

FAR EASTERN DEPARTMENT STORES, LTD.
CONSOLIDATED BALANCE SHEETS
March 31, 2010 AND 2009
(In thousands of New Taiwan Dollars, Except 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 | % | Amounts | % |
| | CURRENT ASSETS | | | | | | CURRENT LIABILITIES | | | | |
| 1100 | Cash and cash equivalents (notes 2 and 4) | \$ 8,214,913 | 9 | \$ 7,160,022 | 9 | 2100 | Short-term debts (note 17, 24 and 25) | \$ 6,640,503 | 7 | \$ 7,889,596 | 10 |
| 1310 | Financial assets at fair value through profit or loss - current (notes 2 and 5) | 809,689 | 1 | 1,314,691 | 2 | 2110 | Short-term notes and bills payable (note 18 and 25) | 3,771,520 | 4 | 3,696,254 | 5 |
| 1320 | Available-for-Sales financial assets—current (notes 2 and 6) | 398,523 | - | 271,756 | - | 2140 | Notes and accounts payable (note 24) | 11,792,684 | 13 | 9,412,980 | 12 |
| 1140 | Notes of accounts receivable, net of allowance for doubtful accounts of NT \$225,255 thousands in 2010 and 230,317 thousands in 2009. (notes 2 and 24) | 435,595 | 1 | 369,513 | - | 2160 | Income tax payable (note 2) | 769,773 | 1 | 377,189 | - |
| 1178 | Other receivables (notes 13, 24 and 26) | 592,892 | 1 | 505,615 | 1 | 2170 | Accrued expenses (notes 24 and 26) | 2,170,566 | 2 | 1,766,153 | 2 |
| 1200 | Inventories (notes 2, 3 and 7) | 2,427,174 | 3 | 2,051,392 | 3 | 2228 | Other payables (notes 24 and 26) | 3,099,257 | 4 | 3,304,113 | 4 |
| 1260 | Prepayments (notes 16 and 24) | 1,491,902 | 2 | 1,193,744 | 2 | 2224 | Balanced payable- property (notes 24 and 26) | 618,892 | 1 | 405,625 | 1 |
| 1286 | Deferred tax assets-current (note 2) | 255,906 | - | 287,501 | - | 2260 | Advanced receipts | 5,032,588 | 6 | 4,730,305 | 6 |
| | | | | | | 2271 | Current portion of bonds issued (notes 19 and 25) | 500,000 | 1 | - | - |
| 1291 | Pledged time deposits (note 25) | 25,690 | - | 25,690 | - | 2273 | Current portion of long-term borrowings (notes 20 and 25) | 2,456,000 | 3 | 2,356,792 | 3 |
| 1292 | Refundable deposits - current (notes 14 and 16) | 116,000 | - | 156,000 | - | 2280 | Other current liability | 899,067 | 1 | 889,659 | 1 |
| 1298 | Other current assets | 29,383 | - | 25,244 | - | 21XX | Total current liability | 37,750,850 | 43 | 34,828,666 | 44 |
| 11XX | Total current assets | 14,797,667 | 17 | 13,361,168 | 17 | | LONG-TERM LIABILITIES, NET OF CURRENT PORTION | | | | |
| | LONG-TERM INVESTMENTS | | | | | 2410 | Bonds issued (note 19 and 25) | 1,200,000 | 1 | 1,700,000 | 2 |
| 1421 | Investments accounted for by the equity method (notes 2, 8 and 25) | 8,346,529 | 9 | 7,664,247 | 10 | 2420 | Long-term borrowings (note 20, 24 and 25) | 18,594,438 | 21 | 14,629,363 | 18 |
| 1423 | Real estate, net (notes 2 and 10) | 93,600 | - | 93,600 | - | 24XX | Total long-term liabilities | 19,794,438 | 22 | 16,329,363 | 20 |
| 1450 | Available-for-sale financial assets-non current (notes 2, 6 and 25) | 4,925,592 | 6 | 4,729,141 | 6 | | RESERVE | | | | |
| 1480 | Financial assets carried at cost—non current (notes 2, 8, 9 and 25) | 846,857 | 1 | 893,027 | 1 | 2510 | Reserve for land revaluation increment tax (note 11) | 575,490 | 1 | 575,490 | 1 |
| 14XX | Total long-term investments | 14,212,578 | 16 | 13,380,015 | 17 | | OTHER LIABILITIES | | | | |
| | PROPERTY (notes 2, 11, 12, 13, 24, 25 and 26) | | | | | 2810 | Accrued pension costs (note 2) | 229,770 | - | 318,484 | - |
| | Cost | | | | | 2820 | Deposits received (note 13) | 547,994 | 1 | 566,195 | 1 |
| 1501 | Land | 6,591,451 | 7 | 6,546,471 | 8 | 2860 | Deferred tax liability-non current | 158,146 | - | - | - |
| 1521 | Buildings and equipment | 20,819,278 | 24 | 18,483,255 | 23 | 2880 | Miscellaneous (note 24) | 40,157 | - | 33,127 | - |
| 1531 | Furniture and equipment | 8,809,799 | 10 | 9,042,802 | 11 | 28XX | Total other liabilities | 976,067 | 1 | 917,806 | 1 |
| 1631 | Leasehold improvements | 1,272,065 | 1 | 1,212,605 | 2 | 2XXX | Total liabilities | 59,096,845 | 67 | 52,651,325 | 66 |
| 15X1 | Total cost | 37,492,593 | 42 | 35,285,133 | 44 | | STOCKHOLDERS' EQUITY (note 2, 11, 21 and 22) | | | | |
| 15X8 | Revaluation increment | 1,212,414 | 1 | 1,193,498 | 1 | 3110 | Capital stock, NT\$ 10.00 par value | | | | |
| 15XY | Cost and appreciation | 38,705,007 | 43 | 36,478,631 | 45 | | Authorized-1,350,000 thousand shares Issued and Outstanding-1,212,326 thousands shares in 2010 and 1,177,015 thousand shares in 2009 | 12,123,259 | 13 | 11,770,154 | 15 |
| 15X9 | Less: Accumulated depreciation | 14,259,192 | 16 | 12,931,131 | 16 | | Capital surplus: | | | | |
| | | 24,445,815 | 27 | 23,547,500 | 29 | | Additional paid-in capital - share issuance in excess of par | 2,175,718 | 3 | 2,175,718 | 3 |
| 1671 | Construction in progress and prepayments for equipment | 6,163,543 | 7 | 6,408,273 | 8 | 3210 | Treasury stock transactions | 964,467 | 1 | 835,591 | 1 |
| 1672 | | | | | | 3220 | Long-term investments | 384,640 | - | 372,157 | - |
| 1627 | Leasehold rights, net | 8,806,946 | 10 | 8,441,255 | 11 | 3260 | Total Capital Surplus | 3,524,825 | 4 | 3,383,466 | 4 |
| 15XX | Properties leased to others, net | 865,539 | 1 | 1,008,703 | 1 | 32XX | Retained earnings | | | | |
| | Net property | 40,281,843 | 45 | 39,405,731 | 49 | 3310 | Legal reserve | 1,525,328 | 2 | 1,496,641 | 2 |
| | INTANGIBLE ASSETS | | | | | 3320 | Special reserve | 1,000,564 | 1 | 1,484,033 | 2 |
| 1760 | Goodwill (note 2) | 7,235,601 | 8 | 7,612,870 | 10 | 3350 | Unappropriated earnings | 2,544,179 | 3 | 612,422 | - |
| 1770 | Deferred pension costs (note 2) | 133,554 | - | 83,167 | - | 33XX | Total retained earnings | 5,070,071 | 6 | 3,593,096 | 4 |
| 17XX | Total intangible assets | 7,369,155 | 8 | 7,696,037 | 10 | | Other equity adjustments | | | | |
| | OTHER ASSETS | | | | | 3420 | Cumulative translation adjustments | 101,418 | - | 519,397 | 1 |
| 1820 | Refundable deposits—non current (notes 12, 14, 16, 24 And 26) | 1,576,684 | 2 | 1,369,026 | 2 | 3430 | Net losses not recognized as pension costs | (10,386) | - | (6,224) | - |
| 1810 | Idle assets, net (notes 2, 15 and 25) | 381,107 | 1 | 383,989 | - | 3450 | Unrealized valuation gains on financial instruments | 2,417,680 | 3 | 1,541,275 | 2 |
| 1850 | Long-term prepayments (notes 16 and 24) | 7,173,218 | 8 | 3,599,904 | 5 | 3460 | Unrealized asset revaluation increment | 883,944 | 1 | 883,944 | 1 |
| 1840 | Prepaid pension costs (note 2) | 200,425 | - | 194,385 | - | 3480 | Treasury Stock—13,392 thousand shares in 2010 and 17,473 thousand shares in 2009 | (71,230) | - | (95,723) | - |
| 1860 | Deferred tax assets—non current (note 2) | - | - | 135,465 | - | 34XX | Total other equity adjustment | 3,321,426 | 4 | 2,842,669 | 4 |
| 1887 | Restricted asset (notes 25 and 26) | 2,699,827 | 3 | 127,741 | - | | Majority interest | 24,039,581 | 27 | 21,589,385 | 27 |
| 1888 | Miscellaneous (note 24) | 79,798 | - | 120,968 | - | 3610 | Minority interest | 5,635,876 | 6 | 5,533,719 | 7 |
| 18XX | Total other assets | 12,111,059 | 14 | 5,931,478 | 7 | 3XXX | Total stockholders' equity | 29,675,457 | 33 | 27,123,104 | 34 |
| 1XXX | TOTAL | \$ 88,772,302 | 100 | \$ 79,774,429 | 100 | | Total | \$ 88,772,302 | 100 | \$ 79,774,429 | 100 |

FAR EASTERN DEPARTMENT STORES, LTD.
CONSOLIDATED 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 | | | | |
| 4110 | Sales (notes 2 and 24) | \$ 24,569,962 | 98 | \$ 22,501,224 | 98 |
| 4881 | Other operating revenues (notes 2 and 24) | <u>621,996</u> | <u>2</u> | <u>438,330</u> | <u>2</u> |
| 4000 | Total revenues | <u>25,191,958</u> | <u>100</u> | <u>22,939,554</u> | <u>100</u> |
| | COSTS (notes 7 and 24) | | | | |
| 5110 | Cost of goods sold | 19,818,768 | 79 | 18,133,550 | 79 |
| 5800 | Other operating costs | <u>108,266</u> | <u>-</u> | <u>57,118</u> | <u>-</u> |
| 5000 | Total costs | <u>19,927,034</u> | <u>79</u> | <u>18,190,668</u> | <u>79</u> |
| 5910 | GROSS PROFIT | <u>5,264,924</u> | <u>21</u> | <u>4,748,886</u> | <u>21</u> |
| | OPERATING EXPENSES (notes 11, 12, 16, 24 and 26) | | | | |
| 6100 | Selling | 2,751,103 | 11 | 2,584,719 | 11 |
| 6200 | General and administrative | <u>1,305,430</u> | <u>5</u> | <u>1,391,447</u> | <u>6</u> |
| 6000 | Total operating expenses | <u>4,056,533</u> | <u>16</u> | <u>3,976,166</u> | <u>17</u> |
| 6900 | OPERATING INCOME | <u>1,208,391</u> | <u>5</u> | <u>772,720</u> | <u>4</u> |
| | NONOPERATING INCOME AND GAINS | | | | |
| 7130 | Gain on disposal of property (notes 2 and 13) | 79,791 | - | - | - |
| 7310 | Valuation gain on financial instruments, net (notes 2 and 5) | 37,518 | - | 7,638 | - |
| 7110 | Interest income | 26,804 | - | 28,031 | - |
| 7140 | Gain on disposal of investments, net | 472 | - | - | - |

(Continued)

| Code | | 2010 | | 2009 | |
|---|---|---------------------|----------------|---------------------|----------------|
| | | Year ended March 31 | | Year ended March 31 | |
| | | Amount | % | Amount | % |
| 7121 | Equity in earning of equity-method investees, net (notes 2 and 8) | \$ - | - | \$ 51,031 | - |
| 7480 | Other income (note 24) | <u>104,379</u> | <u>1</u> | <u>161,312</u> | <u>1</u> |
| 7100 | Total non-operating income and gains | <u>248,964</u> | <u>1</u> | <u>248,012</u> | <u>1</u> |
| NONOPERATING EXPENSES AND LOSSES | | | | | |
| 7510 | Interest expenses (notes 11,24 and 26) | 117,641 | 1 | 169,426 | 1 |
| 7520 | Equity in loss of equity method investee, net (notes 2 and 8) | 84,367 | - | - | - |
| 7540 | Loss on disposal of property (note 2) | - | - | 3,247 | - |
| 7880 | Other expenses (note 15) | <u>35,833</u> | <u>-</u> | <u>31,881</u> | <u>-</u> |
| 7500 | Total non-operating expenses and losses | <u>237,841</u> | <u>1</u> | <u>204,554</u> | <u>1</u> |
| 7900 | INCOME BEFORE INCOME TAX | 1,219,514 | 5 | 816,178 | 4 |
| 8110 | INCOME TAX (note 2) | <u>326,071</u> | <u>1</u> | <u>233,482</u> | <u>1</u> |
| 9600 | NET INCOME | <u>\$ 893,443</u> | <u>4</u> | <u>\$ 582,696</u> | <u>3</u> |
| ATTRIBUTED TO : | | | | | |
| 9601 | Equity holders of the parent | \$ 575,967 | 3 | \$ 325,558 | 2 |
| 9602 | Minority interest | <u>317,476</u> | <u>1</u> | <u>257,138</u> | <u>1</u> |
| | | <u>\$ 893,443</u> | <u>4</u> | <u>\$ 582,696</u> | <u>3</u> |
| Code | | Before Tax | After Tax | Before Tax | After Tax |
| CONSOLIDATED 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> |

(Concluded)

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

| | 2010 Year ended March 31 | 2009 Year ended March 31 |
|--|--------------------------------|--------------------------------|
| CASH FLOWS FROM OPERATING | | |
| ACTIVITIES | | |
| Net income | \$ 893,443 | \$ 582,696 |
| Depreciation | 465,035 | 409,302 |
| Amortization of deferred charges | 5,754 | 4,330 |
| Amortization of leasehold rights included in rental expense | 63,047 | 79,662 |
| Valuation gain on financial instruments | (37,518) | (7,638) |
| Unrealized loss on physical inventory and slow-moving inventories | 10,233 | 7,712 |
| Equity in (earnings) losses of equity-method investees, net | 84,367 | (51,031) |
| Gain on disposal of investments, net | (472) | - |
| Loss (gain) on disposal of property and idle assets, net | (79,791) | 3,247 |
| Amortization of prepaid rent | 82,795 | 100,893 |
| Deferred income taxes | 11,484 | 31,441 |
| Increase in prepaid pension cost | (5,578) | (229) |
| Accrued pension cost | 3,214 | 4,451 |
| Net changes in operating assets and liabilities | | |
| Financial assets at fair value through profit or loss | 36,849 | (7,373) |
| Notes and account receivable | 95,282 | 132,413 |
| Other receivables | 143,551 | (52,763) |
| Inventories | (202,868) | 239,840 |
| Prepayments | (176,569) | (364,987) |
| Other current assets | 3,120 | 223,154 |
| Notes and account payable | (3,761,641) | (5,047,077) |
| Income tax payable | 93,934 | 3,402 |
| Accrued expenses | (663,449) | (602,796) |
| Other accounts payable | (132,096) | (509,739) |
| Advanced receipts | 357,153 | 305,123 |
| Other current liabilities | <u>225,647</u> | <u>97,161</u> |
| Net cash provided by operating activities | <u>(2,485,074)</u> | <u>(4,418,806)</u> |

(Continued)

| | 2010 Year ended March 31 | 2009 Year ended March 31 |
|---|--------------------------------|--------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Decrease in pledged time deposits | \$ 194,940 | \$ 444,768 |
| Acquisition of available-for-sale financial assets | (12,968) | - |
| Acquisition of property | (764,199) | (221,542) |
| Proceeds of disposal of property | 48,817 | 1,350 |
| Decrease (increase) in refundable deposits | (130,965) | 30,041 |
| Decrease (increase) in restricted assets | 300,794 | (107,448) |
| Decrease (increase) in other assets | (<u>14,211</u>) | <u>62,738</u> |
| Net cash used in investing activities | (<u>377,792</u>) | <u>209,907</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (decrease) in short-term debts | (545,554) | 941,926 |
| Increase (decrease) in short-term notes and bills payable | (219,622) | 262,478 |
| Increase in long-term borrowings | 2,144,822 | 522,741 |
| Increase in deposits received | 62,918 | 108,135 |
| Increase in other liabilities | 8,365 | 1,082 |
| Dividend from previous years paid | (<u>18</u>) | (<u>20</u>) |
| Net cash provided by financing activities | <u>1,450,911</u> | <u>1,836,342</u> |
| Effects of exchange rate changes | (<u>18,241</u>) | <u>6,487</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (1,430,196) | (2,366,070) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>9,645,109</u> | <u>9,526,092</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 8,214,913</u> | <u>\$ 7,160,022</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Interest paid | \$ 101,154 | \$ 142,172 |
| Less : Capitalized interest | <u>31,970</u> | <u>28,980</u> |
| Interest paid, excluding capitalized interest | <u>\$ 69,184</u> | <u>\$ 113,192</u> |
| Income tax paid | <u>\$ 135,601</u> | <u>\$ 118,368</u> |
| NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Proceeds of 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>\$ 24,721</u> | <u>\$ 59,199</u> |

(Continued)

| | 2010 Year ended March 31 | 2009 Year ended March 31 |
|--|--------------------------------|--------------------------------|
| Current portion of bonds issued | <u>\$ 500,000</u> | <u>\$ -</u> |
| Current portion of long-term borrowings | <u>\$2,456,000</u> | <u>\$2,356,792</u> |
| CASH PAID FOR ACQUISITION OF PROPERTY | | |
| Acquisition of property | \$ 422,456 | \$ 269,588 |
| Increase in construction in progress and prepayments for equipment | 161,392 | 82,334 |
| Decrease (increase) in balance payable - property | <u>180,351</u> | <u>(130,380)</u> |
| Cash paid | <u>\$ 764,199</u> | <u>\$ 221,542</u> |

(Concluded)