

Far Eastern Department Stores LTD. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
September 30, 2009 AND 2008
(Reviewed, Not Audited)

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

C o d e	Assets	2009 9/30		2008 9/30		C o d e	LIABILITIES AND STOCKHOLDERS' EQUITY	2009 9/30		2008 9/30	
		Amount	%	Amount	%			Amount	%	Amount	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash and cash equivalents (Notes 2 and 4)	\$ 7,806,273	10	\$ 6,211,812	8	2100	Short-term debts (Notes 18 and 26)	\$ 7,202,854	9	\$ 8,390,754	11
1310	Financial assets at fair value through profit or loss-current (Notes 2 and 5)	556,784	1	492,110	1	2110	Short-term notes and bills payable (Notes 19 and 26)	4,356,809	5	4,934,704	6
1320	Available-for-sale financial assets - current (Notes 2 and 6)	363,539	-	258,128	-	2140	Notes and accounts payable (Note 25)	10,242,387	12	9,670,616	12
1140	Notes and accounts receivable, net of allowance for doubtful accounts of NT\$230,629 thousand in 2009 and NT\$241,696 thousand in 2008 (Notes 2 and 25)	568,457	1	1,015,595	1	2160	Income tax payable (Note 2)	548,166	1	516,706	1
1178	Other receivables (Notes 25 and 27)	497,648	1	550,737	1	2170	Accrued expenses (Notes 25 and 27)	2,174,498	3	2,195,044	3
1210	Inventories (Notes 2, 3 and 7)	2,344,707	3	2,159,001	3	2210	Other payables (Note 27)	3,779,217	4	3,309,536	4
1260	Prepayments (Notes 17 and 25)	1,193,566	1	1,134,827	2	2150	Balance payable- property (Notes 25 and 27)	377,863	-	286,791	-
1286	Deferred tax assets (Note 2)	243,415	-	267,019	-	2260	Advanced receipts (note 8)	4,765,348	6	4,216,578	6
1291						2272	Current portion of franchise liability (Notes 2 and 13)	-	-	298,588	1
	Pledged time deposits (Note 26)	25,690	-	20,690	-	2274	Current portion of bonds issued (Notes 20 and 26)	500,000	1	-	-
1292	Refundable deposits (Note 15)	156,000	-	-	-	2273	Current portion of long-term borrowings (Notes 21 and 26)	1,767,577	2	2,638,863	3
1287	Noncurrent assets held for sale (Note 8)	89,461	-	-	-	2280	Other current liabilities	840,691	1	859,352	1
1298	Other current assets	100,926	-	219,197	-	21XX	Total current liabilities	36,555,410	44	37,317,532	48
11XX	Total current assets	13,946,466	17	12,329,116	16		LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
	LONG-TERM INVESTMENTS					2410	Bonds issued (Notes 20 and 26)	1,200,000	1	500,000	1
1421	Investments accounted for by the equity method (Notes 2, 9 and 26)	8,131,122	10	7,738,237	10	2420	Long-term borrowings (Notes 21 and 26)	14,539,884	18	12,945,576	16
1423	Real estate (Note 11)	93,600	-	93,600	-	24XX	Total long-term liabilities	15,739,884	19	13,445,576	17
1425	Prepayments for Long-Term Investments in Stocks (Note 9)	195,514	-	-	-		RESERVE				
1450	Available-for-sale financial assets - noncurrent (Notes 2, 6 and 26)	5,725,477	7	4,317,565	6	2510	Reserve for land revaluation increment tax (Note 12)	575,490	1	575,490	1
1480	Financial assets carried at cost (Notes 2, 10 and 26)	889,871	1	888,037	1		OTHER LIABILITIES				
14XX	Total Long term investments	15,035,584	18	13,037,439	17	2810	Accrued pension costs (Note 2)	310,701	-	293,185	-
	PROPERTY (Notes 2, 8, 12, 13, 14, 25, 26 and 27)					2820	Deposits received (Note 14)	548,823	1	502,706	1
	Cost					2880	Miscellaneous (Note 25)	33,127	-	34,490	-
1501	Land	6,518,241	8	6,555,801	8	28XX	Total other liabilities	892,651	1	830,381	1
1521	Buildings and equipment	19,237,018	23	17,731,040	23	2XXX	Total liabilities	53,763,435	65	52,168,979	67
1531	Furniture and equipment	8,805,653	11	8,694,028	11		STOCKHOLDERS' EQUITY (Notes 2,12,22 and 23)				
1631	Leasehold improvements	1,189,243	2	1,307,769	2	3110	Capital stock, NT\$ 10.00 par value				
15X1	Total cost	35,750,155	44	34,288,638	44		Authorized-1,350,000 thousand shares Issued and				
15X8	Revaluation increment	1,193,498	1	1,193,498	1		Outstanding-1,212,326 thousands shares in 2009 and				
15XY	Cost and appreciation	36,943,653	45	35,482,136	45		1,117,015 thousand shares in 2008	12,123,259	15	11,770,154	15
15X9	Less: Accumulated depreciation	23,379,747	28	23,548,150	30		Capital surplus:				
1671	Construction-in-progress and prepayments for						Additional paid-in capital - share issuance in excess				
	Equipment	7,237,070	9	6,477,284	8	3210	of par	2,175,718	3	2,175,718	3
1672	Leasehold rights, net	8,142,008	10	8,230,300	11	3220	Treasury stock transactions	904,456	1	835,591	1
1627	Properties leased to others, net	911,101	1	1,016,921	1	3260	Long-term investments	373,376	-	403,976	-
15XX	Net properties	39,669,926	48	39,272,655	50	32XX	Total Capital Surplus	3,453,550	4	3,415,285	4
	INTANGIBLE ASSETS						Retained earnings				
1770	Deferred pension costs (Note 2)	61,797	-	48,455	-	3310	Legal reserve	1,525,328	2	1,496,641	2
	OTHER ASSETS					3320	Special reserve	1,000,564	1	1,484,033	2
1820	Refundable deposits (Notes 13, 15, 17, 25 and 27)	1,369,387	2	1,490,334	2	3350	Unappropriated earnings	1,219,694	2	297,434	-
1810	Idle assets, net (Notes 2, 16 and 26)	382,725	1	385,304	1	33XX	Total retained earnings	3,745,586	5	3,278,108	4
1850	Long-term prepayments (Notes 17 and 25)	3,434,311	4	3,783,774	5		Other equity adjustments				
1840	Prepaid pension cost (Note 2)	216,023	-	185,212	-	3420	Cumulative translation adjustments	221,718	-	233,677	-
1860	Deferred tax assets (Note 2)	133,922	-	262,164	-	3430	Net losses not recognized as pension costs	(6,224)	-	(12,351)	-
1886	Consolidated debits (Note 2)	7,305,124	9	7,317,811	9	3450	Unrealized valuation gains on financial instruments	3,132,179	4	1,225,461	2
1887	Restricted assets (Note 26 and 27)	524,837	1	21,293	-	3460	Unrealized asset revaluation increment	883,944	1	883,944	1
1888	Miscellaneous	71,642	-	157,811	-	34XX	Total other equity adjustments	4,231,617	5	2,330,731	3
18XX	Total other assets	13,437,971	17	13,603,703	17	3510	Treasury Stock - 15,391 thousand shares in 2009 and				
							17,473 thousand shares in 2008	(81,862)	-	(95,723)	-
							Majority interest	23,472,150	29	20,698,555	26
						3610	Minority Interest	4,916,159	6	5,423,834	7
1XXX	TOTAL	\$ 82,151,744	100	\$ 78,291,368	100	3XXX	Total Stockholders' equity	28,388,309	35	26,122,389	33
						TOTAL		\$ 82,151,744	100	\$ 78,291,368	100

Far Eastern Department Stores LTD. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME
YEAR ENDED SEPTEMBER 30, 2009 AND 2008

(Reviewed, Not Audited)

In thousands of New Taiwan Dollars, Except Par Value

Code		2009		2008	
		Year ended September 30		Year ended September 30	
		Amount	%	Amount	%
	REVENUES				
4110	Sales (Notes 2 and 25)	\$64,513,309	98	\$60,799,737	98
4881	Other operating revenue (Notes 2 and 25)	<u>1,651,769</u>	<u>2</u>	<u>1,370,887</u>	<u>2</u>
4000	Total Revenues	<u>66,165,078</u>	<u>100</u>	<u>62,170,624</u>	<u>100</u>
	COSTS (Notes 3,7 and 25)				
5110	Cost of goods sold	52,356,659	79	49,022,372	79
5800	Other operating costs	<u>136,044</u>	<u>-</u>	<u>155,873</u>	<u>-</u>
5000	Total costs	<u>52,492,703</u>	<u>79</u>	<u>49,178,245</u>	<u>79</u>
5910	GROSS PROFIT	<u>13,672,375</u>	<u>21</u>	<u>12,992,379</u>	<u>21</u>
	OPERATING EXPENSES (Notes 12, 13, 17, 25, and 27)				
6100	Selling	7,717,446	12	7,226,437	12
6200	General and administrative	<u>4,043,314</u>	<u>6</u>	<u>3,979,452</u>	<u>6</u>
6000	Total operating expenses	<u>11,760,760</u>	<u>18</u>	<u>11,205,889</u>	<u>18</u>
6900	OPERATING INCOME	<u>1,911,615</u>	<u>3</u>	<u>1,786,490</u>	<u>3</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earning of equity-method investees, net (Notes 2 and 9)	271,901	1	-	-
7122	Dividend income	245,828	-	358,755	1
7140	Gain on disposal of investments, net	235,893	-	188,331	-
7310	Valuation gain on financial assets, net (Note 2)	67,167	-	-	-
7110	Interest income	64,280	-	138,648	-
7480	Other income (Note 25)	<u>292,458</u>	<u>1</u>	<u>235,992</u>	<u>1</u>
7100	Total non-operating income and gains	<u>1,177,527</u>	<u>2</u>	<u>921,726</u>	<u>2</u>

(Continued)

Code		2009		2008	
		Year ended September 30		Year ended September 30	
		Amount	%	Amount	%
	NONOPERATING				
	EXPENSES AND LOSSES				
7510	Interest expense (Notes 25 and 27)	\$ 373,329	1	\$ 540,506	1
7540	Loss on disposal of property and idle assets (Note 2)	12,227	-	29,201	-
7560	Foreign exchange loss, net (Note 2)	2,002	-	126,203	-
7521	Equity in loss of equity-method investees, net (Notes 2 and 9)	-	-	338,599	1
7640	Valuation loss on financial assets, net (Note 2)	-	-	55,150	-
7880	Other expenses (Notes 16 and 27)	<u>115,180</u>	<u>-</u>	<u>190,308</u>	<u>-</u>
7500	Total non-operating expenses and losses	<u>502,738</u>	<u>1</u>	<u>1,279,967</u>	<u>2</u>
7900	INCOME BEFORE INCOME TAX	2,586,404	4	1,428,249	3
8110	INCOME TAX (Note 2)	837,917	1	485,669	1
9200	SUBSIDIARIES' BONUS TO EMPLOYEES AND REMUNERATION TO DIRECTORS AND SUPERVISORS	<u>-</u>	<u>-</u>	(<u>202</u>)	<u>-</u>
9600	NET INCOME	<u>\$ 1,748,487</u>	<u>3</u>	<u>\$ 942,378</u>	<u>2</u>
	ATTRIBUTED TO :				
9601	Stockholders holders of the parent	\$ 1,184,258	2	\$ 297,434	1
9602	Minority interest	<u>564,229</u>	<u>1</u>	<u>644,944</u>	<u>1</u>
		<u>\$ 1,748,487</u>	<u>3</u>	<u>\$ 942,378</u>	<u>2</u>
Code		Before Tax	After Tax	Before Tax	After Tax
	CONSOLIDATED				
	EARNINGS PER SHARE				
	(Note 24)				
9750	Basic	<u>\$ 1.06</u>	<u>\$ 0.99</u>	<u>\$ 0.17</u>	<u>\$ 0.25</u>
9850	Diluted	<u>\$ 1.06</u>	<u>\$ 0.99</u>	<u>\$ 0.17</u>	<u>\$ 0.25</u>
	(Concluded)				

Far Eastern Department Stores LTD. And Subsidiaries

STATEMENTS OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2009 AND 2008

(Reviewed, Not Audited)

In thousands of New Taiwan Dollars

	2009 Year ended <u>September 30</u>	2008 Year ended <u>September 30</u>
CASH FLOWS FROM OPERATING		
ACTIVITIES		
Consolidated net income	\$ 1,748,487	\$ 942,378
Depreciation	1,249,471	1,218,118
Amortization of deferred charges	13,067	13,362
Amortization of leasehold rights included in rental expense	228,148	238,380
Cash dividends from equity-method investees	-	317,629
Equity in losses (earnings) of equity-method investees, net	(271,901)	338,599
Valuation loss (gain) on financial assets, net	(67,167)	55,150
Unrealized Loss on physical inventory and slow-moving inventories	73,747	57,129
Gain on disposal of investments, net	(235,893)	(188,331)
Loss on disposal of property and idle assets, net	12,227	29,201
Other losses	-	198
Amortization of Long-term prepaid rents	285,306	142,976
Deferred income taxes	77,070	(57,373)
Increase in prepaid pension cost	(21,867)	(41,898)
Accrued pension cost	18,038	16,898
Net changes in operating assets and liabilities		
Financial assets at fair value through income statement	815,355	(187,968)
Notes and Accounts receivable	(30,744)	100,838
Other receivables	(78,940)	(197,022)
Inventories	(119,510)	(118,888)
Prepayments	(375,366)	(502,661)
Other current assets	147,472	(121,531)
Notes and Accounts payable	(4,242,450)	(5,977,504)
Accrued expenses	(194,451)	1,186,867
Income tax payable	174,379	(173,913)
Other accounts payable	176,587	284,601
Advanced receipts	489,935	431,960
Other current liabilities	(<u>706,425</u>)	<u>47,495</u>
Net cash provided by operating activities	(<u>835,425</u>)	(<u>2,145,310</u>)

(Continued)

	2009 Year ended September 30	2008 Year ended September 30
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in pledged time deposits	\$ -	(\$ 7,598)
Acquisition of investments accounted for by the using equity method	(122,480)	(2,462,841)
Acquisition of available-for-sale financial assets	-	(263,908)
Proceeds from disposal of available-for-sale financial assets	482,762	425,710
Acquisition of Financial assets carried at cost	(6,930)	-
Acquisition of minority interest	-	(2,442,344)
Acquisition of subsidiaries	-	(14,731)
Increase in cash in the acquisition of subsidiaries	-	54,403
Increase in advanced receipts regarding the disposal of property	36,000	-
Acquisition of property	(1,749,681)	(1,252,404)
Proceeds from the disposal of property and idle assets	53,035	64,639
Decrease (increase) in refundable deposits	105,866	(130,944)
Increase in long-term prepaid accounts	-	(146,545)
Increase in Prepayments for Long-Term Investments in Stocks	(195,514)	-
Decrease (increase) in restricted assets	(504,544)	9,233
Decrease (increase) in other assets	<u>806</u>	<u>(45,610)</u>
Net cash provided by investing activities	<u>(1,900,680)</u>	<u>(6,212,940)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank debts	255,184	3,454,815
Increase in short-term notes and bills payable	923,033	1,325,759
Repayments of bonds	-	(1,200,000)
Decrease in long-term borrowings	(155,953)	(527,565)
Increase in deposits received	192,204	333,543
Increase in other liabilities	1,082	1,882
Proceeds of subsidiaries' disposal of parent's shares	82,734	592,737
Dividends paid to minority interests	(271,161)	(1,037,291)
Cash dividend, bonuses to employees and remuneration to directors and supervisors	<u>(358,533)</u>	<u>(1,530,573)</u>
Net cash used in financing activities	<u>668,590</u>	<u>1,413,307</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(97,072)</u>	<u>410,564</u>
(Continued)		

	2009 Year ended September 30	2008 Year ended September 30
NET DECREASE IN CASH AND CASH EQUIVALENTS	(\$ 2,164,587)	(\$ 6,534,379)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>9,970,860</u>	<u>12,746,191</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 7,806,273</u>	<u>\$ 6,211,812</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 286,521	\$ 502,019
Less : Capitalized interest	<u>112,316</u>	<u>112,645</u>
Interest paid, excluding capitalized interest	<u>\$ 174,205</u>	<u>\$ 389,374</u>
Income tax paid	<u>\$ 418,521</u>	<u>\$ 619,904</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
To adjust properties leased to others into available-for-sale assets - non-current	<u>\$ 89,461</u>	<u>\$ -</u>
Adjustment to advance receipts and depreciation	<u>\$ 165,971</u>	<u>\$ 85,528</u>
Current portion of bonds issued	<u>\$ 500,000</u>	<u>\$ -</u>
Current portion of long-term borrowings	<u>\$ 1,767,577</u>	<u>\$ 2,638,863</u>
Current portion of franchise liabilities	<u>\$ -</u>	<u>\$ 298,588</u>
Accrued bonus to employees and remuneration to directors and supervisors expense	<u>\$ -</u>	<u>\$ 28,049</u>
Receivable on investments in share of minority interest shown in other receivables	<u>\$ 696,638</u>	<u>\$ -</u>
CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 1,838,087	\$ 1,428,791
Decrease in construction in progress	-	(24,094)
Increase in balance payable- property	<u>(88,406)</u>	<u>(152,293)</u>
	<u>\$ 1,749,681</u>	<u>\$ 1,252,404</u>

(Concluded)