

FAR EASTERN DEPARTMENT STORES, LTD.
CONSOLIDATED BALANCE SHEETS
June 30, 2010 AND 2009
(In thousands of New Taiwan Dollars, Except Par Value)

C o d e	ASSETS		2010/6/30		2009/6/30		C o d e	LIBILITIES AND STOCKHOLDERS' EQUITY		2010/6/30		2009/6/30			
	Amounts	%	Amounts	%	Amounts	%		Amounts	%	Amounts	%				
	CURRENT ASSETS							CURRENT LIABILITIES							
1100	Cash and cash equivalents		\$ 8,819,726	9	\$ 7,155,718	9	2100	Short-term debts	\$ 14,403,215	15	\$ 6,862,543	8			
1310	Financial assets at fair value through profit or loss- current		405,481	1	650,181	1	2110	Short-term notes and bills payable	4,366,008	5	4,340,973	5			
1320	Available-for-Sales financial assets – current		397,016	-	387,573	1	2140	Notes and accounts payable	11,287,137	12	10,641,216	13			
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT 225,044 thousands in 2010 and 230,566 thousands in 2009.		517,394	1	360,223	-	2160	Income tax payable	837,090	1	372,426	-			
1160	Other receivables		757,274	1	519,166	1	2170	Accrued expenses	2,363,364	2	2,100,587	3			
120X	Inventories		2,166,034	2	2,003,162	2	2228	Other payables	4,263,336	4	4,038,791	5			
1260	Prepayments		1,350,745	2	1,009,667	1	2224	Balanced payable- property	522,364	1	491,623	1			
1275	Non current assets classified as held for sale		388,345	-	-	-	2260	Advanced receipts	4,716,174	5	4,438,685	6			
1286	Deferred tax assets-current		240,841	-	241,246	-	2271	Current portion of bonds issued	500,000	1	-	-			
1291	Pledged time deposits		556,165	1	594,615	1	2272	Current portion of long-term borrowings	1,918,000	2	1,914,763	2			
1292	Refundable deposits - current		77,000	-	156,000	-	2280	Other current liability	920,332	1	742,488	1			
1298	Other current assets		52,420	-	91,441	-	21XX	Total current liability	46,097,020	49	35,944,095	44			
11XX	Total current assets		15,728,441	17	13,168,992	16									
	INVESTMENTS							LONG-TERM LIABILITIES, NET OF CURRENT PORTION							
1421	Long-term investments accounted for by the equity method		8,041,515	9	8,013,484	10	2410	Bonds issued	1,200,000	1	1,700,000	2			
1423	Real estate, net		1,229,610	1	93,600	-	2420	Long-term borrowings	17,657,838	19	14,280,383	18			
1450	Available-for-sale financial assets-non current		4,577,966	5	5,956,018	8	24XX	Total long-term liabilities	18,857,838	20	15,980,383	20			
1480	Financial assets carried at cost – non current		450,753	-	886,888	1									
14XX	Total investments		14,299,844	15	14,949,990	19									
	PROPERTY							RESERVE							
	Cost							Reserve for land revaluation increment tax							
1501	Land		6,591,451	7	6,518,241	8	2510		575,490	-	575,490	1			
1521	Buildings and equipment		20,872,340	22	18,945,411	23									
1531	Furniture and equipment		8,753,693	9	8,928,391	11									
1631	Leasehold improvements		1,277,258	2	1,187,663	2									
15X1	Total cost		37,494,742	40	35,579,706	44									
15X8	Revaluation increment		1,212,414	1	1,193,498	1									
15XY	Cost and appreciation		38,707,156	41	36,773,204	45									
15X9	Less: Accumulated depreciation		14,622,398	16	13,227,927	16									
			24,084,758	25	23,545,277	29									
1670	Construction in progress and prepayments for equipment		11,462,219	12	6,674,292	8									
1681	Leasehold rights, net		9,262,772	10	8,415,583	11									
1627	Properties leased to others, net		876,633	1	1,004,737	1									
15XX	Net property		45,686,382	48	39,639,889	49									
	INTANGIBLE ASSETS							STOCKHOLDERS' EQUITY							
1750	Computer software cost		50,890	-	-	-		Capital stock, NTS 10.00 par value							
1760	Goodwill		7,293,501	8	7,418,876	9		Authorized-1,350,000 thousand shares Issued and							
1770	Deferred pension costs		133,554	-	83,167	-		Outstanding-1,212,326 thousand shares in 2010 and							
17XX	Total intangible assets		7,477,945	8	7,502,043	9		1,177,015 thousand shares in 2009				12,123,259	13	11,770,154	15
								Stock dividend to be distributed				303,082	-	353,105	-
								Capital surplus:							
								Additional paid-in capital – share issuance in excess							
								of par				2,175,718	2	2,175,718	3
								Treasury stock transactions				964,467	1	835,591	1
								Long-term investments				375,936	1	373,376	-
								Total Capital Surplus				3,516,121	4	3,384,685	4
								Retained earnings							
								Legal reserve				1,718,606	2	1,525,328	2
								Special reserve				1,000,564	1	1,000,564	1
								Unappropriated earnings				1,263,741	1	563,641	1
								Total retained earnings				3,982,911	4	3,089,533	4
								Other equity adjustments							
								Cumulative translation adjustments				186,446	-	312,464	-
								Net losses not recognized as pension costs				(10,706)	-	(6,224)	-
								Unrealized valuation gains on financial instruments				2,057,122	2	3,130,201	4
								Unrealized asset revaluation increment				883,944	1	883,944	1
								Treasury Stock – 13,392 thousand shares in 2010 and							
								17,473 thousand shares in 2009				(71,230)	-	(95,723)	-
								Total other equity adjustment				3,045,576	3	4,224,662	5
								Total stockholders' equity of parent company				22,970,949	24	22,822,139	28
								Minority interest				5,315,680	6	4,878,878	6
								Total stockholders' equity				28,286,629	30	27,701,017	34
1XXX	TOTAL		\$ 94,777,777	100	\$ 81,103,446	100		Total				\$ 94,777,777	100	\$ 81,103,446	100

FAR EASTERN DEPARTMENT STORES, LTD.
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED June 30, 2010 AND 2009
(In thousands of New Taiwan Dollars, Expect Par Value)

Code		2010		2009	
		Year ended June 30		Year ended June 30	
		Amount	%	Amount	%
	REVENUES				
4110	Sales	\$47,204,681	98	\$44,090,629	98
4800	Other operating revenues	<u>1,159,166</u>	<u>2</u>	<u>933,880</u>	<u>2</u>
4000	Total revenues	<u>48,363,847</u>	<u>100</u>	<u>45,024,509</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	38,068,241	79	35,591,524	79
5800	Other operating costs	<u>203,017</u>	<u>-</u>	<u>139,366</u>	<u>-</u>
5000	Total costs	<u>38,271,258</u>	<u>79</u>	<u>35,730,890</u>	<u>79</u>
5910	GROSS PROFIT	<u>10,092,589</u>	<u>21</u>	<u>9,293,619</u>	<u>21</u>
	OPERATING EXPENSES				
6100	Selling	5,402,525	11	5,192,790	12
6200	General and administrative	<u>2,743,067</u>	<u>6</u>	<u>2,719,437</u>	<u>6</u>
6000	Total operating expenses	<u>8,145,592</u>	<u>17</u>	<u>7,912,227</u>	<u>18</u>
6900	OPERATING INCOME	<u>1,946,997</u>	<u>4</u>	<u>1,381,392</u>	<u>3</u>
	NONOPERATING INCOME AND GAINS				
7130	Gain on disposal of property and idle assets, net	70,280	-	-	-
7110	Interest income	43,994	-	50,063	-
7160	Gains on exchange	5,103	-	-	-
7140	Gain on disposal of investments, net	1,666	-	3,307	-
7122	Dividend Income	1,498	-	773	-
7121	Equity in earning of equity-method investees, net	-	-	232,103	1

(Continued)

Code		2010		2009	
		Year ended June 30		Year ended June 30	
		Amount	%	Amount	%
7310	Valuation gain on financial instruments, net	-	-	32,318	-
7480	Other income	<u>136,151</u>	-	<u>227,380</u>	-
7100	Total non-operating income and gains	<u>258,692</u>	-	<u>545,944</u>	<u>1</u>
	NONOPERATING EXPENSES AND LOSSES				
7510	Interest expenses	279,748	1	284,017	1
7521	Equity in loss of equity-method investes, net	130,668	-	-	-
7640	Valuation loss on financial assets	11,967	-	-	-
7631	Impairment loss on financial assets	8,956	-	-	-
7530	Loss on disposal of property and idle assets	-	-	5,854	-
7560	Losses on Exchange	-	-	1,803	-
7880	Other expenses	<u>71,513</u>	-	<u>89,596</u>	-
7500	Total non-operating expenses and losses	<u>502,852</u>	<u>1</u>	<u>381,270</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	1,702,837	3	1,546,066	3
8110	INCOME TAX	<u>577,627</u>	<u>1</u>	<u>625,402</u>	<u>1</u>
9600XX	NET INCOME	<u>\$ 1,125,210</u>	<u>2</u>	<u>\$ 920,664</u>	<u>2</u>
	ATTRIBUTED TO :				
9601	Stockholders of the parent	\$ 701,133	1	\$ 528,205	1
9602	Minority interest	<u>424,077</u>	<u>1</u>	<u>392,459</u>	<u>1</u>
		<u>\$ 1,125,210</u>	<u>2</u>	<u>\$ 920,664</u>	<u>2</u>
C o d e		Before Tax	After Tax	Before Tax	After Tax
	CONSOLIDATED EARNINGS PER SHARE				
9750	Basic	<u>\$ 0.69</u>	<u>\$ 0.58</u>	<u>\$ 0.50</u>	<u>\$ 0.44</u>
9850	Diluted	<u>\$ 0.68</u>	<u>\$ 0.58</u>	<u>\$ 0.50</u>	<u>\$ 0.44</u>

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED June 30, 2010 AND 2009
(In thousands of New Taiwan Dollars)

	2010 Year ended June 30	2009 Year ended June 30
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,125,210	\$ 920,664
Depreciation	860,935	842,160
Amortization of deferred charges	20,289	9,860
Amortization of leasehold rights included in rental expense	125,209	158,985
Impairment loss on financial assets	8,956	-
Valuation (gain) losses on financial instruments	11,967	(32,318)
Equity in (earnings) losses of equity-method investees, net	130,668	(232,103)
Gain on disposal of investments, net	(1,666)	(3,307)
Loss (gain) on disposal of property and idle assets, net	(70,280)	5,854
Amortization of prepaid rent	165,592	183,689
Loss on unrealized physical inventory and slow-moving inventories	40,269	39,144
Deferred income taxes	58,357	90,639
Increase in prepaid pension cost	(10,663)	(396)
Accrued pension cost	5,117	10,546
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	392,766	685,124
Notes and account receivable	13,483	177,490
Other receivables	178,915	(100,458)
Inventories	28,236	256,638
Prepayments	(47,913)	(158,412)
Other current assets	(19,917)	160,819
Notes and account payable	(4,267,188)	(3,843,621)
Accrued expenses	(470,651)	(268,362)
Income tax payable	161,251	(1,361)
Other payable	(187,589)	(196,974)
Advanced receipts	128,552	135,058
Other current liabilities	<u>246,912</u>	<u>(804,628)</u>
Net cash used in by operating activities	<u>(1,373,183)</u>	<u>(1,965,270)</u>

CASH FLOWS FROM INVESTING ACTIVITIES
(Continued)

	2010 Year ended June 30	2009 Year ended June 30
	<u> </u>	<u> </u>
Acquisition of available-for-sale financial assets	(12,968)	-
Acquisition of property	(6,816,706)	(1,005,488)
Acquisition of real estate	(1,136,010)	-
Proceeds of the disposal of property	139,403	52,636
Increase in restricted assets	(67,777)	(106,334)
Decrease (increase) in refundable deposits	(79,965)	77,151
Decrease (increase) in pledged time deposits	480,210	(124,157)
Acquisition of intangible assets	(59,183)	-
Increase in other assets	(<u>19,414</u>)	(<u>25,453</u>)
Net cash used in investing activities	(<u>7,572,410</u>)	(<u>1,131,645</u>)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term debts	7,217,158	(85,127)
Increase in short-term notes and bills payable	374,866	907,197
Increase (decrease) in long-term borrowings	670,222	(268,268)
Increase in deposits received	22,424	186,704
Increase in other liabilities	(119)	-
Dividend from previous years paid	(18)	-
Dividend paid to minority interest	(<u>178,490</u>)	-
Net cash (used in) provided by financing activities	<u>8,106,043</u>	<u>740,506</u>
 EFFECTS OF EXCHANGE RATE CHANGES	 <u>14,167</u>	 <u>(13,965)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (825,383)	 (2,370,374)
 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>\$ 8,819,726</u>	 <u>\$ 7,155,718</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 311,761	\$ 212,767
Less : Capitalized interest	<u>64,972</u>	<u>66,250</u>
Interest paid, excluding capitalized interest	<u>\$ 246,789</u>	<u>\$ 146,517</u>
Income tax paid	<u>\$ 266,363</u>	<u>\$ 289,459</u>
 NONCASH INVESTING AND FINANCING ACTIVITIES		
Cash dividends payable (Classified as other payables)	<u>\$ 909,244</u>	<u>\$ 353,105</u>
Adjustment to advance receipts and depreciation	<u>\$ 112,534</u>	<u>\$ 101,757</u>

(Continued)

	2010 Year ended June 30	2009 Year ended June 30
Dividends receivable from equity-method investees (classified as Related Parties-others)	<u>\$ 289,746</u>	<u>\$ -</u>
Current portion of bonds issued	<u>\$ 500,000</u>	<u>\$ -</u>
Current portion of long-term borrowings	<u>\$ 1,918,000</u>	<u>\$ 1,914,763</u>
Adjustment to real estate received in advance (classified as advance receipts) and disposal of property	<u>\$ 36,000</u>	<u>\$ -</u>
Dividend payable to minority interest shown under notes payable	<u>\$ 488,818</u>	<u>\$ 700,079</u>
 CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 6,550,541	\$ 1,189,557
Decrease (increase) in balance payable - property	<u>266,165</u>	<u>(184,069)</u>
Cash paid	<u>\$ 6,816,706</u>	<u>\$ 1,005,488</u>

(Concluded)