

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

**Consolidated Financial Statements for the
Years Ended December 31, 2005 and 2004 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, 2005 and 2004, 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, 2005 and 2004, 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.

As stated in Note 2 to the financial statements, the accompanying consolidated financial statements has included the accounts of all direct and indirect subsidiaries of Far Eastern Department Stores, Ltd. in compliance with the revised ROC Statement of Financial Accounting Standards (SFAS) No. 7 - "Consolidated Financial Statements" since January 1, 2005. Under SFAS No. 7, the Company need not retroactively restate its consolidated financial statements as of and for the year ended December 31, 2004.

As stated in Note 4. to the financial statements, the equity in the net assets of the investee, Pacific Department Store, was determined on the basis of the current audited financial statements in compliance with the revised ROC SFAS No. 5 - "Long-term Investments in Equity Securities" effective January 1, 2005. The adoption of the revised SFAS No. 5 resulted in an increase of NT\$10,601 thousand (US\$323 thousand) in the net income in 2005.

Our audits also comprehended the translation of the 2005 and 2004 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 24, 2006 (March 15, 2006 and March 31, 2006 as to Note 32(a) and (b), respectively)

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 BALANCE SHEETS
DECEMBER 31, 2005 AND 2004
(In Thousands, Except Par Value)

ASSETS	2005			2004			LIABILITIES AND STOCKHOLDERS' EQUITY	2005			2004		
	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)	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Notes 2 and 6)	\$ 7,927,182	\$ 241,315	10	\$ 4,912,295	\$ 149,537	6	Short-term debts (Notes 19 and 31)	\$ 5,307,680	\$ 161,573	7	\$ 3,031,680	\$ 92,289	4
Short-term investments, net (Notes 2 and 7)	2,893,077	88,069	4	3,899,201	118,697	5	Short-term notes and bills payable (Notes 20 and 31)	3,552,232	108,135	5	4,631,427	140,987	6
Notes and accounts receivable, net of allowance for doubtful accounts of NT\$245,866 thousand (US\$7,485 thousand) in 2005 and NT\$220,538 thousand (US\$6,713 thousand) in 2004 (Notes 2 and 30)	1,204,381	36,663	2	1,137,106	34,615	2	Notes and accounts payable (Note 30)	14,747,193	448,925	19	13,432,074	408,891	18
Other receivables (Note 9, 11 and 30)	897,664	27,326	1	446,786	13,601	1	Accrued expenses (Note 30 and 32)	1,601,824	48,762	2	1,453,470	44,246	2
Inventories, net (Notes 2 and 8)	2,174,236	66,187	3	2,305,025	70,168	3	Income tax payable (Notes 2 and 26)	448,283	13,646	1	531,470	16,179	1
Prepayments (Notes 17 and 30)	783,496	23,851	1	751,874	22,888	1	Other payables (Note 32)	758,497	23,090	1	424,223	12,914	1
Pledged time deposits (Note 31)	15,098	460	-	12,731	388	-	Balance payable - properties (Notes 30 and 32)	781,774	23,798	1	1,000,022	30,442	1
Deferred income tax assets (Notes 2 and 26)	122,059	3,715	-	160,770	4,894	-	Advanced receipts	3,550,084	108,069	4	3,174,485	96,636	4
Other current assets	122,349	3,724	-	98,064	2,985	-	Current portion of bonds issued (Notes 21 and 31)	2,675,000	81,431	3	1,100,000	33,486	1
Total current assets	16,139,542	491,310	21	13,723,852	417,773	18	Current portion of long-term borrowings (Notes 22 and 31)	3,535,700	107,632	4	1,808,900	55,065	2
							Current portion of franchise liability (Notes 2 and 12)	460,284	14,012	1	466,613	14,204	1
							Current portion of capital lease liability (Notes 2 and 23)	-	-	-	385,552	11,737	-
							Other current liabilities	621,921	18,932	1	535,966	16,315	1
							Total current liabilities	38,040,472	1,158,005	49	31,975,882	973,391	42
LONG-TERM INVESTMENTS							LONG-TERM LIABILITIES, NET OF CURRENT PORTION						
Shares of stock, net (Notes 2, 9 and 31)							Bonds issued (Notes 21 and 31)	3,700,000	112,633	5	5,875,000	178,843	8
Equity method	5,458,935	166,178	7	4,217,214	128,378	6	Long-term borrowings (Notes 22 and 31)	11,147,019	339,331	14	14,225,472	433,043	19
Cost method	4,191,611	127,598	6	4,097,798	124,743	5	Franchise liability (Notes 2 and 12)	601,283	18,304	1	1,061,567	32,316	1
Real estate, net (Notes 2 and 10)	93,600	2,849	-	634,778	19,323	1	Total long-term liabilities	15,448,302	470,268	20	21,162,039	644,202	28
Total long-term investments	9,744,146	296,625	13	8,949,790	272,444	12	RESERVE						
							Reserve for land revaluation increment tax (Notes 11 and 15)	575,490	17,519	1	987,738	30,068	1
PROPERTIES (Notes 2, 11-14, 31 and 32)							OTHER LIABILITIES						
Cost							Accrued pension costs (Notes 2 and 29)	250,352	7,621	-	263,001	8,006	1
Land	6,357,590	193,534	8	7,003,381	213,193	9	Deposits received (Notes 13 and 30)	141,173	4,297	-	154,283	4,696	-
Buildings and equipment	16,836,757	512,534	22	16,407,322	499,462	21	Miscellaneous (Notes 2, 9, 10 and 23)	43,752	1,332	-	31,269	952	-
Furniture and equipment	6,210,623	189,060	8	5,790,138	176,260	8	Total other liabilities	435,277	13,250	-	448,553	13,654	1
Leased assets	-	-	-	892,409	27,166	1	Total liabilities	54,499,541	1,659,042	70	54,574,212	1,661,315	72
Leasehold improvements	3,083,997	93,881	4	2,839,439	86,436	4	STOCKHOLDERS' EQUITY						
Total cost	32,488,967	989,009	42	32,932,689	1,002,517	43	Capital stock, NT\$10 par value						
Revaluation increment	1,194,771	36,371	1	1,197,577	36,456	2	Authorized - 1,350,000 thousand shares						
	33,683,738	1,025,380	43	34,130,266	1,038,973	45	Issued and outstanding - 1,036,397 thousand shares in 2005 and 987,045 thousand shares in 2004	10,363,970	315,494	13	9,870,448	300,470	13
Less - accumulated depreciation	8,549,846	260,269	11	7,874,876	239,722	11	Capital surplus:						
Construction-in-progress	25,133,892	765,111	32	26,255,390	799,251	34	Additional paid-in capital	2,606,859	79,356	3	2,606,859	79,356	4
Unfinished construction	4,733,208	144,086	6	4,697,526	142,999	6	Treasury stock transactions	204,272	6,218	-	19,894	606	-
Leasehold rights, net	8,948,059	272,391	12	9,484,875	288,733	13	Reserve for asset revaluation increment	883,944	26,909	1	614,880	18,718	1
Properties leased to others, net	1,059,286	32,246	1	1,075,144	32,729	1	Long-term equity investments	324,135	9,867	1	313,621	9,547	-
Net properties	39,874,445	1,213,834	51	41,512,935	1,263,712	54	Total capital surplus	4,019,210	122,350	5	3,555,254	108,227	5
INTANGIBLE ASSETS							Retained earnings:						
Deferred pension costs (Notes 2 and 29)	63,294	1,927	-	106,481	3,242	-	Appropriated:						
OTHER ASSETS							Legal reserve	1,179,369	35,901	2	1,031,416	31,398	1
Refundable deposits (Notes 12, 14, 17, 30 and 32)	1,239,286	37,726	1	1,227,113	37,355	2	Special reserve	2,159,977	65,753	3	2,159,977	65,753	3
Property waiting to be sold (land to be exchanged by the government) (Note 15)	-	-	-	160,632	4,890	-	Unappropriated earnings	1,149,216	34,984	1	1,485,215	45,212	2
Idle properties, net (Notes 2, 16 and 31)	462,722	14,086	1	462,751	14,087	1	Total retained earnings	4,488,562	136,638	6	4,676,608	142,363	6
Long-term prepayments (Notes 17 and 30)	3,813,836	116,098	5	3,108,065	94,614	4	Other equity adjustments						
Prepaid pension cost (Notes 2 and 29)	87,597	2,666	-	109,236	3,325	-	Unrealized valuation losses on long-term equity investments	(349,486)	(10,639)	(1)	(474,272)	(14,438)	(1)
Deferred income tax assets (Notes 2 and 26)	325,169	9,899	-	269,957	8,218	-	Cumulative translation adjustments	(18,875)	(575)	-	(96,459)	(2,936)	-
Consolidated debits (Notes 2 and 18)	5,365,259	163,326	7	5,832,549	177,551	8	Net losses not recognized as pension costs	(9,669)	(294)	-	(14,067)	(428)	-
Pledged assets (Notes 31 and 32)	273,839	8,336	-	295,834	9,005	-	Total other equity adjustments	(378,030)	(11,508)	(1)	(584,798)	(17,802)	(1)
Miscellaneous (Notes 30 and 31)	479,928	14,610	1	552,768	16,827	1	Treasury stock - 33,830 thousand shares in 2005 and 44,977 thousand shares in 2004	(210,379)	(6,404)	-	(293,659)	(8,939)	(1)
Total other assets	12,047,636	366,747	15	12,018,905	365,872	16	Minority interest	5,086,189	154,831	7	4,513,898	137,409	6
							Total stockholders' equity	23,369,522	711,401	30	21,737,751	661,728	28
TOTAL	\$ 77,869,063	\$ 2,370,443	100	\$ 76,311,963	\$ 2,323,043	100	TOTAL	\$ 77,869,063	\$ 2,370,443	100	\$ 76,311,963	\$ 2,323,043	100

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

(With Deloitte & Touche audit report dated February 24, 2006)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2005 AND 2004 (In Thousands, Except Per Share Amounts)

	2005			2004		
	New Taiwan Dollars	U.S. Dollars (Note 3)	%	New Taiwan Dollars	U.S. Dollars (Note 3)	%
REVENUES						
Sales (Notes 2 and 30)	\$ 74,949,774	\$2,281,576	98	\$ 73,059,470	\$2,224,032	98
Other operating revenues (Note 30)	<u>1,862,773</u>	<u>56,705</u>	<u>2</u>	<u>1,369,969</u>	<u>41,704</u>	<u>2</u>
Total revenues	<u>76,812,547</u>	<u>2,338,281</u>	<u>100</u>	<u>74,429,439</u>	<u>2,265,736</u>	<u>100</u>
COSTS (Notes 27 and 30)						
Cost of goods sold (Note 2)	60,360,927	1,837,471	79	58,572,658	1,783,034	79
Other operating costs	<u>177,601</u>	<u>5,406</u>	<u>-</u>	<u>123,040</u>	<u>3,745</u>	<u>-</u>
Total costs	<u>60,538,528</u>	<u>1,842,877</u>	<u>79</u>	<u>58,695,698</u>	<u>1,786,779</u>	<u>79</u>
GROSS PROFIT	<u>16,274,019</u>	<u>495,404</u>	<u>21</u>	<u>15,733,741</u>	<u>478,957</u>	<u>21</u>
OPERATING EXPENSES (Notes 10, 11, 12, 14, 17, 18, 27 and 30)						
Marketing	7,910,801	240,816	10	6,471,847	197,012	9
General and administrative	<u>5,934,461</u>	<u>180,653</u>	<u>8</u>	<u>6,717,829</u>	<u>204,500</u>	<u>9</u>
Total operating expenses	<u>13,845,262</u>	<u>421,469</u>	<u>18</u>	<u>13,189,676</u>	<u>401,512</u>	<u>18</u>
OPERATING INCOME	<u>2,428,757</u>	<u>73,935</u>	<u>3</u>	<u>2,544,065</u>	<u>77,445</u>	<u>3</u>
NONOPERATING INCOME AND GAINS						
Gain on disposal of property waiting to be sold (Note 15)	463,358	14,105	1	-	-	-
Gain on sale of investments in real estate (Note 10)	56,679	1,726	-	-	-	-
Gain on disposal of investments in shares of stock (Note 7)	-	-	-	1,260,295	38,365	2
Income on equity-method investments (Notes 2 and 9)	217,462	6,620	1	225,258	6,857	1
Dividend income	205,378	6,252	-	109,256	3,326	-
Interests income	78,834	2,400	-	78,906	2,402	-
Gains on market price recovery of short-term investments	40,373	1,229	-	8,409	256	-
Gains on write-off of accounts payable	61,146	1,861	-	-	-	-
Other income	<u>191,101</u>	<u>5,817</u>	<u>-</u>	<u>173,186</u>	<u>5,272</u>	<u>-</u>
Total nonoperating income and gains	<u>1,314,331</u>	<u>40,010</u>	<u>2</u>	<u>1,855,310</u>	<u>56,478</u>	<u>3</u>
NONOPERATING EXPENSES AND LOSSES						
Interest expenses (Notes 11, 23 and 30)	747,298	22,749	1	815,508	24,825	1
Loss on disposal of investments in shares of stock, net	9,440	287	-	-	-	-
Loss on disposal of properties (Note 11 and 23)	86,385	2,630	-	208,580	6,350	-
Loss on investments in shares of stock (Note 9)	66,618	2,028	-	46,235	1,407	-
Loss on physical inventory	47,977	1,461	-	53,097	1,616	-
Other expenses (Notes 16, 27 and 32)	<u>416,385</u>	<u>12,675</u>	<u>1</u>	<u>493,536</u>	<u>15,024</u>	<u>1</u>
Total nonoperating expenses and losses	<u>1,374,103</u>	<u>41,830</u>	<u>2</u>	<u>1,616,956</u>	<u>49,222</u>	<u>2</u>

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2005 AND 2004 (In Thousands, Except Per Share Amounts)

	2005			2004		
	New Taiwan Dollars	U.S. Dollars (Note 3)	%	New Taiwan Dollars	U.S. Dollars (Note 3)	%
INCOME BEFORE INCOME TAX	\$ 2,368,985	\$ 72,115	3	\$ 2,782,419	\$ 84,701	4
INCOME TAX EXPENSE (Notes 2 and 26)	944,725	28,759	1	877,572	26,714	1
SUBSIDIARIES' BONUS TO EMPLOYEES AND REMUNERATION TO DIRECTORS AND SUPERVISORS	(24,797)	(755)	-	(13,978)	(426)	-
INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLE	1,399,463	42,601	2	1,890,869	57,561	3
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLE (Notes 4 and 9)	10,601	323	-	-	-	-
NET INCOME	<u>\$ 1,410,064</u>	<u>\$ 42,924</u>	<u>2</u>	<u>\$ 1,890,869</u>	<u>\$ 57,561</u>	<u>3</u>
ATTRIBUTED TO:						
Equity holders of the parent	\$ 979,426	\$ 29,815	1	\$ 1,479,529	\$ 45,039	2
Minority interest	<u>430,638</u>	<u>13,109</u>	<u>1</u>	<u>411,340</u>	<u>12,522</u>	<u>1</u>
	<u>\$ 1,410,064</u>	<u>\$ 42,924</u>	<u>2</u>	<u>\$ 1,890,869</u>	<u>\$ 57,561</u>	<u>3</u>

	2005				2004			
	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)
CONSOLIDATED EARNINGS PER SHARE (Note 28)								
Basic	<u>\$ 1.05</u>	<u>\$ 0.03</u>	<u>\$ 0.98</u>	<u>\$ 0.03</u>	<u>\$ 1.60</u>	<u>\$ 0.05</u>	<u>\$ 1.51</u>	<u>\$ 0.05</u>

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

(With Deloitte & Touche audit report dated February 24, 2006)

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars)

	Capital Stock - Issued and Outstanding	Capital Surplus (Notes 2, 9, 11, 15, 24 and 25)				Retained Earnings (Notes 2, 24 and 26)			Other Equity Adjustments					Total Stockholders' Equity
		Additional Paid-in Capital - Common	Treasury Stock Transactions	Reserve for Asset Revaluation Increment	Long-term Equity Investments	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Valuation Loss on Long-term Equity Investments (Notes 2 and 24)	Cumulative Translation Adjustments (Note 2)	Net Loss Not Recognized as Pension cost (Note 29)	Treasury Stock (Notes 2 and 25)	Minority Interests (Note 9)	
BALANCE, JANUARY 1, 2004	\$ 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)	\$ 4,197,856	\$ 19,843,963
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)
Reversal of unrealized valuation losses on long-term investments	-	-	-	-	-	-	-	-	100,549	-	-	-	-	100,549
Translation adjustments on long-term investments in shares of stocks	-	-	-	-	-	-	-	-	-	(21,399)	-	-	-	(21,399)
Adjustments of capital surplus and other equity-related items reported by equity-method investees	-	-	-	-	1,068	-	-	-	299,667	(128,850)	4,923	-	-	176,808
Net income in 2004	-	-	-	-	-	-	-	1,479,529	-	-	-	-	411,340	1,890,869
Changes in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	(95,298)	(95,298)
BALANCE, DECEMBER 31, 2004	9,870,448	2,606,859	19,894	614,880	313,621	1,031,416	2,159,977	1,485,215	(474,272)	(96,459)	(14,067)	(293,659)	4,513,898	21,737,751
Appropriation of prior year's earnings:														
Legal reserve	-	-	-	-	-	147,953	-	(147,953)	-	-	-	-	-	-
Stock dividends - 5%	493,522	-	-	-	-	-	-	(493,522)	-	-	-	-	-	-
Cash dividends - NT\$0.6 per share	-	-	-	-	-	-	-	(592,227)	-	-	-	-	-	(592,227)
Employee bonuses	-	-	-	-	-	-	-	(46,699)	-	-	-	-	-	(46,699)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	(35,024)	-	-	-	-	-	(35,024)
Write-off from disposal of property waiting to be sold	-	-	-	(49,756)	-	-	-	-	-	-	-	-	-	(49,756)
Adjustment of decrease in land revaluation increment tax rate	-	-	-	318,820	-	-	-	-	-	-	-	-	-	318,820
Adjustment of disposal of parent's stocks by subsidiaries	-	-	184,378	-	-	-	-	-	-	-	-	83,280	-	267,658
Reversal of unrealized valuation losses on long-term investments	-	-	-	-	-	-	-	-	124,786	-	-	-	-	124,786
Translation adjustments on long-term investments in shares of stocks	-	-	-	-	-	-	-	-	-	10,979	-	-	-	10,979
Adjustments of capital surplus and other equity-related items reported by equity-method investees	-	-	-	-	10,514	-	-	-	-	66,605	4,398	-	-	81,517
Net income in 2005	-	-	-	-	-	-	-	979,426	-	-	-	-	430,638	1,410,064
Changes in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	141,653	141,653
BALANCE, DECEMBER 31, 2005	<u>\$ 10,363,970</u>	<u>\$ 2,606,859</u>	<u>\$ 204,272</u>	<u>\$ 883,944</u>	<u>\$ 324,135</u>	<u>\$ 1,179,369</u>	<u>\$ 2,159,977</u>	<u>\$ 1,149,216</u>	<u>\$ (349,486)</u>	<u>\$ (18,875)</u>	<u>\$ (9,669)</u>	<u>\$ (210,379)</u>	<u>\$ 5,086,189</u>	<u>\$ 23,369,522</u>

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

(With Deloitte & Touche audit report dated February 24, 2006)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of U.S. Dollars)

	Capital Stock - Issued and Outstanding	Capital Surplus (Notes 2, 9, 11, 15, 24 and 25)				Retained Earnings (Notes 2, 24 and 26)			Other Equity Adjustments					Total Stockholders' Equity
		Additional Paid-in Capital - Common	Treasury Stock Transactions	Reserve for Asset Revaluation Increment	Long-term Equity Investments	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Valuation Loss on Long-term Equity Investments (Notes 2 and 24)	Cumulative Translation Adjustments (Note 2)	Net Loss Not Recognized as Pension cost (Note 29)	Treasury Stock (Notes 2 and 25)	Minority Interests (Note 9)	
BALANCE, JANUARY 1, 2004	\$ 300,470	\$ 79,356	\$ 1,564	\$ 18,718	\$ 9,515	\$ 30,495	\$ 65,753	\$ 9,032	\$ (26,621)	\$ 1,637	\$ (578)	\$ (13,051)	\$ 127,788	\$ 604,078
Treasury stock transferred to employees - 14,845 thousand shares	-	-	(958)	-	-	-	-	-	-	-	-	4,112	-	3,154
Appropriation of prior year's earnings:														
Legal reserve	-	-	-	-	-	903	-	(903)	-	-	-	-	-	-
Employee bonuses	-	-	-	-	-	-	-	(318)	-	-	-	-	-	(318)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	(239)	-	-	-	-	-	(239)
Cash dividends - \$0.01 per share	-	-	-	-	-	-	-	(7,399)	-	-	-	-	-	(7,399)
Reversal of unrealized valuation losses on long-term investments	-	-	-	-	-	-	-	-	3,061	-	-	-	-	3,061
Translation adjustments on long-term investments in shares of stocks	-	-	-	-	-	-	-	-	-	(651)	-	-	-	(651)
Adjustments of capital surplus and other equity-related items reported by equity-method investees	-	-	-	-	32	-	-	-	9,122	(3,922)	150	-	-	5,382
Net income in 2004	-	-	-	-	-	-	-	45,039	-	-	-	-	12,522	57,561
Changes in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	(2,901)	(2,901)
BALANCE, DECEMBER 31, 2004	300,470	79,356	606	18,718	9,547	31,398	65,753	45,212	(14,438)	(2,936)	(428)	(8,939)	137,409	661,728
Appropriation of prior year's earnings:														
Legal reserve	-	-	-	-	-	4,503	-	(4,503)	-	-	-	-	-	-
Stock dividends - 5%	15,024	-	-	-	-	-	-	(15,024)	-	-	-	-	-	-
Cash dividends - NT\$0.02 per share	-	-	-	-	-	-	-	(18,028)	-	-	-	-	-	(18,028)
Employee bonuses	-	-	-	-	-	-	-	(1,422)	-	-	-	-	-	(1,422)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	(1,066)	-	-	-	-	-	(1,066)
Write-off from disposal of property waiting to be sold	-	-	-	(1,514)	-	-	-	-	-	-	-	-	-	(1,514)
Adjustment of decrease in land revaluation increment tax rate	-	-	-	9,705	-	-	-	-	-	-	-	-	-	9,705
Adjustment of disposal of parent's stocks by subsidiaries	-	-	5,612	-	-	-	-	-	-	-	-	2,535	-	8,147
Reversal of unrealized valuation losses on long-term investments	-	-	-	-	-	-	-	-	3,799	-	-	-	-	3,799
Translation adjustments on long-term investments in shares of stocks	-	-	-	-	-	-	-	-	-	334	-	-	-	334
Adjustments of capital surplus and other equity-related items reported by equity-method investees	-	-	-	-	320	-	-	-	-	2,027	134	-	-	2,481
Net income in 2005	-	-	-	-	-	-	-	29,815	-	-	-	-	13,109	42,924
Changes in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	4,313	4,313
BALANCE, DECEMBER 31, 2005	\$ 315,494	\$ 79,356	\$ 6,218	\$ 26,909	\$ 9,867	\$ 35,901	\$ 65,753	\$ 34,984	\$ (10,639)	\$ (575)	\$ (294)	\$ (6,404)	\$ 154,831	\$ 711,401

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

(With Deloitte & Touche audit report dated February 24, 2006)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2005 AND 2004 (In Thousands)

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 1,410,064	\$ 42,924	\$ 1,890,869	\$ 57,561
Adjustments to reconcile net income to net cash provided by operating activities:				
Cumulative effect of changes in accounting principle	(10,601)	(323)	-	-
Depreciation	1,699,798	51,744	1,739,474	52,952
Amortization	518,229	15,776	476,558	14,507
Amortization of leasehold rights and refundable deposits	320,198	9,747	390,500	11,887
Gains on market price recovery of short-term investments	(40,373)	(1,229)	(8,409)	(256)
Income on equity-method investments, net	(217,462)	(6,620)	(225,258)	(6,857)
Cash dividends from equity-method investee	14,075	428	5,293	161
Loss on investments in shares of stock	66,618	2,028	46,235	1,408
Gain on disposal of investments in shares of stock, net	(20,535)	(625)	-	-
Gain on sale of investments in real estate, net	(56,679)	(1,725)	-	-
Loss on disposal of properties and idle assets, net	84,655	2,577	208,320	6,342
Gain on disposal of property waiting to be sold	(463,358)	(14,105)	-	-
Gain on write-off of accounts payable	(61,146)	(1,861)	-	-
Other expenses	244,210	7,434	378,600	11,525
Amortization of prepaid rent	23,756	723	22,183	675
Deferred income taxes	(16,501)	(502)	84,662	2,577
Prepaid pension cost	21,639	659	(29,521)	(899)
Accrued pension cost	30,538	930	64,065	1,950
Net changes in operating assets and liabilities				
Notes and accounts receivable	(67,275)	(2,048)	109,205	3,324
Other receivables	70,966	2,160	(49,577)	(1,509)
Inventories	130,789	3,981	60,112	1,830
Prepayments	(31,622)	(963)	44,166	1,344
Other current assets	(24,285)	(739)	189,760	5,777
Notes and accounts payable	1,315,119	40,034	60,510	1,842
Accrued expenses	148,354	4,516	31,333	954
Income tax payable	(83,187)	(2,532)	96,363	2,933
Other payables	151,210	4,603	(11,582)	(352)
Advanced receipts	519,454	15,813	800,525	24,369
Other current liabilities	80,148	2,440	(189,158)	(5,758)
Net cash provided by operating activities	<u>5,756,796</u>	<u>175,245</u>	<u>6,185,228</u>	<u>188,287</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) decrease in pledged time deposits	(2,367)	(72)	21,130	643
Decrease in short-term investments, net	1,017,660	30,979	738,415	22,478
(Increase) decrease in restricted assets	21,995	670	(273,334)	(8,321)
Acquisition of investments in shares of stock	(1,644,924)	(50,074)	(190,006)	(5,784)
Return of capital due to subsidiary's capital reduction	26	1	-	-
Proceeds of liquidation of long-term investments in shares of stock	-	-	16,895	514
Proceeds of sale of long-term investments in shares of stock	51,220	1,559	-	-
Acquisition of investments in real estate	-	-	(25,133)	(765)
Proceeds of sale of investments in real estate	627,078	19,089	-	-
Acquisition of properties	(1,945,558)	(59,226)	(2,958,355)	(90,056)
Proceeds of disposal of properties and land held for future construction	166,685	5,074	187,656	5,713
Proceeds of disposal of property waiting to be sold	480,806	14,637	-	-
Increase in refundable deposits	(12,173)	(371)	(112,742)	(3,432)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2005 AND 2004 (In Thousands)

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Increase in long-term prepayments	\$ (744,018)	\$ (22,649)	\$ (2,651,107)	\$ (80,703)
Increase in other assets	<u>(9,080)</u>	<u>(276)</u>	<u>(62,767)</u>	<u>(1,911)</u>
Net cash used in investing activities	<u>(1,992,650)</u>	<u>(60,659)</u>	<u>(5,309,348)</u>	<u>(161,624)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in short-term debts	2,276,000	69,285	(2,644,858)	(80,513)
Increase (decrease) in short-term notes and bills payable	(1,079,195)	(32,852)	768,055	23,381
Proceeds of issuance of bonds	500,000	15,221	-	-
Repayments of bonds issued	(1,100,000)	(33,486)	(425,000)	(12,938)
Increase (decrease) in long-term borrowings	(1,351,653)	(41,146)	2,447,472	74,504
Increase (decrease) in deposits received	(13,110)	(399)	2,043	62
Increase in other liabilities	34,612	1,054	2,483	75
(Decrease) increase in minority interest	205,119	6,244	(32,898)	(1,001)
Dividends paid to minority interest and return of capital by minority interest	(192,601)	(5,863)	(76,378)	(2,325)
Proceeds of transferred treasury stock	267,861	8,154	103,603	3,154
Cash dividends and payment of bonus to employees and remuneration to supervisors and directors	<u>(687,139)</u>	<u>(20,918)</u>	<u>(269,142)</u>	<u>(8,193)</u>
Net cash used in financing activities	<u>(1,140,106)</u>	<u>(34,706)</u>	<u>(124,620)</u>	<u>(3,794)</u>
EFFECT ON EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(38,302)</u>	<u>(1,166)</u>	<u>-</u>	<u>-</u>
EFFECT OF INCREASE IN CONSOLIDATED SUBSIDIARIES	<u>429,149</u>	<u>13,064</u>	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,014,887	91,778	751,260	22,869
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,912,295</u>	<u>149,537</u>	<u>4,161,035</u>	<u>126,668</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,927,182</u>	<u>\$ 241,315</u>	<u>\$ 4,912,295</u>	<u>\$ 149,537</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid	\$ 793,972	\$ 24,170	\$ 968,065	\$ 29,469
Less: Capitalized interest	<u>128,840</u>	<u>3,922</u>	<u>130,789</u>	<u>3,981</u>
Interest paid (excluding capitalized interest)	<u>\$ 665,132</u>	<u>\$ 20,248</u>	<u>\$ 837,276</u>	<u>\$ 25,488</u>
Income tax paid	<u>\$ 932,869</u>	<u>\$ 28,398</u>	<u>\$ 758,300</u>	<u>\$ 23,084</u>
NONCASH INVESTING AND FINANCING ACTIVITIES				
Proceeds of disposal of properties classified as other receivables	<u>\$ 115,564</u>	<u>\$ 3,518</u>	<u>\$ -</u>	<u>\$ -</u>
Short-term investments reclassified into long-term investments in shares of stock	<u>\$ 28,837</u>	<u>\$ 878</u>	<u>\$ -</u>	<u>\$ -</u>
Credit balance on carrying value of long-term investments reclassified into other liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,129</u>	<u>\$ 674</u>
Adjustment to compensative receivable and land cost	<u>\$ 386,280</u>	<u>\$ 11,759</u>	<u>\$ -</u>	<u>\$ -</u>
Idle properties reclassified into properties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,814</u>	<u>\$ 1,729</u>
Land to be exchanged by the government reclassified into properties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,341</u>	<u>\$ 11,730</u>

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2005 AND 2004 (In Thousands)

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Land held for future construction reclassified into properties	\$ 30,981	\$ 943	\$ -	\$ -
Refundable deposits reclassified into buildings	\$ -	\$ -	\$ 232,324	\$ 7,072
Adjustment to advanced receipts and depreciation	\$ 143,855	\$ 4,379	\$ 117,171	\$ 3,567
Adjustment to advanced receipts and loss on disposal of properties	\$ -	\$ -	\$ 38,956	\$ 1,186
Adjustment to the cost of property waiting to be sold and reserve for land revaluation increment tax	\$ 93,428	\$ 2,844	\$ -	\$ -
Adjustment to the cost of property waiting to be sold and capital surplus	\$ 49,756	\$ 1,515	\$ -	\$ -
Adjustment to the cost of buildings and payable on properties	\$ 51,198	\$ 1,559	\$ -	\$ -
Adjustment to the cost of leasehold rights and payable on properties	\$ 231,120	\$ 7,036	\$ -	\$ -
Current portion of bonds issued	\$ 2,675,000	\$ 81,431	\$ 1,100,000	\$ 33,486
Current portion of long-term borrowings	\$ 3,535,700	\$ 107,632	\$ 1,808,900	\$ 55,065
Current portion of franchise liabilities	\$ 460,284	\$ 14,012	\$ 466,613	\$ 14,204
Current portion of capital lease liabilities	\$ -	\$ -	\$ 385,552	\$ 11,737
Payable on remuneration to directors and supervisors and employee bonuses shown in other current liabilities	\$ 5,807	\$ 177	\$ -	\$ -
Receivable on investments in shares of stocks from minority interest shown in other receivables	\$ 20,000	\$ 609	\$ -	\$ -
CASH PAID FOR ACQUISITION OF PROPERTIES AND PROPERTIES LEASED TO OTHERS:				
Acquisition of properties	\$ 1,220,533	\$ 37,155	\$ 1,638,417	\$ 49,876
Decrease in construction-in-progress	(111,979)	(3,409)	-	-
(Increase) decrease in payable on properties	(15,161)	(462)	163,066	4,964
Decrease in franchise liabilities	466,613	14,205	630,705	19,199
Decrease in capital lease liabilities	385,552	11,737	526,167	16,017
	<u>\$ 1,945,558</u>	<u>\$ 59,226</u>	<u>\$ 2,958,355</u>	<u>\$ 90,056</u>

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

(With Deloitte & Touche audit report dated February 24, 2006)

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005 AND 2004

(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, 2005. 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), FEDS New Century Development Co., Ltd. (FNCD), Far Eastern CitySuper Ltd. (FECS) and Far Eastern Hon Li Do Co., Ltd. (FEHLD) manage department stores and shopping malls. Yu Ming Advertising Agency Co. (Yu Ming) operate advertising and act as agent for importing goods. FNCD was still in the development stage as of December 31, 2005.

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

Far Eastern Department Stores (USA) Inc. (FEDS-USA) went into liquidation and transferred its investment in Asians Merchandise Co. to FEDS on September 30, 2005. The liquidation of FEDS-USA was completed on November 1, 2005.

Asians Merchandise Co. runs a trading business.

Bai Ding Investment Co., Ltd. (BDIC), Bai Yang Investment Co., Ltd. (“Bai Yang”), Pacific Liu Tong Investment Co., Ltd. (“Pacific Liu Tong Investment”), Bai Chin (Singapore) Pte. Ltd., FEDS Development Ltd. (BVI), Pacific China Holdings (HK) Co., Ltd. and Pacific China Holdings Co., Ltd. operate investing and holding business.

Tianjin FEDS Limits, Co., which was invested in by Bai Yang through FEDS Development Ltd. (BVI), was set up in Mainland China in April 2005 to operate a department store.

Chongqing Pacific Consultant and Management Co., Ltd. and Chongqing Bai Ding Business Management Consulting Co., Ltd. render consulting services.

The diagram of the Company-subsidiary relationship (including unconsolidated subsidiaries) as of December 31, 2005 is shown in Table 1.

As of December 31, 2005 and 2004, the Company and its subsidiaries had 9,505 and 9,007 employees, respectively.

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.

The significant accounting policies of the Company and consolidated subsidiaries (collectively, “the Group”) are summarized as follows:

Consolidation

As required by the revised ROC Statement of Financial Accounting Standards (SFAS) No. 7 - “Consolidated Financial Statements,” starting from January 2005, consolidated financial statements should include the accounts of the Company and its direct and indirect subsidiaries and other investees in which the Company has controlling interests. However, the investment in Pacific Sogo Investment Co., Ltd. and Lian Ching Investment Co., Ltd. had been written off to zero, and their liabilities would not be undertaken by the Group. Therefore, their accounts are excluded from the consolidated financial statements.

Based on the revised SFAS No. 7, the consolidated financial statements as of and for the year ended December 31, 2005 included the accounts of FEDS and of Far Eastern Geant Co., Ltd., FEDS New Century Development, FEDS Asia Pacific Development, Bai Yang Investment Co., Ya Tung Department Stores, Bai Ding Investment Co., Far Eastern Hon Li Do Co., Ltd., Bai Chin (Singapore) Pte. Ltd., Asians Merchandise Co., Yu Ming Advertising Agency Co., FEDS Development (BVI) Ltd., Far Eastern CitySuper Ltd., Pacific Liu Tong Investment, Chongqing Bai Ding Business Management Consulting Co., Ltd., Tianjin FEDS Limits, Co., Pacific Sogo Department Stores Co., Ltd., Pacific China Holdings(HK) Co., Ltd., Pacific China Holdings Co., Shanghai Pacific Department Store Co., Ltd., Chengdu Shangxia Pacific Department Store Co., Ltd., Chengdu Quanxing Mansion Pacific Department Store Co., Ltd., Chongqing Mentropolitan Plaza Pacific Department Store Co., Ltd., Beijing Xidan Pacific Department Store Co., Ltd. and Chongqing Pacific Consultant and Management Co., Ltd. All significant intercompany transactions and accounts have been eliminated. Except those of Bai Chin (Singapore) Pte. Ltd. and Asians Merchandise Co., the financial statements of all subsidiaries had been audited. Had these two investees’ financial statements been audited, there would have been no significant effect on the consolidated financial statements.

In the consolidated financial statements for the year ended December 31, 2004, 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.

The accounts of Far Eastern Hon Li Do Co., Ltd., 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. Therefore, the consolidated financial statements as of and for the year ended December 31, 2004 included the accounts of FEDS, Bai Ding Investment Co., Far Eastern Geant Co., Ltd, Ya Tung Department Stores, FEDS Asia Pacific Development, Bai Yang Investment Co., FEDS New Century Development, Pacific Liu Tong Investment, Pacific Sogo Department Stores Co., Ltd., Pacific China Holdings(HK) Co., Ltd., Pacific China Holdings Co., Shanghai Pacific Department Store Co., Ltd., Chengdu Shangxia Pacific Department Store Co., Ltd., Chengdu Quanxing Mansion Pacific Department Store Co., Ltd., Chongqing Mentropolitan Plaza Pacific Department Store Co., Ltd., Beijing Xidan Pacific Department Store Co., Ltd. and Chongqing Pacific Consultant and Management Co., Ltd.

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.

Current and Noncurrent Assets and Liabilities

Cash and cash equivalents and other assets to be converted to cash, sold or consumed within one year from the balance sheet date are classified as current. Obligations to be paid or settled within one year from the balance sheet date are classified as current. All other assets and liabilities are classified as noncurrent.

Cash Equivalents

Cash equivalents are commercial paper with maturities of three months or less from the purchase date.

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 market value of funds is determined at the net asset value of the funds at the end of the year, and the market value of stocks is determined at the average closing prices of the stocks listed or trade over the counter in the last month of the year.

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 aging and collectibility of individual 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 using the lower of the aggregate of weighted-average cost or market value (replacement cost). In addition to periodic physical counts, an allowance for inventory devaluation is provided on the basis of reviewing attributes as well as turnover of merchandise.

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. If an investment is identified as impaired on the balance sheet date, the carrying amount of the investment is reduced to reflect other-than-temporary decline, with the impairment loss charged to current income.

When the Group subscribes for additional investee shares at a percentage different from its existing ownership percentage of equity interest, the resulting carrying amount of the investment in the investee differs from the amount of the Company's share of the investee's net equity. The Company records such difference as an adjustment to long-term investments with the corresponding amount charged or credited 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, properties leased to others 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.

There is no significant effect on the Company's financial statements by adopting the Statement of Financial Accounting Standards No. 35 "Accounting for Asset Impairment" in 2005.

An impairment loss should be recognized on the balance sheet date if the carrying amount of properties, properties leased to others and investments in real estate exceeds their recoverable amount, and this impairment loss should be charged to current income. An impairment loss recognized in prior years could be reversed if there is a recovery in the estimates used to determine recoverable amount since the last impairment loss was recognized. However, an impairment loss is reversed only to the extent that it does not exceed the carrying amount that would have been determined for the asset (net of depreciation), had no impairment loss been recognized in prior years. A reversal of an impairment loss should be recognized in the income statement for assets carried at cost and treated as a revaluation increase for assets carried at the revalued amount.

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, properties leased to others 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.

Leasehold Rights

Leasehold rights pertain to the cost of acquiring the land use rights and the construction cost of a commercial building that the Group 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.

If asset impairment is identified on the balance sheet date and the carrying amount of an asset exceeds its recoverable amount, the excess is recognized as a loss. If the recoverable amount increases, the amount previously recognized as impairment would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized.

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.

Goodwill

Goodwill that is derived from a merger or that is the difference between the acquisition cost and the Company's equity in the subsidiaries' net assets on acquisition is amortized by the straight-line method over 5 to 20 years.

The Group appraises properties and intangible assets by adopting the Statement of Financial Accounting Standards No. 35 - "Accounting for Asset Impairment" in 2005. An impairment loss should be recognized if the carrying value of properties and intangible assets exceeds their recoverable amount, and this impairment loss is deducted from the carrying value of the intangible assets (goodwill). If the carrying value of intangible assets is not enough for deduction purposes, the difference is deducted from the carrying value of other assets proportionately. If the recoverable amount increases, the amount previously recognized as impairment would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized. An impairment loss recognized on goodwill cannot be reversed.

Pension Costs

The Company and consolidated subsidiaries have two types of pension plans: Defined benefit and defined contribution.

FEDS, FE Geant, YTDS, Yu Ming Advertising Agency Co, FECS and SOGO have pension plans for all regular employees. Under the defined benefit plan, pension cost is recognized on the basis of actuarial calculations. Under the defined contribution plan, the required monthly contributions to employees' individual pension accounts are recognized as current pension expense throughout the employees' remaining service periods.

According to the regulation in China, Chongqing Bai Ding Business Management Consulting Co., Ltd., Tianjin FEDS Limits, Co., Pacific China Holdings Co. and its subsidiaries follow a defined contribute pension plan, and the related payments are made to the provincial government.

Other subsidiaries have no regular employees and have no pension plans.

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.

Concessionaires' Sales

Sales made at special counters operated by concessionaires in the Group and subsidiary's stores are recorded as revenue at an agreed ratio based on contracts with the Group and subsidiary. Concessionaires are responsible for the nature, pattern, features and prices of the merchandise or service sold at the special counters. The titles to and risk of loss on unsold merchandise at these counters remain with the concessionaires and are thus excluded from the Group and subsidiary's inventories.

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 is 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 is expensed 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 2004 accounts have been reclassified to conform to the 2005 consolidated financial statement presentation.

3. TRANSLATION INTO U.S. DOLLARS

The financial statements are stated in New Taiwan dollars. The translations of the 2005 and 2004 New Taiwan dollar amounts into U.S. dollar amounts are included solely for the convenience of readers, using the rate of NT\$32.85 to US\$1.00 as of December 31, 2005, 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. CHANGE IN ACCOUNTING PRINCIPLE

The equity in the net assets of the investee, Pacific Department Store, was determined on the basis of current audited financial statements in compliance with the revised ROC Statement of Financial Accounting Standards No. 5 - "Long-term Investments in Equity Securities" effective January 1, 2005. This accounting change resulted in an increase of NT\$10,601 thousand (US\$323 thousand) in net income in 2005.

5. 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	\$ 4,903	\$ 149	FE Geant	
	Other operating revenue	101,326	3,085	FE Geant	
	Operating expenses	(192)	(6)	FE Geant	
	Accounts receivable	(8,851)	(269)	FE Geant	
	Other receivables	(21)	(1)	FE Geant	
	Accounts payable	8,585	261	FE Geant	
	Accrued expenses	87	3	FE Geant	
	Deferred income	363,639	11,070	FE Geant	
	Deferred income	5,447	166	BDIC	
	Investments in shares of stock	(1,982)	(60)	BDIC	
	Sales revenue	10,221	311	YTDS	
	Other revenue	36	1	YTDS	
	Accounts receivable	(153)	(5)	YTDS	
	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)	(6,941)	FAPD	
	Sales revenue	242	7	SOGO	
Accounts receivable	(9)	-	SOGO		
Other receivables	(50,000)	(1,522)	SOGO		
BDIC	Investments in shares of stock	(5,447)	(166)	FEDS	
	Deferred income	1,982	60	FEDS	
	Other revenue	576	18	SOGO	
Bai Yang	Operating expenses	(23)	(1)	FEDS	
FE Geant	Sales revenue	192	6	FEDS	
	Operating expenses	(106,229)	(3,234)	FEDS	
	Accounts receivable	(1,151)	(35)	FEDS	
	Accrued expense	1,351	41	FEDS	
	Land held for future construction	(363,639)	(11,070)	FEDS	
	YTDS	Cost of goods sold	(10,257)	(312)	FEDS
		Account receivable	(350)	(11)	FEDS
Accounts payable		128	4	FEDS	

(Continued)

Company	Eliminated Account	Debit (Credit)		Counter Party
		New Taiwan Dollars	U.S. Dollars (Note 3)	
FAPD	Operating expenses	\$ (23)	\$ (1)	FEDS
	Sales revenue	228,000	6,941	FEDS
Pacific Liu Tong Investment	Other receivables	(31,505)	(959)	SOGO
	Notes payable	2,285	70	SOGO
	Operating expenses	(7,486)	(228)	SOGO
	Interests revenue	458	14	SOGO
	Interests expenses	(2,427)	(74)	SOGO
SOGO	Cost of goods sold	(242)	(7)	FEDS
	Accounts payable	9	-	FEDS
	Other payables	50,000	1,522	FEDS
	Other expenses	(576)	(18)	BDIC
	Sales revenue	2,797	85	Pacific Liu Tong Investment
	Other revenue	4,689	143	Pacific Liu Tong Investment
	Accrued expenses	31,505	959	Pacific Liu Tong Investment
	Other receivables	(2,285)	(70)	Pacific Liu Tong Investment
	Interest revenue	2,427	74	Pacific Liu Tong Investment
	Interest expenses	(458)	(14)	Pacific Liu Tong Investment
	Other receivables	(656)	(20)	Pacific china Holding Co., Ltd.
Pacific China Holding Co., Ltd.	Other payables	656	20	SOGO

(Concluded)

6. CASH AND CASH EQUIVALENTS

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Cash				
Cash on hand and petty cash	\$ 225,338	\$ 6,860	\$ 214,502	\$ 6,530
Checking and savings accounts	6,117,985	186,240	4,434,273	134,985
Time deposits - 0.88% to 4.20% interest rate	578,994	17,625	-	-
Cash equivalents				
Commercial paper - interest of 1.35% to 1.44% in 2005 and 1.12% to 1.15% in 2004	<u>1,004,865</u>	<u>30,590</u>	<u>263,520</u>	<u>8,022</u>
	<u>\$ 7,927,182</u>	<u>\$ 241,315</u>	<u>\$ 4,912,295</u>	<u>\$ 149,537</u>

7. SHORT-TERM INVESTMENTS

	<u>2005</u>		<u>2004</u>	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Mutual funds	\$ 2,855,332	\$ 86,920	\$ 3,707,587	\$ 112,864
Common stock - listed and OTC	<u>142,714</u>	<u>4,344</u>	<u>329,414</u>	<u>10,028</u>
	2,998,046	91,264	4,037,001	122,892
Less: Allowance for decline in value	<u>104,969</u>	<u>3,195</u>	<u>137,800</u>	<u>4,195</u>
	<u>\$ 2,893,077</u>	<u>\$ 88,069</u>	<u>\$ 3,899,201</u>	<u>\$ 118,697</u>
Market Value	<u>\$ 2,899,268</u>	<u>\$ 88,258</u>	<u>\$ 3,963,650</u>	<u>\$ 120,659</u>

Bai Yang acquired 113,044 thousand shares of Far EasTone Telecom Co., Ltd. ("Far EasTone") at NT\$18.4 (US\$0.56) 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\$0.90) 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\$101,211 thousand). Bai Yang's gain on its sale of shares was NT\$1,244,749 thousand (US\$37,892 thousand).

8. INVENTORIES

	<u>2005</u>		<u>2004</u>	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Merchandise	\$ 2,269,831	\$ 69,097	\$ 2,254,612	\$ 68,634
Others	<u>14,871</u>	<u>453</u>	<u>106,576</u>	<u>3,244</u>
	2,284,702	69,550	2,361,188	71,878
Less: Allowance for purchase discount	55,000	1,674	7,482	228
Allowance for slow-moving inventories	45,904	1,398	39,362	1,198
Allowance for losses on physical inventory	<u>9,562</u>	<u>291</u>	<u>9,319</u>	<u>284</u>
	<u>\$ 2,174,236</u>	<u>\$ 66,187</u>	<u>\$ 2,305,025</u>	<u>\$ 70,168</u>

9. INVESTMENTS IN SHARES OF STOCK

	2005			2004		
	New Taiwan Dollars	U.S. Dollars (Note 3)	% of Ownership	New Taiwan Dollars	U.S. Dollars (Note 3)	% of Ownership
<u>Equity method (with no quoted market prices)</u>						
Oriental Securities Corporation	\$ 3,638,240	\$ 110,753	34	\$ 3,450,797	\$ 105,047	34
Far Eastern International Leasing Corp.	1,493,900	45,476	36	-	-	-
Pacific Department Store	200,948	6,117	26	174,530	5,313	26
Pacific United Consultant	61,223	1,864	39	49,761	1,515	39
Ding Ding Integrated Marketing Service Co., Ltd.	36,298	1,105	20	54,742	1,666	20
Yu Ming Commerce	17,656	538	47	16,970	517	47
Shanghai Pacific Consultant & Management	6,304	192	49	5,840	178	49
Pacific 88	4,366	133	28	7,481	228	28
FEDS Development	-	-	-	294,550	8,966	100
Far Eastern CitySuper Ltd.	-	-	-	111,176	3,384	87
Yu Ming	-	-	-	29,081	885	100
Far Eastern Hon Li Do Co., Ltd. (FEHLD)	-	-	-	21,579	657	100
Bai Chin (Singapore) Pte. Ltd. (BC Singapore)	-	-	-	707	22	100
Far Eastern Department Stores, (U.S.A.) Inc. (FEDS-USA)	-	-	-	(22,129)	(674)	100
Lian Cing Investment	-	-	50	-	-	50
Pacific Sogo Investment	-	-	100	-	-	100
Sogo Department Store	-	-	34	-	-	34
Pacific Venture Investment Ltd.	-	-	48	-	-	48
	<u>5,458,935</u>	<u>166,178</u>		<u>4,195,085</u>	<u>127,704</u>	
Add: Credit balance of long-term investments classified as other liability	-	-		22,129	674	
	<u>5,458,935</u>	<u>166,178</u>		<u>4,217,214</u>	<u>128,378</u>	
<u>Cost method</u>						
Listed stocks						
Asia Cement	2,215,004	67,428	4	2,194,828	66,814	4
Far Eastern Textile	681,625	20,749	1	712,295	21,683	1
Far Eastern International Commercial Bank (FE Bank)	470,147	14,312	2	179,771	5,473	1
	<u>3,366,776</u>	<u>102,489</u>		<u>3,086,894</u>	<u>93,970</u>	
Less - unrealized loss on decline in market value	2,728	83		-	-	
	<u>3,364,048</u>	<u>102,406</u>		<u>3,086,894</u>	<u>93,970</u>	
Stocks with no quoted market prices						
New Century Information Communication Technology						
	547,008	16,652	1	604,965	18,416	1
Kaohsiung M.R.T.	100,000	3,044	1	100,000	3,044	1
Chung Nan Textile	81,390	2,478	5	81,390	2,478	5
Pacific Securities	81,116	2,469	5	81,116	2,469	5
Kowloon Cement Corp., Ltd.	9,660	294	2	-	-	-
Yuan Ding Leasing	7,360	224	9	7,360	224	9
Ding Ding Management Consultants	900	27	18	900	27	18
Far Eastern International Leasing	-	-	-	135,000	4,110	6
Others	129	4		173	5	
	<u>827,563</u>	<u>25,192</u>		<u>1,010,904</u>	<u>30,773</u>	
	<u>4,191,611</u>	<u>127,598</u>		<u>4,097,798</u>	<u>124,743</u>	
	<u>\$ 9,650,546</u>	<u>\$ 293,776</u>		<u>\$ 8,315,012</u>	<u>\$ 253,121</u>	

The carrying values of equity-method investments, except for the investments in Pacific Department Store in 2005 and BC Singapore and FEDS-USA in 2004, 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.

SOGO did not acquire the same-period financial statements of Pacific Department Store in time in 2003. Thus, SOGO changed its recognition of its share in the gain or loss of the investee on the basis of its equity in investments of the prior period. However, the equity in the net assets of the investee, Pacific Department Store, was determined based on the current audited financial statements, in compliance with the revised R.O.C. Statement of Financial Accounting Standards ("SFAS") No. 5 "Long-term Investment In Stocks" since January 1, 2005. The adoption of the revised FAS No. 5 resulted in the increase in net income for the year ended December 31 2005 by NT\$10,601 thousand (US\$323 thousand).

In January 2005, FEDS subscribed for 104,196 thousand shares of Far Eastern International Leasing Corp. (FEILC) at NT\$13.00 per share. Thus, FEDS and BDIC owned 36% of FEILC, and the Group accounted for its investment in FEILC by the equity method in 2005.

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.

On October 15, 2003, Pacific 88, SOGO's equity-method investee, offset its deficit of NT\$70,000 thousand (US\$2,131 thousand) against its paid-in capital and also issued additional shares amounting to NT\$30,000 thousand (US\$913 thousand). However, SOGO did not subscribe for these additional stocks issued; thus, the percentage of SOGO's ownership of Pacific 88 decreased to 33%. In addition, on December 16, 2004, Pacific 88 converted its loan of NT\$15,000 thousand (US\$457 thousand) from its stockholders into common stock. Thus, the percentage of SOGO's ownership of Pacific 88 decreased further to 28% and decreased capital surplus - long-term equity investments by NT\$2,460 thousand (US\$75 thousand).

The reclassification of the long-term investment of Yu Ming Advertising Agency Co. in Asia Cement into short-term investment in 2005 resulted in a realized loss of NT\$8,661 thousand (US\$264 thousand), and the reduced carrying value became the current market value.

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\$57,957 thousand (US\$1,764 thousand) in 2005 and NT\$46,236 thousand (US\$1,407 thousand) in 2004 in New Century were recognized, respectively.

Cost-method investments were as follows:

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Listed stock - market value	\$ 3,733,889	\$ 113,665	\$ 3,756,177	\$ 114,343
Stocks with no quoted market prices - equity in the net assets of investees (mainly based on audited financial statements or net asset values)	971,018	29,559	1,053,400	32,067

10. INVESTMENTS IN REAL ESTATE

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Cost				
Land	\$ 93,600	\$ 2,849	\$ 431,449	\$ 13,134
Buildings	-	-	221,558	6,744
	<u>93,600</u>	<u>2,849</u>	<u>653,007</u>	<u>19,878</u>
Accumulated depreciation - buildings	-	-	(18,229)	(555)
	<u>\$ 93,600</u>	<u>\$ 2,849</u>	<u>\$ 634,778</u>	<u>\$ 19,323</u>

Depreciation expenses were NT\$2,824 thousand (US\$86 thousand) in 2005 and NT\$3,901 thousand (US\$119 thousand) in 2004.

In June 2005, BDIC entered into an agreement to sell the land and building located in Tainan City to a related party, Yuan Bo Asset Management Company. The proceeds of this sale were NT\$659,923 thousand (US\$20,089 thousand). After the deduction of the relevant cost of NT\$538,354 thousand (US\$16,388 thousand) and expense and tax of NT\$32,845 thousand (US\$1,000 thousand), the gain on this disposal was NT\$88,724 thousand (US\$2,701 thousand). However, Yuan Bo Asset Management Company is a subsidiary of Far Eastern International Leasing Corp., which is an equity-method investee of FEDS. Thus, the deferred gain on this disposal proportionate to the equity of FEDS and B IDC was NT\$32,045 thousand (US\$975 thousand), classified as other liabilities - other, and the rest of the gain on sale of investments in real estate was NT\$56,679 thousand (US\$1,726 thousand). The transfer of the title to the land and the building was registered in September 2005.

11. PROPERTIES

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Cost	\$ 32,488,967	\$ 989,009	\$ 32,932,689	\$ 1,002,517
Revaluation increment				
Land	1,183,852	36,038	1,183,852	36,038
Buildings and equipment	<u>10,919</u>	<u>333</u>	<u>13,725</u>	<u>418</u>
	<u>1,194,771</u>	<u>36,371</u>	<u>1,197,577</u>	<u>36,456</u>
Total cost and appreciation	<u>33,683,738</u>	<u>1,025,380</u>	<u>34,130,266</u>	<u>1,038,973</u>
Accumulated depreciation				
On cost				
Buildings and equipment	4,200,356	127,865	3,475,188	105,790
Furniture and equipment	3,020,215	91,940	2,752,746	83,797
Leasehold	-	-	226,326	6,890
Leasehold improvements	<u>1,321,080</u>	<u>40,215</u>	<u>1,409,768</u>	<u>42,915</u>
	<u>8,541,651</u>	<u>260,020</u>	<u>7,864,028</u>	<u>239,392</u>
On appreciation				
Buildings and equipment	<u>8,195</u>	<u>249</u>	<u>10,848</u>	<u>330</u>
Total accumulated depreciation	<u>8,549,846</u>	<u>260,269</u>	<u>7,874,876</u>	<u>239,722</u>
	<u>25,133,892</u>	<u>765,111</u>	<u>26,255,390</u>	<u>799,251</u>

(Continued)

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Constructions in progress	\$ 4,733,208	\$ 144,086	\$ 4,697,526	\$ 142,999
Leasehold rights (Note 12)	8,948,059	272,391	9,484,875	288,733
Assets leased to others (Note13)	<u>1,059,286</u>	<u>32,246</u>	<u>1,075,144</u>	<u>32,729</u>
	<u>\$ 39,874,445</u>	<u>\$ 1,213,834</u>	<u>\$ 41,512,935</u>	<u>\$ 1,263,712</u> (Concluded)

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. 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\$9,705 thousand), to be charged to capital surplus - reserve for asset revaluation increment.

Depreciation expenses were \$1,696,945 thousand (US\$51,657 thousand) in 2005 and \$1,730,957 thousand (US\$52,693 thousand) in 2004. Capitalized interests were \$128,840 thousand (US\$3,922 thousand) in 2005 and \$130,811 thousand (US\$3,982 thousand) in 2004. The interest rates used in computing the amounts capitalized ranged from 2.31% to 2.58% in 2005 and 2.50% to 2.80% in 2004.

In February 2005, FEDS entered into a contract with Far Eastern Construction Company (FECC) to build a mall on the land owned by FEDS and FECC for FEDS's customers in the Pan-Chiao City area. Under the contract, the cost of the construction would be paid on the basis of land ownership ratio. Thus, as of December 31, 2005, FECC had paid FEDS NT\$111,979 thousand (US\$3,409 thousand) for the construction. The construction cost as of December 31, 2005 consisted mainly of the acquisition cost for land located in Pan-Chiao City and architect's fee of NT\$4,697,868 thousand (US\$143,010 thousand).

In June 2005, FEDS entered into an agreement to sell the land and building located in Tainan City to a related party, Yuan Bo Asset Management Company. The proceeds of this sale were NT\$291,244 thousand (US\$8,866 thousand) (including VAT of NT\$5,778 thousand (US\$176 thousand)). After the deduction of the relevant cost of NT\$286,359 thousand (US\$8,717 thousand) and expense and tax of NT\$6,307 thousand (US\$192 thousand), the loss on this disposal was NT\$7,200 thousand (US\$219 thousand). However, a portion of the proceeds, amounting to NT\$121,342 thousand (US\$3,694 thousand), had been unpaid as of December 31, 2005 and was thus classified as other receivables, to be collected within one year from the date of sale in July 2005. The transference of the title to the land and the building was registered in July 2005 and September 2005, respectively.

12. LEASEHOLD RIGHTS

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
FAPD	\$ 3,527,363	\$ 107,378	\$ 3,845,187	\$ 117,053
FEDS - Xinyi division A13	3,146,638	95,788	3,132,136	95,347
FEDS - Taoyuan	922,495	28,082	997,162	30,355

(Continued)

	<u>2005</u>		<u>2004</u>	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
FE Geant - Fu Shin - Taichung	\$ 756,635	\$ 23,033	\$ 814,987	\$ 24,809
FE Geant - Ping Deng - Kaohsiung	385,184	11,725	432,823	13,176
FE Geant - Taoyuan	194,086	5,908	242,608	7,385
FE Geant - Yuanlin	<u>15,658</u>	<u>477</u>	<u>19,972</u>	<u>608</u>
	<u>\$ 8,948,059</u>	<u>\$ 272,391</u>	<u>\$ 9,484,875</u>	<u>\$ 288,733</u> (Concluded)

Amortization expenses of leasehold rights were NT\$320,198 thousand (US\$9,747 thousand) in 2005 and NT\$334,002 thousand (US\$10,167 thousand) in 2004, 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\$32,664 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. However, in June 2005, the final construction cost as well as the payable on properties was settled with Far Eastern General Contractor Inc. to decrease by NT\$231,120 thousand (US\$7,036 thousand), with the rest of the construction cost to be amortized over the remaining rental period.

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

Company	Services Provided	Construction Cost	
		New Taiwan Dollars	U.S. Dollars (Note 3)
Far Eastern General Contractor Inc.	Undertaking construction jobs under a contract	\$ 1,628,056	\$ 49,560
Yuan Ding Co., Ltd.	Planning, consulting and management	294,600	8,968
Asia Cement Corp.	Providing construction materials	178,000	5,419
Asia Concrete Corporation	Providing prestressed concrete	<u>37,099</u>	<u>1,129</u>
		<u>\$ 2,137,755</u>	<u>\$ 65,076</u>

- b. 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\$97,318 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\$115 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\$138 thousand) since January 2004.

In September 2003, FEDS paid NT\$959,066 thousand (US\$29,195 thousand), or 30% of the total land use rights payment. The rest, amounting to NT\$2,237,822 thousand (US\$68,122 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\$2,403 thousand), the net value of the rights was NT\$2,158,885 thousand (US\$65,719 thousand), shown as accrued franchised liabilities. On December 31 2005, the franchised liabilities amounted to NT\$1,061,567 thousand (US\$32,316 thousand), with current portion of NT\$460,284 thousand (US\$14,012 thousand).

- c. 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\$4,566 thousand) shown as a refundable deposit. The initial monthly rent is NT\$3,000 thousand (US\$91 thousand), to be adjusted according to increases in the consumer price index.

The ownership of building and improvements pertaining to a commercial building, including all improvements made thereon, 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.

- 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.

In May 2004, FE Geant's branch, Fu Shin - Taichung, obtained approval for the extension of a leasehold rights agreement from November 2, 2013 to December 18, 2018. In April 2005, FE Geant's branch, Yuanlin, entered into a new agreement to change the rental term (leasehold rights) from three years to five years ending April 4, 2010.

13. PROPERTIES LEASED TO OTHERS, NET

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Cost				
Land	\$ 421,051	\$ 12,817	\$ 421,051	\$ 12,817
Buildings and equipment	528,282	16,082	528,170	16,079
Furniture and equipment	<u>9,732</u>	<u>296</u>	<u>9,732</u>	<u>296</u>
	<u>959,065</u>	<u>29,195</u>	<u>958,953</u>	<u>29,192</u>
Appraisal increase				
Land	211,744	6,446	211,744	6,446
Buildings and equipment	<u>3,027</u>	<u>92</u>	<u>3,027</u>	<u>92</u>
	<u>214,771</u>	<u>6,538</u>	<u>214,771</u>	<u>6,538</u>
Accumulated depreciation				
Buildings and equipment	102,904	3,133	87,019	2,649
Furniture and equipment	<u>9,674</u>	<u>294</u>	<u>9,635</u>	<u>293</u>
	<u>112,578</u>	<u>3,427</u>	<u>96,654</u>	<u>2,942</u>
Appraisal increase				
Buildings and equipment	<u>1,972</u>	<u>60</u>	<u>1,926</u>	<u>59</u>
	<u>114,550</u>	<u>3,487</u>	<u>98,580</u>	<u>3,001</u>
	<u>\$ 1,059,286</u>	<u>\$ 32,246</u>	<u>\$ 1,075,144</u>	<u>\$ 32,729</u>

- a. FEDS leases the site located in Kaohsiung City to two related parties, Far Eastern International Bank and Oriental Securities Co., for their office building; the lease terms will end in February 2010 and April 2005, respectively.
- b. 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 has been adjusted to \$3,005 thousand (US\$91 thousand) since July 2005. The monthly rent has been adjusted to \$3,486 thousand (US\$106 thousand) since November 2005. Under the contract, the Company obtained \$33,000 thousand (US\$1005 thousand), classified as deposits received.
- c. FEDS leases the site located in Ren-ai road Taipei City to Wellcome Department Store Co., for their office building, the lease term will end in August 2008.

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)
2006	\$ 183,251	\$ 5,578
2007	178,557	5,436
2008	179,760	5,472
2009	178,962	5,448
2010	<u>174,606</u>	<u>5,315</u>
	<u>\$ 895,136</u>	<u>\$ 27,249</u>

14. REFUNDABLE DEPOSITS

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Deposits on leases	\$ 1,222,999	\$ 37,230	\$ 1,211,938	\$ 36,893
Others	<u>16,287</u>	<u>496</u>	<u>15,175</u>	<u>462</u>
	<u>\$ 1,239,286</u>	<u>\$ 37,726</u>	<u>\$ 1,227,113</u>	<u>\$ 37,355</u>

Under the operating lease contract signed by FE Geant and FEHLD in May 2000, FEHLD 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 FEHLD on December 29, 2004 to buy the building from FEHLD. The purchase price for the building was NT\$232,324 thousand (US\$7,702 thousand), which was the total rent for the remaining period of the original lease agreement. The amortization expense, classified as operating expenses - rental, was NT\$56,498 thousand (US\$1,720 thousand) in 2004.

15. PROPERTY WAITING TO BE SOLD (TO BE EXCHANGED BY THE GOVERNMENT)

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Cost	\$ -	\$ -	\$ 7,646	\$ 233
Revaluation increment	-	-	152,986	4,657
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,632</u>	<u>\$ 4,890</u>

FEDS 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, FEDS vacated the building in February 1998. The building was demolished, and FEDS received compensation in October 1999.

Under the Ban Qiao Urban Development Plan, FEDS will receive a replacement land also located in the same area, which FEDS can use as it deems appropriate. However, FEDS believes that the size of the replacement land is improper, so FEDS raised an appeal to Taipei High Court in 2004.

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\$558 thousand) and revaluation increment on property of NT\$366,997 thousand (US\$11,172 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 and transferred on February 15, 2005. Proceeds from disposal of the land were NT\$496,720 thousand (US\$15,121 thousand). After the deduction from the relevant cost and revaluation increment of NT\$160,632 thousand (US\$4,890 thousand), relevant expenses and tax of NT\$15,914 thousand (US\$484 thousand), capital surplus of NT\$49,756 thousand (US\$1,515 thousand) reserved for asset revaluation increment in prior years and reserve of NT\$93,428 thousand (US\$2,844 thousand) for land revaluation increment tax, the gain on disposal of properties was \$463,358 thousand (US\$14,106 thousand). In addition, FEDS made an agreement with the Bank of PanHsin, that after the building construction, the Bank of PanHsin will lease to FEDS the first three floors, approximately 64,800 sq ft., for FEDS’s management of the operating site.

16. IDLE PROPERTIES

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Cost				
Land	\$ 153,247	\$ 4,665	\$ 153,247	\$ 4,665
Buildings and equipment	231,624	7,051	231,624	7,051
Furniture and equipment	28,403	865	28,403	865
	<u>413,274</u>	<u>12,581</u>	<u>413,274</u>	<u>12,581</u>
Appraisal increase				
Land	255,291	7,772	255,291	7,772
Buildings and equipment	16,470	501	16,470	501
	<u>271,761</u>	<u>8,273</u>	<u>271,761</u>	<u>8,273</u>
	685,035	20,854	685,035	20,854
Less: Allowance for impairment losses	<u>222,313</u>	<u>6,768</u>	<u>222,284</u>	<u>6,767</u>
	<u>\$ 462,722</u>	<u>\$ 14,086</u>	<u>\$ 462,751</u>	<u>\$ 14,087</u>

Depreciation expenses, classified as nonoperating expenses and losses - others, were NT\$29 thousand (US\$1 thousand) in 2005 and NT\$4,616 thousand (US\$141 thousand) in 2004.

17. LONG-TERM PREPAYMENT

	2005		2004	
	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	\$ 394,970	\$ 12,024	\$ 403,227	\$ 12,275
b. FE Geant - Dajhih	163,992	4,992	165,000	5,023
c. SOGO - Dunhua	<u>250,000</u>	<u>7,610</u>	<u>300,000</u>	<u>9,132</u>
	808,962	24,626	868,227	26,430
Less: Current portion (included in prepayments)	<u>198,234</u>	<u>6,035</u>	<u>77,610</u>	<u>2,363</u>
	610,728	18,591	790,617	24,067
Other prepayment (d)	<u>3,203,108</u>	<u>97,507</u>	<u>2,317,448</u>	<u>70,547</u>
	<u>\$ 3,813,836</u>	<u>\$ 116,098</u>	<u>\$ 3,108,065</u>	<u>\$ 94,614</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\$23,756 thousand (US\$723 thousand) in 2005 and NT\$22,183 thousand (US\$675 thousand) in 2004.
- b. FE Geant (the branch of Dajhih) entered into an operating lease agreement with Liang Ji Company and three other companies to lease a hypermarket under construction for the Dajhih branch in September 2003. Upon the completion of the hypermarket, FE Geant is authorized to use the hypermarket for 20 years. Starting from the opening day of the hypermarket, FE Geant will pay NT\$13,750 thousand (US\$419 thousand) for rental expenses monthly, plus a certain percentage of the sale that exceeds a specific amount yearly. In addition to the payments of NT\$55,000 thousand (US\$1,674 thousand) as deposit upon the signing of the agreement and another NT\$27,500 thousand (US\$837 thousand) upon the use of the hypermarket, FE Geant should pay NT\$165,000 thousand (US\$5,023 thousand) in advance upon receiving the construction license (in 2004) and usage license (in 2005), respectively. Under the contract, FE Geant had to provide a credit letter guaranteed by a bank and its own promissory note. The amount of the credit letter and the note is calculated at a certain percentage of the total building cost (approximately NT\$837,623 thousand (US\$25,498 thousand)). In January 2006, FE Geant issued another promissory note for NT\$592,647 thousand (US\$18,041 thousand) to replace the bonds of NT\$700,000 thousand (US\$21,309 thousand) issued by a bank and FE Geant's own promissory note for NT\$85,147 thousand (US\$2,592 thousand). The Dajhih Branch started operations on December 29, 2005.
- 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 extended the lease contract up to December 23, 2009 and prepaid NT\$300,000 thousand (US\$9,132 thousand) for rent. Prepaid rent will be deducted NT\$50,000 thousand (US\$1,522 thousand) for rent expense between 2005 and 2010. Under the extended contract, SOGO may renew the lease contract under the same terms for one year. The rent was NT\$206,000 thousand (US\$6,271 thousand) in 2005 and NT\$177,703 thousand (US\$5,410 thousand) in 2004. The refundable deposit was NT\$350,000 thousand (US\$10,654 thousand) as of December 31, 2005 and 2004, respectively.

- d. The amount prepaid by SOGO to the developing rights owner - Hong-Tong Comprehensive Commercial Developing Co., Ltd. (Hong-Tong) was for obtaining the lease rights of Taipei Rapid Transit System Muzha line Zhongxiao Fuxing Station land (BR4) joint developing building. As of December 31, 2005, although SOGO and Hong-Tong were still negotiating the details of the lease contract. However, to protect SOGO's rights, the shares of Hong-Tong's stock were held in trust and the majority of Hong-Tong's board of directors were held by SOGO.

18. CONSOLIDATED DEBIT

Consolidated debit comes from the acquisition by FEDS, Pacific Investment and SOGO of subsidiaries. The amortized amounts were NT\$467,290 thousand (US\$14,225 thousand) in 2005 and NT\$435,758 thousand (US\$13,265 thousand) in 2004, included in operating expense.

19. SHORT-TERM DEBTS

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Unsecured loans: Interest - 1.4000% to 2.5264% in 2005 and 1.25% to 3.36% in 2004	\$ 4,957,680	\$ 150,919	\$ 2,898,680	\$ 88,240
Secured loans: Interest - 1.448% to 1.449% in 2005 and 1.35% to 1.40% in 2004	350,000	10,654	133,000	4,049
	<u>\$ 5,307,680</u>	<u>\$ 161,573</u>	<u>\$ 3,031,680</u>	<u>\$ 92,289</u>

20. SHORT-TERM NOTES AND BILLS PAYABLE

Commercial paper were issued at discounts ranging from 1.15% to 2.17% in 2005 and from 0.697% to 2.050% in 2004.

21. BONDS ISSUED

	December 31, 2005					
	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:						
February 7 and 8, 2001	\$ 300,000	\$ 9,133	\$ -	\$ -	\$ 300,000	\$ 9,133
June 20 and 21, 2001	500,000	15,221	-	-	500,000	15,221
December 4, 5, 6 and 7, 2001	1,000,000	30,441	-	-	1,000,000	30,441
August 7 and 8, 2002	-	-	500,000	15,221	500,000	15,221
November 25, 26, 27, 28 and 29, 2002	-	-	1,500,000	45,662	1,500,000	45,662
June 24, 2003	500,000	15,221	-	-	500,000	15,221
August 25, 26, 27 and 28, 2003	-	-	1,200,000	36,529	1,200,000	36,529
August 12, 2005	-	-	500,000	15,221	500,000	15,221

(Continued)

	December 31, 2005					
	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)
BDIC						
Domestic secured bonds issued on:						
February 7 and 8, 2001	\$ 125,000	\$ 3,805	\$ -	\$ -	\$ 125,000	\$ 3,805
June 20 and 21, 2001	<u>250,000</u>	<u>7,610</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>7,610</u>
	<u>\$ 2,675,000</u>	<u>\$ 81,431</u>	<u>\$ 3,700,000</u>	<u>\$ 112,633</u>	<u>\$ 6,375,000</u>	<u>\$ 194,064</u>
						(Concluded)

	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)
FEDS						
Domestic secured bonds issued on:						
July 28, 2000	\$ 300,000	\$ 9,133	\$ -	\$ -	\$ 300,000	\$ 9,133
February 7 and 8, 2001	300,000	9,133	300,000	9,133	600,000	18,266
June 20 and 21, 2001	-	-	500,000	15,221	500,000	15,221
December 4, 5, 6 and 7, 2001	-	-	1,000,000	30,441	1,000,000	30,441
August 7 and 8, 2002	-	-	500,000	15,221	500,000	15,221
November 25, 26, 27, 28 and 29, 2002	-	-	1,500,000	45,662	1,500,000	45,662
June 24, 2003	-	-	500,000	15,221	500,000	15,221
August 25, 26, 27 and 28, 2003	-	-	1,200,000	36,529	1,200,000	36,529

BDIC						
Domestic secured bonds issued on:						
February 7 and 8, 2001	250,000	7,610	125,000	3,805	375,000	11,415
June 20 and 21, 2001	<u>250,000</u>	<u>7,610</u>	<u>250,000</u>	<u>7,610</u>	<u>500,000</u>	<u>15,220</u>
	<u>\$ 1,100,000</u>	<u>\$ 33,486</u>	<u>\$ 5,875,000</u>	<u>\$ 178,843</u>	<u>\$ 6,975,000</u>	<u>\$ 212,329</u>

- a. The FEDS domestic secured bonds issued on February 7 and 8, 2001 had an aggregate face value of NT\$600,000 thousand (US\$18,265 thousand). These instruments consisted of Types A and B bonds, with a face value of NT\$300,000 thousand (US\$9,132 thousand) each and interest rate of 5.38%, payable annually.

The bonds are repayable as follows: (i) \$300,000 thousand (US\$9,132 thousand) on February 7, 2005 and February 8, 2005, and (ii) \$300,000 thousand (US\$9,132 thousand) on February 7, 2006 and February 8, 2006.

- b. The aggregate face value of FEDS domestic secured bonds issued on June 20 and 21, 2001 was NT\$500,000 thousand (US\$15,221 thousand). These instruments consisted of Type A bonds with aggregate face value of NT\$300,000 thousand (US\$9,132 thousand) and Type B bonds with aggregate face value of NT\$200,000 thousand (US\$6,088 thousand). The bonds will mature on June 20 and 21, 2006. For both bonds, the interest rate is 4.25%, payable annually.
- c. The aggregate face value of FEDS domestic secured bonds issued on December 4 to 7, 2001 was NT\$1,000,000 thousand (US\$30,441 thousand). These instruments consisted of Types A and B bonds, each with a face value of NT\$300,000 thousand (US\$9,132 thousand); and Types C and D bonds, each with a face value of NT\$200,000 thousand (US\$6,088 thousand). The bonds will mature between December 4 and 7, 2006. Interest on all bonds is 2.6%, payable annually.

- d. The aggregate face value of FEDS domestic secured bonds issued on August 7 and 8, 2002 was NT\$500,000 thousand (US\$15,221 thousand). These instruments consisted of Type A bonds with a face value of NT\$300,000 thousand (US\$9,132 thousand) and Type B bonds with a face value of NT\$200,000 thousand (US\$6,088 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.
- e. The aggregate face value of FEDS domestic secured bonds issued from November 25 to 29 2002 was NT\$1,500,000 thousand (US\$45,662 thousand). These instruments consisted of Types A, B, C, D and E bonds with face value of NT\$300,000 thousand (US\$9,132 thousand) each. The bonds will mature between November 25 and 29, 2007. Interest on each type of bonds is 2.588%, payable annually.
- f. The face value of FEDS domestic secured bonds issued on June 24, 2003 was NT\$500,000 thousand (US\$15,221 thousand). The bonds will all mature on June 24, 2006. Interest on all bonds is 1.165%, payable annually.
- g. The face value of FEDS domestic secured bonds issued on August 25 to 28, 2003 was NT\$1,200,000 thousand (US\$36,530 thousand). These instruments consisted of Types A, B, C and D bonds with face value of NT\$300,000 thousand (US\$9,132 thousand) each. The bonds will all mature on August 25 to 28, 2008. Interest on all bonds is 1.178%, payable annually.
- h. The face value of FEDS domestic secured bonds issued on August 12, 2005 was NT\$500,000 thousand (US\$15,221 thousand). The bond will all mature on August 12, 2010. Interest on all bond is 1.81%, payable annually.
- i. The FEDS domestic secured bonds issued on July 28, 2000 have an aggregate face value of NT\$600,000 thousand (US\$18,265 thousand). These instruments consisted of Types A and B bonds with aggregate face values of \$300,000 thousand (US\$9,132 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\$4,566 thousand) for each bond type on July 28, 2004 and July 28, 2005.

- j. 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\$9,132 thousand) and Type B bonds with aggregate face value of NT\$200,000 thousand (US\$6,088 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.
- k. The BDIC domestic secured bonds are five-year bonds consisting of Type A bonds with aggregate face value of NT\$300,000 thousand (US\$9,132 thousand) issued on June 20, 2001 and Type B bonds with aggregate face value of NT\$200,000 thousand (US\$6,088 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.

22. LONG-TERM BORROWINGS

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Syndicate loans:				
a. Taiwan Cooperative Bank, First Bank and Chang Hwa Bank	\$ 4,950,000	\$ 150,685	\$ 6,000,000	\$ 182,648
b. International Commercial Bank of China	1,500,000	45,662	1,500,000	45,662
c. Taiwan Cooperative Bank, First Bank and Chang Hwa Bank	1,100,000	33,486	1,300,000	39,574
d. Chinatrust Commercial Bank	1,050,000	31,964	1,350,000	41,096
e. Bank of Taiwan	440,000	13,394	880,000	26,788
f. Hua Nan Bank	-	-	1,370,000	41,705
	<u>9,040,000</u>	<u>275,191</u>	<u>12,400,000</u>	<u>377,473</u>
Secured loans: Interest of 1.51% to 3.33% in 2005 and 1.28% to 3.00% in 2004	2,471,400	75,233	1,787,500	54,414
Unsecured loans: Interest of 1.44% to 3.64% in 2005 and 1.29% to 3.35% in 2004	1,328,333	40,436	1,000,000	30,441
Commercial paper: Discount rates of 1.260% to 1.612% in 2005 and 0.850% to 1.317% in 2004	<u>1,842,986</u>	<u>56,103</u>	<u>846,872</u>	<u>25,780</u>
	<u>14,682,719</u>	<u>446,963</u>	<u>16,034,372</u>	<u>488,108</u>
Less - due in one year	<u>3,535,700</u>	<u>107,632</u>	<u>1,808,900</u>	<u>55,065</u>
	<u>\$ 11,147,019</u>	<u>\$ 339,331</u>	<u>\$ 14,225,472</u>	<u>\$ 433,043</u>

- a. SOGO obtained an NT\$6,000,000 thousand (US\$182,648 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\$45,662 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\$4,566 thousand) each from April 2009 to October 2013. The interest is payable monthly. Type B is an NT\$4,500,000 thousand (US\$136,986 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\$13,699 thousand), and the last installment is NT\$1,800,000 thousand (US\$54,795 thousand).

On the Type B loan, although NT\$450,000 thousand (US\$13,699 thousand) was scheduled to be repaid in 2005, NT\$600,000 thousand (US\$18,265 thousand), a part of the last installment, was repaid early. Two more repayments, due in one year, amounted to NT\$900,000 thousand (US\$27,397 thousand) each as of December 31, 2005 and 2004.

- b. In March 2004, FE Geant entered a syndicated loan contract amounting to NT\$1,500,000 thousand (US\$45,662 thousand) with the International Commercial Bank of China and seven other banks. 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\$60,882 thousand).

Once FE Great is unable to meet one of the above stated financial ratios, FE Great should take corrective measures such as fundraising through stock issuance by the end of September in the next year. Otherwise, FE Great should pay a penalty, based on 0.05% of the year-end credit limit amount.

FE Geant had unsecured bank loans of NT\$1,500,000 (US\$45,662 thousand), with the principal repayable in equal installments in June 2006, December 2006, and June 2007.

- c. SOGO obtained an NT\$2,300,000 thousand (US\$70,015 thousand) syndicated loan from the Cooperative Bank, First Bank, Land Bank and Chang Hwa Bank, consisting of Types A and B. Type A is an NT\$1,500,000 thousand (US\$45,662 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\$3,044 thousand), and the last installment is NT\$200,000 thousand (US\$6,088 thousand), current portion was NT\$200,000 thousand (US\$6,088 thousand) in 2005 and 2004. The interest is payable monthly. Type B is an NT\$800,000 thousand (US\$24,353 thousand) credit line from commercial paper issuance. The term of credit is five years from the first appropriation date (March 12, 2004). As of December 31, 2005, the commercial paper was issued from September 2005 to March 2006.

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\$60,088 thousand).

The above financial ratios are based on SOGO's audited consolidated financial statements and calculated once a year. If, under relevant regulations, there is no need for SOGO to prepare consolidated financial statements, the calculation of financial ratios will be based on SOGO's financial statements.

- d. Pacific Liu Tong Investment Co. ("Pacific") signed a syndicated loan contract with Chinatrust Commercial Bank and eleven other banks. The credit amount is NT\$1,500,000 thousand (US\$45,662 thousand) consisting of Types A and B. Type A is an NT\$1,000,000 thousand (US\$30,441 thousand) secured credit amount and Type B is an NT\$500,000 thousand (US\$15,221 thousand) unsecured credit amount.

As of December 31, 2005, the loan balance of Type A, repayable every six months in three installments from March 1, 2006 to March 1, 2007, with 3.33% interest in 2005 and 2.92% to 2.98% interest in 2004, respectively; the loan balance of Type B was NT\$350,000 thousand (US\$10,654 thousand), repayable every six months in four installments from September 1, 2004 to March 1, 2006, with 3.64% interest in 2005 and 3.19% to 3.30% interest in 2004, respectively.

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, 2005, 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\$79,148 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\$60,883 thousand).
- e. 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 2.9757% in 2005 and 2.5846% in 2004. 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\$91,324 thousand) credit line for medium- and long-term loans and a guarantee to issue commercial paper.
- f. 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\$76,104 thousand) credit line, with a term of three years until December 2006.

Pacific paid Sea Ward Leasing Ltd. NT\$138,545 thousand (US\$4,218 thousand) and NT\$5,000 thousand (US\$152 thousand) the balance of the secured loan due on 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, 2005, Pacific was still negotiating this matter with Sea Ward Leasing Ltd. Management believes the likelihood of significant loss on this case is remote.

As of December 31, 2005, the secured bank loans amounted to NT\$571,400 thousand (US\$17,394 thousand), repayable every six months in five installments. Some of the secured bank loans, unsecured bank loans and commercial paper as of December 31, 2005 and 2004 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.

23. 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	U.S.	New	U.S.	New	U.S.	New	U.S.	New	U.S.	New	U.S.		
Taiwan Dollars	Dollars (Note 3)	Taiwan Dollars	Dollars (Note 3)	Taiwan Dollars	Dollars (Note 3)	Taiwan Dollars	Dollars (Note 3)	Taiwan Dollars	Dollars (Note 3)	Taiwan Dollars	Dollars (Note 3)		
Capital lease liabilities	\$ 398,258	\$ 12,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,258	\$ 12,124	\$ -	\$ -
Unrealized interest expenses	(12,706)	(387)	-	-	-	-	-	-	-	(12,706)	(387)	-	-
	<u>\$ 385,552</u>	<u>\$ 11,737</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,552</u>	<u>\$ 11,737</u>	<u>\$ -</u>	<u>\$ -</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\$37,232 thousand). The selling price was NT\$1,224,744 thousand (US\$37,283 thousand). The gain resulting from the sale of these leased properties was NT\$1,687 thousand (US\$51 thousand), deferred using the unearned gain on the sales-leaseback account. The amortization in 2004 amounted to NT\$562 thousand (US\$17 thousand). After deducting the amortization, the unearned gains on the sales-leaseback were NT\$797 thousand (US\$24 thousand) as of December 31, 2004, classified as other liabilities - miscellaneous. Later, SOGO paid NT\$149,634 thousand (US\$4,555 thousand) in 2004 to Yuan Ding Leasing Co. to buy back the leased properties, with carrying values of NT\$167,758 thousand (US\$5,107 thousand) resulting in the cancellation of the related sale-leaseback agreement. The total cancellation losses were NT\$4,306 thousand (US\$131 thousand) in 2004, 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\$508 thousand) and NT\$5,857 thousand (US\$178 thousand), respectively.

SOGO paid off all of its capital lease liabilities to Far Eastern International Leasing Corp. in January 2005.

24. STOCKHOLDERS' EQUITY

Under relevant regulations, 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.

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

FEDS's dividend distribution depends on economic conditions, tax obligations, and operating requirements for cash. After taking into account the need to strengthen FEDS'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 FEDS'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 FEDS on earnings generated since January 1, 1998. An imputation credit account (ICA) is maintained by FEDS for such income tax and the tax credit allocated to each resident stockholder.

On June 7, 2005 and May 26, 2004, FEEDS's stockholders resolved earnings appropriation and distribution of bonus to employees and remuneration to directors and supervisors in 2004 and 2003, that were shown as follow:

	Earnings Appropriation				Dividend Per Shares			
	2004		2003		2004		2003	
	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)
Legal reserve	\$ 147,953	\$ 4,503	\$ 29,671	\$ 903				
Stock dividend - common stock	493,522	15,024	-	-	\$ 0.50	\$ 0.02	\$ -	\$ -
Cash dividend - common stock	592,227	18,028	243,050	7,399	0.60	0.02	0.25	0.01
Bonus to employees - cash paid	46,699	1,422	10,454	318				
Remuneration to directors and supervisors - cash paid	<u>35,024</u>	<u>1,066</u>	<u>7,840</u>	<u>239</u>				
	<u>\$ 1,315,425</u>	<u>\$ 40,043</u>	<u>\$ 291,015</u>	<u>\$ 8,859</u>				

The stock issuance for the above distribution of stock dividends was approved by the Securities and Futures Bureau (SFB), and the board of directors resolved that the effective date of stock dividend distribution was August 10, 2005.

Had the above bonus to employees and remuneration to directors and supervisors been paid entirely in cash and charged against the 2004 and 2003 earnings, the after-tax basic earnings per share would have decreased from NT\$1.51 (US\$0.05) to NT\$1.43 (US\$0.04) in 2004 and from NT\$0.33 (US\$0.01) to NT\$0.31 (US\$0.01) in 2003.

As of February 24, 2006, the date of the accompanying auditors' report, the board of directors had not approved the proposal on the distribution of the 2005 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>).

25. TREASURY STOCK

Reason for Acquisition	Shares in Thousands (Beginning of Year)		Increase	Decrease	Shares in Thousands (End of Year)
<u>Year 2005</u>					
a. Company's issued stock held by subsidiaries	<u>44,977</u>	<u>1,908</u>	<u>13,055</u>		<u>33,830</u>
<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>

The subsidiary company in order to maintain parent company's credit and stockholder's need to hold parent company's stock as follows:

Subsidiaries Name	Shares in Thousands	Carrying Value		Market Value	
		New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
<u>2005</u>					
BDIC	27,835	\$ 173,175	\$ 5,272	\$ 527,969	\$ 16,072
Bai Yang	<u>5,995</u>	<u>37,204</u>	<u>1,132</u>	<u>113,426</u>	<u>3,453</u>
	<u>33,830</u>	<u>\$ 210,379</u>	<u>\$ 6,404</u>	<u>\$ 641,395</u>	<u>\$ 19,525</u>
<u>2004</u>					
BDIC	35,183	\$ 229,831	\$ 6,996	\$ 624,791	\$ 19,020
Bai Yang	8,885	57,891	1,762	157,374	4,791
Yu Ming	<u>909</u>	<u>5,937</u>	<u>181</u>	<u>16,142</u>	<u>491</u>
	<u>44,977</u>	<u>\$ 293,659</u>	<u>\$ 8,939</u>	<u>\$ 798,307</u>	<u>\$ 24,302</u>

FEDS reclassified FEDS's shares held by its subsidiaries from short-term and long-term investments to treasury stocks, which amounted to NT\$293,659 thousand (US\$8,939 thousand), based on FEDS's equity in these subsidiaries in 2002.

The treasury stocks held by subsidiaries increased by 1,908 thousand shares because of FEDS's stock dividend distribution in 2005. Between July 2005 and December 2005, subsidiaries disposed of 13,055 treasury shares, with proceeds amounting to \$267,861 (US\$8,154 thousand) thousand. After deducting the treasury stock acquisition cost of \$83,352 thousand (US\$2,537 thousand) from the foregoing proceeds, FEDS credited \$184,378 thousand (US\$5,613 thousand) to capital surplus - treasury stock transactions based on FEDS's equity in these subsidiaries.

Under the Securities and Exchange Law, FEDS may buy up to 10% of its issued and outstanding capital stock. In addition, FEDS 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.

FEDS may not pledge or hypothecate treasury stock. In addition, FEDS may not exercise any stockholders' rights on the treasury stock. FEDS's stocks held by its subsidiaries are treated as treasury stock and the holders are entitled to the rights of stockholders, except that starting from June 22, 2005, pursuant to the revised Company Law, the holders are no longer entitled to the right to vote.

On August 18, 2004, FEDS transferred to its employees 14,845 thousand treasury shares amounting to NT\$103,603 thousand (US\$3,154 thousand). After deducting the treasury stock acquisition cost of NT\$135,089 thousand (US\$4,112 thousand) from the amount of the treasury shares transferred to employees, FEDS debited NT\$31,486 thousand (US\$958 thousand) to capital surplus - treasury stock transactions.

26. INCOME TAX

a. Income tax expenses consisted of:

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Income tax expenses - current	\$ 809,404	\$ 24,639	\$ 837,425	\$ 25,492
Income tax expenses - deferred	40,348	1,228	84,662	2,577
Investment tax credit	(3,263)	(99)	(2,167)	(66)
Income tax expense on short-term negotiable instruments taxed at 20%	474	15	181	6
Prior year's adjustment	27,522	838	(76,856)	(2,340)
Additional 10% income tax on unappropriated earnings	<u>70,240</u>	<u>2,138</u>	<u>34,327</u>	<u>1,045</u>
Income tax expenses	<u>\$ 944,725</u>	<u>\$ 28,759</u>	<u>\$ 877,572</u>	<u>\$ 26,714</u>

b. Deferred income tax consisted of the following:

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Current				
Deferred income tax assets				
Loss carryforward	\$ 215,011	\$ 6,545	\$ 95,681	\$ 2,913
Allowance for doubtful accounts	67,007	2,040	76,054	2,315
Investment tax credits	20,336	619	20,336	619
Allowance for losses on obsolescent inventory	25,512	776	12,170	370
Others	<u>1,219</u>	<u>37</u>	<u>2,228</u>	<u>68</u>
	329,085	10,017	206,469	6,285
Less: Valuation allowance	<u>(206,990)</u>	<u>(6,301)</u>	<u>(45,663)</u>	<u>(1,390)</u>
	<u>122,095</u>	<u>3,716</u>	<u>160,806</u>	<u>4,895</u>
Deferred income tax liability				
Others	<u>(36)</u>	<u>(1)</u>	<u>(36)</u>	<u>(1)</u>
	<u>\$ 122,059</u>	<u>\$ 3,715</u>	<u>\$ 160,770</u>	<u>\$ 4,894</u>
Noncurrent				
Deferred income tax assets				
Loss carryforward	\$ 962,434	\$ 29,298	\$ 783,022	\$ 23,836
Cumulative equity in net loss of investees	728,240	22,169	590,799	17,985
Unrealized loss on investment in shares of stock	24,500	746	24,500	746
Investment tax credits	2,979	90	2,541	77
Others	<u>22,446</u>	<u>683</u>	<u>20,395</u>	<u>621</u>
	1,740,599	52,986	1,421,257	43,265
Less: Valuation allowance	<u>(1,218,809)</u>	<u>(37,102)</u>	<u>(875,705)</u>	<u>(26,658)</u>
	<u>521,790</u>	<u>15,884</u>	<u>545,552</u>	<u>16,607</u>

(Continued)

	<u>2005</u>		<u>2004</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>
Deferred income tax liabilities				
Difference of depreciation expense between financial reporting and tax reporting	\$ (186,358)	\$ (5,673)	\$ (211,584)	\$ (6,441)
Cumulative equity in net income of foreign-domiciled investees	(54,121)	(1,647)	(56,613)	(1,723)
Difference of pension cost between financial reporting and tax reporting	<u>43,858</u>	<u>1,335</u>	<u>(7,398)</u>	<u>(225)</u>
	<u>(196,621)</u>	<u>(5,985)</u>	<u>(275,595)</u>	<u>(8,389)</u>
Net deferred income tax assets	<u>\$ 325,169</u>	<u>\$ 9,899</u>	<u>\$ 269,957</u>	<u>\$ 8,218</u>

(Concluded)

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

	<u>Balance of Imputation Credit Account</u>			
	<u>December 31, 2005</u>		<u>December 31, 2004</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	\$ 75,919	\$ 2,311	\$ 36,228	\$ 1,103
BDIC	114,270	3,479	86,691	2,639
FE Geant	14,032	427	14,011	427
FAPD	17,066	520	397	12
YTDS	2,909	89	1,368	42
Bai Yang	3,194	97	741	23
FNCD	2,863	87	107	3
FEHLD	19,928	607	-	-
FE Citysuper	1	-	-	-
Yu Ming	4,444	135	-	-
Pacific Liu Tong Investment	179,833	5,474	109,739	3,341
SOGO	1,998,213	60,828	1,409,453	42,906

The expected creditable tax ratio for the 2005 earnings and the actual creditable tax ratio for the 2004 earnings were as follows:

	2005	2004
FEDS	6.61%	2.72%
BDIC	33.33%	-
FE Geant	-	-
FAPD	13.65%	27.38%
YTDS	-	-
Bai Yang	8.46%	0.54%
FNCD	7.87%	7.57%
FEHLD	-	-
FE Citysuper	-	-
Yu Ming	-	35.88%
Pacific Liu Tong Investment	18.14%	33.33%
SOGO	36.33%	33.74%

The calculation of the creditable tax ratio for FEDS'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.

FEDS's unappropriated earnings before 1998 were used to offset deficit in 2002.

Unused investment tax credits as of December 31, 2005 were as follows:

Items	New Taiwan Dollars	U.S. Dollars (Note 3)	Year of Expiry
<u>FEDS</u>			
Investment tax credit	\$ 20,000	\$ 609	2006
<u>FE GEANT</u>			
Investment tax credits and training expense tax credit	438	12	2009
	1,341	41	2007
	1,200	37	2006
	336	10	2005

The loss carryforwards as of December 31, 2005 were as follows:

Company Name	Year of Loss	New Taiwan Dollars	U.S. Dollars (Note 3)	Year of Expiry
FEDS (parent company)	2003 (Unexamined)	\$ 16,243	\$ 494	2008
FE Geant	2005 (Unexamined)	246,990	7,519	2010
	2004 (Unexamined)	161,503	4,916	2009
	2003 (Examined)	224,917	6,847	2008
	2002 (Examined)	183,762	5,594	2007
	2001 (Examined)	177,873	5,415	2006
YTDS	2005 (Unexamined)	19,487	593	2010
	2004 (Unexamined)	13,000	396	2009
	2003 (Examined)	5,379	164	2008
	2002 (Examined)	6,455	196	2007
	2001 (Examined)	10,005	305	2006
FNCD	2005 (Unexamined)	65	2	2010
	2004 (Unexamined)	79	2	2009
	2003 (Examined)	75	2	2008
FEHLD	2004 (Unexamined)	48,144	1,466	2009
FE Citysuper	2005 (Unexamined)	35,567	1,083	2010
	2004 (Unexamined)	5,124	156	2009
Yu Ming	2005 (Unexamined)	7,272	221	2010
Pacific Liu Tong Investment	2002 (Examined)	15,505	472	2007

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

	Year of Latest Tax Return Examined
FEDS	2002
BDIC	2004
FE Geant	2003
FAPD	2003
YTDS	2003
Bai Yang	2003
FNCD	2003
FEHLD	2003
FE Citysuper	-
Yu Ming	2003
Pacific Liu Tong Investment	2004
SOGO	2003

After examining SOGO's 2003 and 2002 income tax returns in November and December 2005, respectively, the tax authorities determined to subtract NT\$16,407 thousand (US\$499 thousand) from income tax refund receivable in 2003 and add NT\$10,904 thousand (US\$332 thousand) to income tax payable in 2002. SOGO filed an administrative appeal; nevertheless, it recognized income tax expenses of NT\$27,311 thousand (US\$831 thousand) in 2005.

27. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	2005							
	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	(Note 3)	Dollars	(Note 3)	Dollars	(Note 3)	Dollars	(Note 3)
Personnel expenses								
Salary	\$ 15,150	\$ 461	\$ 3,089,801	\$ 94,058	\$ -	\$ -	\$ 3,104,951	\$ 94,519
Insurance	1,180	36	355,817	10,832	-	-	356,997	10,868
Pension	1,013	31	190,242	5,791	-	-	191,255	5,822
Other	-	-	170,633	5,194	-	-	170,633	5,194
	17,343	528	3,806,493	115,875	-	-	3,823,836	116,403
Depreciation expenses	30,427	926	1,669,342	50,817	29	1	1,699,798	51,744
Depletion expenses (included in rental expenses)	-	-	320,198	9,747	-	-	320,198	9,747
Amortization expenses	-	-	503,032	15,313	15,197	463	518,229	15,776
	<u>\$ 47,770</u>	<u>\$ 1,454</u>	<u>\$ 6,299,065</u>	<u>\$ 191,752</u>	<u>\$ 15,226</u>	<u>\$ 464</u>	<u>\$ 6,362,061</u>	<u>\$ 193,670</u>

	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	(Note 3)	Dollars	(Note 3)	Dollars	(Note 3)	Dollars	(Note 3)
Personnel expenses								
Salary	\$ 24,451	\$ 744	\$ 2,810,144	\$ 85,545	\$ -	\$ -	\$ 2,834,595	\$ 86,289
Insurance	1,873	57	259,830	7,910	-	-	261,703	7,967
Pension	1,139	35	119,436	3,636	-	-	120,575	3,671
Other	-	-	120,517	3,669	-	-	120,517	3,669
	27,463	836	3,309,927	100,760	-	-	3,337,390	101,596
Depreciation expenses	17,148	522	1,717,710	52,289	4,616	140	1,739,474	52,951
Depletion expenses (included in rental expenses)	-	-	390,500	11,887	-	-	390,500	11,887
Amortization expenses	-	-	460,728	14,025	15,830	482	476,558	14,507
	<u>\$ 44,611</u>	<u>\$ 1,358</u>	<u>\$ 5,878,865</u>	<u>\$ 178,961</u>	<u>\$ 20,446</u>	<u>\$ 622</u>	<u>\$ 5,943,922</u>	<u>\$ 180,941</u>

28. 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)
<u>2005</u>									
Consolidated net income	\$ 2,368,985	\$ 72,115							
Add: Minority interest and subsidiary employee benefits and directors' and supervisors' remuneration effect	<u>(1,328,554)</u>	<u>(40,443)</u>							
	<u>\$ 1,040,431</u>	<u>\$ 31,672</u>	<u>\$ 979,426</u>	<u>\$ 29,815</u>	<u>995,407</u>	<u>\$ 1.05</u>	<u>\$ 0.03</u>	<u>\$ 0.98</u>	<u>\$ 0.03</u>
<u>2004</u>									
Consolidated net income	\$ 2,782,419	\$ 84,701							
Add: Minority interest and subsidiary employee benefits and directors' and supervisors' remuneration effect	<u>(1,219,326)</u>	<u>(37,118)</u>							
	<u>\$ 1,563,093</u>	<u>\$ 47,583</u>	<u>\$ 1,479,529</u>	<u>\$ 45,039</u>	<u>979,376</u>	<u>\$ 1.60</u>	<u>\$ 0.05</u>	<u>\$ 1.51</u>	<u>\$ 0.05</u>

The denominators for the purposes of calculating the above basic EPS had been adjusted retroactively to reflect the issuance of stock dividends in August 2005 (see Note 24). This adjustment caused the basic EPS in 2004 before and after tax to decrease from NT\$1.68 (US\$0.05 thousand) to NT\$1.60 (US\$0.05 thousand) and from NT\$1.59 (US\$0.05 thousand) to NT\$1.51 (US\$0.05 thousand), respectively.

29. PENSION PLAN

The Labor Pension Act (the "Act"), which took effect from July 1, 2005 and the pension mechanism under the Act is deemed a defined contribution plan in ROC of FEEDS and its subsidiaries. The employees who were subject to the Labor Standards Law before July 1, 2005 were allowed to choose to be subject to the pension mechanism under the Act or continue to be subject to the pension mechanism under the Labor Standards Law. For the employees who were subject to the Labor Standards Law before July 1, 2005 and chose to be subject instead to the pension mechanism under the Act, their service years as of June 30, 2005 were retained. Based on the Act, the rate of monthly contributions to employees' individual pension accounts is at 6% of monthly salaries and wages starting on July 1, 2005. Thus, the Group monthly contributions to employees' pension accounts, which were recognized as pension costs, amounted to NT\$51,133 thousand (US\$1,557 thousand) in the second half of 2005.

The Group have a defined benefit plan under the Labor Standards Law, which provides benefits based on an employee's length of service and average salary of the six months before retirement. The Group contributes an amount equal to 6% of monthly salaries and wages to a pension fund. This fund is administered by a pension fund monitoring committee and deposited in the committee's name in the Central Trust of China.

FEHLD closed its wholesale business in July 1, 2000 and transferred its employees to FE Great. The pension liabilities were accrued on the basis of length of service in FEHLD and FE Great. As of December 31 2005, the balance of the accrued pension liabilities of FEHLD was NT\$7,707 thousand (US\$235 thousand).

For the overseas subsidiaries, pension costs under defined contribution plans were NT\$54,614 thousand (US\$1,663 thousand) in 2005 and NT\$5,267 thousand (US\$160 thousand) in 2004.

Other information on the defined benefit plan is summarized as follows:

a. Net periodic pension cost

	2005							
	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	\$ 20,626	\$ 628	\$ 12,888	\$ 392	\$ 510	\$ 16	\$ 25,007	\$ 761
Interest cost	17,087	520	4,186	127	344	10	12,908	393
Projected return on plan assets	(15,007)	(457)	(2,110)	(64)	(36)	(1)	(2,940)	(90)
Amortization	<u>(1,067)</u>	<u>(32)</u>	<u>1,100</u>	<u>34</u>	<u>30</u>	<u>1</u>	<u>11,982</u>	<u>365</u>
	<u>\$ 21,639</u>	<u>\$ 659</u>	<u>\$ 16,064</u>	<u>\$ 489</u>	<u>\$ 848</u>	<u>\$ 26</u>	<u>\$ 46,957</u>	<u>\$ 1,429</u>
	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	\$ 897	\$ 19,772	\$ 602	\$ 742	\$ 22	\$ 33,432	\$ 1,017
Interest cost	16,955	516	4,476	136	283	9	11,031	336
Projected return on plan assets	(13,139)	(400)	(2,149)	(65)	(106)	(3)	(2,359)	(72)
Amortization	<u>2,713</u>	<u>83</u>	<u>2,160</u>	<u>65</u>	<u>30</u>	<u>1</u>	<u>11,982</u>	<u>365</u>
	<u>\$ 36,014</u>	<u>\$ 1,096</u>	<u>\$ 24,259</u>	<u>\$ 738</u>	<u>\$ 949</u>	<u>\$ 29</u>	<u>\$ 54,086</u>	<u>\$ 1,646</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>2005</u>								
Present value of benefit obligation:								
Vested	\$ (110,116)	\$ (3,352)	\$ (67,364)	\$ (2,051)	\$ (3,587)	\$ (109)	\$ (13,436)	\$ (409)
Non-vested	<u>(228,153)</u>	<u>(6,945)</u>	<u>(76,418)</u>	<u>(2,326)</u>	<u>(5,202)</u>	<u>(158)</u>	<u>(248,730)</u>	<u>(7,572)</u>
Accumulated	(338,269)	(10,297)	(143,782)	(4,377)	(8,789)	(267)	(262,166)	(7,981)
Additional benefits based on future salaries	<u>(67,075)</u>	<u>(2,042)</u>	<u>(13,301)</u>	<u>(405)</u>	<u>(2,134)</u>	<u>(65)</u>	<u>(126,103)</u>	<u>(3,839)</u>
Projected	(405,344)	(12,339)	(157,083)	(4,782)	(10,923)	(332)	(388,269)	(11,820)
Fair value of plan assets	<u>489,502</u>	<u>14,901</u>	<u>74,115</u>	<u>2,256</u>	<u>3,976</u>	<u>121</u>	<u>94,700</u>	<u>2,883</u>
Funded status	84,158	2,562	(82,968)	(2,526)	(6,947)	(211)	(293,569)	(8,937)
Unrecognized net transition obligation (assets)	(172,993)	(5,266)	(1,633)	(49)	59	2	191,713	5,836
Unrecognized prior service cost	(17,778)	(542)	-	-	66	2	-	-
Unrecognized net actuarial loss	194,210	5,912	36,049	1,097	1,310	40	(3,949)	(120)
Additional pension cost	<u>-</u>	<u>-</u>	<u>(21,115)</u>	<u>(643)</u>	<u>-</u>	<u>-</u>	<u>(61,661)</u>	<u>(1,877)</u>
Prepaid pension cost (accrued pension liabilities)	<u>\$ 87,597</u>	<u>\$ 2,666</u>	<u>\$ (69,667)</u>	<u>\$ (2,121)</u>	<u>\$ (5,512)</u>	<u>\$ (167)</u>	<u>\$ (167,466)</u>	<u>\$ (5,098)</u>

(Continued)

	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)	\$ (2,821)	\$ (49,495)	\$ (1,507)	\$ -	\$ -	\$ (4,905)	\$ (149)
Non-vested	(282,657)	(8,604)	(97,437)	(2,966)	(7,019)	(213)	(258,024)	(7,855)
Accumulated	(375,318)	(11,425)	(146,932)	(4,473)	(7,019)	(213)	(262,929)	(8,004)
Additional benefits based on future salaries	(152,092)	(4,630)	(12,258)	(373)	(1,993)	(61)	(136,116)	(4,144)
Projected	(527,410)	(16,055)	(159,190)	(4,846)	(9,012)	(274)	(399,045)	(12,148)
Fair value of plan assets	463,406	14,107	67,869	2,066	3,364	102	84,227	2,564
Funded status	(64,004)	(1,948)	(91,321)	(2,780)	(5,648)	(172)	(314,818)	(9,584)
Unrecognized net transition obligation (assets)	(192,215)	(5,851)	(1,959)	(59)	77	2	203,695	6,201
Unrecognized prior service cost	(19,145)	(583)	-	-	78	2	-	-
Unrecognized net actuarial loss	384,600	11,707	44,455	1,353	256	8	36,944	1,125
Additional pension cost	-	-	(30,238)	(920)	-	-	(104,522)	(3,182)
Prepaid pension cost (accrued pension liabilities)	\$ 109,236	\$ 3,325	\$ (79,063)	\$ (2,406)	\$ (5,237)	\$ (160)	\$ (178,701)	\$ (5,440)
								(Concluded)

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)
2005	\$ 133,416	\$ 4,061	\$ 67,364	\$ 2,051	\$ 4,476	\$ 136	\$ 15,869	\$ 483
2004	\$ 121,011	\$ 3,684	\$ 49,495	\$ 1,507	\$ -	\$ -	\$ 5,637	\$ 172

d. Actuarial assumptions

	FEDS	FE Geant	YTDS	SOGO
<u>2005</u>				
Discount rate used in determining present value	3.25%	3.00%	3.50%	3.25%
Future salary increase rate	2.00%	1.50%	2.00%	3.00%
Expected rate of return on plan assets	3.25%	3.00%	2.50%	3.25%
<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%

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>2005</u>								
Contributions	\$ -	\$ -	\$ 16,336	\$ 497	\$ 573	\$ 17	\$ 15,331	\$ 467
Payments	\$ 47,581	\$ 1,448	\$ 12,549	\$ 382	\$ -	\$ -	\$ 6,146	\$ 187
<u>2004</u>								
Contributions	\$ 65,535	\$ 1,995	\$ 21,806	\$ 664	\$ 552	\$ 17	\$ 14,863	\$ 452
Payments	\$ 49,744	\$ 1,514	\$ 12,420	\$ 378	\$ -	\$ -	\$ -	\$ -

30. RELATED-PARTY TRANSACTIONS

Significant related-party transactions, in addition to those shown in Notes 7, 10 to 14, 23 and 32, are summarized in the accompanying Tables 2 and 3.

The Group's related parties were as follows:

<u>Related Party</u>	<u>Relationship with the Group</u>
Far Eastern Textile Co., Ltd. (FET)	Equity-method investor of FEDS
DFI Casino B.V.	Equity-method investor of FE Geant
Yuan Ding Investment Co., Ltd.	Equity-method investor of SOGO
Oriental Securities Corporation	Equity-method investee
Far Eastern Hon Li Do 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. (PUC)	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 from January 11, 2005
Far Eastern Apparel Co., Ltd.	Indirect subsidiary of FET
Pacific Security Co., Ltd. (PSC)	Equity-method investee of PUC
Pacific Department Management & Maintenance Co., Ltd.	Equity-method investee of PSC
Asia Cement Corp. (ACC)	ACC and FEDS have the same chairman
Yuan Ding Co., Ltd. (YDCL)	YDCL and FEDS have the same chairman
Far Eastern International Bank (FEIB)	FEIB and FEDS have the same chairman
Far EastOne Telecom Co., Ltd. (FETCL)	FETCL and FEDS have the same chairman
Far Eastern Resource Development Ltd., Corp. (FERDL)	FERDL and FEDS have the same chairman
New Century Information Communication Technology Co., Ltd. (NCICT)	NCICT and FEDS have the same chairman
Far Eastern Construction Company (FECC)	A director of FECC was FEDS's chairman
Far Eastern General Contractor Inc. (FEGC)	A director of FEGC was FEDS's chairman
Asia Concrete Corporation (ACC)	A director of ACC was FEDS's chairman
Hong-Tong Comprehensive Commercial Developing Co., Ltd. (HTCCD)	A director of HTCCD was FEDS's chairman
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 11)

31. ASSETS PLEDGED OR MORTGAGED

In addition to those mentioned in Notes 32, 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:

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 3)	New Taiwan Dollars	U.S. Dollars (Note 3)
Pledged time deposits	\$ 15,098	\$ 460	\$ 12,731	\$ 388
Long-term investments in shares of stock, net	3,330,314	101,379	3,539,224	107,739
Properties, net	13,100,738	398,805	13,919,537	423,730
Idle properties, net	278,445	8,476	278,445	8,476
Pledged time deposits (shown as restricted assets)	-	-	22,500	685
Lands held for future construction (included in other assets-miscellaneous)	-	-	30,981	943
	<u>\$ 16,724,595</u>	<u>\$ 509,120</u>	<u>\$ 17,803,418</u>	<u>\$ 541,961</u>

32. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES AS OF DECEMBER 31, 2005

Significant commitments and contingent liabilities as of December 31, 2005, in addition those mentioned in Note 22, are summarized as follows:

- Unused letters of credit aggregated NT\$4,083 thousand (US\$124 thousand).
- Outstanding construction contracts aggregated NT\$296,165 thousand (US\$9,016 thousand).
- Guarantees on the loans of related parties and others were as follows:

	New Taiwan Dollars	U.S. Dollars (Note 3)
Hong-Tong Comprehensive Commercial Developing Co., Ltd.	\$ 2,200,000	\$ 66,971
Taiwan Chong-Guang Ltd.	<u>304,297</u>	<u>9,263</u>
	<u>\$ 2,504,297</u>	<u>\$ 76,234</u>

- In addition to the lease contracts mentioned in Notes 12, 13, 14 and 17, 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\$166 thousand).

- 2) On November 28, 2005, FEDS paid a deposit of NT\$5,100 thousand (US\$155 thousand), shown as part of refundable deposits, to enter a bid on the right to lease land owned by the Ministry of Education and located in Taichung City. FEDS won the bid and thus got back its refundable deposit. FEDS then used a credit letter amounting to NT\$280,576 thousand (US\$8,541 thousand) guaranteed by the International Commercial Bank of China to secure its execution of the leasing rights. The credit letter will expire on December 25, 2006. As of December 31, 2005, FEDS had not signed a new lease contract with the Ministry of Education.
- 3) YTDS leases from Far Eastern Construction Company (a related party) the site located in Tuihua S. Rd, Taipei City. The lease agreement will expire on April 30, 2008, but the lessor allowed FEDS to renew the lease upon its expiry. The monthly rent is NT\$111 thousand (US\$3 thousand). YTDS leases from Yuan Ding (a related party) a building located in Taipei Metro. 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\$13,388 thousand (US\$408 thousand).
- 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\$78,365 thousand (US\$2,386 thousand) in 2005 and NT\$73,590 thousand (US\$2,240 thousand) in 2004. The refundable guarantee note was NT\$200,000 thousand (US\$6,088 thousand) as of December 31, 2005 and 2004.
- 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\$693 thousand), and would be the higher of the basic rent or 6% of the sales revenue every year from 2002. The rent was NT\$359,242 thousand (US\$10,936 thousand) in 2005 and NT\$342,052 thousand (US\$10,413 thousand) in 2004. The refundable deposit was NT\$65,001 thousand (US\$1,979 thousand) in 2004 and 2005, and the refundable guarantee notes were NT\$253,041 thousand (US\$7,703) and NT\$300,681 thousand (US\$9,153 thousand) as of December 31, 2005 and 2004, 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\$205 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\$205 thousand) as pledge to the court on January 20, 2004 and February 19, 2004, for a total of NT\$13,470 thousand (US\$410 thousand), shown as refundable deposits. As of December 31, 2005, 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 and 5% annual interest (since December 12, 2003) to Liuhe and Haihua.

- 6) SOGO rents a building located in Hsinchu City from Hsinchu Bus Co. for operating purposes. The renewable lease is up to September 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\$223,780 thousand (US\$6,812 thousand) in 2005 and NT\$209,434 thousand (US\$6,375 thousand) in 2004. The refundable deposit was NT\$96,040 thousand (US\$2,924 thousand) in 2005 and 2004, and the refundable guarantee note was NT\$336,876 thousand (US\$10,255 thousand) as of December 31, 2005 and 2004, 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\$259 thousand). After the expiry date, SOGO may extend the contract for one year under the same terms. The rent was NT\$102,000 thousand (US\$3,105 thousand) in 2005 and NT\$120,684 thousand (US\$3,674 thousand) in 2004.
- 8) 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)
2006	\$ 1,394,499	\$ 42,451
2007	1,174,191	35,744
2008	1,183,792	36,036
2009	1,231,634	37,493
2010	<u>1,208,170</u>	<u>36,778</u>
	<u>\$ 6,192,286</u>	<u>\$ 188,502</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\$123,167 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\$2,083 thousand) from NT\$4,114,456 thousand (US\$125,250 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\$123,167 thousand) from constructions in progress to the cost of property. However, as of December 31, 2005, FEDS had not made the final construction payment to TDTC of NT\$457,819 thousand (US\$13,937 thousand), shown as part of payable on properties.

On January 23, 2003, TDTC sued the Company for not making the final payment of \$1,020,367 thousand (US\$31,061 thousand) (the final payment for the sales contract and additional payment for the change of design) and demanded that the Company make this payment plus interest. On February 14, 2006, the Taipei District Court ruled that FEDS should pay TDTC NT\$724,111 thousand (US\$22,043 thousand) plus (a) interest, from June 5, 2002 to the full-repayment date, of NT\$692,801 thousand (US\$21,090 thousand) based on the 0.03% daily interest rate for and (b) interests, from January 31, 2003 to the full-repayment date, of NT\$28,365 thousand (US\$863 thousand) based on the 0.03% daily interest rate and of NT\$2,945 thousand (US\$90 thousand) based on the 5% annual interest rate. However, FEDS would file an appeal with the Taiwan High Court against TDTC for serious breaches of the related contract and claim compensation from TDTC, which can be offset against the payments to TDTC. Thus, FEDS had recorded a final construction payment of only NT\$457,819 thousand (US\$13,937 thousand) as of December 31, 2005.

- 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\$4,566 thousand) bank note as construction guarantee and an NT\$22,500 thousand (US\$685 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.

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\$4,566 thousand) plus 5% annual interest from June 23, 2003 to the payment date. However, the Taiwan High Court ruled in favor of SOGO and ordered CLIC and CCC to return to SOGO the pledged time deposit of NT\$22,500 thousand (US\$685 thousand) to SOGO in 2005.

- 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\$50,228 thousand) and (b) require SOGO to pay NT\$13,200 thousand (US\$402 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. Thus, SOGO provided 165,000 thousand common shares of common stocks (with an aggregate par value of NT\$1,650,000 thousand, or US\$50,228 thousand) of Far Eastern Textile Ltd., which was owned by Yuan Ding (a related party), to the court to revoke the restraining order. SOGO also provided Yuan Ding Investment Co. a bank note of NT\$1,665,000 thousand (US\$50,685 thousand) endorsed individually by Pacific Liu Tong Investment and other shareholders of SOGO on the basis of their percentages of ownership of SOGO.

On December 31, 2004, SOGO made a negotiation with CUB on an amendment of a strategic alliance. However, on June 23, 2005, CUB filed a suit against SOGO for the violation of the unfinished negotiation and requested the court to issue a restraining order to prevent SOGO from accessing the NT\$900,000 thousand (US\$27,397 thousand) deposited by SOGO for this case. However, under a decision reached by the court on August 19, 2005, SOGO's holdings of 90,000 thousand common shares of FarEastone Telecom Co., Ltd. were distrained instead. SOGO would take other legal procedures to protect its own interests even though the appeals filed against the distraint had been rejected twice.

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. According to the latest decision of the Taiwan High Court in 2005, CUB obtained the restraining order and requested the Taipei civil court to execute it. However, SOGO had filed an appeal again to revoke the restraining order.

In addition to seeking a restraining order, CUB sued SOGO for serious breaches of the related contracts and claimed a compensation of NT\$900,000 thousand (US\$27,397 thousand) plus interest from SOGO. This case was pending before the Taipei District Court. SOGO would file an appeal against the March 31, 2006 decision on the lawsuit that prohibited SOGO from issuing SOGO Point Cards and from granting benefits based on points earned by customers on the cards.

- h. SOGO had a refundable guarantee deposit of NT\$192,000 thousand (US\$5,845 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\$5,845 thousand), interest expenses and the execution fee of NT\$1,536 thousand (US\$47 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\$6,164 thousand), shown as restricted assets. On May 26, 2004, SOGO provided 19,200 thousand common shares (aggregate par value of NT\$192,000 thousand or US\$5,845 thousand) of Far Eastern Textile Ltd. owned by Bai Ding Investment Co. as collaterals pledge to the court for SOGO's appeal to stop the seizure of NT\$202,500 thousand (US\$6,164 thousand). In June 2005, SOGO got court approval to exchange 19,200 thousand common shares of Far Eastern Textile Ltd for a convertible time deposit of NT\$192,000 thousand (US\$5,845 thousand). However, PDS disagreed and filed a suit on December 22, 2005 to protest this exchange. As of December 31, 2005, this case was pending before the Supreme Court of the Republic

of China. On the other hand, because SOGO was unsatisfied with the failure of the lawsuit in terms of the debtor and creditor's rights, it filed an appeal. SOGO's appeal was pending before the Taipei District Court as of December 31, 2005. Thus, SOGO recognized a probable loss of NT\$128,000 thousand (US\$3,896 thousand), shown as nonoperating expenses and losses - other expenses as well as other payable.

- i. SOGO's refundable guarantee note payable to Ming-Yang Developing Co. was NT\$98,000 thousand (US\$2,983 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 note of NT\$98,000 thousand (US\$2,983 thousand) interest expense and the execution fee of NT\$784 thousand (US\$24 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\$71,339 thousand (US\$2,172 thousand) as of December 31, 2005 and NT\$70,834 thousand (US\$2,156 thousand) as of December 31, 2004, shown as restricted assets. On April 15, 2004, SOGO placed with the court NT\$98,000 thousand (US\$2,983 thousand) in cash in escrow, which was deposited in the national treasury, to stop the property seizure. Because SOGO lost the lawsuit, SOGO made a compromise with Ming-Yang Developing Co. on March 15, 2006 and agreed to pay NT\$113,000 thousand (US\$3,440 thousand) including capital, interest, executive expense, judicial expense and so on as compensation for the building repair cost after the lease agreement expiry. The payment was recognized as nonoperating expenses and losses - other expenses as well as other payable in 2005.
- j. On June 20, 2002, SOGO, Pacific Liu Tong Investment Co.(PLTIC) and Pacific Construction Co.(PCC) jointly signed with the Carlyle Group(CG) 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 FEDS 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. Thus, in December 2005, SOGO made a compromise with CG, and CG sold its stake in PCHC (HK) to a third party.
- k. SOGO and Pacific Construction Co. (PCC) had a disagreement on the payment of the building tax of NT\$22,619 thousand (US\$689 thousand), shown as accrued expenses, before SOGO acquired the land use rights for Taipei Zhonxiao Store in 2002. SOGO filed a lawsuit to settle this disagreement but lost it. In addition, SOGO was prohibited from appealing this case to the Supreme Court in Republic of China. Nevertheless, SOGO was expected to file an appeal against this prohibition.

33. SUBSEQUENT EVENTS

- a. As more fully discussed in Note 32 (i) to the financial statements, SOGO made a compromise with Ming-Yang Developing Co. on March 15, 2006 and agreed to pay NT\$113,000 thousand (US\$3,440 thousand) including capital, interest, executive expense, judicial expense and so on. The payment was recognized as nonoperating expenses and losses - other expenses as well as other payable in 2005.
- b. As more fully discussed in Note 32 (g) to the financial statements, SOGO appeal a March 31, 2006 decision on its case, which prohibited SOGO from issuing SOGO Point Cards and from granting to customers benefits based on points earned by customers on the cards.

34. FINANCIAL INSTRUMENTS

The Group had no derivative transactions in 2005 and 2004.

	December 31							
	2005				2004			
	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)
Nonderivative Financial Instruments								
Assets								
Cash and cash equivalents	\$ 7,927,182	\$ 241,315	\$ 7,927,182	\$ 241,315	\$ 4,912,295	\$ 149,537	\$ 4,912,295	\$ 149,537
Short-term investments, net	2,893,077	88,069	2,899,268	88,258	3,899,201	118,697	3,963,650	120,659
Notes and accounts receivable, net	1,204,381	36,663	1,204,381	36,663	1,137,106	34,615	1,137,106	34,615
Other receivables	897,664	27,326	897,664	27,326	446,786	13,601	446,786	13,601
Pledged time deposits	15,098	460	15,098	460	12,731	388	12,731	388
Long-term stock investments (including credit balance of long-term stock investment)	9,650,546	293,776	10,123,494	308,173	8,292,883	252,447	9,004,662	274,115
Refundable deposits	1,239,286	37,726	1,239,286	37,726	1,227,113	37,355	1,227,113	37,355
Restricted assets	273,839	8,336	273,839	8,336	295,834	9,005	295,834	9,005
Liabilities								
Short-term debts	5,307,680	161,573	5,307,680	161,573	3,031,680	92,289	3,031,680	92,289
Short-term notes and bills payable	3,552,232	108,135	3,552,232	108,135	4,631,427	140,987	4,631,427	140,987
Notes and accounts payable	14,747,193	448,925	14,747,193	448,925	13,432,074	408,891	13,432,074	408,891
Accrued expenses	1,601,824	48,762	1,601,824	48,762	1,453,470	44,246	1,453,470	44,246
Other payables	758,497	23,090	758,497	23,090	424,223	12,914	424,223	12,914
Balance payables - properties	781,774	23,798	781,774	23,798	1,000,022	30,442	1,000,022	30,442
Bonds issued	6,375,000	194,064	6,401,527	194,871	6,975,000	212,329	7,010,136	213,398
Long-term borrowings	14,682,719	446,963	14,682,719	446,963	16,034,372	488,108	16,034,372	488,108
Franchise liability	1,061,567	32,316	1,061,567	32,316	1,528,180	46,520	1,528,180	46,520
Capital lease liability	-	-	-	-	385,552	11,737	385,552	11,737
Deposits received	141,173	4,297	141,173	4,297	154,283	4,696	154,283	4,696

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 debts, short-term notes and bills payable, notes and accounts payables, accrued expenses, other payables, balance payables - properties.
- 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 pledged time deposits, restricted assets, 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 borrowings, accrued franchise liability and the capital lease liability 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 FEEDS and its investees:

- Financing provided: Table 4 (attached)
- Endorsement/guarantee provided: Table 5 (attached)

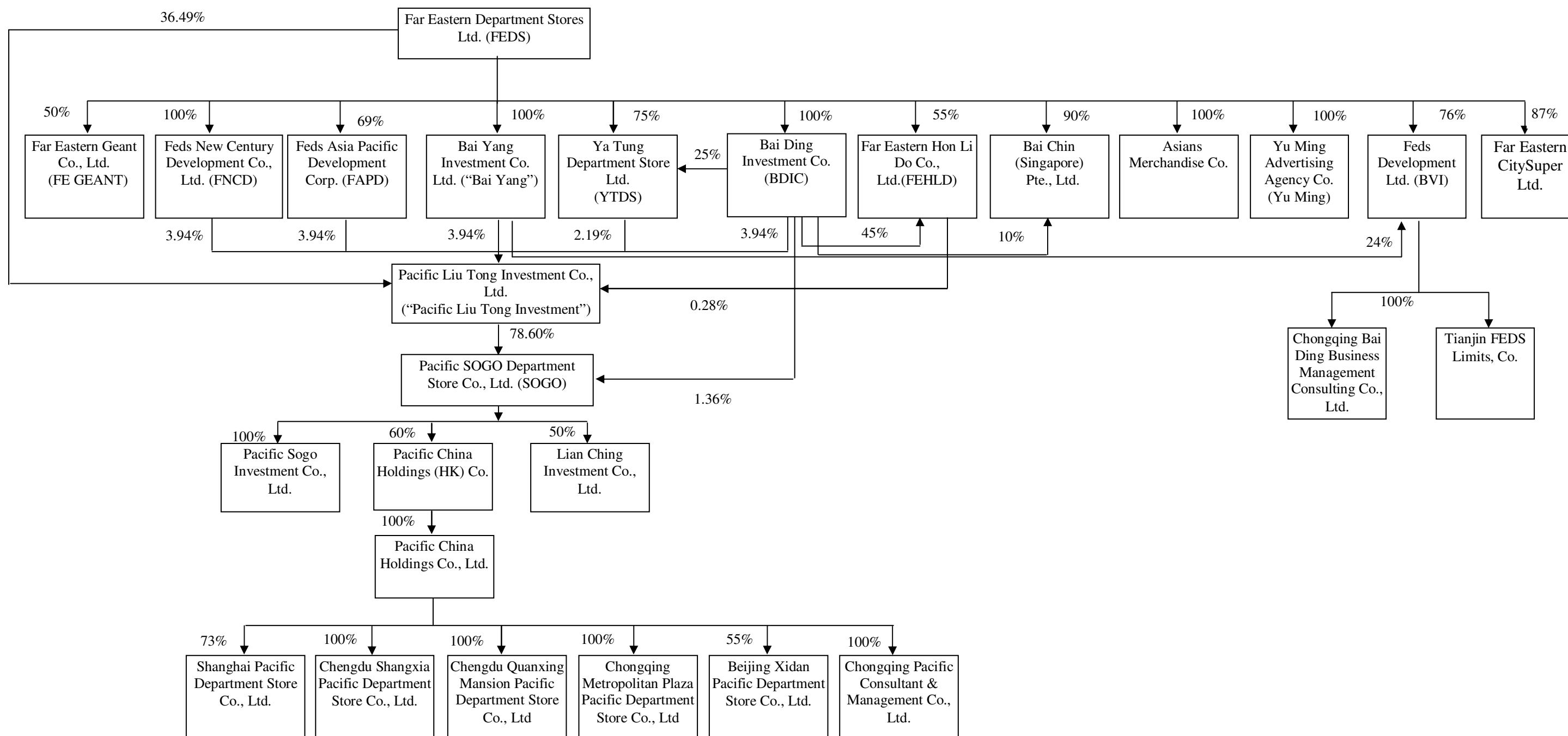
- c. Marketable securities held: Table 6 (attached)
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 7 (attached)
- e. Acquisition of individual real estates at costs of at least NT\$100 million or 20% of the paid-in capital: None
- f. Disposal of individual real estates at prices of at least NT\$100 million or 20% of the paid-in capital: Table 8 (attached)
- 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 FEDS 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: None
 - f) Other transactions which have significant influence over current year's gain or loss or financial status: None
- l. Significant transactions between FEDS and its subsidiaries and among subsidiaries: Table 13 (attached)

36. SEGMENT INFORMATION

- a. Industry information: The industry segment information is summarized in Table 14 (attached).
- b. Geographic information: The geographic information is summarized in Table 15 (attached).
- c. Export sales: There were no export sales in 2005 and 2004.
- d. Sales to major customers: In 2005 and 2004, no revenue from a single customer was at least 10% of the Group's total operating revenues.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

**DIAGRAM OF INTERCOMPANY RELATIONSHIPS
YEAR ENDED DECEMBER 31, 2005**



Note: The investment in Pacific Sogo Investment Co., Ltd. and Lian Ching Investment Co., Ltd. had been written off to zero, and their liabilities would not be undertaken by the Group. Therefore, their accounts were excluded from the consolidated financial statements.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

SUMMARY OF BALANCES OF RELATED-PARTY RECEIVABLES AND PAYABLES
DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars)

Related Party	Notes and Accounts Receivable, Net		Other Receivables		Prepayments		Leasehold Rights		Refundable Deposits		Other Assets - Miscellaneous		Notes and Accounts Payable		Accrued Expenses		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
As of December 31, 2005																				
Oriental Securities Corporation	\$ 282	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 1,479	-	\$ -	-	\$ 472	-
Ding Ding Integrated Marketing Service	3,714	-	-	-	-	-	-	-	-	-	-	-	-	-	34,047	2	-	-	-	-
Pacific Department Store Co., Ltd.	-	-	-	-	300,000	38	-	-	-	-	-	-	2,342	-	-	-	-	-	-	-
Sogo Department Store Co., Ltd.	65,833	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(Note 1)																			
Pacific 88 Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	15,303	-	-	-	-	-	-	-
Yuan Bo Asset Management Company	-	-	121,342	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Far Eastern Resource Development Ltd., Corp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,671	1	-	-	-	-
Pacific Department Management & Maintenance Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	4	-	-	-	-	-	-	-
Far Eastern Textile Co., Ltd.	770	-	-	-	-	-	-	-	-	-	-	-	-	-	17,153	1	-	-	-	-
Asia Cement Corp.	60	-	-	-	-	-	-	-	-	-	-	-	-	-	5,742	-	-	-	-	-
Far Eastern Apparel Co., Ltd.	1,612	-	-	-	-	-	-	-	-	-	-	-	68,008	1	2,222	-	-	-	-	-
Yuan Ding Co., Ltd.	-	-	-	-	-	-	40,165	3	-	-	-	-	-	-	26,188	2	-	-	-	-
Far Eastern International Bank	5,114	-	69	-	-	-	-	-	-	-	-	-	-	-	42	-	-	-	1,556	1
Far Eastone Telecom Co., Ltd.	130	-	65	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DFI Casino B.V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,334	1	-	-	-	-
Far Eastern General Contractor Inc.	-	-	-	-	-	-	220	-	-	-	-	-	-	-	-	-	3,000	-	-	-
Pacific United Consultant Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	13,587	-	-	-	-	-	-	-
Pacific Security Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	8,753	-	-	-	-	-	-	-
Chengdu People's Department Store (Group) Co., Ltd.	-	-	4,507	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quanxing Wine Factory	-	-	8,141	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	8,880	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hong-Tong Comprehensive Commercial Developing Co., Ltd.	-	-	-	-	-	-	-	-	3,203,108	84	-	-	-	-	-	-	-	-	-	-
Others	300	-	6	-	-	-	-	-	-	-	-	-	-	-	352	-	-	-	-	-
	<u>\$ 77,815</u>	<u>6</u>	<u>\$ 143,010</u>	<u>16</u>	<u>\$ 300,000</u>	<u>38</u>	<u>\$ 40,385</u>	<u>3</u>	<u>\$ 3,203,108</u>	<u>84</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 107,997</u>	<u>1</u>	<u>\$ 106,230</u>	<u>7</u>	<u>\$ 3,000</u>	<u>-</u>	<u>\$ 2,028</u>	<u>1</u>

(Continued)

Related Party	Notes and Accounts Receivable, Net		Other Receivables		Prepayments		Leasehold Rights		Refundable Deposits		Other Assets - Miscellaneous		Notes and Accounts Payable		Accrued Expenses		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
As of December 31, 2004																				
Oriental Securities Corporation	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 1,132	-	\$ -	-	\$ 1,106	1
Far Eastern Hon Li Do 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	-	-	-	-	-	-	-
	(Note 1)																			
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>\$ 245,877</u>	<u>25</u>	<u>\$ 16,405</u>	<u>11</u>

Note 1: Sogo's receivables from Sogo Department Store Co., Ltd. were NT\$286,371 thousand and NT\$395,816 thousand as of December 31, 2005 and 2004, respectively. The allowance for bad debts was NT\$220,538 thousand as of December 31, 2005 and 2004.

Note 2: As of December 31, 2005 and 2004, Sogo's receivables from Pacific Sogo Investment Co., Ltd. were NT\$534,137 thousand and the allowances for bad debts were NT\$534,137 thousand.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

SUMMARY OF BALANCES OF RELATED-PARTY RECEIVABLES AND PAYABLES

DECEMBER 31, 2005 AND 2004

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

Related Party	Notes and Accounts Receivable, Net		Other Receivables		Prepayments		Leasehold Rights		Refundable Deposits		Other Assets - Miscellaneous		Notes and Accounts Payable		Accrued Expenses		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
As of December 31, 2005																				
Oriental Securities Corporation	\$ 9	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 45	-	\$ -	-	\$ 15	-
Ding Ding Integrated Marketing Service	113	-	-	-	-	-	-	-	-	-	-	-	-	1,036	2	-	-	-	-	
Pacific Department Store Co., Ltd.	-	-	-	-	9,132	38	-	-	-	-	-	-	71	-	-	-	-	-	-	
Sogo Department Store Co., Ltd.	2,004	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	(Note 1)																			
Pacific 88 Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	466	-	-	-	-	-	-	
Yuan Bo Asset Management Company	-	-	3,694	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Far Eastern Resource Development Ltd., Corp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	264	1	-	-	-	
Pacific Department Management & Maintenance Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Far Eastern Textile Co., Ltd.	23	-	-	-	-	-	-	-	-	-	-	-	-	-	522	1	-	-	-	
Asia Cement Corp.	2	-	-	-	-	-	-	-	-	-	-	-	-	-	175	-	-	-	-	
Far Eastern Apparel Co., Ltd.	49	-	-	-	-	-	-	-	-	-	-	-	2,070	1	68	-	-	-	-	
Yuan Ding Co., Ltd.	-	-	-	-	-	-	1,222	3	-	-	-	-	-	-	797	2	-	-	-	
Far Eastern International Bank	156	-	2	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	47	
Far Eastone Telecom Co., Ltd.	4	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
DFI Casino B.V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	315	1	-	-	-	
Far Eastern General Contractor Inc.	-	-	-	-	-	-	7	-	-	-	-	-	-	-	-	-	91	-	-	
Pacific United Consultant Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	414	-	-	-	-	-	-	
Pacific Security Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	267	-	-	-	-	-	-	
Chengdu People's Department Store (Group) Co., Ltd.	-	-	137	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Quanxing Wine Factory	-	-	248	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	270	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Hong-Tong Comprehensive Commercial Developing Co., Ltd.	-	-	-	-	-	-	-	-	97,507	84	-	-	-	-	-	-	-	-	-	
Others	9	-	-	-	-	-	-	-	-	-	-	-	-	11	-	-	-	-	-	
	<u>\$ 2,369</u>	<u>6</u>	<u>\$ 4,353</u>	<u>16</u>	<u>\$ 9,132</u>	<u>38</u>	<u>\$ 1,229</u>	<u>3</u>	<u>\$ 97,507</u>	<u>84</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 3,288</u>	<u>1</u>	<u>\$ 3,234</u>	<u>7</u>	<u>\$ 91</u>	<u>-</u>	<u>\$ 62</u>	<u>1</u>

(Continued)

Related Party	Notes and Accounts Receivable, Net		Other Receivables		Prepayments		Leasehold Rights		Refundable Deposits		Other Assets - Miscellaneous		Notes and Accounts Payable		Accrued Expenses		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	
As of December 31, 2004																					
Oriental Securities Corporation	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 35	-	\$ -	-	\$ 34	1	
Far Eastern Hon Li Do Co., Ltd.	-	-	-	-	-	-	892	2	-	-	823	5	-	-	353	1	-	-	407	9	
Pacific Department Store Co., Ltd.	-	-	3	-	9,132	37	-	-	-	-	-	-	252	-	-	-	-	-	-	-	
Sogo Department Store Co., Ltd.	5,336	16	-	-	-	-	-	-	-	-	-	-	7	-	-	-	-	-	-	-	
	(Note 1)																				
Pacific 88 Co., Ltd.	-	-	41	-	-	-	-	-	-	-	-	-	883	-	-	-	-	-	-	-	
Far Eastern CitySuper Ltd.	121	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Far Eastern Resource Development Ltd., Corp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	274	1	-	-	-	-	
Pacific Department Management & Maintenance Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	290	-	-	-	-	-	-	-	
Far Eastern Textile Co., Ltd.	6	-	-	-	-	-	-	-	-	-	-	-	83	-	294	1	-	-	-	-	
Asia Cement Corp.	-	-	3	-	-	-	-	-	-	-	-	-	-	-	197	-	-	-	-	-	
Far Eastern Apparel Co., Ltd.	40	-	-	-	-	-	-	-	-	-	-	-	897	-	-	-	-	-	-	-	
Yuan Ding Co., Ltd.	-	-	-	-	-	-	1,223	3	-	-	-	-	-	-	103	-	-	-	-	-	
Far Eastern International Bank	26	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47	1	
Far EasTone Telecom Co., Ltd.	2	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
DFI Casino B.V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	106	-	-	-	-	-	
Far Eastern General Contractor Inc.	-	-	-	-	-	-	7	-	-	-	-	-	-	-	-	-	7,485	25	-	-	
Yu Ming Advertising Agency Co.	-	-	-	-	-	-	-	-	-	-	-	-	100	-	2	-	-	-	-	-	
Pacific Security Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	358	-	-	-	-	-	-	-	
Chengdu People's Department Store (Group) Co., Ltd.	-	-	129	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Quanxing Wine Factory	-	-	233	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	146	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Hong-Tong Comprehensive Commercial Developing Co., Ltd.	-	-	-	-	-	-	-	-	70,546	79	-	-	-	-	-	-	-	-	-	-	
Others	24	-	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11	-	
	<u>\$ 5,555</u>	<u>16</u>	<u>\$ 566</u>	<u>4</u>	<u>\$ 9,132</u>	<u>37</u>	<u>\$ 2,122</u>	<u>5</u>	<u>\$ 70,546</u>	<u>79</u>	<u>\$ 823</u>	<u>5</u>	<u>\$ 2,870</u>	<u>-</u>	<u>\$ 1,364</u>	<u>3</u>	<u>\$ 7,485</u>	<u>25</u>	<u>\$ 499</u>	<u>11</u>	

Note 1: Sogo's receivables from Sogo Department Store Co., Ltd. were US\$8,717 thousand and US\$12,049 thousand as of December 31, 2005 and 2004, respectively. The allowance for bad debts was US\$6,713 thousand as of December 31, 2005 and 2004.

Note 2: As of December 31, 2005 and 2004, Sogo's receivables from Pacific Sogo Investment Co., Ltd. were US\$16,260 thousand and the allowances for bad debts were US\$16,260 thousand.

(Concluded)

TABLE 3 (A)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

**SUMMARY OF RELATED-PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars)**

Related Party	Sales (Note 1)		Purchases (Note 2)		Other Operating Revenue		Operating Expenses		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>2005</u>													
Oriental Securities Corporation	\$ 955	-	\$ 3,033	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Ding Ding Integrated Marketing Service	26,506	-	-	-	-	-	98,089	1	-	-	-	-	-	-
Far Eastern Resource Development Ltd., Corp.	6	-	-	-	-	-	101,173	1	-	-	-	-	-	-
Far Eastern Apparel Co., Ltd.	2,532	-	15,387	1	325,957	1	90,516	1	-	-	-	-	-	-
New Century Information Communication Technology Co., Ltd.	-	-	-	-	-	-	2,718	-	-	-	-	-	-	-
Pacific Department Store Co., Ltd.	-	-	-	-	-	-	102,000	1	-	-	-	-	-	-
Pacific 88 Co., Ltd.	-	-	13,532	1	176,656	-	-	-	-	-	-	-	-	-
Pacific United Consultant Co., Ltd.	-	-	-	-	-	-	72,765	-	-	-	-	-	-	-
Pacific Department Management & Maintenance Co., Ltd.	-	-	-	-	-	-	69,696	-	-	-	-	-	-	-
Yuan Ding Co., Ltd.	-	-	-	-	39,876	-	121,375	1	-	-	-	-	-	-
Chengdu People's Department Store (Group) Co., Ltd.	-	-	-	-	-	-	97,693	1	-	-	-	-	-	-
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	-	-	-	-	117,835	1	-	-	-	-	-	-
Shanghai Xuijiahui Center Holdings Co., Ltd.	-	-	-	-	-	-	65,129	-	-	-	-	-	-	-
Far Eastern Textile Co., Ltd.	4,418	-	-	-	-	-	32,569	-	-	-	-	-	-	-
Asia Cement Corp.	-	-	-	-	11,999	-	74,079	-	-	-	-	-	-	-
Far Eastern International Bank	6,589	-	5,793	-	-	-	-	-	500,000	2005.12.31	500,000	1.35-2.98	5,641	1
Far EasTone Telecom Co., Ltd.	9,234	-	2,009	-	-	-	848	-	-	-	-	-	-	-
Pacific Security Co., Ltd.	-	-	-	-	-	-	95,107	1	-	-	-	-	-	-
Far Eastern General Contractor Inc.	-	-	-	-	-	-	1,331	-	-	-	-	-	-	-
Yu Ming Advertising Agency Co.	-	-	-	-	-	-	1,190	-	-	-	-	-	-	-
Yuan Ding Investment Co., Ltd.	-	-	-	-	-	-	8,325	-	-	-	-	-	-	-
Others	-	-	479	-	-	-	7,497	-	-	-	-	-	-	-
	<u>\$ 50,240</u>	<u>-</u>	<u>\$ 40,233</u>	<u>2</u>	<u>\$ 554,488</u>	<u>1</u>	<u>\$ 1,159,935</u>	<u>8</u>			<u>\$ 500,000</u>		<u>\$ 5,641</u>	<u>1</u>

(Continued)

Related Party	Sales (Note 1)		Purchases (Note 2)		Other Operating Revenue		Operating Expenses		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		Amount		% to Total						
<u>2004</u>														
Oriental Securities Corporation	\$ 2,179	-	\$ 3,033	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Far Eastern Hon Li Do 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>

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

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

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

SUMMARY OF RELATED-PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of U.S. Dollars)

Related Party	Sales (Note 1)		Purchases (Note 2)		Other Operating Revenue		Operating Expenses		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>2005</u>													
Oriental Securities Corporation	\$ 29	-	\$ 92	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Ding Ding Integrated Marketing Service	807	-	-	-	-	-	2,986	1	-	-	-	-	-	-
Far Eastern Resource Development Ltd., Corp.	-	-	-	-	-	-	3,080	1	-	-	-	-	-	-
Far Eastern Apparel Co., Ltd.	77	-	469	1	9,922	1	2,755	1	-	-	-	-	-	-
New Century Information Communication Technology Co., Ltd.	-	-	-	-	-	-	83	-	-	-	-	-	-	-
Pacific Department Store Co., Ltd.	-	-	-	-	-	-	3,105	1	-	-	-	-	-	-
Pacific 88 Co., Ltd.	-	-	412	1	5,378	-	-	-	-	-	-	-	-	-
Pacific United Consultant Co., Ltd.	-	-	-	-	-	-	2,215	-	-	-	-	-	-	-
Pacific Department Management & Maintenance Co., Ltd.	-	-	-	-	-	-	2,122	-	-	-	-	-	-	-
Yuan Ding Co., Ltd.	-	-	-	-	1,214	-	3,695	1	-	-	-	-	-	-
Chengdu People's Department Store (Group) Co., Ltd.	-	-	-	-	-	-	2,974	1	-	-	-	-	-	-
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	-	-	-	-	3,587	1	-	-	-	-	-	-
Shanghai Xuijiahui Center Holdings Co., Ltd.	-	-	-	-	-	-	1,983	-	-	-	-	-	-	-
Far Eastern Textile Co., Ltd.	134	-	-	-	-	-	991	-	-	-	-	-	-	-
Asia Cement Corp.	-	-	-	-	365	-	2,255	-	-	-	-	-	-	-
Far Eastern International Bank	201	-	176	-	-	-	-	-	15,221	2005.12.31	15,221	1.35-2.98	172	1
Far EasTone Telecom Co., Ltd.	281	-	61	-	-	-	26	-	-	-	-	-	-	-
Pacific Security Co., Ltd.	-	-	-	-	-	-	2,895	1	-	-	-	-	-	-
Far Eastern General Contractor Inc.	-	-	-	-	-	-	41	-	-	-	-	-	-	-
Yu Ming Advertising Agency Co.	-	-	-	-	-	-	36	-	-	-	-	-	-	-
Yuan Ding Investment Co., Ltd.	-	-	-	-	-	-	253	-	-	-	-	-	-	-
Others	-	-	15	-	-	-	228	-	-	-	-	-	-	-
	<u>\$ 1,529</u>	<u>-</u>	<u>\$ 1,225</u>	<u>2</u>	<u>\$ 16,879</u>	<u>1</u>	<u>\$ 35,310</u>	<u>8</u>			<u>\$ 15,221</u>		<u>\$ 172</u>	<u>1</u>

(Continued)

Related Party	Sales (Note 1)		Purchases (Note 2)		Other Operating Revenue		Operating Expenses		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		Amount		% to Total						
<u>2004</u>														
Oriental Securities Corporation	\$ 66	-	\$ 92	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Far Eastern Hon Li Do Co., Ltd.	-	-	4	-	-	-	3,977	1	-	-	-	-	-	-
Far Eastern Resource Development Ltd., Corp.	-	-	-	-	-	-	3,076	1	-	-	-	-	-	-
Far Eastern Apparel Co., Ltd.	68	-	592	2	8,297	1	118	1	-	-	-	-	-	-
New Century Information Communication Technology Co., Ltd.	-	-	-	-	-	-	78	-	-	-	-	-	-	-
Far Eastern CitySuper Ltd.	-	-	122	-	-	-	-	-	-	-	-	-	-	-
Pacific Department Store Co., Ltd.	-	-	-	-	-	-	3,674	1	-	-	-	-	-	-
Sogo Department Store Co., Ltd.	-	-	-	-	-	-	122	-	-	-	-	-	-	-
Pacific 88 Co., Ltd.	-	-	591	1	7,200	-	-	-	-	-	-	-	-	-
Pacific United Consultant Co., Ltd.	-	-	-	-	-	-	1	-	-	-	-	-	-	-
Pacific Department Management & Maintenance Co., Ltd.	-	-	-	-	-	-	4,114	1	-	-	-	-	-	-
Yuan Ding Co., Ltd.	-	-	-	-	380	-	4,475	1	-	-	-	-	-	-
Hutchison Enterprises (Chongqing) Co., Ltd.	-	-	-	-	-	-	77	-	-	-	-	-	-	-
Shanghai Xuijiahui Center Holdings Co., Ltd.	-	-	-	-	-	-	108	-	-	-	-	-	-	-
Far Eastern Textile Co., Ltd.	18	-	-	-	-	-	516	-	-	-	-	-	-	-
Asia Cement Corp.	-	-	-	-	365	-	2,255	-	-	-	-	-	-	-
Far Eastern International Bank	114	-	195	1	-	-	14	-	15,221	2004.3.31- 2004.4.26	22,303	1.25-2.58	115	-
Far EasTone Telecom Co., Ltd.	-	-	58	-	-	-	30	-	-	-	-	-	-	-
Pacific Security Co., Ltd.	-	-	-	-	-	-	2,731	-	-	-	-	-	-	-
Far Eastern General Contractor Inc.	-	-	-	-	-	-	41	-	-	-	-	-	-	-
Yu Ming Advertising Agency Co.	-	-	42	-	273	-	-	-	-	-	-	-	-	-
Yuan Ding Investment Co., Ltd.	-	-	-	-	-	-	169	-	-	-	-	-	-	-
Others	25	-	32	-	-	-	3	-	-	-	-	-	-	-
	<u>\$ 291</u>	<u>-</u>	<u>\$ 1,728</u>	<u>4</u>	<u>\$ 16,515</u>	<u>1</u>	<u>\$ 25,579</u>	<u>6</u>	-	-	<u>\$ 22,303</u>	-	<u>\$ 115</u>	<u>-</u>

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

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

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

FINANCING PROVIDED

YEAR ENDED DECEMBER 31, 2005

(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		
1	Feds Development Ltd. (BVI)	Asians Merchandise Co.	Other receivables	\$ 23,777	\$ -	5.00-5.75%	(Note A)	-	For operating requirements	-	-	\$ -	\$ 77,439 (Note B)	\$ 193,597 (Note C)
2	Pacific Sogo Department Store Co.	Pacific China Holdings Co.	Other receivables	8,000	-	3.7-3.87%	(Note A)	-	To repay debt	-	-	-	2,144,584 (Note D)	2,144,584 (Note D)

Note A: Short-term financing.

Note B: The upper limit is 20% of the financier's net value as of December 31, 2005.

Note C: The upper limit is 50% of the financier's net value as of December 31, 2005.

Note D: The upper limit is 40% of the financier's net value as of December 31, 2005.

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 FEDS's total assets or total revenues. Thus, their information was not disclosed.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

FINANCING PROVIDED

YEAR ENDED DECEMBER 31, 2005

(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		
1	Feds Development Ltd. (BVI)	Asians Merchandise Co.	Other receivables	\$ 724	\$ -	5.00-5.75%	(Note A)	-	For operating requirements	-	-	\$ -	\$ 2,357 (Note B)	\$ 5,893 (Note C)
2	Pacific Sogo Department Store Co.	Pacific China Holdings Co.	Other receivables	244	-	3.7-3.87%	(Note A)	-	To repay debt	-	-	-	65,284 (Note D)	65,284 (Note D)

Note A: Short-term financing.

Note B: The upper limit is 20% of the financier's net value as of December 31, 2005.

Note C: The upper limit is 50% of the financier's net value as of December 31, 2005.

Note D: The upper limit is 40% of the financier's net value as of December 31, 2005.

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 FEDS's total assets or total revenues. Thus, their information was not disclosed.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
YEAR ENDED DECEMBER 31, 2005
(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
		Name	Nature of Relationship of FEDS (Note A)						
0	Far Eastern Department Store Ltd.	Bai Ding Investment Co.	a.	\$ 18,283,333 (Note B)	\$ 3,969,594	\$ 2,744,156	\$ -	15	\$ 36,566,666 (Note C)
		FEDS Asia Pacific Development Ltd.	a.	18,283,333 (Note B)	1,299,000	1,195,000	-	7	36,566,666 (Note C)
		Pacific Sogo Department Store Co.	d.	18,283,333 (Note B)	3,590,056	3,590,056	-	20	36,566,666 (Note C)
		Far Eastern Geant Co., Ltd.	a.	18,283,333 (Note B)	1,700,000	1,595,000	-	9	36,566,666 (Note C)
		Far Eastern CitySuper Ltd.	a.	18,283,333 (Note B)	195,333	195,333	-	1	36,566,666 (Note C)
		Far Eastern Hon Li Do Co., Ltd.	a.	18,283,333 (Note B)	188,000	165,000	-	1	36,566,666 (Note C)
		Yu Ming Advertising Agency Co.	a.	18,283,333 (Note B)	137,628	69,166	-	-	36,566,666 (Note C)
		Tianjin FEDS Limits, Co.	d.	18,283,333 (Note B)	476,252	476,252	-	3	36,566,666 (Note C)
1	Yu Ming Advertising Agency Co.	Pacific Sogo Department Store Co.	c.	57,709 (Note B)	666	666	-	1	115,418 (Note C)
2	Bai Ding Investment Co.	Pacific Sogo Department Store Co.	c.	1,731,040 (Note B)	257,934 (Note H)	257,934 (Note H)	192,000	15	3,462,080 (Note C)
3	Bai Yang Investment Co.	Pacific Sogo Department Store Co.	c.	1,499,845 (Note B)	65,934	65,934	-	4	2,999,690 (Note C)
4	Feds Asia Pacific Development Ltd.	Pacific Sogo Department Store Co.	c.	2,175,700 (Note B)	65,934	65,934	-	3	4,351,400 (Note C)
5	Feds New Century Development Co., Ltd.	Pacific Sogo Department Store Co.	c.	185,268 (Note B)	65,934	65,934	-	36	370,536 (Note C)
6	Far Eastern Hon Li Do Co., Ltd.	Pacific Sogo Department Store Co.	c.	36,835 (Note B)	4,662	4,662	-	13	73,670 (Note C)
7	Ya Tung Department Store Ltd.	Pacific Sogo Department Store Co.	c.	48,267 (Note B)	36,630	36,630	-	76	96,534 (Note C)
8	Pacific Liu Tong Investment Co.	Pacific Sogo Department Store Co.	a.	18,529,395 (Note D)	11,602,080	9,821,680	-	265	37,058,790 (Note E)
9	Pacific Sogo Department Store Co.	Pacific Liu Tong Investment Co.	a.	10,722,918 (Note C)	1,585,000	1,585,000	-	30	21,445,836 (Note F)
		Taiwan Chong-Guang Ltd.	-	10,722,918 (Note C)	374,297	304,297	-	6	21,445,836 (Note F)
		Hong-Tong Comprehensive Commercial Developing Co., Ltd.	-	10,722,918 (Note C)	2,200,000	2,200,000	-	41	21,445,836 (Note F)

Note A:
a. Company's subsidiary.
b. Investee of Company's subsidiary.
c. Subsidiary of FEDS and its subsidiaries.
d. Investee of subsidiary of FEDS's subsidiary.
e. Business transactions.
f. Investee of FEDS.

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% of FEDS's total assets or total revenues. Thus, their information was not disclosed.

Note H: Including 19,200 thousand shares of Far Eastern Textile Co., Ltd. and an endorsement of NT\$65,934 thousand.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

YEAR ENDED DECEMBER 31, 2005

(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
		Name	Nature of Relationship of FEDS (Note A)						
0	Far Eastern Department Store Ltd.	Bai Ding Investment Co.	a.	\$ 556,570 (Note B)	\$ 120,840	\$ 83,536	\$ -	15	\$ 1,113,141 (Note C)
		FEDS Asia Pacific Development Ltd.	a.	556,570 (Note B)	39,543	36,377	-	7	1,113,141 (Note C)
		Pacific Sogo Department Store Co.	d.	556,570 (Note B)	109,286	109,286	-	20	1,113,141 (Note C)
		Far Eastern Geant Co., Ltd.	a.	556,570 (Note B)	51,750	48,554	-	9	1,113,141 (Note C)
		Far Eastern CitySuper Ltd.	a.	556,570 (Note B)	5,946	5,946	-	1	1,113,141 (Note C)
		Far Eastern Hon Li Do Co., Ltd.	a.	556,570 (Note B)	5,723	5,023	-	1	1,113,141 (Note C)
		Yu Ming Advertising Agency Co.	a.	556,570 (Note B)	4,190	2,106	-	-	1,113,141 (Note C)
		Tianjin FEDS Limits, Co.	d.	556,570 (Note B)	14,480	14,480	-	3	1,113,141 (Note C)
1	Yu Ming Advertising Agency Co.	Pacific Sogo Department Store Co.	c.	1,757 (Note B)	20	20	-	1	3,513 (Note C)
2	Bai Ding Investment Co.	Pacific Sogo Department Store Co.	c.	52,695 (Note B)	7,852 (Note H)	7,852 (Note H)	5,845	15	105,391 (Note C)
3	Bai Yang Investment Co.	Pacific Sogo Department Store Co.	c.	45,657 (Note B)	2,007	2,007	-	4	91,315 (Note C)
4	Feds Asia Pacific Development Ltd.	Pacific Sogo Department Store Co.	c.	66,231 (Note B)	2,007	2,007	-	3	132,463 (Note C)
5	Feds New Century Development Co., Ltd.	Pacific Sogo Department Store Co.	c.	5,640 (Note B)	2,007	2,007	-	36	11,280 (Note C)
6	Far Eastern Hon Li Do Co., Ltd.	Pacific Sogo Department Store Co.	c.	1,121 (Note B)	142	142	-	13	2,243 (Note C)
7	Ya Tung Department Store Ltd.	Pacific Sogo Department Store Co.	c.	1,469 (Note B)	1,115	1,115	-	76	2,939 (Note C)
8	Pacific Liu Tong Investment Co.	Pacific Sogo Department Store Co.	a.	564,061 (Note D)	353,184	298,986	-	265	1,128,121 (Note E)
9	Pacific Sogo Department Store Co.	Pacific Liu Tong Investment Co.	a.	326,421 (Note C)	48,250	48,250	-	30	652,841 (Note F)
		Taiwan Chong-Guang Ltd.	-	326,421 (Note C)	11,394	9,263	-	6	652,841 (Note F)
		Hong-Tong Comprehensive Commercial Developing Co., Ltd.	-	326,421 (Note C)	66,971	66,971	-	41	652,841 (Note F)

Note A:
a. Company's subsidiary.
b. Investee of Company's subsidiary.
c. Subsidiary of FEDS and its subsidiaries.
d. Investee of subsidiary of FEDS's subsidiary.
e. Business transactions.
f. Investee of FEDS.

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% of FEDS's total assets or total revenues. Thus, their information was not disclosed.

Note H: Including 19,200 thousand shares of Far Eastern Textile Co., Ltd. and an endorsement of US\$2,007 thousand.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2005

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

Holding Company	Securities Type and Issuer Name	Relationship with the Holding Company (Note A)	Financial Statement Account	December 31, 2005				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 Corporation	a.	Investment in shares of stock	140,297	\$ 2,151,127	20	\$ 2,154,341	83,200 thousand shares of Oriental Securities Corporation pledged for loans of the investor company	
	FEDS Asia Pacific Development Co., Ltd.	b.	Investment in shares of stock	138,900	1,508,186 (Note D)	69	1,511,024		
	Bai Yang Investment Co.	b.	Investment in shares of stock	131,652	1,434,560 (Note D)	100	1,495,886		
	Bai Ding Investment Co.	b.	Investment in shares of stock	145,111	1,415,511 (Note D)	100	1,730,866		
	Pacific Liu Tong Investment Co.	b.	Investment in shares of stock	91,600	1,370,023 (Note D)	36	1,352,423		
	Far Eastern International Leasing Corp.	a.	Investment in shares of stock	104,196	1,357,991	34	1,280,213		
	Far Eastern Geant Co., Ltd.	b.	Investment in shares of stock	163,579	850,709 (Note D)	50	859,033		
	Feds Development Ltd. (BVI)	b.	Investment in shares of stock	100	295,071 (Note D)	76	295,071		
	FEDS New Century Development	b.	Investment in shares of stock	11,990	184,803 (Note D)	100	185,120		
	Yu Ming Advertising Agency Co.	b.	Investment in shares of stock	6,500	47,505 (Note D)	100	57,708		
	Ya Tung Department Stores	b.	Investment in shares of stock	9,762	36,244 (Note D)	75	36,244		
	Far Eastern Hon Li Do Co., Ltd.	b.	Investment in shares of stock	3,300	20,260 (Note D)	55	20,260		
	Ding Ding Integrated Marketing Service	a.	Investment in shares of stock	3,000	18,149	10	18,149		
	Asians Merchandise Co.	b.	Investment in shares of stock	950	4,877 (Note D)	100	4,877		
	Bai Chin (Singapore) Pte., Ltd.	b.	Investment in shares of stock	90	394 (Note D)	90	394		
	Far Eastern CitySuper Ltd.	b.	Other liabilities	13,000	(12,973) (Note D)	87	(12,973)		
	Asia Cement Corp.	c.	Investment in shares of stock	47,285	1,068,261	2	902,676		40,000 thousand shares of Asia Cement Corp. pledged for loans of the investor company
	Far Eastern International Bank	c.	Investment in shares of stock	22,083	179,771	1	349,350		
	Far Eastern Textile Co., Ltd.	f.	Investment in shares of stock	15,305	123,679	-	330,285		
	Kaohsiung M.R.T.	-	Investment in shares of stock	10,000	100,000	1	99,433		
	Yuan Ding Leasing Co., Ltd.	-	Investment in shares of stock	920	7,360	9	9,706		
	Yuan Ding Co., Ltd.	c.	Investment in shares of stock	2	10	-	36		
	Hwa An International Trade	-	Investment in shares of stock	-	-	-	-		
Far Eastern CitySuper Ltd.	b.	Prepayment of shares	-	30,000 (Note D)	-	-			
	<u>Beneficiary certificate</u>								
	HUWHWA Bond Fund	-	Short-term investments	19,810	250,000	-	250,010		
	JIH Sun Bond Fund	-	Short-term investments	7,425	100,000	-	100,004		
	Fubon Chi-Hsiang III Fund	-	Short-term investments	12,429	130,000	-	130,002		
	NITC Taiwan Bond Fund	-	Short-term investments	7,195	100,000	-	100,004		
	NITC Bond Fund	-	Short-term investments	19,556	250,000	-	250,008		

(Continued)

Holding Company	Securities Type and Issuer Name	Relationship with the Holding Company (Note A)	Financial Statement Account	December 31, 2005				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)	
Bai Ding Investment Co.	<u>Stock</u> Oriental Securities Corporation	a.	Investment in shares of stock	97,116	\$ 1,494,542	14	\$ 1,497,067	22,030 thousand shares of Oriental Securities Corporation pledged for loans by investor company 16,000 thousand shares of Asia Cement Corp. pledged for bonds issued by investor company 19,200 thousand shares of Pacific Sogo Department Stores Co., Ltd. for deposit by court 33,350 thousand shares of New Century Infocomm Tech., Co., Ltd. pledged or mortgaged as collaterals for loans by investor company
	Pacific Liu Tong Investment Co.	a.	Investment in shares of stock	9,900	167,061 (Note D)	4	146,012	
	Far Eastern International Leasing Corp.	a.	Investment in shares of stock	7,475	135,909	2	91,837	
	Pacific Sogo Department Stores Co., Ltd.	a.	Investment in shares of stock	4,467	73,498 (Note D)	1	72,928	
	Yu Ming Advertising Agency Co.	a.	Investment in shares of stock	940	17,656	47	17,656	
	Far Eastern Hon Li Do Co., Ltd.	a.	Investment in shares of stock	2,670	16,391 (Note D)	45	16,391	
	Ya Tung Department Stores	a.	Investment in shares of stock	3,238	12,023 (Note D)	25	12,023	
	FEDS Asia Pacific Development Co., Ltd.	a.	Investment in shares of stock	500	4,497 (Note D)	-	5,440	
	Bai Yang Investment Co.	a.	Investment in shares of stock	345	551 (Note D)	-	3,919	
	Bai Chin (Singapore) Pte., Ltd.	a.	Investment in shares of stock	10	44 (Note D)	10	44	
	FEDS New Century Development	a.	Investment in shares of stock	2	10 (Note D)	-	31	
	Far Eastern Geant Co., Ltd.	a.	Investment in shares of stock	-	2 (Note D)	-	-	
	Asia Cement Corp.	c.	Investment in shares of stock	49,789	1,068,923	2	950,479	
	Far Eastern Textile Co., Ltd.	c.	Investment in shares of stock	37,440	530,287	1	807,962	
	Far Eastern Department Stores, Ltd.	e.	Investment in shares of stock	27,835	458,678 (Note D)	4	528,021	
	New Century Infocomm Tech., Co., Ltd.	c.	Investment in shares of stock	44,560	374,304	1	374,304	
Chung-Nan Textile Co., Ltd.	-	Investment in shares of stock	2,984	81,390	5	97,995		
Ding Ding Management Consultants Co., Ltd.	-	Investment in shares of stock	180	11,817	18	6,650		
Oriental Securities Investment Advisory Co., Ltd.	-	Investment in shares of stock	1	10	-	10		
FEDS Asia Pacific Development Co., Ltd.	<u>Stock</u> Pacific Liu Tong Investment Co.	a.	Investment in shares of stock	9,900	166,906 (Note D)	4	146,012	
	Far Eastern Hon Li Do Co., Ltd.	a.	Investment in shares of stock	6	60 (Note D)	-	37	
FEDS New Century Development	<u>Stock</u> Pacific Liu Tong Investment Co.	a.	Investment in shares of stock	9,900	166,906 (Note D)	4	146,012	
	<u>Beneficiary certificate</u> Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	921	9,666	-	9,820	
	Upamc Home Runond Bond Fund	-	Short-term investments	578	8,000	-	8,000	
Feds Development Ltd. (BVI)	<u>Stock</u> Tianjin FEDS Limits., Co	a.	Investment in shares of stock	-	82,098 (Note D)	100	82,098	
	Chongqing Bai Ding Business Management Consulting Co., Ltd.	a.	Other liabilities	-	(5,762) (Note D)	100	(5,762)	
	Kowloon Cement Corp., Ltd.	-	Investment in shares of stock	46	9,660	2	13,214	

(Continued)

Holding Company	Securities Type and Issuer Name	Relationship with the Holding Company (Note A)	Financial Statement Account	December 31, 2005				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.	Investment in shares of stock	9,900	\$ 166,906 (Note D)	4	\$ 146,012	Stocks thousand shares of New Century Infocomm Tech., Co., Ltd. pledged for loans by investor company	
	Feds Development Ltd. (BVI)	a.	Investment in shares of stock	31	92,121 (Note D)	24	92,121		
	FEDS Asia Pacific Development Co., Ltd.	a.	Investment in shares of stock	600	5,449 (Note D)	-	6,527		
	Bai Ding Investment Co.	a.	Investment in shares of stock	9	89 (Note D)	-	107		
	Far Eastern Hon Li Do Co., Ltd.	a.	Investment in shares of stock	12	77 (Note D)	-	74		
	FEDS New Century Development	a.	Investment in shares of stock	2	14 (Note D)	-	31		
	Ya Tung Department Stores	a.	Investment in shares of stock	-	7 (Note D)	-	1		
	Far Eastern Geant Co., Ltd.	a.	Investment in shares of stock	-	6 (Note D)	-	1		
	Far Eastern International Bank	c.	Investment in shares of stock	18,025	290,376	1	285,155		
	Far Eastern Department Stores, Ltd.	e.	Investment in shares of stock	5,995	98,791 (Note D)	1	113,726		
	Asia Cement Corp.	c.	Investment in shares of stock	2,685	57,644	-	51,256		
	Far Eastern Textile Co., Ltd.	c.	Investment in shares of stock	1,699	27,659	-	36,670		
	New Century Infocom Tech., Co., Ltd.	c.	Investment in shares of stock	20,560	172,704	1	172,704		
		Oriental Securities Investment Advisory Co., Ltd.	-	Investment in shares of stock	1	10	-		10
		<u>Beneficiary certificate</u>							
		Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	26,996	283,924	-		287,817
		Fubon Ju-I Fund	-	Short-term investments	641	10,000	-		10,054
		Prudential Financial Fund	-	Short-term investments	2,644	38,000	-		38,116
	Chung Hsing Pion fund	-	Short-term investments	1,905	20,000	-	20,107		
	HUWHWA Bond Fund	-	Short-term investments	8,512	107,000	-	107,426		
	JIH Sun Bond Fund	-	Short-term investments	2,011	27,000	-	27,089		
	Upamc Home Runond Bond Fund	-	Short-term investments	289	4,000	-	4,000		
	Polaris Di-Po Fund	-	Short-term investments	9,355	100,971	-	102,294		
Ya Tung Department Stores	<u>Stock</u>								
	Pacific Liu Tong Investment Co.	a.	Investment in shares of stock	5,500	92,801 (Note D)	2	81,118		
	Far Eastern Hon Li Do Co., Ltd.	a.	Investment in shares of stock	6	60 (Note D)	-	37		
	Bai Ding Investment Co.	a.	Investment in shares of stock	3	33 (Note D)	-	36		
	FEDS New Century Development	a.	Investment in shares of stock	2	11 (Note D)	-	31		
	Bai Yang Investment Co.	a.	Investment in shares of stock	2	4 (Note D)	-	23		
	Far Eastern Geant Co., Ltd.	a.	Investment in shares of stock	-	2 (Note D)	-	-		
Yu Ming Advertising Agency Co.	<u>Stock</u>								
	Pacific Liu Tong Investment Co.	-	Investment in shares of stock	100	1,200 (Note D)	-	1,475		
	Far Eastern Hon Li Do Co., Ltd.	-	Investment in shares of stock	6	56 (Note D)	-	37		
	Bai Ding Investment Co.	-	Investment in shares of stock	3	33 (Note D)	-	36		
	FEDS New Century Development	-	Investment in shares of stock	2	20 (Note D)	-	31		
	Ya Tung Department Stores	-	Investment in shares of stock	-	7 (Note D)	-	1		
	Bai Yang Investment Co.	-	Investment in shares of stock	2	4 (Note D)	-	23		
	Far Eastern Geant Co., Ltd.	-	Investment in shares of stock	-	1 (Note D)	-	-		
Asia Cement Corp.	c.	Investment in shares of stock	1,050	20,176	-	20,047			

(Continued)

Holding Company	Securities Type and Issuer Name	Relationship with the Holding Company (Note A)	Financial Statement Account	December 31, 2005				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)	
Far Eastern Hon Li Do Co., Ltd.	<u>Stock</u> Pacific Liu Tong Investment Co.	a.	Investment in shares of stock	700	\$ 10,307 (Note D)	-	\$ 10,324	
Pacific Liu Tong Investment Co.	<u>Stock</u> Pacific Sogo Department Stores Co., Ltd.	a.	Investment in shares of stock	258,321	5,839,709 (Note D)	79	4,214,900	210,728 thousand shares of Pacific Sogo Department Store Co. pledged for loans or bonds issued by investor company
Pacific Sogo Department Stores Co., Ltd.	<u>Stock</u> ASUSTek Computer Inc.	-	Short-term investments	298	49,612	-	29,351	
	CMC Magnetics Corp.	-	Short-term investments	510	29,401	-	5,911	
	China Development Financial Holding Co.	-	Short-term investments	522	23,133	-	6,293	
	Quanta computer Inc.	-	Short-term investments	183	14,921	-	8,987	
	Pacific Construction Co., Ltd.	-	Short-term investments	6,849	14,315	1	13,904	
	DBTEL Inc.	-	Short-term investments	268	6,474	-	455	
	PURETEK Corp.	-	Short-term investments	119	4,858	-	-	
	Pacific China Holdings (HK) Co., Ltd.	b.	Investment in shares of stock	11,400	3,783,331 (Note D)	60	3,783,331	
	Pacific Department Store Co., Ltd.	a.	Investment in shares of stock	27,825	200,948	26	269,240	7,950 thousand shares of Pacific Department Store Co., Ltd. pledged for loans by investor company
	Lian Ching Investment Co., Ltd.	b.	Investment in shares of stock	26,764	-	50	-	
	Pacific 88 Co., Ltd.	a.	Investment in shares of stock	2,838	4,366	28	4,365	
	Pacific United Consultant Co., Ltd.	a.	Investment in shares of stock	4,071	61,223	39	61,245	
	Pacific Liu Tong Investment Co.	e.	Investment in shares of stock	400	4,019 (Note D)	-	5,906	
	Pacific Securities Co., Ltd.	-	Investment in shares of stock	20,279	81,116	5	196,825	20,279 thousand shares of Pacific Department Store Co., Ltd. pledged for loans by investor company
	Pacific Venture Investment Ltd.	a.	Investment in shares of stock	100,000	-	48	-	
	Sogo Department Store Co., Ltd.	a.	Investment in shares of stock	7,120	-	34	-	
	Pacific Sogo Investment Co., Ltd.	b.	Investment in shares of stock	99,990	-	100	-	
	Invenpec Besta Co., Ltd.	-	Investment in shares of stock	3	99	-	131	
	E-Shou Hi-tech Co., Ltd.	-	Investment in shares of stock	18,300	-	15	-	
	Tain Yuan Investment Co., Ltd.	-	Investment in shares of stock	98,000	-	20	-	
	Ding Ding Integrated Marketing Service	a.	Investment in shares of stock	3,000	18,149	10	18,149	
	<u>Beneficiary certificate</u> The First Global Investment Trust OTC Equity Fund	-	Short-term investments	1,500	15,000	-	9,180	
	First Securities Investment Trust Fund	-	Short-term investments	500	11,008	-	4,720	
	HSBC Taiwan MID & Small Cap Fund	-	Short-term investments	2,000	20,060	-	13,280	
	Fubon Elite Fund	-	Short-term investments	2,000	20,060	-	14,320	
	HSBC Taiwan Growth Fund	-	Short-term investments	1,021	20,060	-	18,315	
	The Golden Dragon Fund	-	Short-term investments	2,000	20,050	-	15,060	
	Waterland Vision Fund	-	Short-term investments	1,000	10,000	-	12,030	
	Far Eastern Alliance Taiwan Flagship Security Investment Trust Fund	-	Short-term investments	150	1,507	-	2,100	

(Continued)

Holding Company	Securities Type and Issuer Name	Relationship with the Holding Company (Note A)	Financial Statement Account	December 31, 2005				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)	
	HSBC Trinity Balanced Fund	-	Short-term investments	900	\$ 9,027	-	\$ 9,259	
	Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	28,174	300,000	-	300,369	
	HSBC NTD Money Management Fund 2	-	Short-term investments	20,927	290,000	-	290,320	
	Truswell Premier Fund	-	Short-term investments	18,225	200,000	-	200,253	
	Fubon JU-I Fund	-	Short-term investments	13,926	200,000	-	200,163	
	Polaris Di-Po Fund	-	Short-term investments	27,458	300,000	-	300,247	
Pacific China Holdings (HK) Co., Ltd.	<u>Stock</u> Pacific China Holdings Co.	b.	Investment in shares of stock	-	6,305,552 (Note D)	100	2,707,337	
Pacific China Holdings Co.	<u>Stock</u> Shanghai Pacific Department Store Co., Ltd.	b.	Investment in shares of stock	-	786,577 (Note D)	73	786,577	
	Chengdu Shangxia Pacific Department Store Co., Ltd.	b.	Investment in shares of stock	-	158,950 (Note D)	100	158,950	
	Chengdu Quaxing Mansion Pacific Department Store Co., Ltd.	b.	Other liabilities	-	(41,224) (Note D)	100	(41,224)	
	Chongqing Mentropolitan Plaza Pacific Department Store Co., Ltd.	b.	Investment in shares of stock	-	255,535 (Note D)	100	255,535	
	Beijing Xidan Pacific Department Store Co., Ltd.	b.	Investment in shares of stock	-	61,530 (Note D)	55	61,530	
	Chongqing Pacific Business Management Consulting Co., Ltd.	b.	Investment in shares of stock	-	31,776 (Note D)	100	31,776	
	Shanghai Pacific Business Management Consulting Co., Ltd.	a.	Investment in shares of stock	-	6,304	49	6,304	

Note A:

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

Note B: The market values of the investment with quoted market prices were determined at the average closing price in December 2005, and at the net asset value of the mutual funds on the last trading day in December 2005. The investments, with no quoted market prices - except that in Bai Chin (Singapore) Pte., Ltd., Asians Merchandise Co. and Pacific Department Store Co., Ltd., which was based on unaudited statements as of and for the year ended December 31, 2005 - were based on audited financial statements.

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

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

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2005

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

Holding Company	Securities Type and Issuer Name	Relationship with the Holding Company (Note A)	Financial Statement Account	December 31, 2005				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 Corporation	a.	Investment in shares of stock	140,297	\$ 65,483	20	\$ 65,581	2,533 thousand shares of Oriental Securities Corporation pledged for loans of the investor company	
	FEDS Asia Pacific Development Co., Ltd.	b.	Investment in shares of stock	138,900	45,911 (Note D)	69	45,998		
	Bai Yang Investment Co.	b.	Investment in shares of stock	131,652	43,670 (Note D)	100	45,537		
	Bai Ding Investment Co.	b.	Investment in shares of stock	145,111	43,090 (Note D)	100	52,690		
	Pacific Liu Tong Investment Co.	b.	Investment in shares of stock	91,600	41,705 (Note D)	36	41,170		
	Far Eastern International Leasing Corp.	a.	Investment in shares of stock	104,196	41,339	34	38,971		
	Far Eastern Geant Co., Ltd.	b.	Investment in shares of stock	163,579	25,897 (Note D)	50	26,150		
	Feds Development Ltd. (BVI)	b.	Investment in shares of stock	100	8,982 (Note D)	76	8,982		
	FEDS New Century Development	b.	Investment in shares of stock	11,990	5,626 (Note D)	100	5,635		
	Yu Ming Advertising Agency Co.	b.	Investment in shares of stock	6,500	1,446 (Note D)	100	1,757		
	Ya Tung Department Stores	b.	Investment in shares of stock	9,762	1,103 (Note D)	75	1,103		
	Far Eastern Hon Li Do Co., Ltd.	b.	Investment in shares of stock	3,300	617 (Note D)	55	617		
	Ding Ding Integrated Marketing Service	a.	Investment in shares of stock	3,000	552	10	552		
	Asians Merchandise Co.	b.	Investment in shares of stock	950	148 (Note D)	100	148		
	Bai Chin (Singapore) Pte., Ltd.	b.	Investment in shares of stock	90	12 (Note D)	90	12		
	Far Eastern CitySuper Ltd.	b.	Other liabilities	13,000	(395) (Note D)	87	(395)		
	Asia Cement Corp.	c.	Investment in shares of stock	47,285	32,519	2	27,479		1,218 thousand shares of Asia Cement Corp. pledged for loans of the investor company
	Far Eastern International Bank	c.	Investment in shares of stock	22,083	5,472	1	10,635		
	Far Eastern Textile Co., Ltd.	f.	Investment in shares of stock	15,305	3,765	-	10,054		
	Kaohsiung M.R.T.	-	Investment in shares of stock	10,000	3,044	1	3,027		
	Yuan Ding Leasing Co., Ltd.	-	Investment in shares of stock	920	224	9	295		
	Yuan Ding Co., Ltd.	c.	Investment in shares of stock	2	-	-	1		
	Hwa An International Trade	-	Investment in shares of stock	-	-	-	-		
	Far Eastern CitySuper Ltd.	b.	Prepayment of shares	-	913 (Note D)	-	-		
	<u>Beneficiary certificate</u> HUWHWA Bond Fund	-	Short-term investments	19,810	7,610	-	7,611		
JIH Sun Bond Fund	-	Short-term investments	7,425	3,044	-	3,044			
Fubon Chi-Hsiang III Fund	-	Short-term investments	12,429	3,957	-	3,957			
NITC Taiwan Bond Fund	-	Short-term investments	7,195	3,044	-	3,044			
NITC Bond Fund	-	Short-term investments	19,556	7,610	-	7,611			

(Continued)

Holding Company	Securities Type and Issuer Name	Relationship with the Holding Company (Note A)	Financial Statement Account	December 31, 2005				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)	
Bai Ding Investment Co.	<u>Stock</u> Oriental Securities Corporation	a.	Investment in shares of stock	97,116	\$ 45,496	14	\$ 45,573	671 thousand shares of Oriental Securities Corporation pledged for loans by investor company 487 thousand shares of Asia Cement Corp. pledged for bonds issued by investor company 584 thousand shares of Pacific Sogo Department Stores Co., Ltd. for deposit by court 1,015 thousand shares of New Century Infocomm Tech., Co., Ltd. pledged or mortgaged as collaterals for loans by investor company
	Pacific Liu Tong Investment Co.	a.	Investment in shares of stock	9,900	5,086 (Note D)	4	4,445	
	Far Eastern International Leasing Corp.	a.	Investment in shares of stock	7,475	4,137	2	2,796	
	Pacific Sogo Department Stores Co., Ltd.	a.	Investment in shares of stock	4,467	2,237 (Note D)	1	2,220	
	Yu Ming Advertising Agency Co.	a.	Investment in shares of stock	940	537	47	537	
	Far Eastern Hon Li Do Co., Ltd.	a.	Investment in shares of stock	2,670	499 (Note D)	45	499	
	Ya Tung Department Stores	a.	Investment in shares of stock	3,238	366 (Note D)	25	366	
	FEDS Asia Pacific Development Co., Ltd.	a.	Investment in shares of stock	500	137 (Note D)	-	166	
	Bai Yang Investment Co.	a.	Investment in shares of stock	345	17 (Note D)	-	119	
	Bai Chin (Singapore) Pte., Ltd.	a.	Investment in shares of stock	10	1 (Note D)	10	1	
	FEDS New Century Development	a.	Investment in shares of stock	2	- (Note D)	-	1	
	Far Eastern Geant Co., Ltd.	a.	Investment in shares of stock	-	- (Note D)	-	-	
	Asia Cement Corp.	c.	Investment in shares of stock	49,789	32,540	2	28,934	
	Far Eastern Textile Co., Ltd.	c.	Investment in shares of stock	37,440	16,143	1	24,595	
	Far Eastern Department Stores, Ltd.	e.	Investment in shares of stock	27,835	13,963 (Note D)	4	16,074	
	New Century Infocom Tech., Co., Ltd.	c.	Investment in shares of stock	44,560	11,394	1	11,394	
	Chung-Nan Textile Co., Ltd.	-	Investment in shares of stock	2,984	2,478	5	2,983	
Ding Ding Management Consultants Co., Ltd.	-	Investment in shares of stock	180	360	18	202		
Oriental Securities Investment Advisory Co., Ltd.	-	Investment in shares of stock	1	-	-	-		
FEDS Asia Pacific Development Co., Ltd.	<u>Stock</u> Pacific Liu Tong Investment Co.	a.	Investment in shares of stock	9,900	5,081 (Note D)	4	4,445	
	Far Eastern Hon Li Do Co., Ltd.	a.	Investment in shares of stock	6	2 (Note D)	-	1	
FEDS New Century Development	<u>Stock</u> Pacific Liu Tong Investment Co.	a.	Investment in shares of stock	9,900	5,081 (Note D)	4	4,445	
	<u>Beneficiary certificate</u> Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	921	294	-	299	
	Upamc Home Runond Bond Fund	-	Short-term investments	578	244	-	244	
Feds Development Ltd. (BVI)	<u>Stock</u> Tianjin FEDS Limits., Co.	a.	Investment in shares of stock	-	2,499 (Note D)	100	2,499	
	Chongqing Bai Ding Business Management Consulting Co., Ltd.	a.	Other liabilities	-	(175) (Note D)	100	(175)	
	Kowloon Cement Corp., Ltd.	-	Investment in shares of stock	46	294	2	402	

(Continued)

Holding Company	Securities Type and Issuer Name	Relationship with the Holding Company (Note A)	Financial Statement Account	December 31, 2005				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.	Investment in shares of stock	9,900	\$ 5,081 (Note D)	4	\$ 4,445	Stocks thousand shares of New Century Infocomm Tech., Co., Ltd. pledged for loans by investor company	
	Feds Development Ltd. (BVI)	a.	Investment in shares of stock	31	2,804 (Note D)	24	2,804		
	FEDS Asia Pacific Development Co., Ltd.	a.	Investment in shares of stock	600	166 (Note D)	-	199		
	Bai Ding Investment Co.	a.	Investment in shares of stock	9	3 (Note D)	-	3		
	Far Eastern Hon Li Do Co., Ltd.	a.	Investment in shares of stock	12	2 (Note D)	-	2		
	FEDS New Century Development	a.	Investment in shares of stock	2	- (Note D)	-	1		
	Ya Tung Department Stores	a.	Investment in shares of stock	-	- (Note D)	-	-		
	Far Eastern Geant Co., Ltd.	a.	Investment in shares of stock	-	- (Note D)	-	-		
	Far Eastern International Bank	c.	Investment in shares of stock	18,025	8,839	1	8,681		
	Far Eastern Department Stores, Ltd.	e.	Investment in shares of stock	5,995	3,007 (Note D)	1	3,462		
	Asia Cement Corp.	c.	Investment in shares of stock	2,685	1,755	-	1,560		
	Far Eastern Textile Co., Ltd.	c.	Investment in shares of stock	1,699	842	-	1,116		
	New Century Infocom Tech., Co., Ltd.	c.	Investment in shares of stock	20,560	5,257	1	5,257		
	Oriental Securities Investment Advisory Co., Ltd.	-	Investment in shares of stock	1	-	-	-		
	<u>Beneficiary certificate</u>								
	Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	26,996	8,643	-	8,762		
	Fubon Ju-I Fund	-	Short-term investments	641	304	-	306		
	Prudential Financial Fund	-	Short-term investments	2,644	1,157	-	1,160		
	Chung Hsing Pion fund	-	Short-term investments	1,905	609	-	612		
HUWHWA Bond Fund	-	Short-term investments	8,512	3,257	-	3,270			
JIH Sun Bond Fund	-	Short-term investments	2,011	822	-	825			
Upamc Home Runond Bond Fund	-	Short-term investments	289	122	-	122			
Polaris Di-Po Fund	-	Short-term investments	9,355	3,074	-	3,144			
Ya Tung Department Stores	<u>Stock</u>								
	Pacific Liu Tong Investment Co.	a.	Investment in shares of stock	5,500	2,825 (Note D)	2	2,469		
	Far Eastern Hon Li Do Co., Ltd.	a.	Investment in shares of stock	6	2 (Note D)	-	1		
	Bai Ding Investment Co.	a.	Investment in shares of stock	3	1 (Note D)	-	1		
	FEDS New Century Development	a.	Investment in shares of stock	2	- (Note D)	-	1		
	Bai Yang Investment Co.	a.	Investment in shares of stock	2	- (Note D)	-	1		
Far Eastern Geant Co., Ltd.	a.	Investment in shares of stock	-	- (Note D)	-	-			
Yu Ming Advertising Agency Co.	<u>Stock</u>								
	Pacific Liu Tong Investment Co.	-	Investment in shares of stock	100	37 (Note D)	-	45		
	Far Eastern Hon Li Do Co., Ltd.	-	Investment in shares of stock	6	2 (Note D)	-	1		
	Bai Ding Investment Co.	-	Investment in shares of stock	3	1 (Note D)	-	1		
	FEDS New Century Development	-	Investment in shares of stock	2	- (Note D)	-	1		
	Ya Tung Department Stores	-	Investment in shares of stock	-	- (Note D)	-	-		
	Bai Yang Investment Co.	-	Investment in shares of stock	2	- (Note D)	-	1		
	Far Eastern Geant Co., Ltd.	-	Investment in shares of stock	-	- (Note D)	-	-		
Asia Cement Corp.	c.	Investment in shares of stock	1,050	614	-	610			

(Continued)

Holding Company	Securities Type and Issuer Name	Relationship with the Holding Company (Note A)	Financial Statement Account	December 31, 2005				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)	
Far Eastern Hon Li Do Co., Ltd.	<u>Stock</u> Pacific Liu Tong Investment Co.	a.	Investment in shares of stock	700	\$ 314 (Note D)	-	\$ 314	
Pacific Liu Tong Investment Co.	<u>Stock</u> Pacific Sogo Department Stores Co., Ltd.	a.	Investment in shares of stock	258,321	177,769 (Note D)	79	128,307	6,415 thousand shares of Pacific Sogo Department Store Co. pledged for loans or bonds issued by investor company
Pacific Sogo Department Stores Co., Ltd.	<u>Stock</u> ASUSTek Computer Inc.	-	Short-term investments	298	1,510	-	893	
	CMC Magnetics Corp.	-	Short-term investments	510	895	-	182	
	China Development Financial Holding Co.	-	Short-term investments	522	704	-	192	
	Quanta computer Inc.	-	Short-term investments	183	454	-	274	
	Pacific Construction Co., Ltd.	-	Short-term investments	6,849	436	1	423	
	DBTEL Inc.	-	Short-term investments	268	197	-	14	
	PURETEK Corp.	-	Short-term investments	119	148	-	-	
	Pacific China Holdings (HK) Co., Ltd.	b.	Investment in shares of stock	11,400	115,170 (Note D)	60	115,170	
	Pacific Department Store Co., Ltd.	a.	Investment in shares of stock	27,825	6,117	26	8,196	242 thousand shares of Pacific Department Store Co., Ltd. pledged for loans by investor company
	Lian Ching Investment Co., Ltd.	b.	Investment in shares of stock	26,764	-	50	-	
	Pacific 88 Co., Ltd.	a.	Investment in shares of stock	2,838	133	28	133	
	Pacific United Consultant Co., Ltd.	a.	Investment in shares of stock	4,071	1,864	39	1,864	
	Pacific Liu Tong Investment Co.	e.	Investment in shares of stock	400	122 (Note D)	-	180	
	Pacific Securities Co., Ltd.	-	Investment in shares of stock	20,279	2,469	5	5,992	617 thousand shares of Pacific Department Store Co., Ltd. pledged for loans by investor company
	Pacific Venture Investment Ltd.	a.	Investment in shares of stock	100,000	-	48	-	
	Sogo Department Store Co., Ltd.	a.	Investment in shares of stock	7,120	-	34	-	
	Pacific Sogo Investment Co., Ltd.	b.	Investment in shares of stock	99,990	-	100	-	
	Invenpec Besta Co., Ltd.	-	Investment in shares of stock	3	3	-	4	
	E-Shou Hi-tech Co., Ltd.	-	Investment in shares of stock	18,300	-	15	-	
	Tain Yuan Investment Co., Ltd.	-	Investment in shares of stock	98,000	-	20	-	
	Ding Ding Integrated Marketing Service	a.	Investment in shares of stock	3,000	552	10	552	
	<u>Beneficiary certificate</u> The First Global Investment Trust OTC Equity Fund	-	Short-term investments	1,500	457	-	279	
	First Securities Investment Trust Fund	-	Short-term investments	500	335	-	144	
	HSBC Taiwan MID & Small Cap Fund	-	Short-term investments	2,000	611	-	404	
	Fubon Elite Fund	-	Short-term investments	2,000	611	-	436	
	HSBC Taiwan Growth Fund	-	Short-term investments	1,021	611	-	558	
	The Golden Dragon Fund	-	Short-term investments	2,000	610	-	458	
	Waterland Vision Fund	-	Short-term investments	1,000	304	-	366	
	Far Eastern Alliance Taiwan Flagship Security Investment Trust Fund	-	Short-term investments	150	46	-	64	

(Continued)

Holding Company	Securities Type and Issuer Name	Relationship with the Holding Company (Note A)	Financial Statement Account	December 31, 2005				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value (Note B)	
	HSBC Trinity Balanced Fund	-	Short-term investments	900	\$ 275	-	\$ 282	
	Far Eastern Alliance Taiwan Bond Fund	-	Short-term investments	28,174	9,132	-	9,144	
	HSBC NTD Money Management Fund 2	-	Short-term investments	20,927	8,828	-	8,838	
	Truswell Premier Fund	-	Short-term investments	18,225	6,088	-	6,096	
	Fubon JU-I Fund	-	Short-term investments	13,926	6,088	-	6,093	
	Polaris Di-Po Fund	-	Short-term investments	27,458	9,132	-	9,140	
Pacific China Holdings (HK) Co., Ltd.	<u>Stock</u> Pacific China Holdings Co.	b.	Investment in shares of stock	-	191,950 (Note D)	100	82,415	
Pacific China Holdings Co.	<u>Stock</u> Shanghai Pacific Department Store Co., Ltd.	b.	Investment in shares of stock	-	23,945 (Note D)	73	23,945	
	Chengdu Shangxia Pacific Department Store Co., Ltd.	b.	Investment in shares of stock	-	4,839 (Note D)	100	4,839	
	Chengdu Quaxing Mansion Pacific Department Store Co., Ltd.	b.	Other liabilities	-	(1,255) (Note D)	100	(1,255)	
	Chongqing Mentropolitan Plaza Pacific Department Store Co., Ltd.	b.	Investment in shares of stock	-	7,779 (Note D)	100	7,779	
	Beijing Xidan Pacific Department Store Co., Ltd.	b.	Investment in shares of stock	-	1,873 (Note D)	55	1,873	
	Chongqing Pacific Business Management Consulting Co., Ltd.	b.	Investment in shares of stock	-	967 (Note D)	100	967	
	Shanghai Pacific Business Management Consulting Co., Ltd.	a.	Investment in shares of stock	-	192	49	192	

Note A:

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

Note B: The market values of the investment with quoted market prices were determined at the average closing price in December 2005, and at the net asset value of the mutual funds on the last trading day in December 2005. The investments, with no quoted market prices - except that in Bai Chin (Singapore) Pte., Ltd., Asians Merchandise Co. and Pacific Department Store Co., Ltd., which was based on unaudited statements as of and for the year ended December 31, 2005 - were based on audited financial statements.

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

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

(Concluded)

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, 2005
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Issuer	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 Geant Co., Ltd.	Investment in shares of stock	-	Subsidiary	163,579	\$ 1,111,078	30,000	\$ 300,000	30,000 (Note E)	\$ -	\$ 560,369 (Note F)	\$ -	163,579	\$ 850,709 (Note H)
	Far Eastern International Leasing Corp.	Investment in shares of stock	-	-	-	-	104,196	1,369,453 (Note A)	-	-	11,462 (Note B)	-	104,196	1,357,991
	Far EasTone Telecom Co., Ltd.	Short-term investments	-	-	6,588	175,046	-	-	6,588	262,228	175,046	87,182	-	-
	<u>Beneficiary certificate</u> HUWHWA Bond Fund	Short-term investments	-	-	-	-	19,810	250,000	-	-	-	-	19,810	250,000
	JIH Sun Bond Fund	Short-term investments	-	-	-	-	7,425	100,000	-	-	-	-	7,425	100,000
	Fubon Chi-Hsiang III Fund	Short-term investments	-	-	-	-	12,429	130,000	-	-	-	-	12,429	130,000
	NITC Taiwan Bond Fund	Short-term investments	-	-	-	-	7,195	100,000	-	-	-	-	7,195	100,000
NITC Bond Fund	Short-term investments	-	-	-	-	19,556	250,000	-	-	-	-	19,556	250,000	
Bai Ding Investment Co.	<u>Stock</u> Far Eastern Department Stores, Ltd.	Investment in shares of stock	-	-	35,183	608,762	1,552 (Note C)	-	8,900	182,164	150,084	32,080	27,835	458,678 (Note H)
	<u>Beneficiary certificate</u> Far Eastern Alliance Taiwan Bond Fund	Short-term investments	-	-	8,060	85,000	16,886	179,000	24,946	264,235	264,000	235	-	-
Bai Yang Investment Co.	<u>Stock</u> Far Eastern International Bank	Investment in shares of stock	-	-	-	-	18,025 (Note D)	299,241	-	-	8,865 (Note B)	-	18,025	290,376
	<u>Beneficiary certificate</u> Barits Bond Fund	Short-term investments	-	-	21,136	250,000	-	-	21,136	252,174	250,000	2,174	-	-
	HUWHWA Bond Fund	Short-term investments	-	-	4,027	50,000	8,512	107,000	4,027	50,477	50,000	477	8,512	107,000
Pacific Sogo Department Stores Co., Ltd.	<u>Beneficiary certificate</u> Ta Chong Bond Fund	Short-term investments	-	-	15,782	200,000	16,527	210,000	32,309	410,374	410,000	374	-	-
	Far Eastern Alliance Taiwan Bond Fund	Short-term investments	-	-	37,028	390,000	51,836	550,000	60,690	640,807	640,000	807	28,174	300,000
	ABN AMRO Bond Fund	Short-term investments	-	-	-	-	19,707	290,000	19,707	290,127	290,000	127	-	-
	Fubon Ju-I Fund	Short-term investments	-	-	19,393	300,000	19,341	300,000	38,734	600,677	600,000	677	-	-
	Truswell Hua-win Bond Fund	Short-term investments	-	-	-	-	28,143	290,000	28,143	290,170	290,000	170	-	-
	HSBC NTD Money Management Fund	Short-term investments	-	-	20,749	300,000	36,473	530,000	57,222	830,997	830,000	997	-	-
	Pca Bond Fund	Short-term investments	-	-	6,615	100,128	26,298	400,000	32,913	500,701	500,128	573	-	-
	ABN AMRO Bond Fund	Short-term investments	-	-	27,231	300,000	18,018	200,000	45,249	500,747	500,000	747	-	-
	Polaris Di-Po Fund	Short-term investments	-	-	18,547	200,000	99,373	1,080,000	90,462	981,330	980,000	1,330	27,458	300,000
	Transcend Fortune Fund	Short-term investments	-	-	-	-	39,504	470,000	39,504	470,292	470,000	292	-	-
	Upamc James Bond Fund	Short-term investments	-	-	19,960	300,000	19,601	295,000	39,561	595,661	595,000	661	-	-
	JIH Sun Bond Fund	Short-term investments	-	-	18,809	250,000	11,183	150,000	29,992	400,203	400,000	203	-	-
	TIIM Bond Fund	Short-term investments	-	-	-	-	20,918	290,000	20,918	290,151	290,000	151	-	-
	Fubon Ju-I Fund	Short-term investments	-	-	-	-	20,929	300,000	7,003	100,055	100,000	55	13,926	200,000
	Truswell Premier Fund	Short-term investments	-	-	-	-	43,855	480,000	25,630	280,142	280,000	142	18,225	200,000
	HSBC NTD Money Management Fund 2	Short-term investments	-	-	-	-	20,927	290,000	-	-	-	-	20,927	290,000

Note A: Including the payment of NT\$1,354,548 thousand on acquisition and the investment income of NT\$14,905 thousand on equity-method.

Note B: Cash dividend.

Note C: Stock dividend.

Note D: Including 16,961 thousand shares of sock from acquirement and 1,064 thousand shares of stock dividend.

Note E: Reducing capital.

Note F: The investment loss of NT\$564,767 thousand but excluding the net loss of NT\$4,398 thousand not recognized as pension cost due to the equity-method adjustment.

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

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

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, 2005

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

Company Name	Marketable Securities Type and Issuer	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 Geant Co., Ltd.	Investment in shares of stock	-	Subsidiary	163,579	\$ 33,823	30,000	\$ 9,132	30,000 (Note E)	\$ -	\$ 17,058 (Note F)	\$ -	163,579	\$ 25,897 (Note H)
	Far Eastern International Leasing Corp.	Investment in shares of stock	-	-	-	-	104,196	41,688 (Note A)	-	-	349 (Note B)	-	104,196	41,339
	Far Eastone Telecom Co., Ltd.	Short-term investments	-	-	6,588	5,329	-	-	6,588	7,983	5,329	2,654	-	-
	<u>Beneficiary certificate</u> HUWHWA Bond Fund	Short-term investments	-	-	-	-	19,810	7,610	-	-	-	-	19,810	7,610
	JIH Sun Bond Fund	Short-term investments	-	-	-	-	7,425	3,044	-	-	-	-	7,425	3,044
	Fubon Chi-Hsiang III Fund	Short-term investments	-	-	-	-	12,429	3,957	-	-	-	-	12,429	3,957
	NITC Taiwan Bond Fund	Short-term investments	-	-	-	-	7,195	3,044	-	-	-	-	7,195	3,044
	NITC Bond Fund	Short-term investments	-	-	-	-	19,556	7,610	-	-	-	-	19,556	7,610
Bai Ding Investment Co.	<u>Stock</u> Far Eastern Department Stores, Ltd.	Investment in shares of stock	-	-	35,183	18,532	1,552 (Note C)	-	8,900	5,545	4,569	977	27,835	13,963 (Note H)
	<u>Beneficiary certificate</u> Far Eastern Alliance Taiwan Bond Fund	Short-term investments	-	-	8,060	2,588	16,886	5,449	24,946	8,044	8,037	7	-	-
Bai Yang Investment Co.	<u>Stock</u> Far Eastern International Bank	Investment in shares of stock	-	-	-	-	18,025 (Note D)	9,109	-	-	270 (Note B)	-	18,025	8,839
	<u>Beneficiary certificate</u> Barits Bond Fund	Short-term investments	-	-	21,136	7,610	-	-	21,136	7,677	7,610	66	-	-
	HUWHWA Bond Fund	Short-term investments	-	-	4,027	1,522	8,512	3,257	4,027	1,537	1,522	15	8,512	3,257
Pacific Sogo Department Stores Co., Ltd.	<u>Beneficiary certificate</u> Ta Chong Bond Fund	Short-term investments	-	-	15,782	6,088	16,527	6,393	32,309	12,492	12,481	11	-	-
	Far Eastern Alliance Taiwan Bond Fund	Short-term investments	-	-	37,028	11,872	51,836	16,743	60,690	19,507	19,482	25	28,174	9,132
	ABN AMRO Bond Fund	Short-term investments	-	-	-	-	19,707	8,828	19,707	8,832	8,828	4	-	-
	Fubon Ju-I Fund	Short-term investments	-	-	19,393	9,132	19,341	9,132	38,734	18,285	18,265	21	-	-
	Truswell Hua-win Bond Fund	Short-term investments	-	-	-	-	28,143	8,828	28,143	8,833	8,828	5	-	-
	HSBC NTD Money Management Fund	Short-term investments	-	-	20,749	9,132	36,473	16,134	57,222	25,297	25,266	30	-	-
	Pca Bond Fund	Short-term investments	-	-	6,615	3,048	26,298	12,177	32,913	15,242	15,225	17	-	-
	ABN AMRO Bond Fund	Short-term investments	-	-	27,231	9,132	18,018	6,088	45,249	15,243	15,221	23	-	-
	Polaris Di-Po Fund	Short-term investments	-	-	18,547	6,088	99,373	32,877	90,462	29,873	29,833	40	27,458	9,132
	Transcend Fortune Fund	Short-term investments	-	-	-	-	39,504	14,307	39,504	14,316	14,307	9	-	-
	Upamc James Bond Fund	Short-term investments	-	-	19,960	9,132	19,601	8,980	39,561	18,133	18,113	20	-	-
	JIH Sun Bond Fund	Short-term investments	-	-	18,809	7,610	11,183	4,566	29,992	12,183	12,177	6	-	-
	TIIM Bond Fund	Short-term investments	-	-	-	-	20,918	8,828	20,918	8,833	8,828	5	-	-
	Fubon Ju-I Fund	Short-term investments	-	-	-	-	20,929	9,132	7,003	3,046	3,044	2	13,926	6,088
	Truswell Premier Fund	Short-term investments	-	-	-	-	43,855	14,612	25,630	8,528	8,524	4	18,225	6,088
	HSBC NTD Money Management Fund 2	Short-term investments	-	-	-	-	20,927	8,828	-	-	-	-	20,927	8,828

Note A: Including the payment of US\$41,234 thousand on acquisition and the investment income of US\$454 thousand on equity-method.

Note B: Cash dividend.

Note C: Stock dividend.

Note D: Including 16,961 thousand shares of sock from acquirement and 1,064 thousand shares of stock dividend.

Note E: Reducing capital.

Note F: The investment loss of US\$17,192 thousand but excluding the net loss of US\$134 thousand not recognized as pension cost due to the equity-method adjustment.

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

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATES AT PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 2005

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

Company Name	Types of Properties	Disposal Date	Original Acquisition Date	Carrying Value	Disposal Price	Payment Terms	Gain (Loss) on Disposal	Counter-party	Nature of Relationship	Purpose of Disposal	Price Reference	Other Terms
Far Eastern Department Stores, Ltd.	Land	2005.2.15	1979.5	\$ 160,632	\$ 496,720	Paid	\$ 463,358 (Note A)	Bank of Panhsin	-	Service need	\$496,726 of appraisal report	FEDS made an agreement with the Bank of PanHsin, that after the building construction the Bank of PanHsin will lease to FEDS the first three floors, approximately 64,800 sq ft., for FEDS's management of operating site.
	Land and building	2005.7.22 and 2005.9.29	1997.2	286,359	285,466	Note B	(7,200) (Note C)	Yuan Bo Asset Management Company	Equity-method investee	Service need	\$266,269 of appraisal report	
Bai Ding Investment Co.	Land and building	2005.9.19	1999.7 and 1999.8	538,354	659,923	Paid	86,579 (Note D)	Yuan Bo Asset Management Company	Equity-method investee	Service need	\$703,233 of appraisal report	

Note A: Proceeds from disposal of the land were NT\$496,720 thousand; after the deduction from the proceeds of the relevant cost and revaluation increment of NT\$160,632 thousand, relevant expense and tax of NT\$15,914 thousand and the addition from capital surplus of NT\$49,756 thousand reserve for land revaluation increment in prior years and reserve of NT\$93,428 thousand for land revaluation increment tax.

Note B: A portion of the proceeds, amounting to NT\$121,342 thousand (including VAT NT\$5,778 thousand), had been unpaid as of December 31, 2005.

Note C: Proceeds from disposal of land and building after the deduction of direct expense and tax.

Note D: The gain on this disposal was \$88,724 thousand. However, Yuan Bo Asset Management Company is a subsidiary of Far Eastern International Leasing Corp. (FEILC), which is an equity-method investee of FEDS. Thus, after the deduction of \$2,145 thousand, the deferred gain on this disposal proportionate to FEDS's equity in FEILC, classified as other liability - other, the gain on sale of investments in real estate was \$86,579 thousand for Bai Ding Investment Co. The other consolidated entities' deferred gains on this disposal were \$29,900 thousand. Thus, the net gain on sale of investments in real estate was \$56,679 thousand in the consolidated financial statements.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATES AT PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 2005

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

Company Name	Types of Properties	Disposal Date	Original Acquisition Date	Carrying Value	Disposal Price	Payment Terms	Gain (Loss) on Disposal	Counter-party	Nature of Relationship	Purpose of Disposal	Price Reference	Other Terms
Far Eastern Department Stores, Ltd.	Land	2005.2.15	1979.5	\$ 4,890	\$ 15,121	Paid	\$ 14,105 (Note A)	Bank of Panhsin	-	Service need	\$15,121 of appraisal report	FEDS made an agreement with the Bank of PanHsin, that after the building construction the Bank of PanHsin will lease to FEDS the first three floors, approximately 64,800 sq ft., for FEDS's management of operating site.
	Land and building	2005.7.22 and 2005.9.29	1997.2	8,717	8,690	Note B	(219) (Note C)	Yuan Bo Asset Management Company	Equity-method investee	Service need	\$8,106 of appraisal report	
Bai Ding Investment Co.	Land and building	2005.9.19	1999.7 and 1999.8	16,388	20,089	Paid	2,636 (Note D)	Yuan Bo Asset Management Company	Equity-method investee	Service need	\$21,407 of appraisal report	

Note A: Proceeds from disposal of the land were US\$15,121 thousand; after the deduction from the proceeds of the relevant cost and revaluation increment of US\$4,890 thousand, relevant expense and tax of US\$485 thousand and the addition from capital surplus of US\$1,515 thousand reserve for land revaluation increment in prior years and reserve of US\$2,844 thousand for land revaluation increment tax.

Note B: A portion of the proceeds, amounting to US\$3,694 thousand (including VAT US\$288 thousand), had been unpaid as of December 31, 2005.

Note C: Proceeds from disposal of land and building after the deduction of direct expense and tax.

Note D: The gain on this disposal was US\$2,701 thousand. However, Yuan Bo Asset Management Company is a subsidiary of Far Eastern International Leasing Corp. (FEILC), which is an equity-method investee of FEDS. Thus, after the deduction of US\$65 thousand, the deferred gain on this disposal proportionate to FEDS's equity in FEILC, classified as other liability - other, the gain on sale of investments in real estate was US\$2,636 thousand for Bai Ding Investment Co. The other consolidated entities' deferred gains on this disposal were US\$910 thousand. Thus, the net gain on sale of investments in real estate was US\$1,726 thousand in the consolidated financial statements.

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, 2005

(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.	Equity method investee's subsidiary	Purchase	\$ 172,588	1.20	45-60 days after the end of the month	-	-	\$ 38,110	2.00%	Accounts payable
Pacific Sogo Department Store Co.	Pacific 88 Co., Ltd.	Equity-method investee	Purchase	176,656	0.74	15-45 days after the end of the month	-	-	2,753 12,550	0.06% 0.68%	Notes payable 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 FEDS's total assets or total revenues. Thus, their information was not disclosed.

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, 2005

(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.	Equity method investee's subsidiary	Purchase	\$ 5,254	1.20	45-60 days after the end of the month	-	-	\$ 1,160	2.00%	Accounts payable
Pacific Sogo Department Store Co.	Pacific 88 Co., Ltd.	Equity-method investee	Purchase	5,378	0.74	15-45 days after the end of the month	-	-	84 382	0.06% 0.68%	Notes payable 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 FEDS's total assets or total revenues. Thus, their information was not disclosed.

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, 2005

(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		
Far Eastern Department Stores, Ltd.	Yuan Bo Asset Management Company	Equity method investee's subsidiary	\$ 121,342	-	\$ -	-	\$ -	\$ -
Pacific Sogo Department Stores	Pacific 88 Co., Ltd.	Equity-method investee	286,371	-	286,371	Collection expedited	-	220,538
	Pacific Sogo Investment Co., Ltd.	Equity- method investee	534,137	-	534,137	Collection expedited	-	534,137

Note: Neither the total assets nor total 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 FEDS's total assets or total revenues. Thus, their information was not disclosed.

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, 2005

(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		
Far Eastern Department Stores, Ltd.	Yuan Bo Asset Management Company	Equity method investee's subsidiary	\$ 3,694	-	\$ -	-	\$ -	\$ -
Pacific Sogo Department Stores	Pacific 88 Co., Ltd.	Equity-method investee	8,718	-	8,718	Collection expedited	-	6,713
	Pacific Sogo Investment Co., Ltd.	Equity- method investee	16,260	-	16,260	Collection expedited	-	16,260

Note: Neither the total assets nor total 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 FEDS's total assets or total revenues. Thus, their information was not disclosed.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH FEDS EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2005
(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, 2005			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss) (Note B)	Note A
				Dec. 31, 2005	Dec. 31, 2004	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Department Stores, Ltd.	Oriental Securities Corporation	Taipei City, R.O.C.	Securities brokerage	\$ 143,652	\$ 143,652	140,297	20	\$ 2,151,127	\$ 604,734	\$ 107,521	a
	FEDS Asia Pacific Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	1,385,888	1,385,888	138,900	69	1,508,186	123,619	83,137	b
	Bai Yang Investment Co.	Taipei City, R.O.C.	Investment	249,424	249,424	131,652	100	(Note F) 1,434,560	(Note F) 36,061	(Note F) (9,969)	b
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	50,041	50,041	145,111	100	(Note F) 1,415,511	(Note F) 226,873	(Note F) 71,470	b
	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	1,079,400	1,079,400	91,600	36	(Note F) 1,370,023	(Note F) 990,963	(Note F) 354,104	b
	Far Eastern International Leasing Corp.	Taipei City, R.O.C.	Leasing	1,354,548	-	104,196	34	1,357,991	102,172	14,905	a
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	1,575,999	1,275,999	163,579	50	(Note F) 850,709	(Note F) (1,129,534)	(Note F) (564,767)	b
	Feds Development Ltd. (BVI)	British Virgin Island	Investment	26,190	26,190	100	76	(Note F) 295,071	(Note F) (13,078)	(Note F) (9,967)	b
	FEDS New Century Development	Taipei City, R.O.C.	Shopping mall	106,399	106,399	11,990	100	(Note F) 184,803	(Note F) 35,187	(Note F) 34,274	b
	Yu Ming Advertising Agency Co.	Taipei City, R.O.C.	Advertising and importation of certain merchandise	60,000	24,000	6,500	100	(Note F) 47,505	(Note F) (23,381)	(Note F) (37,366)	b
	Ya Tung Department Stores	Taipei City, R.O.C.	Department store	184,921	124,029	9,762	75	(Note F) 36,244	(Note F) (58,713)	(Note F) (44,617)	b
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	40,191	40,191	3,300	55	(Note F) 20,260	(Note F) 8,077	(Note F) 4,442	b
	Ding Ding Integrated Marketing Service	Taipei City, R.O.C.	Marketing	30,000	30,000	3,000	10	18,149	(93,785)	(9,222)	a
	Asians Merchandise Co.	U.S.A.	Trading	5,316	-	950	100	(Note F) 4,877	(Note F) (386)	(Note F) (386)	b
	Bai Chin (Singapore) Pte., Ltd.	Singapore	Investment	1,718	1,718	90	90	(Note F) 394	(Note F) (141)	(Note F) (127)	b
	Far Eastern CitySuper Ltd.	Taipei City, R.O.C.	Department store	130,000	130,000	13,000	87	(Note F) (12,973)	(Note F) (143,249)	(Note F) (124,149)	b
	Far Eastern Department Stores (USA) Inc. (Note E)	U.S.A.	Trading	-	63,787	-	-	(Note F) -	(Note F) (1,331)	(Note F) (1,331)	b
Bai Ding Investment Co.	Oriental Securities Corporation	Taipei City, R.O.C.	Securities brokerage	163,563	163,563	97,116	14	1,494,542	604,734		a
	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	99,000	99,000	9,900	4	(Note F) 167,061	(Note F) 990,963		b
	Far Eastern International Leasing Corp.	Taipei City, R.O.C.	Leasing	135,000	135,000	7,475	2	135,909	102,172		a
	Pacific Sogo Department Stores Co., Ltd.	Taipei City, R.O.C.	Department store	33,490	33,490	4,467	1	(Note F) 73,498	(Note F) 1,666,109		c
	Yu Ming Advertising Agency Co.	Taipei City, R.O.C.	Importation of certain merchandise	21,291	21,291	940	47	17,656	1,459		a
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	28,672	28,672	2,670	45	(Note F) 16,391	(Note F) 8,077		b
	Ya Tung Department Stores	Taipei City, R.O.C.	Department store	52,754	33,646	3,238	25	(Note F) 12,023	(Note F) (58,713)		b
	FEDS Asia Pacific Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	5,000	5,000	500	-	(Note F) 4,497	(Note F) 123,619		b
Bai Yang Investment Co.	Taipei City, R.O.C.	Investment	551	551	345	-	(Note F) 551	(Note F) 36,061		b	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2005			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss) (Note B)	Note A
				Dec. 31, 2005	Dec. 31, 2004	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Bai Chin (Singapore) Pte., Ltd.	Singapore	Investment	\$ 191	\$ 191	10	10	\$ 44	\$ (141)	b	
	FEDS New Century Development	Taipei City, R.O.C.	Shopping mall	20	20	2	-	10	35,187	b	
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	2	2	-	-	2	(1,129,534)	b	
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	99,000	99,000	9,900	4	166,906	990,963	b	
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	231	231	6	-	60	8,077	b	
FEDS New Century Development	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	99,000	99,000	9,900	4	166,906	990,963	b	
Feds Development Ltd. (BVI)	Tianjin FEDS Limits, Co.	Mainland China	Department store	95,265	-	-	100	82,098	(13,092)	c	
	Chongqing Bai Ding Business Management Consulting Co., Ltd.	Mainland China	Consulting service	3,285	3,285	-	100	(5,762)	(8,803)	c	
Bai Yang Investment Co.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	99,000	99,000	9,900	4	166,906	990,963	b	
	Feds Development Ltd. (BVI)	British Virgin Island	Investment	92,556	-	31	24	92,121	(13,078)	b	
	FEDS Asia Pacific Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	6,064	6,064	600	-	5,449	123,619	b	
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	100	100	9	-	89	226,873	b	
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	234	234	12	-	77	8,077	b	
	FEDS New Century Development	Taipei City, R.O.C.	Shopping mall	20	20	2	-	14	35,187	b	
	Ya Tung Department Stores	Taipei City, R.O.C.	Department store	7	7	-	-	7	(58,713)	b	
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	2	2	-	-	6	(1,129,534)	b	
Ya Tung Department Stores	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	55,000	55,000	5,500	2	92,801	990,963	b	
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	231	231	6	-	60	8,077	b	
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	33	33	3	-	33	226,873	b	
	Bai Yang Investment Co.	Taipei City, R.O.C.	Investment	4	4	2	-	4	36,061	b	
	FEDS New Century Development	Taipei City, R.O.C.	Shopping mall	20	20	2	-	11	35,187	b	
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	2	2	-	-	2	(1,129,534)	b	
Yu Ming Advertising Agency Co.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	1,200	1,200	100	-	1,200	990,963	b	
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Hypermarket	100	100	6	-	56	8,077	b	
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	33	33	3	-	33	226,873	b	
	FEDS New Century Development	Taipei City, R.O.C.	Shopping mall	20	20	2	-	20	35,187	b	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2005			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss) (Note B)	Note A
				Dec. 31, 2005	Dec. 31, 2004	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Ya Tung Department Stores	Taipei City, R.O.C.	Department store	\$ 7	\$ 7	-	-	\$ 7	\$ (58,713)	b	
	Bai Yang Investment Co.	Taipei City, R.O.C.	Investment	4	4	2	-	4	36,061	b	
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	2	2	-	-	1	(1,129,534)	b	
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	8,400	8,400	700	-	10,307	990,963	b	
Pacific Liu Tong Investment Co.	Pacific Sogo Department Stores Co., Ltd.	Taipei City, R.O.C.	Department store	4,469,904	4,469,904	258,321	79	5,839,709	1,666,109	c	
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Co., Ltd.	Hong Kong	Investment	4,000,000	4,000,000	11,400	60	3,783,331	(43,369)	c	
	Pacific Department Store Co., Ltd.	Taipei City, R.O.C.	Department store	525,000	525,000	27,825	26	200,948	108,515	d	
	Lian Ching Investment Co., Ltd.	Taipei City, R.O.C.	Investment	270,641	270,641	26,764	50	-	-	c	
	Pacific 88 Co., Ltd.	Taipei City, R.O.C.	Clothing, restaurant	19,900	19,900	2,838	28	4,366	1,330	d	
	Pacific United Consultant Co., Ltd.	Taipei City, R.O.C.	Security and cleaning	76,099	76,099	4,071	39	61,223	32,833	d	
	Pacific Venture Investment Ltd	Hong Kong	Investment	357,050	357,050	100,000	48	-	-	d	
	Sogo Department Store Co., Ltd.	Taipei City, R.O.C.	Credit card business	32,984	32,984	7,120	34	-	-	d	
	Pacific Sogo Investment Co., Ltd.	Taipei City, R.O.C.	Investment	999,900	999,900	99,990	100	-	-	c	
	Ding Ding Integrated Marketing Service	Taipei City, R.O.C.	Marketing	30,000	30,000	3,000	10	18,149	(93,785)	d	
Pacific China Holdings (HK) Co., Ltd.	Pacific China Holdings Co.	British Virgin Island	Investment	624,150	624,150	-	100	6,305,552	300,354	c	
Pacific China Holdings Co.	Shanghai Pacific Department Store Co., Ltd.	Mainland China	Department store	421,531	421,531	-	73	786,577	505,193	c	
	Chengdu Shangxia Pacific Department Store Co., Ltd.	Mainland China	Department store	229,950	229,950	-	100	158,950	(8,806)	c	
	Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Mainland China	Department store	32,522	32,522	-	100	(41,224)	25,533	c	
	Chongqing Mentropolitan Plaza Pacific Department Store Co., Ltd.	Mainland China	Department store	98,550	98,550	-	100	255,535	87,121	c	
	Beijing Xidan Pacific Department Store Co., Ltd.	Mainland China	Department store	216,810	216,810	-	55	61,530	15,944	c	
	Chongqing Pacific Business Management Consulting Co., Ltd.	Mainland China	Consulting service	6,570	6,570	-	100	31,776	2,324	c	
	Shanghai Pacific Business Management Consulting Co., Ltd.	Mainland China	Consulting service	5,634	5,634	-	49	6,304	175	d	

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

Note B: In addition to Bai Chin (Singapore) Ptd. Ltd. and Asians Merchandise Co., the net income of equity- method investees were based on audited financial statements as of and for the year ended December 31, 2005.

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

Note D: The foreign-currency investments were translated at the rate of US\$1:NT\$32.85 prevailing on December 31, 2005.

Note E: Far Eastern Department Stores (USA) Inc. had liquidated in November 2005.

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

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH FEDS EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2005
(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, 2005			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss) (Note B)	Note A
				Dec. 31, 2005	Dec. 31, 2004	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Department Stores, Ltd.	Oriental Securities Corporation	Taipei City, R.O.C.	Securities brokerage	\$ 4,373	\$ 4,373	140,297	20	\$ 65,483	\$ 18,409	\$ 3,273	a
	FEDS Asia Pacific Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	42,188	42,188	138,900	69	45,911	3,763	2,531	b
	Bai Yang Investment Co.	Taipei City, R.O.C.	Investment	7,593	7,593	131,652	100	(Note F) 43,670	(Note F) 1,098	(Note F) (303)	b
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	1,523	1,523	145,111	100	(Note F) 43,090	(Note F) 6,906	(Note F) 2,176	b
	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	32,858	32,858	91,600	36	(Note F) 41,705	(Note F) 30,166	(Note F) 10,779	b
	Far Eastern International Leasing Corp.	Taipei City, R.O.C.	Leasing	41,234	-	104,196	34	(Note F) 41,339	(Note F) 3,110	(Note F) 454	a
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	47,976	38,843	163,579	50	(Note F) 25,897	(Note F) (34,385)	(Note F) (17,192)	b
	Feds Development Ltd. (BVI)	British Virgin Island	Investment	797	797	100	76	(Note F) 8,982	(Note F) (398)	(Note F) (303)	b
	FEDS New Century Development	Taipei City, R.O.C.	Shopping mall	3,239	3,239	11,990	100	(Note F) 5,626	(Note F) 1,071	(Note F) 1,043	b
	Yu Ming Advertising Agency Co.	Taipei City, R.O.C.	Advertising and importation of certain merchandise	1,826	731	6,500	100	(Note F) 1,446	(Note F) (712)	(Note F) (1,137)	b
	Ya Tung Department Stores	Taipei City, R.O.C.	Department store	5,629	3,776	9,762	75	(Note F) 1,103	(Note F) (1,787)	(Note F) (1,358)	b
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	1,223	1,223	3,300	55	(Note F) 617	(Note F) 246	(Note F) 135	b
	Ding Ding Integrated Marketing Service	Taipei City, R.O.C.	Marketing	913	913	3,000	10	(Note F) 552	(Note F) (2,855)	(Note F) (281)	a
	Asians Merchandise Co.	U.S.A.	Trading	162	-	950	100	(Note F) 148	(Note F) (12)	(Note F) (12)	b
	Bai Chin (Singapore) Pte., Ltd.	Singapore	Investment	52	52	90	90	(Note F) 12	(Note F) (4)	(Note F) (4)	b
	Far Eastern CitySuper Ltd.	Taipei City, R.O.C.	Department store	3,957	3,957	13,000	87	(Note F) (395)	(Note F) (4,361)	(Note F) (3,779)	b
	Far Eastern Department Stores (USA) Inc. (Note E)	U.S.A.	Trading	-	1,942	-	-	(Note F) -	(Note F) (41)	(Note F) (4)	b
Bai Ding Investment Co.	Oriental Securities Corporation	Taipei City, R.O.C.	Securities brokerage	4,979	4,979	97,116	14	45,496	18,409		a
	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	3,014	3,014	9,900	4	(Note F) 5,086	(Note F) 30,166		b
	Far Eastern International Leasing Corp.	Taipei City, R.O.C.	Leasing	4,110	4,110	7,475	2	(Note F) 4,137	(Note F) 3,110		a
	Pacific Sogo Department Stores Co., Ltd.	Taipei City, R.O.C.	Department store	1,019	1,019	4,467	1	(Note F) 2,237	(Note F) 50,719		c
	Yu Ming Advertising Agency Co.	Taipei City, R.O.C.	Importation of certain merchandise	648	648	940	47	(Note F) 537	(Note F) 44		a
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	873	873	2,670	45	(Note F) 499	(Note F) 246		b
	Ya Tung Department Stores	Taipei City, R.O.C.	Department store	1,606	1,024	3,238	25	(Note F) 366	(Note F) (1,787)		b
	FEDS Asia Pacific Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	152	152	500	-	(Note F) 137	(Note F) 3,763		b
Bai Yang Investment Co.	Taipei City, R.O.C.	Investment	17	17	345	-	(Note F) 17	(Note F) 1,098		b	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2005			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss) (Note B)	Note A
				Dec. 31, 2005	Dec. 31, 2004	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Bai Chin (Singapore) Pte., Ltd.	Singapore	Investment	\$ 6	\$ 6	10	10	\$ 1	\$ (4)	b	
	FEDS New Century Development	Taipei City, R.O.C.	Shopping mall	1	1	2	-	-	1,071	b	
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	-	-	-	-	-	(34,385)	b	
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	3,014	3,014	9,900	4	5,081	30,166	b	
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	7	7	6	-	2	246	b	
FEDS New Century Development	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	3,014	3,014	9,900	4	5,081	30,166	b	
Feds Development Ltd. (BVI)	Tianjin FEDS Limits, Co.	Mainland China	Department store	2,900	-	-	100	2,499	(399)	c	
	Chongqing Bai Ding Business Management Consulting Co., Ltd.	Mainland China	Consulting service	100	100	-	100	(175)	(268)	c	
Bai Yang Investment Co.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	3,014	3,014	9,900	4	5,081	30,166	b	
	Feds Development Ltd. (BVI)	British Virgin Island	Investment	2,818	-	31	24	2,804	(398)	b	
	FEDS Asia Pacific Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	185	185	600	-	166	3,763	b	
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	3	3	9	-	3	6,906	b	
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	7	7	12	-	2	246	b	
	FEDS New Century Development	Taipei City, R.O.C.	Shopping mall	1	1	2	-	-	1,071	b	
	Ya Tung Department Stores	Taipei City, R.O.C.	Department store	-	-	-	-	-	(1,787)	b	
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	-	-	-	-	-	(34,385)	b	
Ya Tung Department Stores	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	1,674	1,674	5,500	2	2,825	30,166	b	
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	7	7	6	-	2	246	b	
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	1	1	3	-	1	6,906	b	
	Bai Yang Investment Co.	Taipei City, R.O.C.	Investment	-	-	2	-	-	1,098	b	
	FEDS New Century Development	Taipei City, R.O.C.	Shopping mall	1	1	2	-	-	1,071	b	
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	-	-	-	-	-	(34,385)	b	
Yu Ming Advertising Agency Co.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	37	37	100	-	37	30,166	b	
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Hypermarket	3	3	6	-	2	246	b	
	Bai Ding Investment Co.	Taipei City, R.O.C.	Investment	1	1	3	-	1	6,906	b	
	FEDS New Century Development	Taipei City, R.O.C.	Shopping mall	1	1	2	-	1	1,071	b	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2005			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss) (Note B)	Note A
				Dec. 31, 2005	Dec. 31, 2004	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Ya Tung Department Stores	Taipei City, R.O.C.	Department store	\$ -	\$ -	-	-	\$ -	\$ (1,787)	b	
	Bai Yang Investment Co.	Taipei City, R.O.C.	Investment	-	-	2	-	(Note F) -	(Note F) 1,098	b	
	Far Eastern Geant Co., Ltd.	Taipei City, R.O.C.	Hypermarket	-	-	-	-	(Note F) -	(Note F) (34,385)	b	
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co.	Taipei City, R.O.C.	Investment	256	256	700	-	(Note F) 314	(Note F) 30,166	b	
Pacific Liu Tong Investment Co.	Pacific Sogo Department Stores Co., Ltd.	Taipei City, R.O.C.	Department store	136,070	136,070	258,321	79	(Note F) 177,769	(Note F) 50,719	c	
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Co., Ltd.	Hong Kong	Investment	121,766	121,766	11,400	60	(Note F) 115,170	(Note F) (1,320)	c	
	Pacific Department Store Co., Ltd.	Taipei City, R.O.C.	Department store	15,982	15,982	27,825	26	6,117	3,303	d	
	Lian Ching Investment Co., Ltd.	Taipei City, R.O.C.	Investment	8,239	8,239	26,764	50	-	-	c	
	Pacific 88 Co., Ltd.	Taipei City, R.O.C.	Clothing, restaurant	606	606	2,838	28	133	40	d	
	Pacific United Consultant Co., Ltd.	Taipei City, R.O.C.	Security and cleaning	2,317	2,317	4,071	39	1,864	999	d	
	Pacific Venture Investment Ltd	Hong Kong	Investment	10,869	10,869	100,000	48	-	-	d	
	Sogo Department Store Co., Ltd.	Taipei City, R.O.C.	Credit card business	1,004	1,004	7,120	34	-	-	d	
	Pacific Sogo Investment Co., Ltd.	Taipei City, R.O.C.	Investment	30,438	30,438	99,990	100	-	-	c	
	Ding Ding Integrated Marketing Service	Taipei City, R.O.C.	Marketing	913	913	3,000	10	552	(2,855)	d	
Pacific China Holdings (HK) Co., Ltd.	Pacific China Holdings Co.	British Virgin Island	Investment	19,000	19,000	-	100	(Note F) 191,950	(Note F) 9,143	c	
Pacific China Holdings Co.	Shanghai Pacific Department Store Co., Ltd.	Mainland China	Department store	12,832	12,832	-	73	(Note F) 23,945	(Note F) 15,379	c	
	Chengdu Shangxia Pacific Department Store Co., Ltd.	Mainland China	Department store	7,000	7,000	-	100	(Note F) 4,839	(Note F) (268)	c	
	Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Mainland China	Department store	990	990	-	100	(Note F) (1,255)	(Note F) 777	c	
	Chongqing Mentropolitan Plaza Pacific Department Store Co., Ltd.	Mainland China	Department store	3,000	3,000	-	100	(Note F) 7,779	(Note F) 2,652	c	
	Beijing Xidan Pacific Department Store Co., Ltd.	Mainland China	Department store	6,600	6,600	-	55	(Note F) 1,873	(Note F) 485	c	
	Chongqing Pacific Business Management Consulting Co., Ltd.	Mainland China	Consulting service	200	200	-	100	(Note F) 967	(Note F) 71	c	
	Shanghai Pacific Business Management Consulting Co., Ltd.	Mainland China	Consulting service	172	172	-	49	192	5	d	

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

Note B: In addition to Bai Chin (Singapore) Ptd. Ltd. and Asians Merchandise Co., the net income of equity- method investees were based on audited financial statements as of and for the year ended December 31, 2005.

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

Note D: The foreign-currency investments were translated at the rate of US\$1:NT\$32.85 prevailing on December 31, 2005.

Note E: Far Eastern Department Stores (USA) Inc. had liquidated in November 2005.

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

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2005
(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, 2005 (Note A)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2005 (Note A)	% Ownership of Direct and Indirect Investment	Investment Gain (Loss)	Carrying Value as of Dec. 31, 2005	Accumulated Inward Remittance of Earnings as of Dec. 31, 2005	Accumulated Investment in Mainland China as of Dec. 31, 2005	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Defined by Investment Commission, MOEA
					Outflow	Inflow								
Shanghai Pacific Department Store Co., Ltd.	Department store	\$ 581,445	Indirect: Investment in mainland China company through a company registered in a third region	\$ 421,531	\$ -	\$ -	\$ 421,531	19	\$ 79,654 (Note B)	\$ 206,138 (Note B)	\$ -	\$ 1,106,832	\$ 4,089,806	\$ 5,156,667
Chengdu Shangxia Pacific Department Store Co., Ltd.	Department store	229,950	Indirect: Investment in mainland China company through a company registered in a third region	229,950	-	-	229,950	26	(4,714) (Note B)	41,327 (Note B)	-	-	-	-
Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Department store	32,522	Indirect: Investment in mainland China company through a company registered in a third region	32,522	-	-	32,522	26	7,235 (Note B)	(10,718) (Note B)	-	-	-	-
Chongqing Mentropolitan Plaza Pacific Department Store Co., Ltd.	Department store	98,550	Indirect: Investment in mainland China company through a company registered in a third region	98,550	-	-	98,550	26	22,651 (Note B)	66,439 (Note B)	-	-	-	-
Beijing Xidan Pacific Department Store Co., Ltd.	Department store	394,200	Indirect: Investment in mainland China company through a company registered in a third region	216,810	-	-	216,810	14	2,232 (Note B)	15,662 (Note B)	-	-	-	-
Chongqing Pacific Business Management Consulting Co., Ltd.	Business management consulting	6,570	Indirect: Investment in mainland China company through a company registered in a third region	6,570	-	-	6,570	26	604 (Note B)	8,262 (Note B)	-	-	-	-
Shanghai Pacific Business Management Consulting Co., Ltd.	Business management consulting	11,498	Indirect: Investment in mainland China company through a company registered in a third region	5,634	-	-	5,634	13	20	1,643	-	-	-	-
Chongqing Bai Ding Business Management Consulting Co., Ltd.	Business management consulting	3,285	Indirect: Investment in mainland China company through a company registered in a third region	-	-	-	-	100	(8,803) (Note B)	(5,762) (Note B)	-	-	-	-
Tianjin FEDS Limits, Co.	Department store	95,265	Indirect: Investment in mainland China company through a company registered in a third region	-	95,265	-	95,265	100	(13,092) (Note B)	82,098 (Note B)	-	-	-	-

Note A: Translated at the rate of US\$1:NT\$32.85 prevailing on December 31, 2005.

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2005
(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, 2005	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2005	% Ownership of Direct and Indirect Investment	Investment Gain (Loss)	Carrying Value as of Dec. 31, 2005	Accumulated Inward Remittance of Earnings as of Dec. 31, 2005	Accumulated Investment in Mainland China as of Dec. 31, 2005	Investment Amounts Authorized by Investment Commission, MOEA	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	\$ 12,832	\$ -	\$ -	\$ 12,832	19	\$ 2,425 (Note A)	\$ 6,275 (Note A)	\$ -	\$ 33,694	\$ 124,499	\$ 156,976
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	(144) (Note A)	1,258 (Note A)	-	-	-	-
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	220 (Note A)	(326) (Note A)	-	-	-	-
Chongqing Mentropolitan 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	690 (Note A)	2,022 (Note A)	-	-	-	-
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	68 (Note A)	477 (Note A)	-	-	-	-
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	18 (Note A)	252 (Note A)	-	-	-	-
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	172	-	-	172	13	1	50	-	-	-	-
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	(268) (Note A)	(175) (Note A)	-	-	-	-
Tianjin FEDS Limits, Co.	Department store	2,900	Indirect: Investment in mainland China company through a company registered in a third region	-	2,900	-	2,900	100	(399) (Note A)	2,499 (Note A)	-	-	-	-

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

**INTERCOMPANY TRANSACTIONS
YEAR ENDED DECEMBER 31, 2005**

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

Number	Transacting Company (Note A)	Counter-Party	Nature of Relationship (Note B)	Status			
				Account	Amount (Note D)	Condition	Ratio to Consolidated Operating Revenue or Asset (Note C)
0	Far Eastern Department Stores, Ltd.	Far Eastern Great Co., Ltd.	1	Other operating revenue	\$ 104,306	The rent is based on market rates and is received monthly	0.14%
1	Far Eastern Great Co., Ltd.	Far Eastern Department Stores, Ltd.	2	Land	363,639	-	0.47%
2	Feds Asia Pacific Development Co., Ltd.	Far Eastern Department Stores, Ltd.	2	Other operating revenue	228,000	The rent is based on market rates and is received monthly	0.30%

Note A: The intercompany transactions between FEDS and its subsidiaries are explained in the number column, numbering as follows:

1. FEDS is 0.
2. Subsidiaries is numbering form 1 to proper order.

Note B: Nature of relationship

1. The Company to subsidiary
2. Subsidiary to the Company
3. Subsidiary to subsidiary

Note C: If the account of the intercompany transaction is shown in balance sheet, the ratio is the proportion of the year-end account balance to the consolidated asset; if the account of the intercompany transaction is shown in income statement, the ratio is the proportion of the accumulative amount of the year to the consolidated revenue.

Note D: The amount of an intercompany transaction more than one NT\$100,000 thousand would be disclosed in this table.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

INTERCOMPANY TRANSACTIONS

YEAR ENDED DECEMBER 31, 2005

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

Number	Transacting Company (Note A)	Counter-Party	Nature of Relationship (Note B)	Status			
				Account	Amount (Note D)	Condition	Ratio to Consolidated Operating Revenue or Asset (Note C)
0	Far Eastern Department Stores, Ltd.	Far Eastern Great Co., Ltd.	1	Other operating revenue	\$ 3,175	The rent is based on market rates and is received monthly	0.14%
1	Far Eastern Great Co., Ltd.	Far Eastern Department Stores, Ltd.	2	Land	11,070	-	0.47%
2	Feds Asia Pacific Development Co., Ltd.	Far Eastern Department Stores, Ltd.	2	Other operating revenue	6,941	The rent is based on market rates and is received monthly	0.30%

Note A: The intercompany transactions between FEDS and its subsidiaries are explained in the number column, numbering as follows:

1. FEDS is 0.
2. Subsidiaries is numbering form 1 to proper order.

Note B: Nature of relationship

1. The Company to subsidiary
2. Subsidiary to the Company
3. Subsidiary to subsidiary

Note C: If the account of the intercompany transaction is shown in balance sheet, the ratio is the proportion of the year-end account balance to the consolidated asset; if the account of the intercompany transaction is shown in income statement, the ratio is the proportion of the accumulative amount of the year to the consolidated revenue.

Note D: The amount of an intercompany transaction more than one US\$3,044 thousand would be disclosed in this table.

TABLE 14 (A)**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES****INDUSTRY SEGMENT INFORMATION
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars)**

	2005				2004			
	Retail Department Stores	Investment	Adjusted	Consolidated	Retail Department Stores	Investment	Adjusted	Consolidated
Revenues from customers excluding FEDS and subsidiaries	\$ 76,812,547	\$ 1,317,614	\$ (1,317,614)	\$ 76,812,547	\$ 74,429,439	\$ 5,880,697	\$ (5,880,697)	\$ 74,429,439
Revenues from FEDS and subsidiaries	54	-	(54)	-	2,797	-	(2,797)	-
	<u>\$ 76,812,601</u>	<u>\$ 1,317,614</u>	<u>\$ (1,317,668)</u>	<u>\$ 76,812,547</u>	<u>\$ 74,432,236</u>	<u>\$ 5,880,697</u>	<u>\$ (5,883,494)</u>	<u>\$ 74,429,439</u>
Segment operating income (loss) (Note A)	<u>\$ 2,926,924</u>	<u>\$ 30,333</u>	<u>\$ (61,210)</u>	\$ 2,896,047	<u>\$ 3,045,071</u>	<u>\$ 1,172,628</u>	<u>\$ (1,237,876)</u>	\$ 2,979,823
Equity in net income (loss)				217,462				225,258
Unallocated income				1,096,869				1,630,052
Unallocated expenses				(1,094,095)				(1,237,206)
Interest expenses				(747,298)				(815,508)
Income before income tax				<u>\$ 2,368,985</u>				<u>\$ 2,782,419</u>
Identifiable assets (Note B)	<u>\$ 68,504,225</u>	<u>\$ 3,905,903</u>	<u>\$ -</u>	\$ 72,410,128	<u>\$ 66,912,641</u>	<u>\$ 5,182,108</u>	<u>\$ -</u>	\$ 72,094,749
Investments in shares of stocks				<u>5,458,935</u>				<u>4,217,214</u>
Total assets				<u>\$ 77,869,063</u>				<u>\$ 76,311,963</u>
Depreciation expenses	<u>\$ 1,696,974</u>	<u>\$ 2,824</u>			<u>\$ 2,166,873</u>	<u>\$ 3,901</u>		
Capital expenditures	<u>\$ 1,945,558</u>	<u>\$ -</u>			<u>\$ 2,958,385</u>	<u>\$ 25,133</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 14 (B)**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES****INDUSTRY SEGMENT INFORMATION
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of U.S. Dollars)**

	2005				2004			
	Retail Department Stores	Investment	Adjusted	Consolidated	Retail Department Stores	Investment	Adjusted	Consolidated
Revenues from customers excluding FEDS and subsidiaries	\$ 2,338,281	\$ 40,110	\$ (40,110)	\$ 2,338,281	\$ 2,265,736	\$ 179,017	\$ (179,017)	\$ 2,265,736
Revenues from FEDS and subsidiaries	<u>2</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>85</u>	<u>-</u>	<u>(85)</u>	<u>-</u>
	<u>\$ 2,338,283</u>	<u>\$ 40,110</u>	<u>\$ (140,112)</u>	<u>\$ 2,338,281</u>	<u>\$ 2,265,821</u>	<u>\$ 179,017</u>	<u>\$ (179,102)</u>	<u>\$ 2,265,736</u>
Segment operating income (loss) (Note A)	<u>\$ 89,100</u>	<u>\$ 923</u>	<u>\$ (1,863)</u>	\$ 88,160	<u>\$ 92,696</u>	<u>\$ 35,696</u>	<u>\$ (37,682)</u>	\$ 90,710
Equity in net income (loss)				6,620				6,857
Unallocated income				33,390				49,621
Unallocated expenses				(33,306)				(37,662)
Interest expenses				<u>(22,749)</u>				<u>(24,825)</u>
Income before income tax				<u>\$ 72,115</u>				<u>\$ 84,701</u>
Identifiable assets (Note B)	<u>\$ 2,085,365</u>	<u>\$ 118,901</u>	<u>\$ -</u>	\$ 2,204,266	<u>\$ 2,036,914</u>	<u>\$ 157,751</u>	<u>\$ -</u>	\$ 2,194,665
Investments in shares of stocks				<u>166,178</u>				<u>128,378</u>
Total assets				<u>\$ 2,370,443</u>				<u>\$ 2,323,043</u>
Depreciation expenses	<u>\$ 51,658</u>	<u>\$ 86</u>			<u>\$ 65,963</u>	<u>\$ 119</u>		
Capital expenditures	<u>\$ 59,226</u>	<u>\$ -</u>			<u>\$ 90,057</u>	<u>\$ 765</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.

TABLE 15 (A)**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES****GEOGRAPHIC SEGMENT INFORMATION
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars)**

	2005				2004			
	R.O.C.	China	Adjusted	Total	R.O.C.	China	Adjusted	Total
Revenues from customers excluding FEDS and subsidiaries (Note A)	\$ 64,729,490	\$ 13,400,671	\$ (1,317,614)	\$ 76,812,547	\$ 67,624,146	\$ 12,685,990	\$ (5,880,697)	\$ 74,429,439
Segment operating income (Note B)	\$ 2,307,952	\$ 649,837	\$ (61,742)	\$ 2,896,047	\$ 3,405,456	\$ 982,921	\$ (1,408,554)	\$ 2,979,823
Equity in net loss				217,462				225,258
Unallocated income				1,096,869				1,630,052
Unallocated expenses				(1,094,095)				(1,237,206)
Interest expenses				(747,298)				(815,508)
Income before income tax				\$ 2,368,985				\$ 2,782,419
Identifiable assets (Note C)	\$ 66,170,193	\$ 6,239,935	\$ -	\$ 72,410,128	\$ 66,887,540	\$ 5,207,209	\$ -	\$ 72,094,749
Investments in shares of stocks				5,458,935				4,217,214
Total assets				\$ 77,869,063				\$ 76,311,963

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.

TABLE 15 (B)**FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES****GEOGRAPHIC SEGMENT INFORMATION
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of U.S. Dollars)**

	2005				2004			
	R.O.C.	China	Adjusted	Total	R.O.C.	China	Adjusted	Total
Revenues from customers excluding FEDS and subsidiaries (Note A)	\$ 1,970,456	\$ 407,935	\$ (40,110)	\$ 2,338,281	\$ 2,058,574	\$ 386,179	\$ (179,017)	\$ 2,265,736
Segment operating income (Note B)	\$ 70,257	\$ 19,782	\$ (1,880)	\$ 88,160	\$ 103,667	\$ 29,921	\$ (42,878)	\$ 90,710
Equity in net loss				6,620				6,857
Unallocated income				33,390				49,621
Unallocated expenses				(33,306)				(37,662)
Interest expenses				(22,749)				(24,825)
Income before income tax				\$ 72,115				\$ 84,701
Identifiable assets (Note C)	\$ 2,014,313	\$ 189,952	\$ -	\$ 2,204,266	\$ 2,036,150	\$ 158,515	\$ -	\$ 2,194,665
Investments in shares of stocks				166,178				128,378
Total assets				\$ 2,370,443				\$ 2,323,043

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.