - undiscounted

	FEDS		FE Geant		YTDS		SOGO	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
2004	\$ 121,011	\$ 3,816	\$ 49,495	\$ 1,561	\$ -	\$ -	\$ 5,637	\$ 178
2003	\$ 129,767	\$ 4,092	\$ 37,552	\$ 1,184	\$ -	\$ -	\$ 5,745	\$ 181

d. Actuarial assumptions

	FEDS	FE Geant	YTDS	SOGO
<u>2004</u>				
Discount rate used in determining present value	3.25%	3.00%	3.50%	3.25%
Future salary increase rate	3.00%	1.50%	2.00%	3.00%
Expected rate of return on plan assets	3.25%	3.00%	3.50%	3.25%
<u>2003</u>				
Discount rate used in determining present value	3.25%	3.50%	3.50%	3.25%
Future salary increase rate	3.00%	1.50%	2.00%	3.00%
Expected rate of return on plan assets	3.25%	3.50%	3.50%	3.25%

e. Contributions to and payments from the fund

	FEDS		FE Geant		YTDS		SOGO	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
<u>2004</u>								
Contributions	\$ 65,535	\$ 2,067	\$ 21,806	\$ 688	\$ 552	\$ 17	\$ 14,863	\$ 469
Payments	\$ 49,744	\$ 1,569	\$ 12,420	\$ 392	\$ -	\$ -	\$ -	\$ -
<u>2003</u>								
Contributions	\$ 35,522	\$ 1,120	\$ 17,589	\$ 555	\$ 462	\$ 15	\$ 14,221	\$ 448
Payments	\$ 40,134	\$ 1,266	\$ 6,212	\$ 196	\$ -	\$ -	\$ -	\$ -

The Labor Pension Act of ROC (the "Act"), to take effect on July 1, 2005, provides for a new pension mechanism, which is considered a defined contribution plan. The employees subject to the Labor Standards Law ("Law") before the enforcement of this Act may choose to be subject to either the Act or the Law. For those employees who are subject to the Labor Standards Law before July 1, 2005, still work for the same company from July 1, 2005 and choose to be subject to the Act, their service years as of July 1, 2005 will not be canceled. Under the Act, the rate of an employer's monthly contributions to the Labor Pension Fund should be at amounts equal to at least 6% of each employee's monthly basic salary or wage.

29. RELATED-PARTY TRANSACTIONS

Significant related-party transactions, in addition to those shown in Notes 11, 12, 13, 16, 22 and 31, are summarized in the accompanying Tables 2 and 3.

The Group's related parties were as follows:

Related Party	Relationship with the Group
Far Eastern Textile Co. (FET)	Equity-method investor of FEDS
DFI Casino B.V. (DFIC)	Equity-method investor of FE Geant
Yuan Ding Investment Co., Ltd. (YDI)	Equity-method investor of PLTI
Ya Tung Securities Corporation	Equity-method investee
Far Eastern Continent Co., Ltd.	Equity-method investee
Pacific Department Store Co., Ltd.	Equity-method investee
Sogo Department Store Co., Ltd.	Equity-method investee
Pacific 88 Co., Ltd.	Equity-method investee
Pacific Sogo Investment Co., Ltd.	Equity-method investee
Pacific United Consultant Co., Ltd.	Equity-method investee
Lian Ching Investment Co., Ltd.	Equity-method investee
Yu Ming Advertising Agency Co.	Equity-method investee
Far Eastern CitySuper Ltd.	Equity-method investee
Far Eastern International Leasing Co.	Equity-method investee
Far Eastern Apparel Co., Ltd.	Indirect subsidiary of Far Eastern Textile Co.
Pacific Security Co., Ltd.	Equity-method investee of Pacific United Consultant Co., Ltd.
Pacific Department Management & Maintenance Co., Ltd.	Equity-method investee of Pacific United Consultant Co., Ltd.
Asia Cement Corp. (ACC)	ACC and FEDS have the same director
Yuan Ding Co., Ltd. (YDCL)	YDCL and FEDS have the same director
Far Eastern International Bank (FEIB)	FEIB and FEDS have the same director
FarEasTone Telecom Co., Ltd. (FETCL)	FETCL and FEDS have the same director
Far Eastern Resource Development Ltd., Corp. (FERDL)	FERDL and FEDS have the same director
New Century Information Communication Technology Co., Ltd. (NCICT)	NCICT and FEDS have the same director
Far Eastern General Contractor Inc.	A director was Company chairman in 2004 and 2003
Asia Concrete Corporation	A director was Company chairman in 2004 and 2003
Hong-Tong Comprehensive Commercial Developing Co., Ltd.	A director was Company chairman in 2004 and 2003
Shanghai Xuijiahui Centre Holdings Co., Ltd.	Joint venture partner of SOGO
Chengdu People's Department Store (Group) Co., Ltd.	Joint venture partner of SOGO
Quanxing Wine Factory	Joint venture partner of SOGO
Hutchison Enterprises (Chongqing) Co., Ltd.	Joint venture partner of SOGO
Others	Others (no transactions; Table 10)

30. ASSETS PLEDGED OR MORTGAGED

In addition to those mentioned in Notes 8 and 31, the following assets had been pledged as security for purchases of certain items; as mortgages to secure bank loans, commercial paper payable, and bonds issued; and as security in relation to tax appeals:

	2004		2003	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Time deposits (shown as part of other financial assets)	\$ 12,731	\$ 401	\$ 33,861	\$ 1,068
Long-term investments, net	8,065,661	254,357	5,899,772	186,054
Properties, net	13,919,537	438,964	13,581,512	428,303
Idle properties, net	278,445	8,781	336,570	10,614
Restricted assets (time deposits)	22,500	710	22,500	710
Lands held for future construction (included in other assets)	30,981	977	30,981	977
	<u>\$ 22,329,855</u>	<u>\$ 704,190</u>	<u>\$ 19,905,196</u>	<u>\$ 627,726</u>

31. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES AS OF DECEMBER 31, 2004

Significant commitments and contingent liabilities as of December 31, 2004, in addition those mentioned in Note 21, are summarized as follows:

- Unused letters of credit aggregated NT\$4,927 thousand (US\$155 thousand).
- Outstanding construction contracts aggregated NT\$155,039 thousand (US\$4,889 thousand).
- Guarantees on the loans of related parties and others were as follows:

	New Taiwan Dollars	U.S. Dollars (Note 3)
Far Eastern Continent Co., Ltd.	\$ 180,000	\$ 5,676
Yu Ming Advertising Agency Co.	<u>110,824</u>	<u>3,495</u>
	<u>\$ 290,824</u>	<u>\$ 9,171</u>

- In addition to the lease contracts mentioned in Notes 11, 12, 13 and 16, other major operating lease contracts are listed below:
 - FEDS leases from Asia Cement Corporation (a related party) the site of its store in Taipei. The lease agreement will expire on December 31, 2006, but the lessor allowed FEDS to renew the lease upon its expiry. The monthly rent is NT\$5,468 thousand (US\$172 thousand).
 - FEDS leases from Cooperative Bank the site of its store in Chungli. The lease term is up to October 15, 2008. FEDS paid this bank NT\$50,000 thousand (US\$1,577 thousand), shown as refundable deposits. The monthly rent is NT\$5,529 thousand (US\$174 thousand). On February 21, 2004, FEDS transferred the store to the Pacific Sogo Department Store Co. (an indirect subsidiary).

- 3) YTDS subleased all the B1 and B2 operating sites to a related party, Far Eastern CitySuper Ltd., from October 1, 2004 to September 30, 2010. The monthly rent is NT\$3,940 thousand (US\$124 thousand), including the comprehensive administrative fees. Under the contract, the rent is computed from the grand opening date (December 14, 2004). From the contract starting date (October 1, 2004) to the grand opening date, YTDS only charged Far Eastern CitySuper Ltd. for comprehensive administrative fees of NT\$1,416 thousand (US\$45 thousand). Moreover, YTDS should have received a rent deposit of NT\$7,880 thousand (US\$249 thousand). However, YTDS had not received this deposit from Far Eastern City Super Ltd. as of February 17, 2005, the date of the accompanying auditors' report.
- 4) Under a contract, Taipei Liu-Gong Soil and Water Resources Institute agreed to transfer land use rights on a property located in Taipei City from Pacific Construction Co. to SOGO. The annual rent is 10% of the government-declared land value. The rent paid was NT\$73,590 thousand (US\$2,321 thousand) in 2004 and NT\$67,015 thousand (US\$2,113 thousand) in 2003. The refundable guarantee deposit was NT\$200,000 thousand (US\$6,307 thousand) as of December 31, 2004 and 2003.
- 5) For operating purposes, SOGO rents a building located in Chongli City from Liuhe Fextile Factory Co. and Haihua Construction Co. The renewable lease is up to December 2016, and SOGO receives preference over others in leasing the building. Monthly rent for the first three years is NT\$22,750 thousand (US\$717 thousand), and would be the higher of the basic rent or 6% of the sales revenue every year from 2002. The rent was NT\$342,052 thousand (US\$10,789 thousand) in 2004 and NT\$325,740 thousand (US\$10,272 thousand) in 2003. The refundable deposit was NT\$65,001 thousand (US\$2,050 thousand) in 2003 and 2004, and \$300,681 thousand (US\$9,482) and \$253,041 thousand (US\$7,980 thousand) as of December 31, 2004 and 2003, respectively.

In 2004, Liuhe Textile Factory Co. ("Liuhe") and Haihua Construction Co. ("Haihua") could not agree with SOGO on decreasing the rent. With the approval of the court, Liuhe and Haihua carried out provisional seizure of rent of NT\$6,735 thousand (US\$212 thousand) and court fees from SOGO of NT\$55 thousand (US\$2 thousand) on January 15, 2004 and February 11, 2004, respectively. To resolve the seizure, SOGO deposited NT\$6,735 thousand (US\$212 thousand) as pledge to the court on January 20, 2004 and February 18, 2004, for a total of NT\$13,470 thousand (US\$425 thousand), shown as refundable deposits. As of December 31, 2004, this case was pending before the court. However, it remains difficult to determine whether SOGO will win this case because the legal process is in the early stage. If SOGO loses, SOGO will need to pay certain amounts of the monthly rent (since December 12, 2003) of NT\$2,357 (US\$74 thousand) and NT\$4,378 thousand (US\$138 thousand) to Liuhe and to Haihua, respectively.

- 6) SOGO rents a building located in Hsinchu City from Hsinchu Bus Co. for operating purposes. The renewable lease is up to December 2019, and SOGO receives preference over others in renting the building. Quarterly rent is the higher of the basic rent or 6% of the sales revenue. The rent was NT\$209,434 thousand (US\$6,605 thousand) in 2004 and NT\$194,524 thousand (US\$6,134 thousand) in 2003. The refundable deposit was NT\$96,040 thousand (US\$3,029 thousand) in 2004 and 2003, and the refundable guarantee deposits were NT\$336,876 thousand (US\$10,624 thousand) as of December 31, 2004 and 2003, respectively.
- 7) For operating purposes, SOGO rents a building located in Taipei City from Pacific Department Stores Co., Ltd. The renewable lease is up to December 31, 2004. The contract, renewed in July 2003, will expire on December 23, 2009. The monthly rent is NT\$8,500 thousand (US\$268 thousand). After the expiry date, SOGO may extend the contract for one year under the same terms. The rent was NT\$120,684 thousand (US\$3,806 thousand) in 2004 and NT\$118,829 thousand (US\$3,747 thousand) in 2003. The refundable guarantee deposit note was NT\$13,456 thousand (US\$424 thousand) as of December 31, 2003.

The future minimum rental expenses for all lease contracts for the next five years are summarized below:

Year	Rental Expense	
	New Taiwan Dollars	U.S. Dollars (Note 3)
2005	\$ 1,368,585	\$ 43,159
2006	1,510,017	47,620
2007	1,292,827	40,770
2008	1,305,869	41,182
2009	<u>1,326,371</u>	<u>41,828</u>
	<u>\$ 6,803,669</u>	<u>\$ 214,559</u>

- e. In 1997, FEDS and Taiwan Development and Trust Corporation (TDTC) entered into an agreement for TDTC to construct a building in Hsin-Chu. FEDS will then buy this building as well as the building site. The cost of this property was NT\$4,046,030 thousand (US\$127,595 thousand) after deducting the public funds (for setting up the building maintenance committee, etc.) and a certain discount to FEDS of NT\$68,426 thousand (US\$2,158 thousand) from NT\$4,114,456 thousand (US\$129,753 thousand) (total cost of property - pretax). The building construction was completed in November 2002. FEDS transferred the net amount of NT\$4,046,030 thousand (US\$127,595 thousand) from constructions in progress to the cost of property. However, as of December 31, 2003, FEDS had not made the final construction payment to TDTC of NT\$457,819 thousand (US\$14,438 thousand), shown as part of payable on properties.

On January 23, 2003, TDTC sued FEDS for unpaid final payments of NT\$1,048,296 thousand (US\$33,059 thousand) (the final payment for the sales contract and additional payment for the change of design). However, TDTC had serious breaches of the related contract, enabling FEDS to demand compensation, which can be offset against the payments to TDTC. As of December 31, 2004, this case was still under court review.

- f. For its shopping center operations, SOGO entered into a contract in August 2000 to rent from Cathay Life Insurance Co. (CLIC) and Cathay Construction Co. (CCC) a building to be constructed in Taipei City under a 20-year lease. For this lease, SOGO provided an NT\$150,000 thousand (US\$4,730 thousand) bank note as construction guarantee and an NT\$22,500 thousand (US\$710 thousand) time deposit as contract guarantee. However, the building construction caused some damage to the community in the vicinity of the building site and SOGO thus could not obtain the operating license within the deadline stipulated in the rental contract.

On May 1, 2003, SOGO terminated the lease contract on May 1, 2003. As a result, CLIC and CCC filed a case with the court, jointly demanding from SOGO and its guarantor, Cooperative Bank, a compensation of NT\$150,000 thousand (US\$4,730 thousand) plus 5% annual interest from June 23, 2003 to the payment date. CLIC and CCC lost this lawsuit and later filed an appeal with the Taiwan High Court. At present, this case is pending before the Taiwan High Court.

- g. On March 19, 2004, Cathay United Bank (CUB) sued SOGO for a dispute on SOGO's compliance with a credit card contract with CUB and asked the court to (a) issue a restraining order to prevent SOGO from accessing its deposit in CUB of about NT\$1,650,000 thousand (US\$48,572 thousand) and (b) require SOGO to pay NT\$13,200 thousand (US\$389 thousand), the court fee paid by CUB for this case. On April 20, 2004, the Taipei District Court permitted SOGO to provide the court with certain stock securities in line with its plea to revoke the restraining order.

CUB asked the Taipei District Court to issue a temporary restraining order (TRO) to prohibit SOGO from issuing SOGO Point Cards and from granting benefits based on points earned by customers on the cards. The Taipei District Court rejected CUB's request, and CUB then filed an appeal with the Taiwan High Court. On May 27, 2004, the Taiwan High Court approved the TRO issuance. SOGO disagreed with this decision and filed an appeal. At present, the case is under review by the Supreme Court of the Republic of China.

- h. As of December 31, 2004, SOGO had a refundable guarantee deposit of NT\$192,000 thousand (US\$6,055 thousand) payable to Pacific Department Store (PDS). However, SOGO and PDS disagreed on the debtor and creditor's rights. On May 10, 2004, Pacific Department Store got court approval to seize SOGO's property amounting to the refundable deposit of NT\$192,000 thousand (US\$6,055 thousand) and the execution fee and interest expense amounting to NT\$1,536 thousand (US\$48 thousand).

The interest expense calculation is for the period from July 31, 2003 to the payoff date at 6% interest rate. The total amount seized was NT\$202,500 thousand (US\$6,386 thousand), shown as restricted assets. On May 26, 2004, SOGO provided 19,200 thousand shares of common stocks (book value amounting to \$293,760 thousand (US\$9,264 thousand) of Far Eastern Textile Ltd. owned by Bai Ding Investment Co. as escrow of collaterals by the court to stop executing enforcement mandatory. Currently, the case is in putting on trial by Taipei District Court.

- i. As of December 31, 2004, SOGO's refundable guarantee deposit payable to Ming-Yang Developing Co. was NT\$98,000 thousand (US\$3,091 thousand). SOGO and Ming-Yang Developing Co. disagreed on the debt and creditor's rights. On April 8, 2004, Ming-Yang Developing Ltd. got court approval to seize SOGO's property amounting to the refundable guarantee deposit of NT\$98,000 thousand (US\$3,091 thousand) and the execution fee and interest expense amounting to NT\$784 thousand (US\$25 thousand). The related interest expense calculation covers the period from July 31, 2003 to the payoff date at 6% interest. The total amount of the seized property was NT\$70,834 thousand (US\$2,234 thousand), shown as restricted assets. On April 15, 2004, SOGO placed with the court NT\$98,000 thousand (US\$3,091 thousand) in cash in escrow, which was deposited in the national treasury, to stop the property seizure. Currently, this case is pending before the Taipei District Court.
- j. As of December 31, 2004, SOGO had issued to SOGO Japan a long-term refundable guarantee deposit note amounting to NT\$374,297 thousand (US\$11,804 thousand) as a collateral for Taiwan Chong-Guang Ltd.'s accounts payable to SOGO Japan.
- k. On June 20, 2002, SOGO, Pacific Liu Tong Investment Co.(PLTIC) and Pacific Construction Co.(PCC) jointly signed with the Carlyle Group(CG) a tied to a May 23, 2001 contract (described in the latter part of this paragraph) with the CG. Under the 2002 contract, CG is eligible to sell all of or part of its Pacific China Holdings Co. (PCHC) holdings to SOGO and PLTIC when SOGO's or PLTIC's shares are transferred to third parties at a certain percentage. As of September 30, 2002, PLTIC had issued new shares to solve its financial problem, and the Company and its subsidiaries bought some of these shares to acquire majority interest in PLTIC. On March 6, 2003, CG requested SOGO and PLTIC to buy back its holdings of PCHC shares under the June 20, 2002 contract. Under a contract signed between CG and PCC on May 23, 2001, CG requested SOGO and PLTIC to transfer 5% of PCHC capital stocks to CG at no cost to CG since SOGO and PLTIC had failed to fulfill a commitment to set up a new SOGO store in Beijing. However, SOGO and PLTIC refused to make this buyback. Thus, CG brought this case to the International Court of Arbitration. In December 2004, the International Court of Arbitration declared that SOGO and PLTIC should buy the PCHC shares from CG pending an investment bank's determination of the share selling price and that SOGO and PLTIC need not fulfill its commitment to set up a new store in Beijing.

32. LOSS ON A BRANCH CLOSURE

March 11, 2003, FE Geant's board of directors resolved to phase out in May 2003 the operations of the De-An branch. Losses on the branch closure were as follows:

	New Taiwan Dollars	U.S. Dollars (Note 3)
Loss on disposal of fixed assets	\$ 114,067	\$ 3,597
Fine on cancellation of contract	100,875	3,181
Loss on the write-off of deferred expenses	19,731	622
Loss on sale of samples	17,535	553
Employee expenses during the phase-out period	7,063	223
Loss on movement of equipment	3,728	118
Depreciation expenses during the phase-out period	2,410	76
Others	<u>485</u>	<u>15</u>
	<u>\$ 265,894</u>	<u>\$ 8,385</u>

33. SUBSEQUENT EVENT

Subsequent events, in addition to Note 14, are summarized as follows:

- On February 4, 2005, the board of directors of the Company resolved to invest about US\$2,000 thousand (US\$63 thousand) in FEDS Development to set up Tain Ching FEDS Department Stores Ltd. in Mainland China. As of February 17, 2005, the date of the accompanying auditors' report, the investment application had not been approved by the Investment Commission nor had the Company remitted any investment funds to Mainland China.
- The Land Tax Act was amended on January 30, 2005, resulting in the reduction of the land value increment tax effective February 2005. Therefore, the Company's reserve for land value increment tax payable would decrease by NT\$318,820 thousand (US\$10,054 thousand), to be charged to capital surplus - revaluation increment on properties.
- On January 11, 2005, the board of directors of the Company resolved to subscribe for 104,196 thousand shares of Far Eastern International Leasing Corp. for NT\$1,354,548 thousand (US\$42,717 thousand) and 6,089 thousand shares of Ya Tung Department Stores for NT\$60,892 thousand (US\$1,920 thousand).

34. FINANCIAL INSTRUMENTS

The Group had no derivative transactions in 2004 and 2003.

	December 31							
	2004				2003			
	Carrying Value		Fair Value		Carrying Value		Fair Value	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Nondervative Financial Instruments								
Assets								
Cash and cash equivalents	\$ 4,912,295	\$ 154,913	\$ 4,912,295	\$ 154,913	\$ 4,161,035	\$ 131,222	\$ 4,161,035	\$ 131,222
Short-term investments	3,899,201	122,964	3,963,650	124,997	4,629,207	145,986	5,404,653	170,440
Notes and accounts receivable, net	1,137,106	35,860	1,137,106	35,860	1,246,311	39,303	1,246,311	39,303

(Continued)

	December 31							
	2004				2003			
	Carrying Value		Fair Value		Carrying Value		Fair Value	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Nondervative Financial Instruments								
Other receivables	\$ 446,786	\$ 14,090	\$ 446,786	\$ 14,090	\$ 397,209	\$ 12,526	\$ 397,209	\$ 12,526
Time deposits	12,731	401	12,731	401	33,861	1,068	33,861	1,068
Long-term investments (included credit)	8,292,883	261,415	9,004,662	283,969	7,605,400	239,842	7,605,736	239,853
Refundable deposits	1,227,113	38,698	1,227,113	38,698	1,346,081	42,450	1,346,081	42,450
Restricted assets	295,834	9,329	295,834	9,329	22,500	710	22,500	710
Liabilities								
Short-term bank loans	3,031,680	95,606	3,031,680	95,606	5,676,538	179,014	5,676,538	179,014
Commercial paper issued	4,631,427	146,056	4,631,427	146,056	3,863,372	121,835	3,863,372	121,835
Notes and accounts payable	13,432,074	423,591	13,432,074	423,591	13,371,564	421,683	13,371,564	421,683
Accrued expenses	1,453,470	45,837	1,453,470	45,837	1,422,137	44,848	1,422,137	44,848
Other payables	424,223	13,378	424,223	13,378	435,805	13,743	435,805	13,743
Payable on properties	1,000,022	31,537	1,000,022	31,537	1,163,088	36,679	1,163,088	36,679
Bonds issued	6,975,000	219,963	7,010,136	221,070	7,400,000	233,366	7,455,794	235,124
Bank loans and commercial paper payable	16,034,372	505,656	16,034,372	505,656	13,586,900	428,474	13,586,900	428,474
Franchise liabilities	1,528,180	48,192	1,528,180	48,192	2,158,885	68,081	2,158,885	68,081
Capital lease liabilities	385,552	12,159	385,552	12,159	911,719	28,752	911,719	28,752
Deposits received	154,283	4,866	154,283	4,866	152,240	4,801	152,240	4,801

The methods and assumptions applied in estimating fair values are as follows:

- The carrying values of financial instruments approximate fair values because of the short maturity of these instruments. This assumption was applied to cash and cash equivalents, notes and accounts receivables, other receivables, short-term bank loans, commercial paper issued, notes and accounts payables, accrued expenses, payables on properties and payables on coupon.
- Long-term and short-term investments in shares of stocks listed or traded over the counter and mutual funds are based on quoted market prices on the balance sheet date, or, if the market prices are unavailable, on the equity in the investees' net assets on the latest balance sheet date.
- The fair values of time deposits, refundable deposits, and deposits received are based on book values because there is no big difference between the book values and the amounts of future cash flows.
- The fair value of the bonds issued are based on their market values on the balance sheet date.
- The fair value of long-term liabilities, the accrued franchise liabilities and the accrued lease liabilities are based on the present values of expected cash outflows discounted at the rate of bank loans with similar maturities.

35. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the Securities and Futures Commission required for the Company and its investees:

- Financing provided: Table 4 (attached)
- Endorsement/guarantee provided: Table 5 (attached)
- Marketable securities held: Table 6 (attached)
- Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 7 (attached)
- Acquisition of individual real estates at costs of at least NT\$100 million or 20% of the paid-in capital: Table 8 (attached)

- f. Disposal of individual real estates at prices of at least NT\$100 million or 20% of the paid-in capital: None
- g. Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 9 (attached)
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 10 (attached)
- i. Names, locations, and related information of investees on which the Company exercises significant influence: Table 11 (attached)
- j. Derivative financial transactions: None.
- k. Investment in Mainland China
 - 1) Investee company name, the description of the primary business activity and products, issued capital, nature of the relationship, capital inflow or outflow, ownership interest, gain or loss on investment, amounts received on investment, and the limitation on investment: Table 12 (attached)
 - 2) Significant direct or indirect transactions with the investee company, prices, payment terms and unrealized gain or loss:
 - a) Amount and percentage of sales; the balance and percentage of related accounts payables: None
 - b) Amount and percentage of purchase; the balance and percentage of related accounts receivables: None
 - c) Gain (loss) on and amounts of asset: None
 - d) The balance and purpose of note endorsement/guarantee provided or collateral security pledged: Table 5 (attached)
 - e) Maximum balance for the period, ending balance, interest rate and amount of financing provision: Table 4 (attached)
 - f) Other transactions which have significant influence over current year's gain or loss or financial status: None

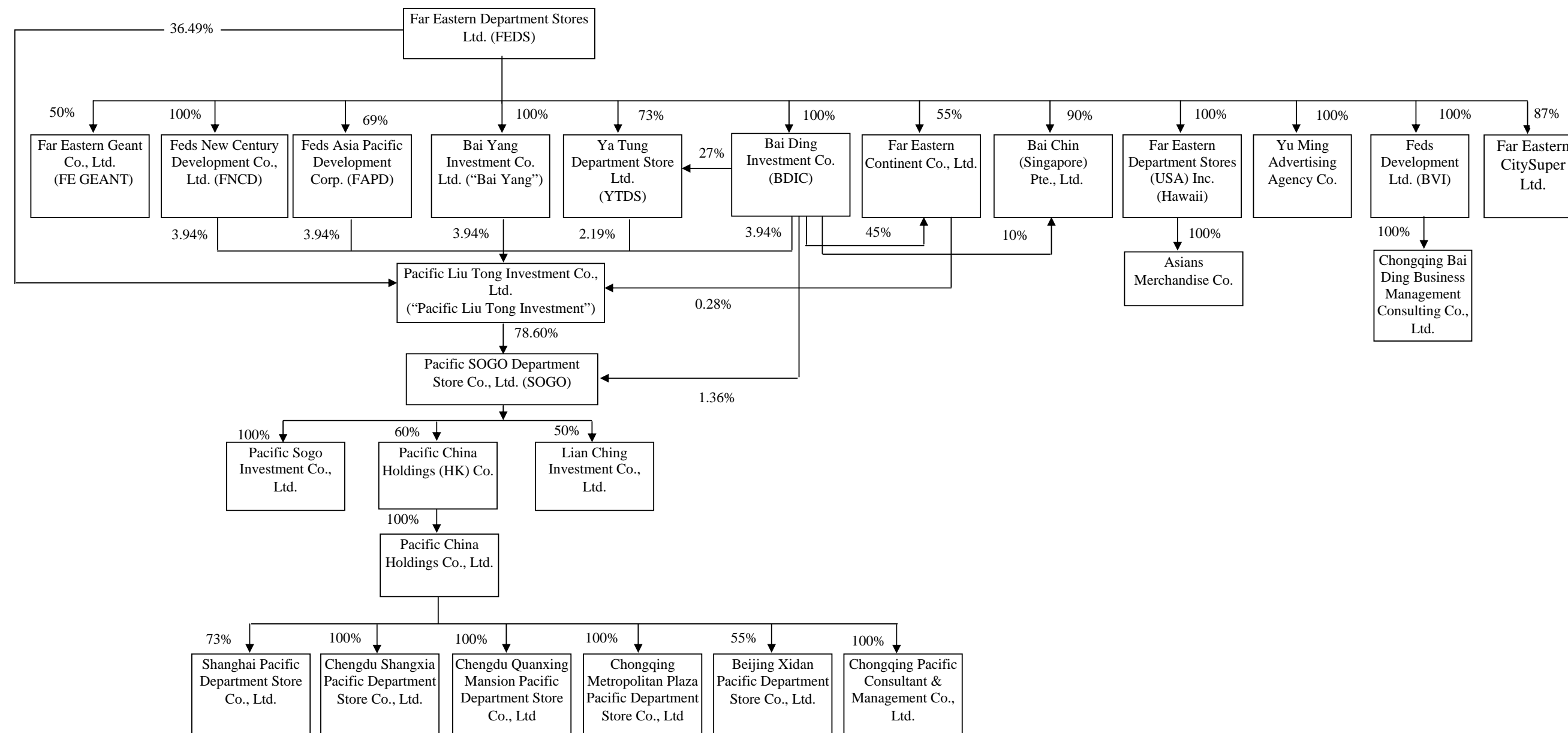
36. SEGMENT INFORMATION

- a. Industry information: The industry segment information is summarized in Table 13 (attached).
- b. Geographic information: The geographic information is summarized in Table 14 (attached).
- c. Export sales: There were no export sales in 2004 and 2003.
- d. Sales to major customers: In 2004 and 2003, no revenue from a single customer was at least 10% of the Group's total operating revenues.

TABLE 1

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

**DIAGRAM OF THE COMPANY-SUBSIDIARY RELATIONSHIP
YEAR ENDED DECEMBER 31, 2004**



Neither the total assets nor total operating revenues of Far Eastern Continent Co., Ltd., Far Eastern CitySuper Ltd., Feds Development Ltd. (BVI), Chongqing Bai ding Business Management Consulting Co., Ltd., Far Eastern Department Stores (USA), Asians Merchandise Co., Yu Ming Advertising Agency Co., Bai Chin (Singapore) Pte., Ltd., Pacific Sogo Investment Co. and Lian Ching Investment Co. individually reached at least 10% of the Company's total assets or total operating revenues or collectively reached at least 30% of the Company's total assets or total operating revenues. Thus, these subsidiaries were not included in the consolidated financial statements.

TABLE 2 (A)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

SUMMARY OF RELATED PARTY BALANCES
DECEMBER 31, 2004 AND 2003
(In Thousands of New Taiwan Dollars)

Related Party	Notes and Accounts Receivables, Net		Other Receivables		Prepayments		Leasehold Rights		Refundable Deposits		Other Assets - Miscellaneous		Notes and Accounts Payable		Accrued Expenses		Other Payables		Payable on Properties		Deposits Received	
	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total
As of December 31, 2004																						
Ya Tung Securities Co., Ltd.	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 1,132	-	\$ -	-	\$ -	-	\$ 1,106	1
Far Eastern Continent Co., Ltd.	-	-	-	-	-	-	29,330	2	-	-	27,037	5	-	-	11,584	1	-	-	-	-	13,380	9
Pacific Department Store Co., Ltd.	-	-	112	-	300,000	37	-	-	-	-	-	-	8,268	-	-	-	-	-	-	-	-	-
Sogo Department Store Co., Ltd.	175,278	16	-	-	-	-	-	-	-	-	-	-	220	-	-	-	-	-	-	-	-	-
Pacific 88 Co., Ltd.	-	-	1,340	-	-	-	-	-	-	-	-	-	29,018	-	-	-	-	-	-	-	-	-
Far Eastern CitySuper Ltd.	3,992	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Far Eastern Resource Development Ltd., Corp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,984	1	-	-	-	-	-	-
Pacific Department Management & Maintenance Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	9,531	-	-	-	-	-	-	-	-	-
Far Eastern Textile Co., Ltd.	193	-	-	-	-	-	-	-	-	-	-	-	2,725	-	9,656	1	-	-	-	-	-	-
Asia Cement Corp.	-	-	88	-	-	-	-	-	-	-	-	-	-	-	6,482	-	-	-	-	-	-	-
Far Eastern Apparel Co., Ltd.	1,299	-	-	-	-	-	-	-	-	-	-	-	29,459	-	5	-	-	-	-	-	-	-
Yuan Ding Co., Ltd.	-	-	-	-	-	-	40,165	3	-	-	-	-	-	-	3,395	-	-	-	-	-	-	-
Far Eastern International Bank	862	-	70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,556	1
Far EasTone Telecom Co., Ltd.	70	-	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DFI Casino B.V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,493	-	-	-	-	-	-	-
Far Eastern General Contractor Inc.	-	-	-	-	-	-	220	-	-	-	-	-	-	-	-	-	-	-	245,877	25	-	-
Yu Ming Advertising Agency Co.	-	-	-	-	-	-	-	-	-	-	-	-	3,296	-	74	-	-	-	-	-	-	-
Pacific Security Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	11,761	-	-	-	-	-	-	-	-	-
Chengdu People's Department Store (Group) Co., Ltd.	-	-	4,242	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quanxing Wine Factory	-	-	7,663	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	4,813	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hong-Tong Comprehensive Commercial Developing Co., Ltd.	-	-	-	-	-	-	-	-	2,317,448	79	-	-	-	-	-	-	-	-	-	-	-	-
Others	775	-	254	-	-	-	-	-	-	-	-	-	-	-	11	-	-	-	-	-	363	-
	<u>\$ 182,469</u>	<u>16</u>	<u>\$ 18,601</u>	<u>4</u>	<u>\$ 300,000</u>	<u>37</u>	<u>\$ 69,715</u>	<u>5</u>	<u>\$ 2,317,448</u>	<u>79</u>	<u>\$ 27,037</u>	<u>5</u>	<u>\$ 94,278</u>	<u>-</u>	<u>\$ 44,816</u>	<u>3</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 245,877</u>	<u>25</u>	<u>\$ 16,405</u>	<u>11</u>
As of December 31, 2003																						
Ya Tung Securities Co., Ltd.	\$ 100	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 1,219	-	\$ -	-	\$ -	-	\$ 1,106	1
Far Eastern Continent Co., Ltd.	-	-	1	-	-	-	-	-	318,152	23	33,704	4	-	-	-	-	-	-	-	-	13,380	9
Pacific Department Store Co., Ltd.	-	-	17,903	5	348,728	60	-	-	-	-	-	-	11,855	-	-	-	35,324	10	-	-	-	-
Sogo Department Store Co., Ltd.	196,274	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(Note 1)																					
Pacific 88 Co., Ltd.	-	-	3,064	-	-	-	-	-	-	-	-	-	10,686	-	-	-	-	-	-	-	-	-
Pacific Sogo Investment Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	5,391	-	-	-	-	-	-	-	-	-	-
												(Note 3)										
Pacific Department Management & Maintenance Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	8,971	-	-	-	-	-	-	-	-	-
Far Eastern Textile Co., Ltd.	950	-	-	-	-	-	-	-	-	-	-	-	-	-	9,033	1	-	-	-	-	-	-
Asia Cement Corp.	186	-	14,812	4	-	-	1,251,000	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			(Note 2)																			
Yuan Ding Co., Ltd.	-	-	-	-	-	-	294,600	3	43,000	3	-	-	2,445	-	4,060	-	-	-	-	-	-	-
Far Eastern International Bank	66	-	48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,556	1
Far EasTone Telecom Co., Ltd.	154	-	16	-	-	-	-	-	12	-	-	-	-	-	1	-	-	-	-	-	-	-
DFI Casino B.V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500	-	-	-	-	-	-	-
Far Eastern General Contractor Inc.	-	-	-	-	-	-	1,860,816	19	220	-	-	-	-	-	-	-	-	-	252,561	22	-	-

(Continued)

Related Party	Notes and Accounts Receivables, Net		Other Receivables		Prepayments		Leasehold Rights		Refundable Deposits		Other Assets - Miscellaneous		Notes and Accounts Payable		Accrued Expenses		Other Payables		Payable on Properties		Deposits Received	
	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total
Yu Ming Advertising Agency Co.	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 1,441	-	\$ -	-	\$ -	-	\$ -	-
Asia Concrete Corporation	-	-	-	-	-	-	37,099	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chengdu People's Department Store (Group) Co., Ltd.	-	-	4,543	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quanxing Wine Factory	-	-	8,205	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	8,420	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shanghai Xuijiahui Centre Holdings Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,435	1	-	-	-	-
Others	515	-	11	-	-	-	-	-	-	-	-	-	52	-	-	-	-	-	-	-	-	-
	<u>\$ 198,245</u>	<u>16</u>	<u>\$ 57,023</u>	<u>14</u>	<u>\$ 348,728</u>	<u>60</u>	<u>\$ 3,443,515</u>	<u>35</u>	<u>\$ 361,384</u>	<u>26</u>	<u>\$ 39,095</u>	<u>4</u>	<u>\$ 34,009</u>	<u>-</u>	<u>\$ 17,254</u>	<u>1</u>	<u>\$ 40,759</u>	<u>11</u>	<u>\$ 252,561</u>	<u>22</u>	<u>\$ 16,042</u>	<u>11</u>

Note 1: Sogo's receivables from Sogo Department Store Co., Ltd. were \$395,816 thousand and \$416,812 thousand as of December 31, 2004 and 2003, respectively. The allowance for bad debts was \$220,538 thousand as of December 31, 2004 and 2003.

Note 2: The Company's lease contract with Asia Cement Corporation (related party) on the site of its store in Taipei had been revised. Under the revised contract, the rental of 2004 was reduced and the Asia Cement Corporation thus returned a \$14,725 thousand overpayment.

Note 3: As of December 31, 2004 and 2003, Sogo's receivables from Pacific Sogo Investment Co., Ltd. were \$534,137 thousand, and the allowances for bad debts were \$534,137 thousand in 2004 and \$528,745 thousand in 2003.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

SUMMARY OF RELATED PARTY BALANCES

DECEMBER 31, 2004 AND 2003

(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Related Party	Notes and Accounts Receivables, Net		Other Receivables		Prepayments		Leasehold Rights		Refundable Deposits		Other Assets - Miscellaneous		Notes and Accounts Payable		Accrued Expenses		Other Payables		Payable on Properties		Deposits Received	
	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total
As of December 31, 2004																						
Ya Tung Securities Co., Ltd.	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 36	-	\$ -	-	\$ -	-	\$ 35	1
Far Eastern Continent Co., Ltd.	-	-	-	-	-	-	925	2	-	-	853	5	-	-	365	1	-	-	-	-	422	9
Pacific Department Store Co., Ltd.	-	-	4	-	9,461	37	-	-	-	-	-	-	261	-	-	-	-	-	-	-	-	-
Sogo Department Store Co., Ltd.	5,528	16	-	-	-	-	-	-	-	-	-	-	7	-	-	-	-	-	-	-	-	-
Pacific 88 Co., Ltd.	-	-	42	-	-	-	-	-	-	-	-	-	915	-	-	-	-	-	-	-	-	-
Far Eastern CitySuper Ltd.	126	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Far Eastern Resource Development Ltd., Corp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	283	1	-	-	-	-	-	-
Pacific Department Management & Maintenance Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	301	-	-	-	-	-	-	-	-	-
Far Eastern Textile Co., Ltd.	6	-	-	-	-	-	-	-	-	-	-	-	86	-	305	1	-	-	-	-	-	-
Asia Cement Corp.	-	-	3	-	-	-	-	-	-	-	-	-	-	-	204	-	-	-	-	-	-	-
Far Eastern Apparel Co., Ltd.	41	-	-	-	-	-	-	-	-	-	-	-	929	-	-	-	-	-	-	-	-	-
Yuan Ding Co., Ltd.	-	-	-	-	-	-	1,267	3	-	-	-	-	-	-	107	-	-	-	-	-	-	-
Far Eastern International Bank	27	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49	1
Far EastTone Telecom Co., Ltd.	2	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DFI Casino B.V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	110	-	-	-	-	-	-	-
Far Eastern General Contractor Inc.	-	-	-	-	-	-	7	-	-	-	-	-	-	-	-	-	-	-	7,754	25	-	-
Yu Ming Advertising Agency Co.	-	-	-	-	-	-	-	-	-	-	-	-	104	-	2	-	-	-	-	-	-	-
Pacific Security Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	371	-	-	-	-	-	-	-	-	-
Chengdu People's Department Store (Group) Co., Ltd.	-	-	134	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quanxing Wine Factory	-	-	242	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	152	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hong-Tong Comprehensive Commercial Developing Co., Ltd.	-	-	-	-	-	-	-	-	73,083	79	-	-	-	-	-	-	-	-	-	-	-	-
Others	24	-	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11	-
	<u>\$ 5,754</u>	<u>16</u>	<u>\$ 588</u>	<u>4</u>	<u>\$ 9,461</u>	<u>37</u>	<u>\$ 2,199</u>	<u>5</u>	<u>\$ 73,083</u>	<u>79</u>	<u>\$ 853</u>	<u>5</u>	<u>\$ 2,974</u>	<u>-</u>	<u>\$ 1,412</u>	<u>3</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 7,754</u>	<u>25</u>	<u>\$ 517</u>	<u>11</u>
As of December 31, 2003																						
Ya Tung Securities Co., Ltd.	\$ 3	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 36	-	\$ -	-	\$ -	-	\$ 33	1
Far Eastern Continent Co., Ltd.	-	-	-	-	-	-	-	-	9,366	23	992	4	-	-	-	-	-	-	-	-	394	9
Pacific Department Store Co., Ltd.	-	-	527	5	10,266	60	-	-	-	-	-	-	350	-	-	-	1,040	10	-	-	-	-
Sogo Department Store Co., Ltd.	5,778	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(Note 1)																					
Pacific 88 Co., Ltd.	-	-	90	-	-	-	-	-	-	-	-	-	315	-	-	-	-	-	-	-	-	-
Pacific Sogo Investment Co., Ltd.	-	-	-	-	-	-	-	-	-	-	159	-	-	-	-	-	-	-	-	-	-	-
											(Note 3)											
Pacific Department Management & Maintenance Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	264	-	-	-	-	-	-	-	-	-
Far Eastern Textile Co., Ltd.	28	-	-	-	-	-	-	-	-	-	-	-	-	-	266	1	-	-	-	-	-	-
Asia Cement Corp.	5	-	436	4	-	-	36,827	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			(Note 2)																			
Yuan Ding Co., Ltd.	-	-	-	-	-	-	8,672	3	1,266	3	-	-	72	-	120	-	-	-	-	-	-	-
Far Eastern International Bank	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45	1
Far EastTone Telecom Co., Ltd.	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DFI Casino B.V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44	-	-	-	-	-	-	-
Far Eastern General Contractor Inc.	-	-	-	-	-	-	54,778	19	6	-	-	-	-	-	-	-	-	-	7,435	22	-	-

(Continued)

Related Party	Notes and Accounts Receivables, Net		Other Receivables		Prepayments		Leasehold Rights		Refundable Deposits		Other Assets - Miscellaneous		Notes and Accounts Payable		Accrued Expenses		Other Payables		Payable on Properties		Deposits Received	
	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total
Yu Ming Advertising Agency Co.	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 42	-	\$ -	-	\$ -	-	\$ -	-
Asia Concrete Corporation	-	-	-	-	-	-	1,092	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chengdu People's Department Store (Group) Co., Ltd.	-	-	135	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quanxing Wine Factory	-	-	242	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	248	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shanghai Xuijiahui Centre Holdings Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	160	1	-	-	-	-
Others	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 5,836</u>	<u>16</u>	<u>\$ 1,678</u>	<u>14</u>	<u>\$ 10,266</u>	<u>60</u>	<u>\$ 101,369</u>	<u>35</u>	<u>\$ 10,638</u>	<u>26</u>	<u>\$ 1,151</u>	<u>4</u>	<u>\$ 1,001</u>	<u>-</u>	<u>\$ 508</u>	<u>1</u>	<u>\$ 1,200</u>	<u>11</u>	<u>\$ 7,435</u>	<u>22</u>	<u>\$ 472</u>	<u>11</u>

Note 1: Sogo's receivables from Sogo Department Store Co., Ltd. were \$12,482 thousand and \$13,144 thousand as of December 31, 2004 and 2003, respectively. The allowance for bad debts was \$6,955 thousand as of December 31, 2004 and 2003.

Note 2: The Company's lease contract with Asia Cement Corporation (related party) on the site of its store in Taipei had been revised. Under the revised contract, the rental of 2003 was reduced and the Asia Cement Corporation thus returned a \$464 thousand overpayment.

Note 3: As of December 31, 2004 and 2003, Sogo's receivables from Pacific Sogo Investment Co., Ltd. were \$16,844 thousand, and the allowances for bad debts were \$16,844 thousand in 2004 and \$15,565 thousand in 2003.

TABLE 3 (A)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

SUMMARY OF RELATED PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2004 AND 2003
(In Thousands of New Taiwan Dollars)

Related Party	Sales (Note 1)		Purchases (Note 2)		Other Operating Revenue		Operating Expenses (Notes 3 and 4)		Payable to Affiliates					
	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Highest Balance During the Year	Date of Highest Balance	Year-end Amount	Rate (%)	Interest Expense Amount	% to Total
<u>2004</u>														
Ya Tung Securities Co., Ltd.	\$ 2,179	-	\$ 3,033	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Far Eastern Continent Co., Ltd.	-	-	127	-	-	-	130,655	1	-	-	-	-	-	-
Far Eastern Resource Development Ltd., Corp.	-	-	-	-	-	-	101,041	1	-	-	-	-	-	-
Far Eastern Apparel Co., Ltd.	2,216	-	19,457	2	272,561	1	3,881	1	-	-	-	-	-	-
New Century Information Communication Technology Co., Ltd.	-	-	-	-	-	-	2,556	-	-	-	-	-	-	-
Far Eastern CitySuper Ltd.	-	-	3,992	-	-	-	-	-	-	-	-	-	-	-
Pacific Department Store Co., Ltd.	-	-	-	-	-	-	120,684	1	-	-	-	-	-	-
Sogo Department Store Co., Ltd.	-	-	-	-	-	-	4,024	-	-	-	-	-	-	-
Pacific 88 Co., Ltd.	-	-	19,398	1	236,508	-	-	-	-	-	-	-	-	-
Pacific United Consultant Co., Ltd.	-	-	-	-	-	-	28	-	-	-	-	-	-	-
Pacific Department Management & Maintenance Co., Ltd.	-	-	-	-	-	-	135,153	1	-	-	-	-	-	-
Yuan Ding Co., Ltd.	-	-	-	-	12,472	-	147,018	1	-	-	-	-	-	-
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	-	-	-	-	2,521	-	-	-	-	-	-	-
Shanghai Xuijiahui Center Holdings Co., Ltd.	-	-	-	-	-	-	3,545	-	-	-	-	-	-	-
Far Eastern Textile Co., Ltd.	598	-	-	-	-	-	16,963	-	-	-	-	-	-	-
Asia Cement Corp.	-	-	-	-	11,999	-	74,079	-	-	-	-	-	-	-
Far Eastern International Bank	3,757	-	6,421	1	-	-	467	-	500,000	2004.3.31-2004.4.26	732,650	1.25-2.58	3,773	-
Far EasTone Telecom Co., Ltd.	-	-	1,908	-	-	-	996	-	-	-	-	-	-	-
Pacific Security Co., Ltd.	-	-	-	-	-	-	89,703	-	-	-	-	-	-	-
Far Eastern General Contractor Inc.	-	-	-	-	-	-	1,331	-	-	-	-	-	-	-
Yu Ming Advertising Agency Co.	-	-	1,396	-	8,962	-	-	-	-	-	-	-	-	-
Yuan Ding Investment Co., Ltd.	-	-	-	-	-	-	5,550	-	-	-	-	-	-	-
Others	824	-	1,044	-	-	-	86	-	-	-	-	-	-	-
	<u>\$ 9,574</u>	<u>-</u>	<u>\$ 56,776</u>	<u>4</u>	<u>\$ 542,502</u>	<u>1</u>	<u>\$ 840,281</u>	<u>6</u>			<u>\$ 732,650</u>		<u>\$ 3,773</u>	<u>-</u>
<u>2003</u>														
Ya Tung Securities Co., Ltd.	\$ 767	-	\$ -	-	\$ 3,206	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Far Eastern Continent Co., Ltd.	-	-	-	-	178	-	133,147	1	-	-	-	-	-	-
Pacific Department Store Co., Ltd.	-	-	-	-	-	-	118,829	1	-	-	-	-	-	-
Sogo Department Store Co., Ltd.	-	-	343,383	1	-	-	2,660	-	-	-	-	-	-	-
Pacific 88 Co., Ltd.	-	-	-	-	14,610	2	-	-	-	-	-	-	-	-
Pacific United Consultant Co., Ltd.	-	-	-	-	-	-	39,734	-	-	-	-	-	-	-

(Continued)

Related Party	Sales (Note 1)		Purchases (Note 2)		Other Operating Revenue		Operating Expenses (Notes 3 and 4)		Payable to Affiliates				Interest Expense	
	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Highest Balance During the Year	Date of Highest Balance	Year-end Amount	Rate (%)	Amount	% to Total
Pacific Department Management & Maintenance Co., Ltd.	\$ -	-	\$ -	-	\$ -	-	\$ 109,436	1	\$ -	-	\$ -	-	\$ -	-
Chengdu People's Department Store (Group) Co., Ltd.	-	-	-	-	-	-	99,969	1	-	-	-	-	-	-
Quanxing Wine Factory	-	-	-	-	-	-	66,519	1	-	-	-	-	-	-
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	-	-	-	-	109,522	1	-	-	-	-	-	-
Shanghai Xuijiahui Centre Holdings Co., Ltd.	-	-	-	-	-	-	11,015	-	-	-	-	-	-	-
Far Eastern Textile Co., Ltd.	1,382	-	139,493	-	-	-	113,852	1	-	-	-	-	-	-
Asia Cement Corp.	-	-	-	-	-	-	87,203	1	-	-	-	-	-	-
Yuan Ding Co., Ltd.	-	-	-	-	-	-	172,207	1	-	-	-	-	-	-
Far Eastern International Bank	2,780	-	-	-	8,524	1	-	-	300,000	2003.09.15-10.17	111,000	1.25-1.9	963	-
Far EasTone Telecom Co., Ltd.	-	-	-	-	2,004	-	-	-	-	-	-	-	-	-
Pacific Security Co., Ltd.	-	-	-	-	-	-	59,298	-	-	-	-	-	-	-
Far Eastern General Contractor Inc.	-	-	-	-	-	-	887	-	-	-	-	-	-	-
Yuan Ding Investment Co., Ltd.	-	-	-	-	-	-	-	-	440,000	2003.6.30	-	2.075-2.175	343	-
Others	203	-	-	-	772	-	343	-	-	-	-	-	-	-
	<u>\$ 5,132</u>	<u>-</u>	<u>\$ 482,876</u>	<u>1</u>	<u>\$ 29,294</u>	<u>3</u>	<u>\$ 1,124,621</u>	<u>9</u>			<u>\$ 111,000</u>		<u>\$ 1,306</u>	<u>-</u>

Note 1: Sales to related parties were under normal terms.

Note 2: Purchases from related parties were under normal terms.

Note 3: The Company's lease contract with Asia Cement Corp. (related party) on the site of its store in Taipei had been revised. Under the revised contract, the rent period was extended to December 31, 2006 and the rent of 2003 was reduced from \$118,119 thousand to \$78,746 thousand based on the building appraisal result. The rental payable per month from January 1, 2004 to December 31, 2006 is \$5,468 thousand.

TABLE 3 (B)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

SUMMARY OF RELATED PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2004 AND 2003
(In Thousands of U.S. Dollars)

Related Party	Sales (Note 1)		Purchases (Note 2)		Other Operating Revenue		Operating Expenses (Notes 3 and 4)		Payable to Affiliates				Interest Expense	
	Amount	% to Total	Amount	% to Total	Amount	% to Total	Amount	% to Total	Highest Balance During the Year	Date of Highest Balance	Year-end Amount	Rate (%)	Amount	% to Total
<u>2004</u>														
Ya Tung Securities Co., Ltd.	\$ 69	-	\$ 96	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Far Eastern Continent Co., Ltd.	-	-	4	-	-	-	4,120	1	-	-	-	-	-	-
Far Eastern Resource Development Ltd., Corp.	-	-	-	-	-	-	3,186	1	-	-	-	-	-	-
Far Eastern Apparel Co., Ltd.	70	-	614	2	8,595	1	122	1	-	-	-	-	-	-
New Century Information Communication Technology Co., Ltd.	-	-	-	-	-	-	81	-	-	-	-	-	-	-
Far Eastern CitySuper Ltd.	-	-	126	-	-	-	-	-	-	-	-	-	-	-
Pacific Department Store Co., Ltd.	-	-	-	-	-	-	3,806	1	-	-	-	-	-	-
Sogo Department Store Co., Ltd.	-	-	-	-	-	-	127	-	-	-	-	-	-	-
Pacific 88 Co., Ltd.	-	-	612	1	7,458	-	-	-	-	-	-	-	-	-
Pacific United Consultant Co., Ltd.	-	-	-	-	-	-	1	-	-	-	-	-	-	-
Pacific Department Management & Maintenance Co., Ltd.	-	-	-	-	-	-	4,262	1	-	-	-	-	-	-
Yuan Ding Co., Ltd.	-	-	-	-	393	-	4,636	1	-	-	-	-	-	-
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	-	-	-	-	80	-	-	-	-	-	-	-
Shanghai Xuijiahui Center Holdings Co., Ltd.	-	-	-	-	-	-	112	-	-	-	-	-	-	-
Far Eastern Textile Co., Ltd.	19	-	-	-	-	-	535	-	-	-	-	-	-	-
Asia Cement Corp.	-	-	-	-	378	-	2,336	-	-	-	-	-	-	-
Far Eastern International Bank	118	-	202	1	-	-	15	-	15,768	2004.3.31-2004.4.26	23,105	1.25-2.58	119	-
Far EasTone Telecom Co., Ltd.	-	-	60	-	-	-	31	-	-	-	-	-	-	-
Pacific Security Co., Ltd.	-	-	-	-	-	-	2,829	-	-	-	-	-	-	-
Far Eastern General Contractor Inc.	-	-	-	-	-	-	42	-	-	-	-	-	-	-
Yu Ming Advertising Agency Co.	-	-	44	-	283	-	-	-	-	-	-	-	-	-
Yuan Ding Investment Co., Ltd.	-	-	-	-	-	-	175	-	-	-	-	-	-	-
Others	26	-	33	-	-	-	3	-	-	-	-	-	-	-
	<u>\$ 302</u>	<u>-</u>	<u>\$ 1,791</u>	<u>4</u>	<u>\$ 17,107</u>	<u>1</u>	<u>\$ 26,499</u>	<u>6</u>			<u>\$ 23,105</u>		<u>\$ 119</u>	<u>-</u>
<u>2003</u>														
Ya Tung Securities Co., Ltd.	\$ 23	-	\$ -	-	\$ 94	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Far Eastern Continent Co., Ltd.	-	-	-	-	5	-	3,920	1	-	-	-	-	-	-
Pacific Department Store Co., Ltd.	-	-	-	-	-	-	3,498	1	-	-	-	-	-	-
Sogo Department Store Co., Ltd.	-	-	10,108	1	-	-	78	-	-	-	-	-	-	-
Pacific 88 Co., Ltd.	-	-	-	-	430	2	-	-	-	-	-	-	-	-
Pacific United Consultant Co., Ltd.	-	-	-	-	-	-	1,170	-	-	-	-	-	-	-

(Continued)

Related Party	Sales (Note 1)		Purchases (Note 2)		Other Operating Revenue		Operating Expenses (Notes 3 and 4)		Payable to Affiliates					
	Amount	% to	Amount	% to	Amount	% to	Amount	% to	Highest Balance During the Year	Date of Highest Balance	Year-end Amount	Rate (%)	Interest Expense	
		Total		Total		Total		Total					Amount	% to
Pacific Department Management & Maintenance Co., Ltd.	\$ -	-	\$ -	-	\$ -	-	\$ 3,222	1	\$ -	-	\$ -	-	\$ -	-
Chengdu People's Department Store (Group) Co., Ltd.	-	-	-	-	-	-	2,943	1	-	-	-	-	-	-
Quanxing Wine Factory	-	-	-	-	-	-	1,958	1	-	-	-	-	-	-
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	-	-	-	-	3,224	1	-	-	-	-	-	-
Shanghai Xuijiahui Centre Holdings Co., Ltd.	-	-	-	-	-	-	324	-	-	-	-	-	-	-
Far Eastern Textile Co., Ltd.	41	-	4,107	-	-	-	3,351	1	-	-	-	-	-	-
Asia Cement Corp.	-	-	-	-	-	-	2,567	1	-	-	-	-	-	-
Yuan Ding Co., Ltd.	-	-	-	-	-	-	5,069	1	-	-	-	-	-	-
Far Eastern International Bank	81	-	-	-	251	1	-	-	8,831	2003.09.15-10.17	3,268	1.25-1.9	28	-
Far EasTone Telecom Co., Ltd.	-	-	-	-	59	-	-	-	-	-	-	-	-	-
Pacific Security Co., Ltd.	-	-	-	-	-	-	1,746	-	-	-	-	-	-	-
Pacific Security Co., Ltd.	-	-	-	-	-	-	26	-	-	-	-	-	-	-
Yuan Ding Investment Co., Ltd.	-	-	-	-	-	-	-	-	12,953	2003.6.30	-	2.075-2.175	10	-
Others	6	-	-	-	23	-	10	-	-	-	-	-	-	-
	<u>\$ 151</u>	<u>-</u>	<u>\$ 14,215</u>	<u>1</u>	<u>\$ 862</u>	<u>3</u>	<u>\$ 33,106</u>	<u>9</u>			<u>\$ 3,268</u>		<u>\$ 38</u>	<u>-</u>

Note 1: Sales to related parties were under normal terms.

Note 2: Purchases from related parties were under normal terms.

Note 3: The Company's lease contract with Asia Cement Corp. (related party) on the site of its store in Taipei had been revised. Under the revised contract, the rent period was extended to December 31, 2006 and the rent of 2003 was reduced from \$3,725 thousand to \$2,483 thousand based on the building appraisal result. The rental payable per month from January 1, 2004 to December 31, 2006 is \$172 thousand.

TABLE 4 (A)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

FINANCING PROVIDED

YEAR ENDED DECEMBER 31, 2004

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Counterparty	Financial Statement Account	Highest Balance for the Period	Ending Balance	Interest Rate	Nature of Financing	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financing Limits	Amount of Financing Company's Financing Limits
											Item	Value		
0	Feds Development Ltd. (BVI)	Asians Merchandise Co.	Other receivables	\$ 19,026	\$ 19,026	4.00%-5.00%	(Note A)	-	For operating requirements	-	-	\$ -	\$ 58,910 (Note B)	\$ 147,275 (Note C)
1	Pacific Liu Tong Investment Co.	Pacific Sogo Department Store Co.	Receivables from affiliates	360,000	-	3.08%	(Note A)	-	For debt repayment	-	-	-	1,124,710 (Note D)	1,124,710 (Note D)
2	Pacific Sogo Department Store Co.	Pacific Liu Tong Investment Co.	Receivables from affiliates	668,293	-	3.09%-3.27%	(Note A)	-	For debt repayment	-	-	-	1,464,732 (Note D)	1,464,732 (Note D)
		Pacific China Holding Co., Ltd.	Other receivables	239,379	656 (Note F)	3.52%-3.77%	(Note A)	-	For debt repayment	-	-	-	1,464,732 (Note D)	1,464,732 (Note D)

Note A: Short-term financing.

Note B: The upper limit was 20% of the financier's net value as of December 31, 2004.

Note C: The upper limit was 50% of the financier's net value as of December 31, 2004.

Note D: The upper limit was 40% of the financier's net value as of December 31, 2004.

Note E: Neither the total assets nor total operating revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co. individually reached at least 10% or jointly reached at least 30% of the Company's total assets or total operating revenues. Thus, their information was not disclosed.

Note F: The account had been excluded from the consolidated financial statements.

TABLE 4 (B)**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES****FINANCING PROVIDED****YEAR ENDED DECEMBER 31, 2004****(In Thousands of U.S. Dollars, Unless Stated Otherwise)**

No.	Financier	Counterparty	Financial Statement Account	Highest Balance for the Period	Ending Balance	Interest Rate	Nature of Financing	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financing Limits	Amount of Financing Company's Financing Limits
											Item	Value		
0	Feds Development Ltd. (BVI)	Asians Merchandise Co.	Other receivables	\$ 600	\$ 600	4.00%-5.00%	(Note A)	-	For operating requirements	-	-	\$ -	\$ 1,858 (Note B)	\$ 4,644 (Note C)
1	Pacific Liu Tong Investment Co.	Pacific Sogo Department Store Co.	Receivables from affiliates	11,353	-	3.08%	(Note A)	-	For debt repayment	-	-	-	35,469 (Note D)	35,469 (Note D)
2	Pacific Sogo Department Store Co.	Pacific Liu Tong Investment Co.	Receivables from affiliates	21,075	-	3.09%-3.27%	(Note A)	-	For debt repayment	-	-	-	46,191 (Note D)	46,191 (Note D)
		Pacific China Holding Co., Ltd.	Other receivables	7,549	21 (Note F)	3.52%-3.77%	(Note A)	-	For debt repayment	-	-	-	46,191 (Note D)	46,191 (Note D)

Note A: Short-term financing.

Note B: The upper limit was 20% of the financier's net value as of December 31, 2004.

Note C: The upper limit was 50% of the financier's net value as of December 31, 2004.

Note D: The upper limit was 40% of the financier's net value as of December 31, 2004.

Note E: Neither the total assets nor total revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co. individually reached at least 10% of the Company's total assets or total revenues. Thus, their information was not disclosed.

Note F: The account had been excluded from the consolidated financial statements.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

YEAR ENDED DECEMBER 31, 2004

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Counter-party		Limits on the Amount That Can be Endorsed/ Guaranteed by Each (Note B)	Highest Balance for the Period	Ending Balance	Value of Property, Plant, or Equipment Used as Collateral	Ratio of Accumulated Amount of Collateral to Net Equity Based on the Latest Financial Statement of the Endorser/ Guarantor	Maximum Collateral/ Guarantee Amounts Allowable (Note C)
		Name	Nature of Relationship with Endorser/ Guarantor (Note A)						
0	Far Eastern Department Store Ltd.	Bai Ding Investment Co.	a.	\$ 17,223,853 (Note B)	\$ 4,229,000	\$ 3,669,281	\$ -	21	\$ 34,447,706 (Note C)
		Bai Yang Investment Co.	d.	17,223,853 (Note B)	2,387,000	-	-	-	34,447,706 (Note C)
		FEDS Asia Pacific Development Ltd.	a.	17,223,853 (Note B)	1,572,000	1,312,000	-	8	34,447,706 (Note C)
		Pacific Sogo Department Store Co.	a.	17,223,853 (Note B)	1,610,056	1,510,056	-	9	34,447,706 (Note C)
		Far Eastern Geant Co., Ltd.	a.	17,223,853 (Note B)	1,550,000	1,550,000	-	9	34,447,706 (Note C)
		Far Eastern Continent Co., Ltd.	a.	17,223,853 (Note B)	199,000	180,000	-	1	34,447,706 (Note C)
		Yu Ming Advertising Agency Co.	a.	17,223,853 (Note B)	110,824	110,824	-	1	34,447,706 (Note C)
		Far Eastern Finance & Leasing Corp.	f.	17,223,853 (Note B)	13,064	-	-	-	34,447,706 (Note C)
1	Yu Ming Advertising Agency Co.	Pacific Sogo Department Store Co.	c.	45,222 (Note B)	666	666	-	1	90,444 (Note C)
2	Bai Ding Investment Co.	Pacific Sogo Department Store Co.	c.	1,486,492 (Note B)	257,934	257,934	-	17	2,972,984 (Note C)
3	Bai Yang Investment Co.	Pacific Sogo Department Store Co.	c.	1,460,153 (Note B)	65,934	65,934	-	5	2,920,306 (Note C)
4	Feds Asia Pacific Development Ltd.	Pacific Sogo Department Store Co.	c.	2,140,363 (Note B)	65,934	65,934	-	3	4,280,726 (Note C)
5	Feds New Century Development Co., Ltd.	Pacific Sogo Department Store Co.	c.	156,118 (Note B)	65,934	65,934	-	42	312,236 (Note C)
6	Far Eastern Continent Co., Ltd.	Pacific Sogo Department Store Co.	c.	28,435 (Note B)	4,662	4,662	-	16	56,870 (Note C)
7	Ya Tung Department Store Ltd.	Pacific Sogo Department Store Co.	c.	24,435 (Note B)	36,630	36,630	-	150	48,870 (Note C)
8	Pacific Liu Tong Investment Co.	Pacific Sogo Department Store Co.	a.	14,058,870 (Note D)	12,311,366	11,602,080	-	413	28,117,740 (Note E)
		Pacific China Holdings Co.	d.	14,058,870 (Note D)	154,586 (US\$ 4,875,000)	-	-	-	28,117,740 (Note E)
9	Pacific Sogo Department Store Co.	Pacific China Holdings Co.	a.	7,323,658 (Note C)	154,586 (US\$ 4,875,000)	-	-	-	14,647,316 (Note F)
		Pacific Liu Tong Investment Co.	a.	7,323,658 (Note C)	1,800,000	1,540,000	-	42	14,647,316 (Note F)

刪除:

- Note A: a. Company's subsidiary.
b. Investee of Company's subsidiary.
c. Subsidiary of the Company and its subsidiaries.
d. Investee of subsidiary of the Company's subsidiary.
e. Sogo's parent company.
f. Investee of the Company.

Note B: The maximum is 100% of net assets based on the latest financial statements of the endorser/guarantor.

Note C: The amount is 200% of net assets based on the latest financial statements of the endorser/guarantor.

Note D: The amount is 500% of net assets based on the latest financial statements of the endorser/guarantor.

Note E: The amount is 1,000% of net assets based on the latest financial statements of the endorser/guarantor.

Note F: The amount is 400% of net assets based on the latest financial statements of the endorser/guarantor.

Note G: Neither the total assets nor total revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co. individually reached at least 10% or jointly reached at least 30% of the Company's total assets or total revenues. Thus, their information was not disclosed.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEES PROVIDED

YEAR ENDED DECEMBER 31, 2004

(In Thousands of U.S. Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Counter-party		Limits on the Amount That Can be Endorsed/ Guaranteed by Each (Note B)	Highest Balance for the Period	Ending Balance	Value of Property, Plant, or Equipment Used as Collateral	Ratio of Accumulated Amount of Collateral to Net Equity Based on the Latest Financial Statement of the Endorser/ Guarantor	Maximum Collateral/ Guarantee Amounts Allowable (Note C)
		Name	Nature of Relationship with Endorser/ Guarantor (Note A)						
0	Far Eastern Department Store Ltd.	Bai Ding Investment Co.	a.	\$ 543,168 (Note B)	\$ 133,365	\$ 115,714	\$ -	21	\$ 1,086,336 (Note C)
		Bai Yang Investment Co.	d.	543,168 (Note B)	75,276	-	-	-	1,086,336 (Note C)
		FEDS Asia Pacific Development Ltd.	a.	543,168 (Note B)	49,574	41,375	-	8	1,086,336 (Note C)
		Pacific Sogo Department Store Co.	a.	543,168 (Note B)	50,774	47,621	-	9	1,086,336 (Note C)
		Far Eastern Geant Co., Ltd.	a.	543,168 (Note B)	48,880	48,880	-	9	1,086,336 (Note C)
		Far Eastern Continent Co., Ltd.	a.	543,168 (Note B)	6,276	5,676	-	1	1,086,336 (Note C)
		Yu Ming Advertising Agency Co.	a.	543,168 (Note B)	3,495	3,495	-	1	1,086,336 (Note C)
		Far Eastern Finance & Leasing Corp.	f.	543,168 (Note B)	412	-	-	-	1,086,336 (Note C)
1	Yu Ming Advertising Agency Co.	Pacific Sogo Department Store Co.	c.	1,426 (Note B)	21	21	-	1	(Note C)
2	Bai Ding Investment Co.	Pacific Sogo Department Store Co.	c.	46,878 (Note B)	8,134	8,134	-	17	93,755 (Note C)
3	Bai Yang Investment Co.	Pacific Sogo Department Store Co.	c.	46,047 (Note B)	2,079	2,079	-	5	92,094 (Note C)
4	Feds Asia Pacific Development Ltd.	Pacific Sogo Department Store Co.	c.	67,498 (Note B)	2,079	2,079	-	3	134,996 (Note C)
5	Feds New Century Development Co., Ltd.	Pacific Sogo Department Store Co.	c.	4,923 (Note B)	2,079	2,079	-	42	9,847 (Note C)
6	Far Eastern Continent Co., Ltd.	Pacific Sogo Department Store Co.	c.	897 (Note B)	147	147	-	16	1,793 (Note C)
7	Ya Tung Department Store Ltd.	Pacific Sogo Department Store Co.	c.	771 (Note B)	1,155	1,155	-	150	1,541 (Note C)
8	Pacific Liu Tong Investment Co.	Pacific Sogo Department Store Co.	a.	443,358 (Note D)	388,249	365,881	-	413	886,715 (Note E)
		Pacific China Holdings Co.	d.	443,358 (Note D)	4,875	-	-	-	886,715 (Note E)
9	Pacific Sogo Department Store Co.	Pacific China Holdings Co.	a.	230,957 (Note C)	4,875	-	-	-	461,915 (Note F)
		Pacific Liu Tong Investment Co.	a.	230,957 (Note C)	56,764	48,565	-	42	461,915 (Note F)

删除:

- Note A: a. Company's subsidiary.
b. Investee of Company's subsidiary.
c. Subsidiary of the Company and its subsidiaries.
d. Investee of subsidiary of the Company's subsidiary.
e. Sogo's parent company.
f. Investee of the Company.

Note B: The maximum is 100% of net assets based on the latest financial statements of the endorser/guarantor.

Note C: The amount is 200% of net assets based on the latest financial statements of the endorser/guarantor.

Note D: The amount is 500% of net assets based on the latest financial statements of the endorser/guarantor.

Note E: The amount is 1,000% of net assets based on the latest financial statements of the endorser/guarantor.

Note F: The amount is 400% of net assets based on the latest financial statements of the endorser/guarantor.

Note G: Neither the total assets nor total revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co. individually reached at least 10% or jointly reached at least 30% of the Company's total assets or total revenues. Thus, their information was not disclosed.

TABLE 6 (A)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2004

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Securities Type and Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2004				Note	
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)		
Far Eastern Department Stores Ltd.	<u>Stock</u> Oriental Securities Co., Ltd.	a.	Investments in shares of stock	128,713	\$ 2,043,606	20	\$ 2,043,606	83,200 thousand shares of Oriental Securities Co., Ltd. pledged for loans of the investor company	
	Feds Asia Pacific Development Ltd.	b.	Investments in shares of stock	138,900	1,485,071	69	1,485,190		
	Bai Yang Investment Co.	b.	Investments in shares of stock	29,921	1,360,871	100	1,456,300		
	Far Eastern Geant Co., Ltd.	b.	Investments in shares of stock	163,579	1,111,078	50	1,119,401		
	Bai Ding Investment Co.	b.	Investments in shares of stock	145,111	1,107,483	100	1,486,343		
	Pacific Liu Tong Investment Co.	b.	Investments in shares of stock	91,600	1,050,487	36	1,026,129		
	Feds Development Ltd. (BVI)	b.	Investments in shares of stock	100	294,550	100	294,550		
	Feds New Century Development Co., Ltd.	b.	Investments in shares of stock	9,992	155,950	100	155,950		
	Far Eastern CitySuper Ltd.	b.	Investments in shares of stock	13,000	111,176	87	111,176		
	Yu Ming Advertising Agency Co.	b.	Investments in shares of stock	2,900	35,018	100	45,222		
	Ding Ding Integrated Marketing Service	a.	Investments in shares of stock	3,000	27,371	10	27,371		
	Ya Tung Department Store Ltd.	b.	Investments in shares of stock	3,673	18,058	73	17,948		
	Far Eastern Continent Co., Ltd.	b.	Investments in shares of stock	3,300	15,639	55	15,639		
	Bai Chin (Singapore) Pte., Ltd.	b.	Investments in shares of stock	90	516	90	516		
	Far Eastern Department Stores (USA) Inc.	b.	Other liabilities	45	(22,129)	100	(22,129)		
	Asia Cement Corp.	c.	Investments in shares of stock	43,783	1,068,261	2	958,840		40,000 thousand shares of <u>Asia Cement Corp.</u> pledged for loans of the investor company
	Far Eastern International Bank	c.	Investments in shares of stock	20,779	179,771	1	411,847		
	Far Eastern Textile Ltd.	f.	Investments in shares of stock	14,171	123,679	-	357,262		
	Kaohsiung M.R.T.	-	Investments in shares of stock	10,000	100,000	1	101,797		
	Far Eastern Finance & Leasing Corp.	-	Investments in shares of stock	920	7,360	9	10,505		
Yuan Ding Co., Ltd.	c.	Investments in shares of stock	2	10	-	36			
Hwa An International Trade	-	Investments in shares of stock	-	-	-	-			
Far Eastern Telecom Co., Ltd.	c.	Short-term investments	6,588	175,046	-	249,170			
<u>Beneficiary certificate</u> Far Eastern Alliance Technology Fund	d.	Short-term investments	5,000	50,000	-	40,100			
Bai Ding Investment Co.	<u>Stock</u> Oriental Securities Co., Ltd.	a.	Long-term stock investments	89,097	1,414,620	14	1,414,620	22,030 thousand shares of Oriental Securities Co., Ltd. pledged for loans by investor company	
	Pacific Liu Tong Investment Co.	a.	Long-term stock investments	9,900	135,340	4	110,903		
	Pacific Sogo Department Store Co.	a.	Long-term stock investments	3,818	50,227	1	50,227		
	Yu Ming Trading Co., Ltd.	a.	Long-term stock investments	940	16,970	47	16,970		

(Continued)

Investor Company	Securities Type and Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2004				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)	
	Far Eastern Continent Co., Ltd.	a.	Long-term stock investments	2,670	\$ 12,653	45	\$ 12,653	
	Ya Tung Department Store Ltd.	a.	Long-term stock investments	1,327	6,485	27	6,485	
	FEDS Asia Pacific Development Ltd.	a.	Long-term stock investments	500	4,725	-	5,035	
	Bai Yang Investment Co.	a.	Long-term stock investments	78	551	-	3,796	
	Bai Chin (Singapore) Pte., Ltd.	a.	Long-term stock investments	10	191	10	57	
	FEDS New Century Development Co., Ltd.	a.	Long-term stock investments	2	12	-	31	
	Far Eastern Geant Co., Ltd.	a.	Long-term stock investments	-	2	-	1	
	Asia Cement Corp.	c.	Long-term stock investments	46,101	1,068,923	2	1,009,618	16,000 thousand shares of Asia Cement Corp. pledged for bonds issued by investor company
	Far Eastern Department Stores Ltd.	e.	Long-term stock investments	35,183	608,762	4	624,852	
	Far Eastern Textile Ltd.	c.	Long-term stock investments	36,672	560,957	1	924,500	19,200 thousand shares of Far Eastern Textile Ltd. pledged or mortgaged as collaterals for escrow by the court by investor company
	New Century Infocomm Tech., Co., Ltd.	c.	Long-term stock investments	44,560	413,963	1	381,981	33,350 thousand shares of New Century Infocomm Tech., Co., Ltd. pledged or mortgaged as collaterals for loans by investor company
	Far Eastern International Leasing Corp.	-	Long-term stock investments	7,475	135,000	6	79,910	
	Chung-Nan Textile Co., Ltd.	-	Long-term stock investments	2,984	81,390	5	62,065	
	Ding Ding Management Consultants Co., Ltd.	-	Long-term stock investments	180	11,817	18	6,523	
	Oriental Securities Investment Advisory Co., Ltd.	-	Long-term stock investments	1	10	-	10	
	<u>Beneficiary certificate</u>							
	Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	8,060	85,000	-	85,005	
	Barits Bond Fund	-	Short-term investments	7,099	84,000	-	84,090	
		-	Short-term investments	4,271	50,596	-	50,604	
	Prudential Financial Bond Fund	-	Short-term investments	3,481	49,541	-	49,549	
Feds Asia Pacific Development Ltd.	<u>Stock</u>							
	Pacific Liu Tong Investment Co.	a.	Investments in shares of stock	9,900	135,222	4	110,903	
	Far Eastern Continent Co., Ltd.	a.	Investments in shares of stock	6	60	-	28	
Feds New Century Development Co., Ltd.	<u>Stock</u>							
	Pacific Liu Tong Investment Co.	a.	Investments in shares of stock	9,900	135,222	4	110,903	
	<u>Beneficiary certificate</u>							
	Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	2,100	22,037	-	22,147	
Feds Development Ltd. (BVI)	<u>Stock</u>							
	Chongqing Bai Ding Business Management Consulting Co., Ltd.	-	Investments in shares of stock	-	3,171	100	3,171	
	Kowloon Cement Corp., Ltd.	-	Investments in shares of stock	46	9,325	2	1,309	

(Continued)

Investor Company	Securities Type and Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2004				Note	
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)		
Bai Yang Investment Co.	<u>Stock</u>								
	Pacific Liu Tong Investment Co.	a.	Investments in shares of stock	9,900	\$ 135,222	4	\$ 110,903	Stocks thousand shares of New Century Infocomm Tech., Co., Ltd. pledged for loans by investor company	
	FEDS Asia Pacific Development Ltd.	a.	Investments in shares of stocks	600	5,722	-	6,416		
	Bai Ding Investment Co.	a.	Investments in shares of stock	9	89	-	92		
	Far Eastern Continent Co., Ltd.	a.	Investments in shares of stock	12	77	-	57		
	FEDS New Century Development Co., Ltd.	a.	Investments in shares of stock	2	16	-	31		
	Ya Tung Department Store Ltd.	a.	Investments in shares of stock	-	7	-	4		
	Far Eastern Geant Co., Ltd.	a.	Investments in shares of stock	-	6	-	2		
	Far Eastern Department Stores Ltd.	e.	Investments in shares of stock	8,885	153,727	1	157,790		
	Asia Cement Corp.	c.	Investments in shares of stock	2,486	57,644	-	54,445		
	Far Eastern Textile Ltd.	c.	Investments in shares of stock	1,573	27,659	-	39,665		
	New Century Infocomm Tech., Co., Ltd.	c.	Investments in shares of stock	20,560	191,003	-	176,246		
	Oriental Securities Investment Advisory Co., Ltd.	-	Investments in shares of stock	1	10	-	10		
	<u>Beneficiary certificate</u>								
	Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	33,594	353,323	-	354,298		
	Barits Bond Fund	-	Short-term investments	21,136	250,000	-	250,347		
	Polaris Di-Po Fund	-	Short-term investments	9,355	100,971	-	101,006		
Prudential Financial Bond Fund	-	Short-term investments	6,381	90,811	-	90,839			
HUHW A Bond Fund	-	Short-term investments	4,027	50,000	-	50,138			
Mega Fancy Balanced Fund	-	Short-term investments	2,000	20,405	-	16,708			
Forever Fund	-	Short-term investments	1,135	16,000	-	16,003			
Pca will Pool Fund	-	Short-term investments	573	7,000	-	7,001			
Ya Tung Department Store Ltd.	<u>Stock</u>								
	Pacific Liu Tong Investment Co.	a.	Investments in shares of stock	5,500	75,180	2	61,613		
	Feds New Century Development Ltd.	a.	Investments in shares of stock	2	13	-	156		
	Far Eastern Continent Co., Ltd.	a.	Investments in shares of stock	6	60	-	28		
	Bai Ding Investment Co.	a.	Investments in shares of stock	3	33	-	31		
	Bai Yang Investment Co.	a.	Investments in shares of stock	-	4	-	19		
	Far Eastern Geant Co., Ltd.	a.	Investments in shares of stock	-	2	-	2		
<u>Beneficiary certificate</u>									
Far Eastern Taiwan Bond Fund	d.	Short-term investments	948	10,000	-	10,003			
Yu Ming Advertising Agency Co.	<u>Stock</u>								
	Pacific Liu Tong Investment Co.	-	Investments in shares of stock	100	1,200	-	1,120		
	Far Eastern Continent Co., Ltd.	-	Investments in shares of stock	6	56	-	28		
	Bai Ding Investment Co.	-	Investments in shares of stock	3	33	-	31		
	Feds New Century Development Co., Ltd.	-	Investments in shares of stock	2	20	-	31		
	Ya Tung Department Store Ltd.	-	Investments in shares of stock	-	7	-	4		
	Bai Yang Investment Co.	-	Investments in shares of stock	-	4	-	19		
	Far Eastern Geant Co., Ltd.	-	Investments in shares of stock	-	1	-	2		
	Asia Cement Corp.	c.	Short-term investments	972	28,837	-	21,294		
Far Eastern Department Stores Ltd.	e.	Short-term investments	909	25,587	-	16,142			
Far Eastern Continent Co., Ltd.	<u>Stock</u>								
	Pacific Liu Tong Investment Co.	a.	Investments in shares of stock	700	7,841	-	7,842		

(Continued)

Investor Company	Securities Type and Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2004				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)	
Far Eastern Department Stores (USA)	<u>Stock</u> Asians Merchandise Co.	a.	Other liabilities	50	\$ (24,170)	100	\$ (24,170)	
Pacific Liu Tong Investment Co.	<u>Stock</u> Pacific Sogo Department Store Co.	a.	Investments in shares of stock	220,787	4,742,393	79	2,878,233	210,728 thousand shares of Pacific Sogo Department Store Co. pledged for loans or bonds issued by investor company
Pacific Sogo Development Store Co.	<u>Stock</u> ASUSTek Computer Inc. CMC Magnetics Corp. China Development Financial Holding Co. Quanta computer Inc. Pacific Construction Co., Ltd. MiTAC International Corp. DBTEL Inc. PURETEK Corp. Pacific China Holdings (HK) Co., Ltd. Pacific Department Store Co., Ltd.	- - - - - - - - - b. a.	Short-term investments Short-term investments Short-term investments Short-term investments Short-term investments Short-term investments Short-term investments Short-term investments Investments in shares of stock Investments in shares of stock	271 510 522 174 6,849 328 268 119 11,400 27,825	49,612 29,401 23,133 14,921 14,315 11,654 6,474 4,858 3,662,980 209,408	- - - - 1 - - - 60 26	21,561 8,160 7,936 9,480 11,096 5,345 2,566 343 111,517 209,408	7,950 thousand shares of Pacific Department Store Co., Ltd. pledged for loans by investor company
	Lian Ching Investment Co., Ltd. Pacific 88 Co., Ltd. Pacific United Consultant Co., Ltd. Pacific Liu Tong Investment Co., Ltd. Pacific Securities Co., Ltd.	b. a. a. e. -	Investments in shares of stock Investments in shares of stock Investments in shares of stock Investments in shares of stock Investments in shares of stock	26,764 2,838 4,071 400 20,279	- 13,625 49,761 4,019 81,116	50 28 39 - 5	- 13,625 49,761 4,481 234,169	20,279 thousand shares of Pacific Department Store Co., Ltd. pledged for loans by investor company
	Pacific Venture Investment Ltd. Sogo Department Store Co., Ltd. Pacific Sogo Investment Co., Ltd. Invenpec Besta Co., Ltd. Fuyang (Chin Yu) Investment Co., Ltd. E-Shou Hi-tech Co., Ltd.	a. a. b. - - -	Investments in shares of stock Investments in shares of stock Investments in shares of stock Investments in shares of stock Investments in shares of stock Investments in shares of stock	100,000 7,120 99,990 5 2 18,300	- - - 125 18 -	48 34 100 - - 15	- - - 148 -	
	Ding Ding Integrated Marketing Service	a.	Investments in shares of stock	3,000	27,371	10	27,371	
	<u>Beneficiary certificate</u> The First Global Investment Trust OTC Equity Fund First Securities Investment Trust Fund	- - -	Short-term investments Short-term investments Short-term investments	1,500 500 2,000	15,000 11,008 20,060	- - -	8,040 3,285 10,440	
	OTC Fund IIT New Emerging Enterprise Fund HSBC Taiwan Growth Fund The Golden Dragon Fund Waterland Vision Fund	- - - - -	Short-term investments Short-term investments Short-term investments Short-term investments Short-term investments	2,000 1,000 1,021 2,000 1,000	20,060 10,030 20,060 20,050 10,000	- - - - -	10,980 8,620 14,157 9,540 11,240	

(Continued)

Investor Company	Securities Type and Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2004				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)	
	Far Eastern Alliance Taiwan Flagship Fund	-	Short-term investments	150	\$ 1,507	-	\$ 1,784	
	HSBC NTD Money Management Fund	-	Short-term investments	20,749	300,000	-	300,467	
	Fubon Ju-I Fund	-	Short-term investments	19,393	300,000	-	300,047	
	Ta Chong Bond Fund	-	Short-term investments	15,782	200,000	-	200,008	
	ABN AMRO Bond Fund	-	Short-term investments	27,231	300,000	-	300,427	
	Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	37,028	390,000	-	390,509	
	Pca Bond Fund	-	Short-term investments	6,615	100,128	-	100,276	
	Polaris Di-Po Fund	-	Short-term investments	18,547	200,000	-	200,254	
	Upamc James Bond Fund	-	Short-term investments	19,960	300,000	-	300,050	
	JIH Sun Bond Fund	-	Short-term investments	18,809	250,000	-	250,032	
Pacific China Holdings (HK) Co.	<u>Stock</u> Pacific China Holdings Co.	b.	Investments in shares of stock	19,000	575,016	100	575,016	
Pacific China Holdings Co.	<u>Stock</u> Shanghai Pacific Department Store Co., Ltd.	b.	Investments in shares of stock	-	684,557	73	752,019	
	Chengdu Shangxia Pacific Department Store Co., Ltd.	b.	Investments in shares of stock	-	198,020	100	204,063	
	Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	b.	Other liabilities	-	(65,965)	100	(63,725)	
	Chongqing Mentropolitan Plaza Pacific Department Store Co., Ltd.	b.	Investments in shares of stock	-	291,650	100	291,666	
	Beijing Xidan Pacific Department Store Co., Ltd.	b.	Investments in shares of stock	-	49,459	55	49,443	
	Chongqing Pacific Business Management Consulting Co., Ltd.	b.	Investments in shares of stock	-	27,677	100	27,681	
	Shanghai Pacific Business Management Consulting Co., Ltd.	a.	Investments in shares of stock	-	5,840	49	5,840	

Note A:

- Equity-method investee
- Subsidiary
- Same director
- A director of the Company is one of its directors
- Parent company
- Equity-method investor
- Its director is related by consanguinity to the Company's director
- Cost-method investee

Note B: The market values of the investment with quoted market prices were determined at the average daily closing price in December 2004 and at the net asset value of the mutual funds on the last trading day in December 2004. The financial statements used as basis for calculating investments, with no quoted market prices, had all been audited, except those of Chung Nan Textile Co., Ltd.

Note C: Neither the total assets nor total operating revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co. individually reached at least 10% or jointly reached at least 30% of the Company's total assets or total operating revenues. Thus, their information was not disclosed.

TABLE 6 (B)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2004

(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Investor Company	Securities Type and Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2004				Note	
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)		
Far Eastern Department Stores Ltd.	<u>Stock</u> Oriental Securities Co., Ltd.	a.	Investments in shares of stock	128,713	\$ 64,447	20	\$ 64,447	83,200 thousand shares of Oriental Securities Co., Ltd. pledged for loans of the investor company	
	Feds Asia Pacific Development Ltd.	b.	Investments in shares of stock	138,900	46,833	69	46,837		
	Bai Yang Investment Co.	b.	Investments in shares of stock	29,921	42,916	100	45,926		
	Far Eastern Geant Co., Ltd.	b.	Investments in shares of stock	163,579	35,039	50	35,301		
	Bai Ding Investment Co.	b.	Investments in shares of stock	145,111	34,925	100	46,873		
	Pacific Liu Tong Investment Co.	b.	Investments in shares of stock	91,600	33,128	36	32,360		
	Feds Development Ltd. (BVI)	b.	Investments in shares of stock	100	9,289	100	9,289		
	Feds New Century Development Co., Ltd.	b.	Investments in shares of stock	9,992	4,918	100	4,918		
	Far Eastern CitySuper Ltd.	b.	Investments in shares of stock	13,000	3,506	87	3,506		
	Yu Ming Advertising Agency Co.	b.	Investments in shares of stock	2,900	1,104	100	1,426		
	Ding Ding Integrated Marketing Service	a.	Investments in shares of stock	3,000	863	10	863		
	Ya Tung Department Store Ltd.	b.	Investments in shares of stock	3,673	569	73	566		
	Far Eastern Continent Co., Ltd.	b.	Investments in shares of stock	3,300	493	55	493		
	Bai Chin (Singapore) Pte., Ltd.	b.	Investments in shares of stock	90	16	90	16		
	Far Eastern Department Stores (USA) Inc.	b.	Other liabilities	45	(698)	100	(698)		
	Asia Cement Corp.	c.	Investments in shares of stock	43,783	33,688	2	30,238		40,000 thousand shares of <u>Asia Cement Corp.</u> pledged for loans of the investor company
	Far Eastern International Bank	c.	Investments in shares of stock	20,779	5,669	1	12,988		
	Far Eastern Textile Ltd.	f.	Investments in shares of stock	14,171	3,900	-	11,267		
	Kaohsiung M.R.T.	-	Investments in shares of stock	-	-	-	-		
	Far Eastern Finance & Leasing Corp.	-	Investments in shares of stock	-	-	-	-		
Yuan Ding Co., Ltd.	c.	Investments in shares of stock	-	-	-	-			
Hwa An International Trade	-	Investments in shares of stock	-	-	-	-			
Far Eastern Telecom Co., Ltd.	c.	Short-term investments	-	-	-	-			
<u>Beneficiary certificate</u> Far Eastern Alliance Technology Fund	d.	Short-term investments	-	-	-	-			
Bai Ding Investment Co.	<u>Stock</u> Oriental Securities Co., Ltd.	a.	Long-term stock investments	2,810	44,611	14	1,414,620	22,030 thousand shares of Oriental Securities Co., Ltd. pledged for loans by investor company	
	Pacific Liu Tong Investment Co.	a.	Long-term stock investments	312	4,268	4	110,903		
	Pacific Sogo Department Store Co.	a.	Long-term stock investments	120	1,584	1	50,227		
	Yu Ming Trading Co., Ltd.	a.	Long-term stock investments	30	535	47	16,970		

(Continued)

Investor Company	Securities Type and Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2004				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)	
	Far Eastern Continent Co., Ltd.	a.	Long-term stock investments	84	\$ 399	45	\$ 12,653	
	Ya Tung Department Store Ltd.	a.	Long-term stock investments	42	205	27	6,485	
	FEDS Asia Pacific Development Ltd.	a.	Long-term stock investments	16	149	-	5,035	
	Bai Yang Investment Co.	a.	Long-term stock investments	2	17	-	3,796	
	Bai Chin (Singapore) Pte., Ltd.	a.	Long-term stock investments	-	6	10	57	
	FEDS New Century Development Co., Ltd.	a.	Long-term stock investments	-	-	-	31	
	Far Eastern Geant Co., Ltd.	a.	Long-term stock investments	-	-	-	1	
	Asia Cement Corp.	c.	Long-term stock investments	1,454	33,709	2	1,009,618	16,000 thousand shares of Asia Cement Corp. pledged for bonds issued by investor company
	Far Eastern Department Stores Ltd.	e.	Long-term stock investments	1,110	19,198	4	624,852	
	Far Eastern Textile Ltd.	c.	Long-term stock investments	1,156	17,690	1	924,500	19,200 thousand shares of Far Eastern Textile Ltd. pledged or mortgaged as collaterals for escrow by the court by investor company
	New Century Infocomm Tech., Co., Ltd.	c.	Long-term stock investments	1,405	13,055	1	381,981	33,350 thousand shares of New Century Infocomm Tech., Co., Ltd. pledged or mortgaged as collaterals for loans by investor company
	Far Eastern International Leasing Corp.	-	Long-term stock investments	236	4,257	6	79,910	
	Chung-Nan Textile Co., Ltd.	-	Long-term stock investments	94	2,567	5	62,065	
	Ding Ding Management Consultants Co., Ltd.	-	Long-term stock investments	6	373	18	6,523	
	Oriental Securities Investment Advisory Co., Ltd.	-	Long-term stock investments	-	-	-	10	
	<u>Beneficiary certificate</u>							
	Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	254	2,681	-	85,005	
	Barits Bond Fund	-	Short-term investments	224	2,649	-	84,090	
		-	Short-term investments	135	1,596	-	50,604	
	Prudential Financial Bond Fund	-	Short-term investments	110	1,562	-	49,549	
Feds Asia Pacific Development Ltd.	<u>Stock</u>							
	Pacific Liu Tong Investment Co.	a.	Investments in shares of stock	312	4,264	4	110,903	
	Far Eastern Continent Co., Ltd.	a.	Investments in shares of stock	-	2	-	28	
Feds New Century Development Co., Ltd.	<u>Stock</u>							
	Pacific Liu Tong Investment Co.	a.	Investments in shares of stock	312	42,580	4	110,903	
	<u>Beneficiary certificate</u>							
	Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	66	695	-	22,147	
Feds Development Ltd. (BVI)	<u>Stock</u>							
	Chongqing Bai Ding Business Management Consulting Co., Ltd.	-	Investments in shares of stock	-	100	100	3,171	
	Kowloon Cement Corp., Ltd.	-	Investments in shares of stock	1	294	2	1,309	

(Continued)

Investor Company	Securities Type and Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2004				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)	
Bai Yang Investment Co.	<u>Stock</u>							
	Pacific Liu Tong Investment Co.	a.	Investments in shares of stock	312	\$ 4,264	4	\$ 110,903	Stocks thousand shares of New Century Infocomm Tech., Co., Ltd. pledged for loans by investor company
	FEDS Asia Pacific Development Ltd.	a.	Investments in shares of stocks	19	180	-	6,416	
	Bai Ding Investment Co.	a.	Investments in shares of stock	-	3	-	92	
	Far Eastern Continent Co., Ltd.	a.	Investments in shares of stock	-	2	-	57	
	FEDS New Century Development Co., Ltd.	a.	Investments in shares of stock	-	1	-	31	
	Ya Tung Department Store Ltd.	a.	Investments in shares of stock	-	-	-	4	
	Far Eastern Geant Co., Ltd.	a.	Investments in shares of stock	-	-	-	2	
	Far Eastern Department Stores Ltd.	e.	Investments in shares of stock	280	4,848	1	157,790	
	Asia Cement Corp.	c.	Investments in shares of stock	78	1,818	-	54,445	
	Far Eastern Textile Ltd.	c.	Investments in shares of stock	50	872	-	39,665	
	New Century Infocomm Tech., Co., Ltd.	c.	Investments in shares of stock	648	6,023	-	176,246	
	Oriental Securities Investment Advisory Co., Ltd.	-	Investments in shares of stock	-	-	-	10	
	<u>Beneficiary certificate</u>							
	Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	1,059	11,142	-	354,298	
	Barits Bond Fund	-	Short-term investments	667	7,884	-	250,347	
	Polaris Di-Po Fund	-	Short-term investments	295	3,184	-	101,006	
	Prudential Financial Bond Fund	-	Short-term investments	201	2,864	-	90,839	
		-	Short-term investments	127	1,577	-	50,138	
	-	Short-term investments	63	643	-	16,708		
Forever Fund	-	Short-term investments	36	505	-	16,003		
Pca will Pool fund	-	Short-term investments	18	221	-	7,001		
Ya Tung Department Store Ltd.	<u>Stock</u>							
	Pacific Liu Tong Investment Co.	a.	Investments in shares of stock	173	2,371	2	61,613	
	Feds New Century Development Ltd.	a.	Investments in shares of stock	-	-	-	156	
	Far Eastern Continent Co., Ltd.	a.	Investments in shares of stock	-	2	-	28	
	Bai Ding Investment Co.	a.	Investments in shares of stock	-	1	-	31	
	Bai Yang Investment Co.	a.	Investments in shares of stock	-	-	-	19	
	Far Eastern Geant Co., Ltd.	a.	Investments in shares of stock	-	-	-	2	
	<u>Beneficiary certificate</u>							
Far Eastern Taiwan Bond Fund	d.	Short-term investments	30	315	-	10,003		
Yu Ming Advertising Agency Co.	<u>Stock</u>							
	Pacific Liu Tong Investment Co.	-	Investments in shares of stock	3	38	-	1,120	
	Far Eastern Continent Co., Ltd.	-	Investments in shares of stock	-	2	-	28	
	Bai Ding Investment Co.	-	Investments in shares of stock	-	1	-	31	
	Feds New Century Development Co., Ltd.	-	Investments in shares of stock	-	1	-	31	
	Ya Tung Department Store Ltd.	-	Investments in shares of stock	-	-	-	4	
	Bai Yang Investment Co.	-	Investments in shares of stock	-	-	-	19	
	Far Eastern Geant Co., Ltd.	-	Investments in shares of stock	-	-	-	2	
	Asia Cement Corp.	c.	Short-term investments	31	909	-	21,294	
Far Eastern Department Stores Ltd.	e.	Short-term investments	29	807	-	16,142		
Far Eastern Continent Co., Ltd.	<u>Stock</u>							
	Pacific Liu Tong Investment Co.	a.	Investments in shares of stock	22	247	-	7,842	

(Continued)

Investor Company	Securities Type and Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2004				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)	
Far Eastern Department Stores (USA)	<u>Stock</u> Asians Merchandise Co.	a.	Other liabilities	2	\$ (762)	100	\$ (24,170)	
Pacific Liu Tong Investment Co.	<u>Stock</u> Pacific Sogo Department Store Co.	a.	Investments in shares of stock	6,963	149,555	79	2,878,233	210,728 thousand shares of Pacific Sogo Department Store Co. pledged for loans or bonds issued by investor company
Pacific Sogo Development Store Co.	<u>Stock</u> ASUSTek Computer Inc.	-	Short-term investments	9	1,565	-	21,561	
	CMC Magnetics Corp.	-	Short-term investments	16	927	-	8,160	
	China Development Financial Holding Co.	-	Short-term investments	16	730	-	7,936	
	Quanta computer Inc.	-	Short-term investments	5	471	-	9,480	
	Pacific Construction Co., Ltd.	-	Short-term investments	216	451	1	11,096	
	MiTAC International Corp.	-	Short-term investments	10	368	-	5,345	
	DBTEL Inc.	-	Short-term investments	8	204	-	2,566	
	PURETEK Corp.	-	Short-term investments	4	153	-	343	
	Pacific China Holdings (HK) Co., Ltd.	b.	Investments in shares of stock	360	115,515	60	111,517	
	Pacific Department Store Co., Ltd.	a.	Investments in shares of stock	877	6,604	26	209,408	7,950 thousand shares of Pacific Department Store Co., Ltd. pledged for loans by investor company
	Lian Ching Investment Co., Ltd.	b.	Investments in shares of stock	844	-	50	-	
	Pacific 88 Co., Ltd.	a.	Investments in shares of stock	89	430	28	13,625	
	Pacific United Consultant Co., Ltd.	a.	Investments in shares of stock	128	1,569	39	49,761	
	Pacific Liu Tong Investment Co., Ltd.	e.	Investments in shares of stock	13	127	-	4,481	
	Pacific Securities Co., Ltd.	-	Investments in shares of stock	640	2,558	5	234,169	20,279 thousand shares of Pacific Department Store Co., Ltd. pledged for loans by investor company
	Pacific Venture Investment Ltd.	a.	Investments in shares of stock	3,154	-	48	-	
	Sogo Department Store Co., Ltd.	a.	Investments in shares of stock	225	-	34	-	
	Pacific Sogo Investment Co., Ltd.	b.	Investments in shares of stock	3,153	-	100	-	
	Invenpec Besta Co., Ltd.	-	Investments in shares of stock	-	4	-	148	
	Fuyang (Chin Yu) Investment Co., Ltd.	-	Investments in shares of stock	-	1	-	-	
	E-Shou Hi-tech Co., Ltd.	-	Investments in shares of stock	577	-	15	-	
	Ding Ding Integrated Marketing Service	-	Investments in shares of stock	3,091	-	20	-	
	Ding Ding Integrated Marketing Service	a.	Investments in shares of stock	95	863	10	27,371	
	<u>Beneficiary certificate</u> The First Global Investment Trust OTC Equity Fund	-	Short-term investments	47	473	-	8,040	
	First Securities Investment Trust Fund	-	Short-term investments	16	347	-	3,285	
	OTC Fund	-	Short-term investments	63	633	-	10,440	
	IIT New Emerging Enterprise Fund	-	Short-term investments	63	633	-	10,980	
	HSBC Taiwan Growth Fund	-	Short-term investments	32	316	-	8,620	
	The Golden Dragon Fund	-	Short-term investments	32	633	-	14,157	
	Waterland Vision Fund	-	Short-term investments	63	632	-	9,540	
		-	Short-term investments	32	315	-	11,240	

(Continued)

Investor Company	Securities Type and Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2004				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)	
	Far Eastern Alliance Taiwan Flagship Fund	-	Short-term investments	5	\$ 48	-	\$ 1,784	
	HSBC NTD Money Management Fund	-	Short-term investments	654	9,461	-	300,467	
	Fubon Ju-I Fund	-	Short-term investments	612	9,461	-	300,047	
	Ta Chong Bond Fund	-	Short-term investments	498	6,307	-	200,008	
	ABN AMRO Bond Fund	-	Short-term investments	859	9,461	-	300,427	
	Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	1,168	12,299	-	390,509	
	Pca Bond Fund	-	Short-term investments	209	3,158	-	100,276	
	Polaris Di-Po Fund	-	Short-term investments	585	6,307	-	200,254	
	Upamc James Bond Fund	-	Short-term investments	629	9,461	-	300,050	
	JIH Sun Bond Fund	-	Short-term investments	593	7,884	-	250,032	
Pacific China Holdings (HK) Co.	<u>Stock</u> Pacific China Holdings Co.	b.	Investments in shares of stock	599	18,134	100	575,016	
Pacific China Holdings Co.	<u>Stock</u> Shanghai Pacific Department Store Co., Ltd.	b.	Investments in shares of stock	-	21,588	73	752,019	
	Chengdu Shangxia Pacific Department Store Co., Ltd.	b.	Investments in shares of stock	-	6,245	100	204,063	
	Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	b.	Other liabilities	-	(2,080)	100	(63,725)	
	Chongqing Mentropolitan Plaza Pacific Department Store Co., Ltd.	b.	Investments in shares of stock	-	9,197	100	291,666	
	Beijing Xidan Pacific Department Store Co., Ltd.	b.	Investments in shares of stock	-	1,560	55	49,443	
	Chongqing Pacific Business Management Consulting Co., Ltd.	b.	Investments in shares of stock	-	873	100	27,681	
	Shanghai Pacific Business Management Consulting Co., Ltd.	a.	Investments in shares of stock	-	184	49	5,840	

Note A:

- Equity-method investee
- Subsidiary
- Same director
- A director of the Company is one of its directors
- Parent company
- Equity-method investor
- Its director is related by consanguinity to the Company's director
- Cost-method investee

Note B: The market values of the investment with quoted market prices were determined at the average daily closing price in December 2004 and at the net asset value of the mutual funds on the last trading day in December 2004. The financial statements used as basis for calculating investments, with no quoted market prices, had all been audited, except those of Chung Nan Textile Co., Ltd.

Note C: Neither the total assets nor total operating revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co. individually reached at least 10% or jointly reached at least 30% of the Company's total assets or total operating revenues. Thus, their information was not disclosed.

TABLE 7 (A)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 2004

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance			
					Shares (Thousands)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares (Thousands)	Amount	
Far Eastern Department Stores Ltd.	<u>Stock</u>														
	Far Eastern CitySuper Ltd.	Investments in shares of stock	-	-	-	\$ -	13,000	\$ 130,000	-	\$ -	\$ 18,824 (Note A)	\$ -	13,000	\$ 111,176	
		<u>Beneficiary certificate</u>													
		Tiam Soloman Bond Fund	Short-term investments	-	-	-	-	23,254	260,000	23,254	260,679	260,000	679	-	-
		Invesco ROC Bond Fund	Short-term investments	-	-	-	-	20,259	290,000	20,259	290,334	290,000	334	-	-
		Prudential Financial Fund	Short-term investments	-	-	-	-	9,966	140,000	9,966	140,915	140,000	915	-	-
		Chung Hsing Pion fund	Short-term investments	-	-	-	-	28,146	290,000	28,146	291,013	290,000	1,013	-	-
		Union Bond Fund	Short-term investments	-	-	1,714	20,000	10,671	125,000	12,385	145,971	145,000	971	-	-
		TIIM Bond Fund	Short-term investments	-	-	-	-	13,931	190,000	13,931	190,312	190,000	312	-	-
		Ta Chong Bond Fund	Short-term investments	-	-	-	-	19,946	250,000	19,946	250,845	250,000	845	-	-
		NITC Bond Fund	Short-term investments	-	-	-	-	18,421	230,000	18,421	230,919	230,000	919	-	-
		Central Diamond Bond Fund	Short-term investments	-	-	2,219	350,019	1,831	290,000	4,050	642,438	640,019	2,419	-	-
		Forever Fund	Short-term investments	-	-	-	-	24,450	270,000	24,450	270,805	270,000	805	-	-
		Upamc James Bond Fund	Short-term investments	-	-	-	-	20,828	290,000	20,828	290,870	290,000	870	-	-
		Pca Bond Fund	Short-term investments	-	-	-	-	6,723	100,000	6,723	100,418	100,000	418	-	-
		En Trust Kirin Bond Fund	Short-term investments	-	-	-	-	19,317	290,000	19,317	290,933	290,000	933	-	-
		Tiam B.B. Bond Fund	Short-term investments	-	-	-	-	27,203	290,000	27,203	291,068	290,000	1,068	-	-
		Aig Taiwan Bond Fund	Short-term investments	-	-	-	-	26,647	290,000	26,647	290,538	290,000	538	-	-
		Ta chong Gallop Bond Fund	Short-term investments	-	-	-	-	23,636	290,000	23,636	290,727	290,000	727	-	-
		Truswell Bond Fund	Short-term investments	-	-	-	-	9,506	100,000	9,506	100,074	100,000	74	-	-
		The Rsit Enhanced Bond Fund	Short-term investments	-	-	-	-	8,105	100,000	8,105	100,068	100,000	68	-	-
		NITC Taiwan Bond Fund	Short-term investments	-	-	-	-	12,211	130,000	12,211	130,364	130,000	364	-	-
		Transcend Fortune Fund	Short-term investments	-	-	-	-	16,844	230,000	16,844	230,151	230,000	151	-	-
	Polaris Di-Po Fund	Short-term investments	-	-	-	-	8,521	100,000	8,521	100,284	100,000	284	-	-	
		Short-term investments	-	-	-	-	13,074	140,000	13,074	140,338	140,000	338	-	-	
Bai Ding Investment Co.	<u>Beneficiary certificate</u>														
	Fuhwa Advantage Bond Fund	Short-term investments	-	-	-	-	10,000	100,000	10,000	100,198	100,000	198	-	-	
	Fuhwa Diamond Fund	Short-term investments	-	-	-	-	10,000	100,000	10,000	100,502	100,000	502	-	-	
	Union Bond Fund	Short-term investments	-	-	-	-	21,357	250,993	17,086	200,993	200,397	596	4,271	50,596	
	Prudential Financial Bond Fund	Short-term investments	-	-	-	-	17,404	245,941	13,923	196,941	196,400	541	3,481	49,541	
	Chung Hsing Happy Fund	Short-term investments	-	-	-	-	10,000	100,000	10,000	99,362	100,000	(638)	-	-	
	ING CHB Taiwan Bond Fund	Short-term investments	-	-	-	-	8,781	100,000	8,781	100,021	100,000	21	-	-	
NITC Taiwan Bond Fund	Short-term investments	-	-	-	-	7,338	100,020	7,338	100,508	100,020	488	-	-		
Feds New Century Development Ltd.	<u>Beneficiary certificate</u>														
	NITC Bond Fund	Short-term investments	-	-	807	127,356	-	-	807	129,262	127,356	1,906	-	-	
Bai Yang Investment Co.	<u>Beneficiary certificate</u>														
	Far Eastern Alliance Taiwan Bond Fund	Short-term investments	-	-	-	-	57,528	605,000	23,934	252,020	251,677	343	33,594	353,323	
	NITC Bond Fund	Short-term investments	-	-	-	-	946	150,000	946	151,332	150,000	1,332	-	-	
	KGI Victory Fund	Short-term investments	-	-	-	-	24,082	250,000	24,082	251,394	250,000	1,394	-	-	
	Grand Cathay Bond Fund	Short-term investments	-	-	-	-	7,998	100,000	7,998	100,601	100,000	601	-	-	
	Forever Fund	Short-term investments	-	-	-	-	8,300	116,000	7,165	100,647	100,000	647	1,135	16,000	
	Union Bond Fund	Short-term investments	-	-	-	-	11,938	140,000	11,938	140,833	140,000	833	-	-	
	Polaris Di-Po Fund	Short-term investments	-	-	-	-	18,710	200,971	9,355	100,971	100,000	971	9,355	100,971	
	Prudential Financial Bond Fund	Short-term investments	-	-	-	-	13,471	190,811	7,090	100,811	100,000	811	6,381	90,811	
Barits Bond Fund	Short-term investments	-	-	-	-	21,136	250,000	-	-	-	-	21,136	250,000		

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		
					Shares (Thousands)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares (Thousands)	Amount	
Pacific Sogo Department Store Co.	<u>Stock</u> Far Eastern Telecom Co., Ltd.	Short-term investments	Far Eastern Telecom Co., Ltd.	Related party	113,044	\$ 2,080,044	-	\$ -	113,044	\$ 3,324,793	\$ 2,080,044	\$ 1,244,749	-	\$ -	
	<u>Beneficiary certificate</u> Ta Chong Bond Fund	Short-term investments	-	-	-	-	59,482	750,000	43,700	550,451	550,000	451	15,782	200,000	
	Pca Well Pool Fund	Short-term investments	-	-	-	-	24,829	300,000	24,829	300,240	300,000	240	-	-	
	Truswell Bond Fund	Short-term investments	-	-	-	-	20,376	250,000	20,376	250,028	250,000	28	-	-	
	Shinkong Chi-Shun Fund	Short-term investments	-	-	-	-	10,609	150,000	10,609	150,019	150,000	19	-	-	
	Far Eastern Alliance Taiwan Bond Fund	Short-term investments	-	-	-	28,810	300,000	145,869	1,530,000	137,651	1,441,076	1,440,000	1,076	37,028	390,000
	ABN AMRO Bond Fund	Short-term investments	-	-	-	-	20,708	300,000	20,708	300,178	300,000	178	-	-	
	Tlam harvest Bond Fund	Short-term investments	-	-	-	48,067	500,000	-	-	48,067	500,385	500,000	385	-	-
	Soaring Eagle Bond Fund	Short-term investments	-	-	-	19,170	200,000	43,977	460,000	63,147	660,392	660,000	392	-	-
	Fubon Ju-I Fund	Short-term investments	-	-	-	19,693	300,000	32,492	500,000	32,792	500,469	500,000	469	19,393	300,000
	NTS High Yield fund	Short-term investments	-	-	-	-	-	6,241	100,000	6,241	100,061	100,000	61	-	-
	Shinkong chi-Shin Fund	Short-term investments	-	-	-	-	-	14,430	200,000	14,430	200,058	200,000	58	-	-
	HSBC NTD Money Management Fund	Short-term investments	-	-	-	-	-	40,844	590,000	20,095	290,197	290,000	197	20,749	300,000
	PCA Bond Fund	Short-term investments	-	-	-	-	-	16,517	250,000	9,902	150,000	149,872	128	6,615	100,128
	ABN AMRO Select Bond Fund	Short-term investments	-	-	-	-	-	27,231	300,000	-	-	-	-	27,231	300,000
	Polaris Di-Po Fund	Short-term investments	-	-	-	-	-	18,547	200,000	-	-	-	-	18,547	200,000
	Upamc James Bond Fund	Short-term investments	-	-	-	-	-	19,960	300,000	-	-	-	-	19,960	300,000
Jih Sun Bond Fund	Short-term investments	-	-	-	-	-	18,809	250,000	-	-	-	-	18,809	250,000	

Note A: The Company recognized the investee's loss of September 2004 to December 2004

Note B: Neither the total assets nor total operating revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co. individually reached at least 10% or jointly reached at least 30% of the Company's total assets or total operating revenues. Thus, their information was not disclosed.

TABLE 7 (B)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 2004

(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares (Thousands)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares (Thousands)	Amount
Far Eastern Department Stores Ltd.	<u>Stock</u> Far Eastern CitySuper Ltd.	Investments in shares of stock	-	-	-	\$ -	13,000	\$ 4,100	-	\$ -	\$ 594	\$ -	13,000	\$ 3,506
	<u>Beneficiary certificate</u> Tiam Soloman Bond Fund	Short-term investments	-	-	-	-	23,254	8,199	23,254	8,221	8,199	21	-	-
	Invesco ROC Bond Fund	Short-term investments	-	-	-	-	20,259	9,145	20,259	9,156	9,145	11	-	-
	Prudential Financial Fund	Short-term investments	-	-	-	-	9,966	4,415	9,966	4,444	4,415	29	-	-
	Chung Hsing Pion fund	Short-term investments	-	-	-	-	28,146	9,145	28,146	9,177	9,145	32	-	-
	Union Bond Fund	Short-term investments	-	-	1,714	631	10,671	3,942	12,385	4,603	4,573	31	-	-
	TIIM Bond Fund	Short-term investments	-	-	-	-	13,931	5,992	13,931	6,002	5,992	10	-	-
	Ta Chong Bond Fund	Short-term investments	-	-	-	-	19,946	7,884	19,946	7,911	7,884	27	-	-
	NITC Bond Fund	Short-term investments	-	-	-	-	18,421	7,253	18,421	7,282	7,253	29	-	-
	Central Diamond Bond Fund	Short-term investments	-	-	2,219	11,038	1,831	9,145	4,050	20,260	20,184	76	-	-
	Forever Fund	Short-term investments	-	-	-	-	24,450	8,515	24,450	8,540	8,515	25	-	-
	Upamc James Bond Fund	Short-term investments	-	-	-	-	20,828	9,145	20,828	9,173	9,145	27	-	-
	Pca Bond Fund	Short-term investments	-	-	-	-	6,723	3,154	6,723	3,167	3,154	13	-	-
	En Trust Kirin Bond Fund	Short-term investments	-	-	-	-	19,317	9,145	19,317	9,175	9,145	29	-	-
	Tiam B.B. Bond Fund	Short-term investments	-	-	-	-	27,203	9,145	27,203	9,179	9,145	34	-	-
	Aig Taiwan Bond Fund	Short-term investments	-	-	-	-	26,647	9,145	26,647	9,162	9,145	17	-	-
	Ta chong Gallop Bond Fund	Short-term investments	-	-	-	-	23,636	9,145	23,636	9,168	9,145	23	-	-
	Truswell Bond Fund	Short-term investments	-	-	-	-	9,506	3,154	9,506	3,156	3,154	2	-	-
	The Rsit Enhanced Bond Fund	Short-term investments	-	-	-	-	8,105	3,154	8,105	3,156	3,154	2	-	-
	NITC Taiwan Bond Fund	Short-term investments	-	-	-	-	12,211	4,100	12,211	4,111	4,100	11	-	-
	Transcend Fortune Fund	Short-term investments	-	-	-	-	16,844	7,253	16,844	7,258	7,253	5	-	-
	Polaris Di-Po Fund	Short-term investments	-	-	-	-	8,521	3,154	8,521	3,163	3,154	9	-	-
		Short-term investments	-	-	-	-	13,074	4,415	13,074	4,426	4,415	11	-	-
Bai Ding Investment Co.	<u>Beneficiary certificate</u> Fuhwa Advantage Bond Fund	Short-term investments	-	-	-	-	10,000	3,154	10,000	3,160	3,154	6	-	-
	Fuhwa Diamond Fund	Short-term investments	-	-	-	-	10,000	3,154	10,000	3,169	3,154	16	-	-
	Union Bond Fund	Short-term investments	-	-	-	-	21,357	7,915	17,086	6,338	6,320	19	4,271	1,596
	Prudential Financial Bond Fund	Short-term investments	-	-	-	-	17,404	7,756	13,923	6,211	6,194	17	3,481	1,562
	Chung Hsing Happy Fund	Short-term investments	-	-	-	-	10,000	3,154	10,000	3,133	3,154	-20	-	-
	ING CHB Taiwan Bond Fund	Short-term investments	-	-	-	-	8,781	3,154	8,781	3,154	3,154	1	-	-
	NITC Taiwan Bond Fund	Short-term investments	-	-	-	-	7,338	3,154	7,338	3,170	3,154	15	-	-
Feds New Century Development Ltd.	<u>Beneficiary certificate</u> NITC Bond Fund	Short-term investments	-	-	807	4,016	-	-	807	4,076	4,016	60	-	-
	<u>Beneficiary certificate</u> Far Eastern Alliance Taiwan Bond Fund	Short-term investments	-	-	-	-	57,528	19,079	23,934	7,948	7,937	11	33,594	11,142
Bai Yang Investment Co.	NITC Bond Fund	Short-term investments	-	-	-	-	946	4,730	946	4,772	4,730	42	-	-
	KGI Victory Fund	Short-term investments	-	-	-	-	24,082	7,884	24,082	7,928	7,884	44	-	-
	Grand Cathay Bond Fund	Short-term investments	-	-	-	-	7,998	3,154	7,998	3,173	3,154	19	-	-
	Forever Fund	Short-term investments	-	-	-	-	8,300	3,658	7,165	3,174	3,154	20	1,135	505
	Union Bond Fund	Short-term investments	-	-	-	-	11,938	4,415	11,938	4,444	4,415	26	-	-
	Polaris Di-Po Fund	Short-term investments	-	-	-	-	18,710	6,338	9,355	3,184	3,154	31	9,355	3,184
	Prudential Financial Bond Fund	Short-term investments	-	-	-	-	13,471	6,017	7,090	3,179	3,154	26	6,381	2,864
	Barits Bond Fund	Short-term investments	-	-	-	-	21,136	7,884	-	-	-	-	21,136	7,884

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		
					Shares (Thousands)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares (Thousands)	Amount	
Pacific Sogo Department Store Co.	<u>Stock</u> Far Eastern Telecom Co., Ltd.	Short-term investments	Far Eastern Telecom Co., Ltd.	Related party	113,044	\$ 65,596	-	\$ -	113,044	\$ 104,850	\$ 65,596	\$ 39,254	-	\$ -	
	<u>Beneficiary certificate</u> Ta Chong Bond Fund	Short-term investments	-	-	-	-	59,482	23,652	43,700	17,359	17,345	14	15,782	6,307	
	Pca Well Pool Fund	Short-term investments	-	-	-	-	24,829	9,461	24,829	9,468	9,461	8	-	-	
	Truswell Bond Fund	Short-term investments	-	-	-	-	20,376	7,884	20,376	7,885	7,884	1	-	-	
	Shinkong Chi-Shun Fund	Short-term investments	-	-	-	-	10,609	4,730	10,609	4,731	4,730	1	-	-	
	Far Eastern Alliance Taiwan Bond Fund	Short-term investments	-	-	-	28,810	9,461	145,869	48,250	137,651	45,445	45,412	34	37,028	12,299
	ABN AMRO Bond Fund	Short-term investments	-	-	-	-	20,708	9,461	20,708	9,466	9,461	6	-	-	
	Tlam harvest Bond Fund	Short-term investments	-	-	-	48,067	15,768	-	-	48,067	15,780	15,768	12	-	-
	Soaring Eagle Bond Fund	Short-term investments	-	-	-	19,170	6,307	43,977	14,506	63,147	20,826	20,814	12	-	-
	Fubon Ju-I Fund	Short-term investments	-	-	-	19,693	9,461	32,492	15,768	32,792	15,783	15,768	15	19,393	9,461
	NTS High Yield fund	Short-term investments	-	-	-	-	-	6,241	3,154	6,241	3,156	3,154	2	-	-
	Shinkong chi-Shin Fund	Short-term investments	-	-	-	-	-	14,430	6,307	14,430	6,309	6,307	2	-	-
	HSBC NTD Money Management Fund	Short-term investments	-	-	-	-	-	40,844	18,606	20,095	9,152	9,145	6	20,749	9,461
	PCA Bond Fund	Short-term investments	-	-	-	-	-	16,517	7,884	9,902	4,730	4,726	4	6,615	3,158
	ABN AMRO Select Bond Fund	Short-term investments	-	-	-	-	-	27,231	9,461	-	-	-	-	27,231	9,461
	Polaris Di-Po Fund	Short-term investments	-	-	-	-	-	18,547	6,307	-	-	-	-	18,547	6,307
	Upamc James Bond Fund	Short-term investments	-	-	-	-	-	19,960	9,461	-	-	-	-	19,960	9,461
Jih Sun Bond Fund	Short-term investments	-	-	-	-	-	18,809	7,884	-	-	-	-	18,809	7,884	

Note A: The Company recognized the investee's loss of September 2004 to December 2004

Note B: Neither the total assets nor total operating revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co. individually reached at least 10% or jointly reached at least 30% of the Company's total assets or total operating revenues. Thus, their information was not disclosed.

TABLE 8 (A)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATES AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2004**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Far Eastern Geant Co., Ltd.	Building	2004.12.29	\$232,324	The purchase price of the building was \$232,324, to be offset against the original refundable deposits	Far Eastern Continent Co., Ltd.	Same director	-	-	-	\$ -	Market value of \$232,337 was based on an appraiser's report	For long-term operations	-

TABLE 8 (B)**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES****ACQUISITION OF INDIVIDUAL REAL ESTATES AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****YEAR ENDED DECEMBER 31, 2004****(In Thousands of U.S. Dollars, Unless Stated Otherwise)**

Company Name	Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Far Eastern Geant Co., Ltd.	Building	2004.12.29	\$7,327	The purchase price of the building was \$7,327, to be offset against the original refundable deposits	Far Eastern Continent Co., Ltd.	Same director	-	-	-	\$ -	Market value of \$7,327 was based on an appraiser's report	For long-term operations	-

TABLE 9 (A)**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES**

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE CAPITAL STOCK
YEAR ENDED DECEMBER 31, 2004**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Note/Accounts (Payable) or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Far Eastern Department Stores, Ltd.	Far Eastern Apparel Co., Ltd.	An indirect subsidiary of Far Eastern Textile Co., Ltd.	Purchase	\$ 156,377	1.00	30-60 days after the end of the month	-	-	\$ 29,459	2	Accounts payable
Pacific Sogo Department Store Co.	Pacific 88 Co., Ltd.	Equity-method investee	Purchase	236,508	1.05	15-45 days after the end of the month	-	-	15,021	-	Notes payable
									13,997	1	Accounts payable

Note: Neither the total assets nor total revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co. individually reached at least 10% of the Company's total assets or total revenues. Thus, their information was not disclosed.

TABLE 9 (B)**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES****TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE CAPITAL STOCK****YEAR ENDED DECEMBER 31, 2004****(In Thousands of U.S. Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Note/Accounts (Payable) or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Far Eastern Department Stores, Ltd.	Far Eastern Apparel Co., Ltd.	An indirect subsidiary of Far Eastern Textile Co., Ltd.	Purchase	\$ 4,931	1.00	30-60 days after the end of the month	-	-	\$ 929	2	Accounts payable
Pacific Sogo Department Store Co.	Pacific 88 Co., Ltd.	Equity-method investee	Purchase	7,458	1.05	15-45 days after the end of the month	-	-	474	-	Notes payable
									441	1	Accounts payable

Note: Neither the total assets nor total revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co. individually reached at least 10% of the Company's total assets or total revenues. Thus, their information was not disclosed.

TABLE 10 (A)**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2004****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Pacific Sogo Department Stores	Sogo Department Store Co., Ltd.	Equity-method investee	\$ 395,816	-	\$ 395,816	Collection expedited	\$ -	\$ 220,538
	Pacific Sogo Investment Co., Ltd.	Equity- method investee	534,137	-	534,137	Collection expedited	-	534,137

Note A: Neither the total assets nor total operating revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co., subsidiaries of Pacific Sogo Department Stores, individually reached at least 10% nor collectively reached 30% of the Company's total assets or total operating revenues. Thus, their information was not disclosed.

Note B: The account had been excluded from the consolidated financial statements.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2004

(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Pacific Sogo Department Stores	Sogo Department Store Co., Ltd.	Equity-method investee	\$ 12,482	-	\$ 12,482	Collection expedited	\$ -	\$ 6,955
	Pacific Sogo Investment Co., Ltd.	Equity- method investee	16,844	-	16,844	Collection expedited	-	16,844

Note A: Neither the total assets nor total operating revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co., subsidiaries of Pacific Sogo Department Stores, individually reached at least 10% nor collectively reached 30% of the Company's total assets or total operating revenues. Thus, their information was not disclosed.

Note B: The account had been excluded from the consolidated financial statements.

TABLE 11 (A)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

YEAR ENDED DECEMBER 31, 2004

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2004			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss) (Note B)	Note A
				Dec. 31, 2004	Dec. 31, 2003	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Department Stores Ltd.	Oriental Securities Co., Ltd.	Taipei City, R.O.C.	Securities brokerage	\$ 143,652	\$ 143,652	128,713	20	\$ 2,043,606			b
	Feds Asia Pacific Development Ltd.	Taipei City, R.O.C.	Shopping mall	1,385,888	1,385,888	138,900	69	1,485,071	\$ 103,387	\$ 70,721	b
	Bai Yang Investment Co.	Taipei City, R.O.C.	Investment	249,424	249,406	29,921	100	1,360,871	1,228,875	1,225,743	b
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	1,275,999	1,275,999	163,579	50	1,111,078	(711,994)	(355,997)	b
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	50,041	49,993	145,111	100	1,107,483	43,595	43,588	b
	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	1,079,400	1,079,400	91,600	36	1,050,487	493,186	176,840	b
	Feds Development Ltd. (BVI)	British Virgin Island	Investment	26,190	26,190	100	100	294,550	(6,068)	(6,068)	b
	Feds New Century Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	106,399	505,967	9,992	100	155,950	17,475	17,458	b
	Far Eastern CitySuper Ltd.	Taipei City, R.O.C.	Hypermarket	130,000	-	13,000	87	111,176	(21,720)	(18,824)	b
	Yu Ming Advertising Agency Co.	Taipei City, R.O.C.	Advertising	24,000	23,994	2,900	100	35,018	2,897	(1,622)	b
	Ding Ding Integrated Marketing Service Co., Ltd.	Taipei City, R.O.C.	Marketing	30,000	-	3,000	10	27,371	(26,294)	(2,629)	a
	Ya Tung Department Store Ltd.	Taipei City, R.O.C.	Department store	124,029	124,021	3,673	73	18,058	(39,597)	(29,305)	b
	Far Eastern Continent Co., Ltd.	Taipei City, R.O.C.	Building leasing	40,191	40,191	3,300	55	15,639	(5,365)	(3,114)	b
	Bai Chin (Singapore) Ptd. Ltd.	Singapore	Investment	1,718	1,718	90	90	516	(263)	(263)	b
	Far Eastern Department Stores (USA) Inc.	U.S.A.	Importation of certain merchandise for the Company	63,787	63,787	45	100	(22,129)	(2,067)	(2,067)	b
Bai Ding Investment Co.	Oriental Securities Co., Ltd.	Taipei City, R.O.C.	Securities brokerage	163,563	163,563	89,097	14	1,414,620	808,794		a
	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	99,000	99,000	9,900	4	135,340	493,186		b
	Pacific Sogo Department Store Co.	Taipei City, R.O.C.	Department store	33,490	33,490	3,818	1	50,227	1,075,688		c
	Yu Ming Trading Co., Ltd.	Taipei City, R.O.C.	Importation of certain merchandise	21,291	21,291	940	47	16,970	(35)		a
	Far Eastern Continent Co., Ltd.	Taipei City, R.O.C.	Building leasing	28,672	28,672	2,670	45	12,653	(5,365)		b
	Ya Tung Department Store Ltd.	Taipei City, R.O.C.	Department store	33,646	32,500	1,327	27	6,485	(39,597)		b
	Feds Asia Pacific Development Ltd.	Taipei City, R.O.C.	Shopping mall	5,000	5,000	500	-	4,725	103,387		b
	Bai Yang Investment Co.	Taipei City, R.O.C.	Investment	551	503	78	-	551	1,228,875		b
	Bai Chin (Singapore) Pte., Ltd.	Singapore	Investment	191	191	10	10	191	(263)		b
	Feds New Century Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	20	100	2	-	12	17,475		b
Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	2	2	-	-	2	(711,994)		b	
	Taipei City, R.O.C.	Hypermarket						(Note F)			
Feds Asia Pacific Development Ltd.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	99,000	99,000	9,900	4	135,222	493,186		b
	Far Eastern Continent Co., Ltd.	Taipei City, R.O.C.	Building leasing	231	231	6	-	60	(5,365)		b
Feds New Century Development Co., Ltd.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	99,000	99,000	9,900	4	135,222	493,186		b
								(Note F)			

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2004			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss) (Note B)	Note A
				Dec. 31, 2004	Dec. 31, 2003	Shares (Thousands)	Percentage of Ownership	Carrying Value			
FEDS Development	Chongqing Bai Ding Business Management Consulting Co., Ltd.	Mainland China	Consulting service	\$ 3,171	\$ -	-	100	\$ 3,171	\$ -		
Bai Yang Investment Co.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	99,000	99,000	9,900	4	135,222 (Note F)	493,186	b	
	Feds Asia Pacific Development Ltd.	Taipei City, R.O.C.	Shopping mall	6,064	4,900	600	-	5,722 (Note F)	103,387	b	
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	100	100	9	-	89 (Note F)	43,595	b	
	Far Eastern Continent Co., Ltd.	Taipei City, R.O.C.	Building leasing	234	234	12	-	77	(5,365)	b	
	Feds New Century Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	20	100	2	-	16 (Note F)	17,475	b	
	Ya Tung Department Store Ltd.	Taipei City, R.O.C.	Department store	7	7	-	-	7 (Note F)	(39,597)	b	
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	2	2	-	-	6 (Note F)	(711,994)	b	
Ya Tung Department Store Ltd.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	55,000	55,000	5,500	2	75,180 (Note F)	493,186	b	
	Feds New Century Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	20	100	2	-	13 (Note F)	17,475	b	
	Far Eastern Continent Co., Ltd.	Taipei City, R.O.C.	Hypermarket	231	231	6	-	60	(5,365)	b	
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	33	33	3	-	33 (Note F)	43,595	b	
	Bai Yang Investment Co.	Taipei City, R.O.C.	Investment	4	4	-	-	4 (Note F)	1,228,875	b	
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	2	2	-	-	2 (Note F)	(711,994)	b	
Yu Ming Advertising Agency Co.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	1,200	1,200	100	-	1,200 (Note F)	493,186	b	
	Far Eastern Continent Co., Ltd.	Taipei City, R.O.C.	Hypermarket	100	100	6	-	56	(5,365)	b	
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	33	33	3	-	33 (Note F)	43,595	b	
	Feds New Century Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	20	100	2	-	20 (Note F)	17,475	b	
	Ya Tung Department Store Ltd.	Taipei City, R.O.C.	Department store	7	7	-	-	7 (Note F)	(39,597)	b	
	Bai Yang Investment Co.	Taipei city, R.O.C.	Investment	4	4	-	-	4 (Note F)	1,228,875	b	
Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	2	2	-	-	1 (Note F)	(711,994)	b		
Far Eastern Continent Co., Ltd.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	8,400	8,400	700	-	7,841	493,186	b	
Far Eastern Department Stores (USA) Inc.	Asians Merchandise Co.	U.S.A.	Importation of certain merchandise	1,600	1,600	50	100	(24,170)	(2,874)	c	
Pacific Liu Tong Investment Co.	Pacific Sogo Department Store Co.	Taipei City, R.O.C.	Department store	4,469,904	4,469,904	220,787	79	4,742,393 (Note F)	1,075,688	c	
Pacific Sogo Department Store Co.	Sogo Department Store Co., Ltd.	Taipei City, R.O.C.	Credit card business	32,984	32,984	7,120	34	-	-	d	
	Pacific Department Store Co., Ltd.	Taipei City, R.O.C.	Department store	525,000	525,000	27,825	26	209,408	-	d	
	Pacific United Consultant Co., Ltd.	Taipei City, R.O.C.	Security and cleaning	76,099	76,099	4,071	39	49,761	4,510	d	
	Pacific 88 Co., Ltd.	Taipei City, R.O.C.	Clothing, restaurant	19,900	19,900	2,838	28	13,625	(41,467)	d	
	Pacific Sogo Investment Co., Ltd.	Taipei City, R.O.C.	Investment	999,900	999,900	99,990	100	-	-	c	
	Pacific Venture Investment Ltd.	Hong Kong	Investment	357,050	357,050	100,000	48	-	-	c	
Lian Ching Investment Co., Ltd.	Taipei City, R.O.C.	Investment	270,641	270,641	26,764	50	-	-	c		

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2004			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss) (Note B)	Note A
				Dec. 31, 2004	Dec. 31, 2003	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Netmicro Technology Co., Ltd. (Note E)	Taipei City, R.O.C.	Internet, hardware and software maintenance	\$ -	\$ 65,300	-	-	\$ -	\$ -		c
	Ding Ding Inegrated Marketing Service Co., Ltd. Pacific China Holdings (HK) Co.	Taipei City, R.O.C. Hong Kong	Marketing Investment	30,000 4,000,000	- 4,000,000	3,000 11,400	10 60	27,371 3,662,980 (Note F)	(26,294) 386,545		c
Pacific China Holdings (HK) Co.	Pacific China Holdings Co.	British Virgin Islands	Investment	602,490	602,490	19,000	100	575,016 (Note F)	386,545		c
Pacific China Holdings Co.	Shanghai Pacific Department Store Co., Ltd.	Mainland China	Department store	406,919	406,919	-	73	684,557 (Note F)	465,461		c
	Chengdu Shangxia pacific Department Store Co., Ltd.	Mainland China	Department store	221,970	221,970	-	100	198,020 (Note F)	58,358		c
	Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Mainland China	Department store	31,393	31,393	-	100	(65,965) (Note F)	29,638		c
	Chongqing Mentropolitan Plaza Pacific Department Store Co., Ltd.	Mainland China	Department store	95,130	95,130	-	100	291,650 (Note F)	159,397		c
	Beijing Xidan Pacific Department Store Co., Ltd.	Mainland China	Department store	209,286	209,286	-	55	49,459 (Note F)	(86,879)		c
	Chongqing Pacific Business Management Consulting Co., Ltd.	Mainland China	Consulting service	6,342	6,342	-	100	27,677 (Note F)	10,039		c
	Shanghai Pacific Business Management Consulting Co., Ltd.	Mainland China	Consulting service	5,438	5,438	-	49	5,840	163		d

Note A: a. Equity-method investee
b. Subsidiary
c. Subsidiary of the Company's subsidiary
d. Indirect investee

Note B: Except for Bai Chin (Singapore) Pte., Ltd. and Far Eastern Department Store (USA) Inc., the net income of equity- method investees were based on audited financial statements as of and for the year ended December 31, 2003.

Note C: Neither the total assets nor total operating revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co. individually reached at least 10% or jointly reached at least 30% of the Company's total assets or total operating revenues. Thus, their information was not disclosed.

Note D: The foreign-currency investments were translated at the rate of US\$1:NT\$33.97 prevailing on December 31, 2004.

Note E: Netmicro Technology Co. was liquidated in June 2004.

Note F: The account had been excluded from the consolidated financial statements.

TABLE 11 (B)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

YEAR ENDED DECEMBER 31, 2004

(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2004			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss) (Note B)	Note A
				Dec. 31, 2004	Dec. 31, 2003	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Department Stores Ltd.	Oriental Securities Co., Ltd.	Taipei City, R.O.C.	Securities brokerage	\$ 4,530	\$ 4,530	128,713	20	\$ 64,447			b
	Feds Asia Pacific Development Ltd.	Taipei City, R.O.C.	Shopping mall	43,705	43,705	138,900	69	46,833	\$ 3,260	\$ 2,230	b
	Bai Yang Investment Co.	Taipei City, R.O.C.	Investment	7,866	7,865	29,921	100	42,916	38,754	38,655	b
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	40,240	40,240	163,579	50	35,039	(22,453)	(11,227)	b
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	1,578	1,577	145,111	100	34,925	1,375	1,375	b
	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	34,040	34,040	91,600	36	33,128	15,553	5,577	b
	Feds Development Ltd. (BVI)	British Virgin Island	Investment	826	826	100	100	9,289	(191)	(191)	b
	Feds New Century Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	3,355	15,956	9,992	100	4,918	551	551	b
	Far Eastern CitySuper Ltd.	Taipei City, R.O.C.	Hypermarket	4,100	-	13,000	87	3,506	(685)	(594)	b
	Yu Ming Advertising Agency Co.	Taipei City, R.O.C.	Advertising	757	757	2,900	100	1,104	91	(51)	b
	Ding Ding Integrated Marketing Service Co., Ltd.	Taipei City, R.O.C.	Marketing	946	-	3,000	10	863	(829)	(83)	a
	Ya Tung Department Store Ltd.	Taipei City, R.O.C.	Department store	3,911	3,911	3,673	73	569	(1,249)	(924)	b
	Far Eastern Continent Co., Ltd.	Taipei City, R.O.C.	Building leasing	1,267	1,267	3,300	55	493	(169)	(98)	b
	Bai Chin (Singapore) Ptd. Ltd.	Singapore	Investment	54	54	90	90	16	(8)	(8)	b
	Far Eastern Department Stores (USA) Inc.	U.S.A.	Importation of certain merchandise for the Company	2,012	2,012	45	100	(698)	(65)	(65)	b
	Bai Ding Investment Co.	Oriental Securities Co., Ltd.	Taipei City, R.O.C.	Securities brokerage	5,158	5,158	89,097	14	44,611	25,506	
Pacific Liu Tong Investment Co.		Taipei City, R.O.C.	Investment	3,122	3,122	9,900	4	4,268	15,553		b
Pacific Sogo Department Store Co.		Taipei City, R.O.C.	Department store	1,056	1,056	3,818	1	1,584	33,923		c
Yu Ming Trading Co., Ltd.		Taipei City, R.O.C.	Importation of certain merchandise	671	671	940	47	535	(1)		a
Far Eastern Continent Co., Ltd.		Taipei City, R.O.C.	Building leasing	904	904	2,670	45	399	(169)		b
Ya Tung Department Store Ltd.		Taipei City, R.O.C.	Department store	1,061	1,025	1,327	27	205	(1,249)		b
Feds Asia Pacific Development Ltd.		Taipei City, R.O.C.	Shopping mall	158	158	500	-	149	3,260		b
Bai Yang Investment Co.		Taipei City, R.O.C.	Investment	17	16	78	-	17	38,754		b
Bai Chin (Singapore) Pte., Ltd.		Singapore	Investment	6	6	10	10	6	(8)		b
Feds New Century Development Co., Ltd.		Taipei City, R.O.C.	Shopping mall	1	3	2	-	-	551		b
Feds Asia Pacific Development Ltd.	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	-	-	-	-	-	(22,453)		b
	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	3,122	3,122	9,900	4	4,264	15,553		b
Feds New Century Development Co., Ltd.	Far Eastern Continent co., Ltd.	Taipei City, R.O.C.	Building leasing	7	7	6	-	2	(169)		b
	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	3,122	3,122	9,900	4	4,264	15,553		b

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2004			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss) (Note B)	Note A
				Dec. 31, 2004	Dec. 31, 2003	Shares (Thousands)	Percentage of Ownership	Carrying Value			
FEDS Development	Chongqing Bai Ding Business Management Consulting Co., Ltd.	Mainland China	Consulting service	\$ 100	\$ -	-	100	\$ 100	\$ -		
Bai Yang Investment Co.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	3,122	3,122	9,900	4	4,264 (Note F)	15,553	b	
	Feds Asia Pacific Development Ltd.	Taipei City, R.O.C.	Shopping mall	191	155	600	-	180 (Note F)	3,260	b	
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	3	3	9	-	3 (Note F)	1,375	b	
	Far Eastern Continent Co., Ltd.	Taipei City, R.O.C.	Building leasing	7	7	12	-	2	(169)	b	
	Feds New Century Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	1	3	2	-	1 (Note F)	551	b	
	Ya Tung Department Store Ltd.	Taipei City, R.O.C.	Department store	-	-	-	-	-	(1,249)	b	
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	-	-	-	-	-	(22,453)	b	
Ya Tung Department Store Ltd.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	1,734	1,734	5,500	2	2,371 (Note F)	15,553	b	
	Feds New Century Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	1	3	2	-	-	551	b	
	Far Eastern Continent Co., Ltd.	Taipei City, R.O.C.	Hypermarket	7	7	6	-	2	(169)	b	
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	1	1	3	-	1 (Note F)	1,375	b	
	Bai Yang Investment Co.	Taipei City, R.O.C.	Investment	-	-	-	-	-	38,754	b	
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	-	-	-	-	-	(22,453)	b	
Yu Ming Advertising Agency Co.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	38	38	100	-	38 (Note F)	15,553	b	
	Far Eastern Continent Co., Ltd.	Taipei City, R.O.C.	Hypermarket	3	3	6	-	2	(169)	b	
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	1	1	3	-	1 (Note F)	1,375	b	
	Feds New Century Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	1	3	2	-	1 (Note F)	551	b	
	Ya Tung Department Store Ltd.	Taipei City, R.O.C.	Department store	-	-	-	-	-	(1,249)	b	
	Bai Yang Investment Co.	Taipei city, R.O.C.	Investment	-	-	-	-	-	38,754	b	
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	-	-	-	-	-	(22,453)	b	
Far Eastern Continent Co., Ltd.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	265	265	700	-	247	15,553	b	
Far Eastern Department Stores (USA) Inc.	Asians Merchandise Co.	U.S.A.	Importation of certain merchandise	50	50	50	100	(762)	(91)	c	
Pacific Liu Tong Investment Co.	Pacific Sogo Department Store Co.	Taipei City, R.O.C.	Department store	140,962	140,962	220,787	79	149,555 (Note F)	33,923	c	
Pacific Sogo Department Store Co.	Sogo Department Store Co., Ltd.	Taipei City, R.O.C.	Credit card business	1,040	1,040	7,120	34	-	-	d	
	Pacific Department Store Co., Ltd.	Taipei City, R.O.C.	Department store	16,556	16,556	27,825	26	6,604	-	d	
	Pacific United Consultant Co., Ltd.	Taipei City, R.O.C.	Security and cleaning	2,400	2,400	4,071	39	1,569	142	d	
	Pacific 88 Co., Ltd.	Taipei City, R.O.C.	Clothing, restaurant	628	628	2,838	28	430	(1,308)	d	
	Pacific Sogo Investment Co., Ltd.	Taipei City, R.O.C.	Investment	31,533	31,533	99,990	100	-	-	c	
	Pacific Venture Investment Ltd.	Hong Kong	Investment	11,260	11,260	100,000	48	-	-		
	Lian Ching Investment Co., Ltd.	Taipei City, R.O.C.	Investment	8,535	8,535	26,764	50	-	-	c	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2004			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss) (Note B)	Note A
				Dec. 31, 2004	Dec. 31, 2003	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Netmicro Technology Co., Ltd. (Note E)	Taipei City, R.O.C.	Internet, hardware and software maintenance	\$ -	\$ 2,059	-	-	\$ -	\$ -		c
	Ding Ding Inegrated Marketing Service Co., Ltd. Pacific China Holdings (HK) Co.	Taipei City, R.O.C. Hong Kong	Marketing Investment	946 126,143	- 126,143	3,000 11,400	10 60	863 115,515 (Note F)	(829) 12,190		c
Pacific China Holdings (HK) Co.	Pacific China Holdings Co.	British Virgin Islands	Investment	19,000	19,000	19,000	100	18,134 (Note F)	12,190		c
Pacific China Holdings Co.	Shanghai Pacific Department Store Co., Ltd.	Mainland China	Department store	12,833	12,833	-	73	21,588 (Note F)	14,679		c
	Chengdu Shangxia pacific Department Store Co., Ltd.	Mainland China	Department store	7,000	7,000	-	100	6,245 (Note F)	1,840		c
	Chengdu Quaxing Mansion Pacific Department Store Co., Ltd.	Mainland China	Department store	990	990	-	100	2,080 (Note F)	935		c
	Chongqing Mentropolitan Plaza Pacific Department Store Co., Ltd.	Mainland China	Department store	3,000	3,000	-	100	9,197 (Note F)	5,027		c
	Beijing Xidan Pacific Department Store Co., Ltd.	Mainland China	Department store	6,600	6,600	-	55	1,560 (Note F)	(2,740)		c
	Chongqing Pacific Business Management Consulting Co., Ltd.	Mainland China	Consulting service	200	200	-	100	873 (Note F)	317		c
	Shanghai Pacific Business Management Consulting Co., Ltd.	Mainland China	Consulting service	171	171	-	49	184 (Note F)	5		d

Note A: a. Equity-method investee
b. Subsidiary
c. Subsidiary of the Company's subsidiary
d. Indirect investee

Note B: Except for Bai Chin (Singapore) Pte., Ltd. and Far Eastern Department Store (USA) Inc., the net income of equity- method investees were based on audited financial statements as of and for the year ended December 31, 2003.

Note C: Neither the total assets nor total operating revenues of Lian Ching Investment Co. and Pacific Sogo Investment Co. individually reached at least 10% or jointly reached at least 30% of the Company's total assets or total operating revenues. Thus, their information was not disclosed.

Note D: The foreign-currency investments were translated at the rate of US\$1:NT\$33.97 prevailing on December 31, 2004.

Note E: Netmicro Technology Co. was liquidated in June 2004.

Note F: The account had been excluded from the consolidated financial statements.

TABLE 12 (A)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2004
(In Thousands of New Taiwan Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note A)	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2004 (Note A)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2004 (Note A)	% Ownership of Direct and Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Value as of Dec. 31, 2004	Accumulated Inward Remittance of Earnings as of Dec. 31, 2004	Accumulated Investment in Mainland China as of Dec. 31, 2004	Investment Amounts Authorized by Investment Commission, MOEA (Note A)	Upper Limit on Investment Defined by Investment Commission, MOEA
					Outflow	Inflow								
Shanghai Pacific Department Store Co., Ltd.	Department store	\$ 561,267	Indirect: Investment in mainland China company through a company registered in a third region	\$ 406,919	\$ -	\$ -	\$ 406,919	19	\$ 73,688	\$ 177,985	\$ -	\$ 976,478	\$ 3,870,187	\$ 6,889,541
Chengdu Shangxia Pacific Department Store Co., Ltd.	Department store	221,970	Indirect: Investment in mainland China company through a company registered in a third region	221,970	-	-	221,970	26	13,074	51,485	-	-	-	-
Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Department store	31,393	Indirect: Investment in mainland China company through a company registered in a third region	31,393	-	-	31,393	26	7,321	(17,151)	-	-	-	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	95,130	Indirect: Investment in mainland China company through a company registered in a third region	95,130	-	-	95,130	26	41,443	75,829	-	-	-	-
Beijing Xidan Pacific Department Store Co., Ltd.	Department store	380,520	Indirect: Investment in mainland China company through a company registered in a third region	209,286	-	-	209,286	14	(12,424)	12,859	-	-	-	-
Chongqing Pacific Business Management Consulting Co., Ltd.	Business management consulting	6,342	Indirect: Investment in mainland China company through a company registered in a third region	6,342	-	-	6,342	26	2,610	7,196	-	-	-	-
Shanghai Pacific Business Management Consulting Co., Ltd.	Business management consulting	11,099	Indirect: Investment in mainland China company through a company registered in a third region	5,438	-	-	5,438	13	21	1,518	-	-	-	-
Chongqing Bai Ding Business Management Consulting Co., Ltd.	Business management consulting	3,171	Indirect: Investment in mainland China company through a company registered in a third region	-	-	-	-	100	-	3,171	-	-	-	-

Note A: Translated at the rate of US\$1:NT\$31.71 prevailing on December 31, 2004.

Note B: The investment gain (loss) was determined on the basis of the financial statements audited by an international CPA firm with cooperative relationship with CPA firms in the R.O.C.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2004
(In Thousands of U.S. Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note A)	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2004 (Note A)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2004 (Note A)	% Ownership of Direct and Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Value as of Dec. 31, 2004	Accumulated Inward Remittance of Earnings as of Dec. 31, 2004	Accumulated Investment in Mainland China as of Dec. 31, 2004	Investment Amounts Authorized by Investment Commission, MOEA (Note A)	Upper Limit on Investment Defined by Investment Commission, MOEA
					Outflow	Inflow								
Shanghai Pacific Department Store Co., Ltd.	Department store	\$ 17,700	Indirect: Investment in mainland China company through a company registered in a third region	\$ 12,833	\$ -	\$ -	\$ 12,833	19	\$ 2,324	\$ 5,613	\$ -	\$ 30,794	\$ 122,049	\$ 217,267
Chengdu Shangxia Pacific Department Store Co., Ltd.	Department store	7,000	Indirect: Investment in mainland China company through a company registered in a third region	7,000	-	-	7,000	26	412	1,624	-			
Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Department store	990	Indirect: Investment in mainland China company through a company registered in a third region	990	-	-	990	26	231	(541)	-			
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	3,000	Indirect: Investment in mainland China company through a company registered in a third region	3,000	-	-	3,000	26	1,307	2,391	-			
Beijing Xidan Pacific Department Store Co., Ltd.	Department store	12,000	Indirect: Investment in mainland China company through a company registered in a third region	6,600	-	-	6,600	14	(392)	406	-			
Chongqing Pacific Business Management Consulting Co., Ltd.	Business management consulting	200	Indirect: Investment in mainland China company through a company registered in a third region	200	-	-	200	26	82	227	-			
Shanghai Pacific Business Management Consulting Co., Ltd.	Business management consulting	350	Indirect: Investment in mainland China company through a company registered in a third region	171	-	-	171	13	1	48	-			
Chongqing Bai Ding Business Management Consulting Co., Ltd.	Business management consulting	100	Indirect: Investment in mainland China company through a company registered in a third region	-	-	-	-	100	-	100	-			

Note A: Translated at the rate of US\$1:NT\$31.71 prevailing on December 31, 2004.

Note B: The investment gain (loss) was determined on the basis of the financial statements audited by an international CPA firm with cooperative relationship with CPA firms in the R.O.C.

TABLE 13 (A)**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES****INDUSTRY SEGMENT INFORMATION
YEARS ENDED DECEMBER 31, 2004 AND 2003
(In Thousands of New Taiwan Dollars)**

	2004				2003			
	Retail Department Stores	Investment	Adjusted	Consolidated	Retail Department Stores	Investment	Adjusted	Consolidated
Revenues from customers excluding the Company and subsidiaries	\$ 74,429,439	\$ 5,880,697	\$ (5,880,697)	\$ 74,429,439	\$ 71,798,902	\$ 3,045,793	\$ (3,045,793)	\$ 71,798,902
Revenues from the Company and subsidiaries	2,797	-	(2,797)	-	5,569	-	(5,569)	-
	<u>\$ 74,432,236</u>	<u>\$ 5,880,697</u>	<u>\$ (5,883,494)</u>	<u>\$ 74,429,439</u>	<u>\$ 71,804,471</u>	<u>\$ 3,045,793</u>	<u>\$ (3,051,362)</u>	<u>\$ 71,798,902</u>
Segment operating income (loss)	<u>\$ 3,045,071</u>	<u>\$ 1,172,628</u>	<u>\$ (1,237,876)</u>	\$ 2,979,823	<u>\$ 2,450,271</u>	<u>\$ 1,543</u>	<u>\$ (74,606)</u>	\$ 2,377,208
Equity in net income (loss) - (Note A)				225,258				133,978
Unallocated income				1,630,052				1,368,206
Unallocated expenses				(1,237,206)				(1,929,287)
Interest expenses				(815,508)				(1,222,424)
Income before income tax				<u>\$ 2,782,419</u>				<u>\$ 727,681</u>
Identifiable assets (Note B)	<u>\$ 66,912,641</u>	<u>\$ 5,182,108</u>	<u>\$ -</u>	\$ 72,094,749	<u>\$ 65,442,772</u>	<u>\$ 5,572,337</u>	<u>\$ -</u>	\$ 71,015,109
Investments in shares of stocks				4,217,214				3,894,355
Total assets				<u>\$ 76,311,963</u>				<u>\$ 74,909,464</u>
Depreciation expenses	<u>\$ 2,166,873</u>	<u>\$ 3,901</u>			<u>\$ 2,247,135</u>	<u>\$ 3,662</u>		
Capital expenditures	<u>\$ 2,958,385</u>	<u>\$ 25,133</u>			<u>\$ 2,882,330</u>	<u>\$ 2,623</u>		

Note A: Represents revenue minus costs and operating expenses that directly pertain to an industry segment, excluding interest expense and equity in net income or net loss.

Note B: Represents tangible assets used by the industry segment, excluding:

- a. Advances or loans to another industry segment.
- b. Equity-method investments in shares of stocks.

TABLE 13 (B)**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES****INDUSTRY SEGMENT INFORMATION
YEARS ENDED DECEMBER 31, 2004 AND 2003
(In Thousands of U.S. Dollars)**

	2004				2003			
	Retail Department Stores	Investment	Adjusted	Consolidated	Retail Department Stores	Investment	Adjusted	Consolidated
Revenues from customers excluding the Company and subsidiaries	\$ 2,347,192	\$ 185,452	\$ (185,452)	\$ 2,347,192	\$ 2,264,235	\$ 96,051	\$ (96,051)	\$ 2,264,235
Revenues from the Company and subsidiaries	88	-	(88)	-	176	-	(176)	-
	<u>\$ 2,347,280</u>	<u>\$ 185,452</u>	<u>\$ (185,540)</u>	<u>\$ 2,347,192</u>	<u>\$ 2,264,411</u>	<u>\$ 96,051</u>	<u>\$ (96,227)</u>	<u>\$ 2,264,235</u>
Segment operating income (loss)	<u>\$ 96,028</u>	<u>\$ 36,980</u>	<u>\$ (39,037)</u>	\$ 93,971	<u>\$ 77,271</u>	<u>\$ 49</u>	<u>\$ (2,353)</u>	\$ 74,967
Equity in net income (loss) - (Note A)				7,104				4,225
Unallocated income				51,405				43,147
Unallocated expenses				(39,016)				(60,841)
Interest expenses				(25,718)				(38,550)
Income before income tax				<u>\$ 87,746</u>				<u>\$ 22,948</u>
Identifiable assets (Note B)	<u>\$ 2,110,143</u>	<u>\$ 163,422</u>	<u>\$ -</u>	\$ 2,273,565	<u>\$ 2,063,790</u>	<u>\$ 175,728</u>	<u>\$ -</u>	\$ 2,239,518
Investments in shares of stocks				132,993				122,811
Total assets				<u>\$ 2,406,558</u>				<u>\$ 2,362,329</u>
Depreciation expenses	<u>\$ 68,334</u>	<u>\$ 123</u>			<u>\$ 70,865</u>	<u>\$ 115</u>		
Capital expenditures	<u>\$ 93,295</u>	<u>\$ 793</u>			<u>\$ 90,897</u>	<u>\$ 83</u>		

Note A: Represents revenue minus costs and operating expenses that directly pertain to an industry segment, excluding interest expense and equity in net income or net loss.

Note B: Represents tangible assets used by the industry segment, excluding:

- a. Advances or loans to another industry segment.
- b. Equity-accounted investments in shares of stocks.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

GEOGRAPHIC SEGMENT INFORMATION
YEARS ENDED DECEMBER 31, 2004 AND 2003
(In Thousands of New Taiwan Dollars)

	2004				2003			
	R.O.C.	China	Adjusted	Total	R.O.C.	China	Adjusted	Total
Revenues from customers excluding the Company and subsidiaries (Note A)	\$ 67,624,146	\$ 12,685,990	\$ (5,880,697)	\$ 74,429,439	\$ 62,987,952	\$ 11,856,743	\$ (3,045,793)	\$ 71,798,902
Segment operating income (Note B)	\$ 3,405,456	\$ 982,921	\$ (1,408,554)	\$ 2,979,823	\$ 1,675,183	\$ 776,631	\$ (74,606)	\$ 2,377,208
Equity in net loss				225,258				133,978
Unallocated income				1,630,052				1,368,206
Unallocated expenses				(1,237,206)				(1,929,287)
Interest expenses				(815,508)				(1,222,424)
Income before income tax				\$ 2,782,419				\$ 727,681
Identifiable assets (Note C)	\$ 66,887,540	\$ 5,207,209	\$ -	\$ 72,094,749	\$ 66,151,721	\$ 5,091,989	\$ (228,601)	\$ 71,015,109
Investments in shares of stocks				4,217,214				3,894,355
Total assets				\$ 76,311,963				\$ 74,909,464

Note A: There were no intercompany sales between FEDS and its subsidiaries.

Note B: Represents revenue minus costs and operating expenses that directly pertain to an industry segment, excluding interest expense and equity in net income or net loss.

Note C: Represents tangible assets used by the industry segment, excluding:

- a. Advances or loans to another industry segment.
- b. Equity-method investments in shares of stocks.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

GEOGRAPHIC SEGMENT INFORMATION
YEARS ENDED DECEMBER 31, 2004 AND 2003
(In Thousands of U.S. Dollars)

	2004				2003			
	R.O.C.	China	Adjusted	Total	R.O.C.	China	Adjusted	Total
Revenues from customers excluding the Company and subsidiaries (Note A)	\$ 2,132,581	\$ 400,063	\$ (185,452)	\$ 2,347,192	\$ 1,986,375	\$ 373,912	\$ (96,052)	\$ 2,264,235
Segment operating income (Note B)	\$ 107,394	\$ 30,997	\$ (44,420)	\$ 93,971	\$ 52,828	\$ 24,492	\$ (2,353)	\$ 74,967
Equity in net loss				7,104				4,225
Unallocated income				51,405				43,147
Unallocated expenses				(39,016)				(60,841)
Interest expenses				(25,718)				(38,550)
Income before income tax				\$ 87,746				\$ 22,948
Identifiable assets (Note C)	\$ 2,109,352	\$ 164,213	\$ -	\$ 2,273,565	\$ 2,086,147	\$ 160,580	\$ (7,209)	\$ 2,239,518
Investments in shares of stocks				132,993				122,811
Total assets				\$ 2,406,558				\$ 2,362,329

Note A: There were no intercompany sales between FEDS and its subsidiaries.

Note B: Represents revenue minus costs and operating expenses that directly pertain to an industry segment, excluding interest expense and equity in net income or net loss.

Note C: Represents tangible assets used by the industry segment, excluding:

- a. Advances or loans to another industry segment.
- b. Equity-method investments in shares of stocks.