

FAR EASTERN DEPARTMENT STORES, LTD.
BALANCE SHEETS
March 31, 2010 AND 2009
(In thousands of New Taiwan Dollars, Expect Par Value)

C o d e	Assets	2010/3/31		2009/3/31		C o d e	LIABILITIES AND STOCKHOLDERS' EQUITY	2010/3/31		2009/3/31	
		Amounts	%	Amounts	%			Amounts	%		
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash (note 4)	\$ 262,461	1	\$ 342,359	1	2100	Short-term debts (notes 14, 17 and 26)	\$ 1,300,000	3	\$ 2,450,000	6
1320	Available-for-Sales financial assets—current (notes 2 and 5)	195,552	-	133,279	-	2110	Short-term notes and bills payable (notes 15 and 17)	1,249,301	3	1,148,890	3
1120	Notes of account receivable	12,771	-	4,178	-	2140	Notes and accounts payable	2,042,490	5	1,504,060	4
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT \$4,133 thousands in 2010 and 8,799 thousands in 2009. (note 2)	128,030	-	112,695	-	2150	Related parties-payables (note 25)	24,584	-	16,532	-
1150	Related parties - notes and receivables (note 25)	24,210	-	24,706	-	2190	Related parties - others (note 25)	101,294	-	102,141	-
1180	Related parties - others (note 25)	305,551	1	513,040	1	2160	Income tax payable (notes 2 and 21)	49,035	-	28,750	-
1160	Other receivables (note 11)	180,543	-	64,340	-	2170	Accrued expenses (note 27)	588,560	1	485,348	1
1200	Inventories (note 2, 3 and 6)	364,553	1	327,102	1	2224	Balance payable-property	171,930	-	43,848	-
1260	Prepayments	377,728	1	183,075	1	2228	Other payables	93,027	-	100,081	-
1286	Deferred tax assets-current (notes 2 and 21)	32,513	-	35,692	-	2260	Advanced receipts	1,476,824	3	1,455,797	3
1298	Other current assets	16,629	-	14,203	-	2271	Current portion of bonds issued (notes 16 and 26)	500,000	1	-	-
11XX	Total current assets	<u>1,900,541</u>	<u>4</u>	<u>1,754,669</u>	<u>4</u>	2280	Other current liabilities	<u>772,899</u>	<u>2</u>	<u>660,960</u>	<u>2</u>
	LONG-TERM INVESTMENTS					21XX	Total current liabilities	<u>8,369,944</u>	<u>18</u>	<u>7,996,407</u>	<u>19</u>
1421	Investments accounted for by the equity method (notes 2, 8 and 26)	18,314,543	39	16,672,821	39		LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
1450	Available-for-sale financial assets-non current (note 2, 5 and 26)	2,292,419	5	2,002,080	5	2410	Bonds issued (notes 16 and 26)	1,200,000	3	1,700,000	4
1480	Financial assets carried at cost (notes 2 and 7)	116,241	-	159,190	-	2420	Long-term borrowings (notes 17 - 25 and 26)	12,116,521	26	10,915,008	26
14XX	Total long-term investments	<u>20,723,203</u>	<u>44</u>	<u>18,834,091</u>	<u>44</u>	24XX	Total long-term liabilities	<u>13,316,521</u>	<u>29</u>	<u>12,615,008</u>	<u>30</u>
	PROPERTY (notes 2, 9, 10, 11, 25, 26 and 27)						RESERVES				
	Cost					2510	Reserve for land revaluation increment tax (note 9)	575,490	1	575,490	1
1501	Land	4,128,297	9	4,072,720	10		OTHER LIABILITIES				
1521	Buildings and equipment	7,191,146	16	6,125,967	14	2820	Deposits received (notes 11 and 25)	37,483	-	39,005	-
1531	Furniture and equipment	3,405,462	7	3,141,096	7	2860	Deferred tax liabilities - noncurrent (notes 2 and 21)	107,911	-	-	-
	Total cost	14,724,905	32	13,339,783	31	2881	Deferred credits - gains on related-party transactions (notes 2 and 25)	11,366	-	11,366	-
15X8	Revaluation increment	1,212,414	2	1,193,498	3	2888	Miscellaneous (notes 2 and 7)	35,551	-	-	-
15XY	Cost and appreciation	15,937,319	34	14,533,281	34	28XX	Total other liabilities	<u>192,311</u>	<u>-</u>	<u>50,371</u>	<u>-</u>
15X9	Less: Accumulated depreciation	4,855,291	10	4,391,954	10	2XXX	Total liabilities	<u>22,454,266</u>	<u>48</u>	<u>21,237,276</u>	<u>50</u>
		11,082,028	24	10,141,327	24		STOCKHOLDERS' EQUITY (notes 2, 9, 18, 19 and 21)				
1671	Construction in progress and prepayments for equipment	6,088,785	13	6,227,528	14		Capital stock NT\$10.00 par value				
1780	Leasehold rights, net	4,693,910	10	4,108,163	10	3110	Authorized - 1,350,000 thousand shares				
1627	Properties leased to others, net	1,258,829	3	1,008,703	2		Issued and outstanding - 1,212,326 thousand shares in 2010 and 1,177,015 thousand shares in 2009	12,123,259	26	11,770,154	27
15XX	Net property	<u>23,123,552</u>	<u>50</u>	<u>21,485,721</u>	<u>50</u>		Capital surplus				
	OTHER ASSETS						Additional paid-in capital - share issuance in excess of par	2,175,718	5	2,175,718	5
1810	Idle assets, net (notes 2, 12 and 26)	381,044	1	383,860	1	3220	Treasury Stock transactions	964,467	2	835,591	2
1820	Refundable deposits (notes 10 and 13)	157,575	-	156,469	-	3260	Long-term investments	384,640	1	372,157	1
1840	Prepaid pension costs (notes 2 and 24)	200,425	1	194,385	1	32XX	Total capital surplus	<u>3,524,825</u>	<u>8</u>	<u>3,383,466</u>	<u>8</u>
1860	Deferred tax assets—non current (notes 2 and 21)	-	-	11,286	-		Retained earnings:				
1880	Miscellaneous	7,507	-	6,180	-	3310	Legal reserve	1,525,328	3	1,496,641	4
18XX	Total other assets	<u>746,551</u>	<u>2</u>	<u>752,180</u>	<u>2</u>	3320	Special reserve	1,000,564	2	1,484,033	3
						3350	Unappropriated earnings	2,544,179	6	612,422	1
						33XX	Total retained earnings	<u>5,070,071</u>	<u>11</u>	<u>3,593,096</u>	<u>8</u>
							Other equity adjustments				
						3420	Cumulative translation adjustments	101,418	-	519,397	1
						3430	Net loss not recognized as pension costs	(10,386)	-	(6,224)	-
							Unrealized valuation gains (losses) on financial instruments	2,417,680	5	1,541,275	4
						3460	Unrealized asset revaluation increment	883,944	2	883,944	2
						3480	Treasury stock - 13,392 thousand shares in 2010 and 17,473 thousand shares in 2009	(71,230)	-	(95,723)	-
						34XX	Total other equity adjustments	<u>3,321,426</u>	<u>7</u>	<u>2,842,669</u>	<u>7</u>
						3XXX	Total stockholders' equity	<u>24,039,581</u>	<u>52</u>	<u>21,589,385</u>	<u>50</u>
1XXX	TOTAL	<u>\$ 46,493,847</u>	<u>100</u>	<u>\$ 42,826,661</u>	<u>100</u>		TOTAL	<u>\$ 46,493,847</u>	<u>100</u>	<u>\$ 42,826,661</u>	<u>100</u>

FAR EASTERN DEPARTMENT STORES, LTD.
STATEMENTS OF INCOME
YEARS ENDED March 31, 2010 AND 2009
(In thousands of New Taiwan Dollars, Expect Par Value)

Code		2010		2009	
		Year ended March 31		Year ended March 31	
		Amount	%	Amount	%
	REVENUES				
4100	Sales (notes 2 and 25)	\$ 5,465,115	99	\$ 5,017,067	99
4881	Other operating revenues (notes 2, 20 and 25)	<u>67,456</u>	<u>1</u>	<u>53,878</u>	<u>1</u>
4000	Total revenues	<u>5,532,571</u>	<u>100</u>	<u>5,070,945</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold (note 25)	4,378,637	79	4,032,965	80
5800	Other operating costs (Notes 20 and 22)	<u>15,446</u>	<u>-</u>	<u>11,560</u>	<u>-</u>
5000	Total costs	<u>4,394,083</u>	<u>79</u>	<u>4,044,525</u>	<u>80</u>
5910	GROSS PROFIT	<u>1,138,488</u>	<u>21</u>	<u>1,026,420</u>	<u>20</u>
	OPERATING EXPENSES (notes 9, 10, 22 and 25)				
6100	Selling	207,820	4	186,687	4
6200	General and administrative	<u>668,209</u>	<u>12</u>	<u>707,305</u>	<u>14</u>
6000	Total operating expenses	<u>876,029</u>	<u>16</u>	<u>893,992</u>	<u>18</u>
6900	OPERATING INCOME	<u>262,459</u>	<u>5</u>	<u>132,428</u>	<u>2</u>
	NONOPERATING INCOME AND GAINS				
7120	Equity in earnings of equity-method investees, net (notes 2 and 8)	286,408	5	234,154	5
7130	Gain on disposal of property (notes 2 and 11)	84,975	1	-	-
7110	Interest income	297	-	497	-
7480	Other income (note 25)	<u>31,230</u>	<u>1</u>	<u>31,033</u>	<u>-</u>
7100	Total nonoperating income and gains	<u>402,910</u>	<u>7</u>	<u>265,684</u>	<u>5</u>

(continued)

Code		2010		2009	
		Year ended March 31		Year ended March 31	
		Amount	%	Amount	%
	NONOPERATING				
	EXPENSES AND LOSSES				
7510	Interest expenses (note 25)	\$ 13,993	-	\$ 49,704	1
7530	Loss on disposal of property (note 2)	-	-	17	-
7880	Other expenses (notes 12 and 22)	<u>25,575</u>	<u>1</u>	<u>19,315</u>	<u>-</u>
7500	Total non-operating expenses and losses	<u>39,568</u>	<u>1</u>	<u>69,036</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	625,801	11	329,076	6
8110	INCOME TAX (notes 2 and 21)	<u>49,834</u>	<u>1</u>	<u>3,518</u>	<u>-</u>
9600	NET INCOME	<u>\$ 575,967</u>	<u>10</u>	<u>\$ 325,558</u>	<u>6</u>
Code		Before Tax	After Tax	Before Tax	After Tax
	EARNINGS PER SHARE (note 23)				
9750	Basic	<u>\$ 0.52</u>	<u>\$ 0.48</u>	<u>\$ 0.28</u>	<u>\$ 0.27</u>
9850	Diluted	<u>\$ 0.52</u>	<u>\$ 0.48</u>	<u>\$ 0.27</u>	<u>\$ 0.27</u>
	Pro forma information on the assumption that the Company's shares traded or held by subsidiaries are treated as investments instead of treasury stocks (note 23):				
	EARNINGS PER SHARE				
	Basic	<u>\$ 0.52</u>	<u>\$ 0.48</u>	<u>\$ 0.27</u>	<u>\$ 0.27</u>
	Diluted	<u>\$ 0.51</u>	<u>\$ 0.47</u>	<u>\$ 0.27</u>	<u>\$ 0.27</u>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED March 31, 2010 AND 2009
(In thousands of New Taiwan Dollars)

	<u>2010</u> Year ended March 31	<u>2009</u> Year ended March 31
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 575,967	\$ 325,558
Depreciation	106,384	94,798
Amortization of deferred charges	1,553	1,696
Amortization of leasehold rights included in rental expense	18,706	18,706
Equity in earnings of equity-method investees, net	(286,408)	(234,154)
Loss (gain) on disposal of property	(84,975)	17
Deferred income taxes	799	(25,232)
Increase in prepaid pension cost	(5,578)	(229)
Net changes in operating assets and liabilities		
Notes receivable	549	9,884
Accounts receivable	52,811	56,065
Account receivable-related parties	10,291	(7,033)
Other receivables	24,187	24,914
Inventories	(148,237)	(30,873)
Prepayments	(228,464)	(105,323)
Other current assets	(196)	(4,778)
Accounts payable	(196,221)	(322,319)
Accounts payable-related parties	(22,906)	(50,297)
Income tax payable	49,035	28,750
Other payable	(1,908)	(2,367)
Accrued expenses	(115,523)	(46,536)
Advanced receipts	106,718	52,153
Other current liabilities	<u>188,915</u>	<u>69,095</u>
Net cash provided by (used in) operating activities	<u>45,499</u>	<u>(147,505)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments	(100,000)	-
Proceeds of disposal of property	48,812	-
Acquisition of property	(498,475)	(208,507)
Increase in other assets	(1,080)	-
Decrease in refundable deposits	<u>1,453</u>	<u>2,359</u>
Net cash used in investing activities	<u>(549,290)</u>	<u>(206,148)</u>

(Continued)

	2010 Year ended March 31	2009 Year ended March 31
	<u> </u>	<u> </u>
CASH FLOWS FROM FINANCING		
ACTIVITIES		
Decrease in short-term debts	(\$ 1,350,000)	(\$ 500,000)
Decrease in short-term notes and bills payable	(199,633)	(645,344)
Increase in long-term borrowings	2,038,374	1,552,756
Decrease in deposits received	(1,389)	(368)
Dividend from previous years paid	(18)	(20)
Net cash provided by (used in) financing activities	<u>487,334</u>	<u>407,024</u>
NET INCREASE (DECREASE) IN CASH	(16,457)	53,371
CASH, BEGINNING OF YEAR	<u>278,918</u>	<u>288,988</u>
CASH, END OF YEAR	<u>\$ 262,461</u>	<u>\$ 342,359</u>
SUPPLEMENT CASH FLOW INFORMATION		
Interest paid	\$ 29,824	\$ 57,122
Less: Capitalized interest	<u>31,970</u>	<u>28,980</u>
Interest paid, excluding capitalized interest	<u>\$ -</u>	<u>\$ 28,142</u>
Income tax paid	<u>\$ -</u>	<u>\$ -</u>
NONCASH INVESTING AND FINANCING		
ACTIVITIES		
Proceeds of the disposal of properties classified as other receivables	<u>\$ 90,000</u>	<u>\$ -</u>
Adjustment to real estate received in advance (classified as advance receipts) and disposal of property	<u>\$ 36,000</u>	<u>\$ -</u>
Adjustment to advance receipts and depreciation	<u>\$ 24,618</u>	<u>\$ 24,301</u>
Current portion of bonds issued	<u>\$ 500,000</u>	<u>\$ -</u>
Classification of credit balance in long-term investment to other liability	<u>\$ 35,551</u>	<u>\$ -</u>
CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 12,284	\$ 142,195
Increase (decrease) in construction in progress and prepaid equipment	142,416	(19)
Acquisition of leasehold rights	255,267	9,201
Decrease in balance payable-property	87,128	57,130
Decrease in balance payable - property - related parties	<u>1,380</u>	<u>-</u>
Cash paid	<u>\$ 498,475</u>	<u>\$ 208,507</u>

(Concluded)