

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

C o d e	ASSETS	2010/6/30		2009/6/30		C o d e	LIABILITIES AND STOCKHOLDERS' EQUITY	2010/6/30		2009/6/30	
		Amounts	%	Amounts	%			Amounts	%	Amounts	%
	CURRENT ASSETS						CURRENT LIABILITIES				
1100	Cash	\$ 275,716	1	\$ 257,965	1	2100	Short-term debts	\$ 2,650,000	6	\$ 1,750,000	4
1320	Available-for-Sales financial assets – current	196,505	-	193,567	-	2110	Short-term notes and bills payable	1,399,077	3	1,149,104	3
1120	Notes of account receivable	17,354	-	3,549	-	2140	Notes and accounts payable	1,731,978	4	1,571,164	4
	Notes of accounts receivable, net of allowance for doubtful accounts of NT \$ 4,133 thousands in 2010 and 8,799 thousands in 2009.	185,044	-	73,024	-	2150	Related parties-payables	19,524	-	19,027	-
1150	Related parties - notes and receivables	35,124	-	23,047	-	2190	Related parties - others	127,079	-	117,502	-
1180	Related parties - others	429,760	1	281,578	1	2160	Income tax payable	125,515	-	65,039	-
1160	Other receivables	67,421	-	56,087	-	2170	Accrued expenses	633,212	2	525,029	1
120X	Inventories	199,763	1	212,319	1	2216	Dividend payable	909,244	2	353,105	1
1260	Prepayments	342,457	1	139,622	-	2228	Other payables	173,516	-	195,971	1
1286	Deferred tax assets-current	29,082	-	30,732	-	2260	Advanced receipts	1,395,346	3	1,357,400	3
1298	Other current assets	39,498	-	14,302	-	2270	Current portion of bonds issued	500,000	1	-	-
11XX	Total current assets	<u>1,817,724</u>	<u>4</u>	<u>1,285,792</u>	<u>3</u>	2280	Other current liabilities	<u>785,534</u>	<u>2</u>	<u>610,795</u>	<u>1</u>
						21XX	Total current liabilities	<u>10,450,025</u>	<u>23</u>	<u>7,714,136</u>	<u>18</u>
	INVESTMENTS						LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
1421	Long-term investments accounted for by the equity method	16,894,746	37	16,845,364	39	2410	Bonds issued	1,200,000	3	1,700,000	4
1450	Available-for-sale financial assets-non current	2,124,962	5	2,495,434	6	2420	Long-term borrowings	<u>10,190,000</u>	<u>22</u>	<u>10,485,534</u>	<u>24</u>
1480	Financial assets carried at cost	115,755	-	158,345	-	24XX	Total long-term liabilities	<u>11,390,000</u>	<u>25</u>	<u>12,185,534</u>	<u>28</u>
14XX	Total investments	<u>19,135,463</u>	<u>42</u>	<u>19,499,143</u>	<u>45</u>						
	PROPERTY					2510	RESERVES				
	Cost						Reserve for land revaluation increment tax	<u>575,490</u>	<u>1</u>	<u>575,490</u>	<u>1</u>
1501	Land	4,128,297	9	4,072,720	10		OTHER LIABILITIES				
1521	Buildings and equipment	7,206,640	16	6,129,623	14	2820	Deposits received	37,485	-	38,983	-
1531	Furniture and equipment	<u>3,344,370</u>	<u>7</u>	<u>3,164,607</u>	<u>7</u>	2860	Deferred tax liabilities - noncurrent	98,514	1	15,666	-
15X1	Total cost	14,679,307	32	13,366,950	31	2881	Deferred credits - gains on related-party transactions	11,366	-	11,366	-
15X8	Revaluation increment	<u>1,212,414</u>	<u>3</u>	<u>1,193,498</u>	<u>2</u>	2888	Miscellaneous	-	-	1,257	-
15XY	Cost and appreciation	15,891,721	35	14,560,448	33	28XX	Total other liabilities	<u>147,365</u>	<u>1</u>	<u>67,272</u>	<u>-</u>
15X9	Less: Accumulated depreciation	<u>4,897,303</u>	<u>11</u>	<u>4,500,812</u>	<u>10</u>	2XXX	Total liabilities	<u>22,562,880</u>	<u>50</u>	<u>20,542,432</u>	<u>47</u>
		10,994,418	24	10,059,636	23		STOCKHOLDERS' EQUITY				
1670	Construction in progress	6,392,253	14	6,634,752	15		Capital stock NT\$10.00 par value				
1681	Leasehold rights, net	5,189,368	11	4,140,094	10		Authorized - 1,350,000 thousand shares				
1627	Properties leased to others, net	<u>1,253,989</u>	<u>3</u>	<u>1,004,737</u>	<u>2</u>	3110	Issued and outstanding - 1,212,326 thousand share in 2010 and 1,177,015 thousand shares in 2009	<u>12,123,259</u>	<u>26</u>	<u>11,770,154</u>	<u>27</u>
15XX	Net property	<u>23,830,028</u>	<u>52</u>	<u>21,839,219</u>	<u>50</u>		Stock dividend to be distributed	<u>303,082</u>	<u>1</u>	<u>353,105</u>	<u>1</u>
	OTHER ASSETS					3150	Capital surplus				
1810	Idle assets, net	380,090	1	383,259	1		Additional paid-in capital - share issuance in excess of par	2,175,718	5	2,175,718	5
1820	Refundable deposits	158,597	-	157,282	-	3210	Treasury Stock transactions	964,467	2	835,591	2
1840	Prepaid pension costs	205,510	1	194,552	1	3220	Long-term investments	375,936	1	373,376	1
1880	Miscellaneous	6,417	-	5,324	-	3260	Total capital surplus	<u>3,516,121</u>	<u>8</u>	<u>3,384,685</u>	<u>8</u>
18XX	Total other assets	<u>750,614</u>	<u>2</u>	<u>740,417</u>	<u>2</u>	32XX	Retained earnings:				
						3310	Legal reserve	1,718,606	4	1,525,328	4
						3320	Special reserve	1,000,564	2	1,000,564	2
						3350	Unappropriated earnings	<u>1,263,741</u>	<u>3</u>	<u>563,641</u>	<u>1</u>
						33XX	Total retained earnings	<u>3,982,911</u>	<u>9</u>	<u>3,089,533</u>	<u>7</u>
							Other equity adjustments				
						3420	Cumulative translation adjustments	186,446	-	312,464	1
						3430	Net loss not recognized as pension costs	(10,706)	-	(6,224)	-
						3450	Unrealized valuation gains on financial instruments	2,057,122	4	3,130,201	7
						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>3,045,576</u>	<u>6</u>	<u>4,224,662</u>	<u>10</u>
						3XXX	Total stockholders' equity	<u>22,970,949</u>	<u>50</u>	<u>22,822,139</u>	<u>53</u>
1XXX	TOTAL	<u>\$ 45,533,829</u>	<u>100</u>	<u>\$ 43,364,571</u>	<u>100</u>		TOTAL	<u>\$ 45,533,829</u>	<u>100</u>	<u>\$ 43,364,571</u>	<u>100</u>

FAR EASTERN DEPARTMENT STORES, LTD.
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				
4100	Sales	\$10,700,980	99	\$ 9,715,348	99
4800	Other operating revenues	<u>128,335</u>	<u>1</u>	<u>101,641</u>	<u>1</u>
4000	Total revenues	<u>10,829,315</u>	<u>100</u>	<u>9,816,989</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	8,580,133	79	7,818,808	80
5800	Other operating costs	<u>30,393</u>	<u>1</u>	<u>22,707</u>	<u>-</u>
5000	Total costs	<u>8,610,526</u>	<u>80</u>	<u>7,841,515</u>	<u>80</u>
5910	GROSS PROFIT	<u>2,218,789</u>	<u>20</u>	<u>1,975,474</u>	<u>20</u>
	OPERATING EXPENSES				
6100	Selling	407,206	4	352,320	3
6200	General and administrative	<u>1,347,115</u>	<u>12</u>	<u>1,356,997</u>	<u>14</u>
6000	Total operating expenses	<u>1,754,321</u>	<u>16</u>	<u>1,709,317</u>	<u>17</u>
6900	OPERATING INCOME	<u>464,468</u>	<u>4</u>	<u>266,157</u>	<u>3</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earnings of equity-method investees, net	289,285	3	384,767	4
7130	Gain on disposal of property and idle assets, net	80,069	1	-	-
7110	Interest income	605	-	1,008	-
7480	Other income	<u>54,581</u>	<u>-</u>	<u>56,266</u>	<u>-</u>
7100	Total nonoperating income and gains	<u>424,540</u>	<u>4</u>	<u>442,041</u>	<u>4</u>
	NONOPERATING EXPENSES AND LOSSES				

(Continued)

Code		2010		2009	
		Year ended June 30		Year ended June 30	
		Amount	%	Amount	%
7510	Interest expenses	30,743	-	67,836	1
7530	Loss on disposal of property and idle assets	-	-	838	-
7880	Other expenses	<u>36,782</u>	<u>1</u>	<u>38,474</u>	<u>-</u>
7500	Total non-operating expenses and losses	<u>67,525</u>	<u>1</u>	<u>107,148</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	821,483	7	601,050	6
8110	INCOME TAX	<u>120,350</u>	<u>1</u>	<u>72,845</u>	<u>1</u>
9600	NET INCOME	<u>\$ 701,133</u>	<u>6</u>	<u>\$ 528,205</u>	<u>5</u>

Code		Before Tax	After Tax	Before Tax	After Tax
	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>

Pro forma information on the assumption that the Company's shares traded or held by subsidiaries are treated as investments instead of treasury stocks :

Code		Before Tax	After Tax	Before Tax	After Tax
	EARNINGS PER SHARE				
9750	Basic	<u>\$ 0.68</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.
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
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 701,133	\$ 528,205
Depreciation	213,209	188,328
Amortization of deferred charges	3,130	3,397
Amortization of leasehold rights included in rental expense	37,411	37,411
Equity in earnings of equity-method investees, net	(289,285)	(384,767)
Cash dividends from equity-method investees	1,123,866	1,027,241
Loss (gain) on disposal of property and idle assets, net	(80,069)	838
Deferred income taxes	(5,167)	6,680
Increase in prepaid pension cost	(10,663)	(396)
Net changes in operating assets and liabilities		
Notes receivable	(4,034)	10,513
Accounts receivable	(4,203)	95,736
Account receivable-related parties	20,375	7,744
Other receivables	47,309	33,167
Inventories	16,553	83,910
Prepayments	(193,193)	(67,334)
Other current assets	(23,065)	587
Accounts payable	(506,733)	(255,284)
Accounts payable-related parties	(1,729)	(32,441)
Income tax payable	125,515	65,039
Accrued expenses	(70,871)	(7,005)
Other payable	(1,847)	(4,165)
Advanced receipts	50,500	(19,802)
Other current liabilities	<u>201,550</u>	<u>18,930</u>
Net cash provided by (used in) operating activities	<u>1,349,692</u>	<u>1,336,532</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for by the equity method	(100,000)	-
Proceeds of disposal of property	139,026	47
Acquisition of property	(1,451,861)	(645,390)
Increase in other assets	(1,081)	-
Decrease in refundable deposits	<u>431</u>	<u>1,546</u>
Net cash used in investing activities	<u>(1,413,485)</u>	<u>(643,797)</u>

(continued)

	2010 Year ended June 30	2009 Year ended June 30
	<u> </u>	<u> </u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term debts	-	(1,200,000)
Decrease in short-term notes and bills payable	(49,857)	(645,130)
Increase in long-term borrowings	111,853	1,123,282
Decrease in deposits received	(1,387)	(390)
Dividend from previous years paid	(18)	(1,520)
Net cash (used in) provided by financing activities	<u>60,591</u>	<u>(723,758)</u>
NET INCREASE (DECREASE) IN CASH	(3,202)	(31,023)
CASH, BEGINNING OF YEAR	<u>278,918</u>	<u>288,988</u>
CASH, END OF YEAR	<u>\$ 275,716</u>	<u>\$ 257,965</u>
SUPPLEMENT CASH FLOW INFORMATION		
Interest paid	\$ 62,756	\$ 98,334
Less: Capitalized interest	<u>64,972</u>	<u>66,250</u>
Interest paid, excluding capitalized interest	<u>\$ -</u>	<u>\$ 32,084</u>
Income tax paid	<u>\$ 2</u>	<u>\$ 1</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Cash dividends payable	\$ 909,244	\$ 353,105
Current portion of bonds issued	<u>\$ 500,000</u>	<u>\$ -</u>
Cash dividends receivable from equity-method investees (Classified as Related Parties-others)	<u>\$ 145,207</u>	<u>\$ 246,517</u>
Adjustment to advance receipts and depreciation	<u>\$ 49,878</u>	<u>\$ 50,743</u>
Adjustment to real estate received in advance (classified as advance receipts) and disposal of property	<u>\$ 36,000</u>	<u>\$ -</u>
Classification of credit balance in long-term investment to other liability	<u>\$ -</u>	<u>\$ 1,257</u>
CASH PAID FOR ACQUISITION OF PROPERTY		
Increase in fixed and rental assets	\$ 56,085	\$ 583,983
Increase in construction in progress and prepaid equipment	445,884	-
Acquisition of leasehold rights	769,430	59,837
Decrease in balance payable - property - related parties	1,832	-
Decrease in balance payable-property	<u>178,630</u>	<u>1,570</u>
Cash paid	<u>\$1,451,861</u>	<u>\$ 645,390</u>
(Concluded)		