

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

C o d e	ASSETS		2010/9/30		2009/9/30		C o d e	LIBILITIES AND STOCKHOLDERS' EQUITY		2010/9/30		2009/9/30	
	Amounts	%	Amounts	%	Amounts	%		Amounts	%	Amounts	%		
	CURRENT ASSETS							CURRENT LIABILITIES					
1100	Cash and cash equivalents		\$ 7,285,058	8	\$ 7,275,550	9	2100	Short-term debts	\$ 12,928,227	14	\$ 7,202,854	9	
1310	Financial assets at fair value through profit or loss- current						2110	Short-term notes and bills payable	3,641,927	4	4,356,809	5	
			422,215	-	556,784	1	2140	Notes and accounts payable	11,141,425	12	10,242,387	12	
1320	Available-for-Sales financial assets – current		541,198	1	363,539	-	2160	Income tax payable	869,877	1	548,166	1	
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT 225,044 thousands in 2010 and 230,629 thousands in 2009		651,204	1	568,457	1	2170	Accrued expenses	2,378,229	2	2,174,498	3	
1160	Other receivables		565,934	1	497,648	1	2228	Other payables	3,281,790	3	3,779,217	4	
120X	Inventories		2,649,345	3	2,344,707	3	2224	Balanced payable- property	484,992	1	377,863	-	
1260	Prepayments		1,472,633	1	1,253,169	1	2260	Advanced receipts	5,018,313	5	4,765,348	6	
1275	Non current assets classified as held for sale		-	-	89,461	-	2272	Current portion of long-term borrowings	1,868,000	2	1,767,577	2	
1286	Deferred tax assets-current		240,050	-	243,451	-	2271	Current portion of bonds issued	-	-	500,000	1	
1291	Pledged time deposits		353,920	-	556,413	1	2286	Deferred tax liabilities-current	28	-	36	-	
1292	Refundable deposits - current		37,350	-	156,000	-	2298	Other current liability	919,282	1	840,691	1	
1298	Other current assets		36,676	-	41,323	-	21XX	Total current liability	42,532,090	45	36,555,446	44	
11XX	Total current assets		14,255,583	15	13,946,502	17							
	INVESTMENTS							LONG-TERM LIABILITIES, NET OF CURRENT PORTION					
1421	Long-term investments accounted for by the equity method		8,469,653	9	8,131,122	10	2410	Bonds issued	2,200,000	2	1,200,000	1	
1423	Real estate, net		1,226,103	1	93,600	-	2420	Long-term borrowings	18,311,185	19	14,539,884	18	
1425	Prepayments for long-term investments in stocks		-	-	195,514	-	24XX	Total long-term liabilities	20,511,185	21	15,739,884	19	
1450	Available-for-sale financial assets-non current		5,526,487	6	5,725,477	7							
1480	Financial assets carried at cost – non current						2510	RESERVE					
			433,516	-	889,871	1		Reserve for land revaluation increment tax	575,490	1	575,490	1	
14XX	Total investments		15,655,759	16	15,035,584	18							
	PROPERTY							OTHER LIABILITIES					
	Cost						2810	Accrued pension costs	230,499	-	310,701	-	
1501	Land		6,591,451	7	6,287,360	8	2820	Deposits received	503,132	1	548,823	1	
1521	Buildings and equipment		21,103,714	22	19,237,018	23	2860	Deferred tax liability-non current	305,938	-	48,098	-	
1531	Furniture and equipment		8,825,033	9	8,805,653	11	2888	Miscellaneous	32,702	-	33,127	-	
1631	Leasehold improvements		1,284,370	2	1,189,243	1	28XX	Total other liabilities	1,072,271	1	940,749	1	
15X1	Total cost		37,804,568	40	35,519,274	43							
15X8	Revaluation increment		1,212,414	1	1,193,498	2	2XXX	Total liabilities	64,691,036	68	53,811,569	65	
15XY	Cost and appreciation		39,016,982	41	36,712,772	45							
15X9	Less: Accumulated depreciation		14,978,202	15	13,563,906	17	3110	STOCKHOLDERS' EQUITY					
1670	Construction in progress and prepayments for equipment		24,038,780	26	23,148,866	28		Capital stock, NTS 10.00 par value					
1681	Leasehold rights, net		11,495,268	12	7,237,070	9		Authorized-1,350,000 thousand shares Issued and					
1627	Properties leased to others, net		9,705,666	10	8,372,889	10		Outstanding-1,242,634 thousand shares in 2010 and 1,212,326thousand shares in 2009	12,426,341	13	12,123,259	15	
15XX	Net property		46,112,895	49	39,669,926	48		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	904,456	1	
								Long-term investments	375,936	1	373,376	-	
								Total Capital Surplus	3,516,121	4	3,453,550	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	2,022,431	2	1,219,694	2	
								Total retained earnings	4,741,601	5	3,745,586	5	
								Other equity adjustments					
								Cumulative translation adjustments	27,861	-	221,718	-	
								Net losses not recognized as pension costs	(10,706)	-	(6,224)	-	
								Unrealized valuation gains on financial instruments	3,400,236	3	3,132,179	4	
								Unrealized asset revaluation increment	883,944	1	883,944	1	
								Treasury Stock – 13,727 thousand shares in 2010 and 15,391 thousand shares in 2009	(71,230)	-	(81,862)	-	
								Total other equity adjustment	4,230,105	4	4,149,755	5	
								Total stockholders' equity of parent company	24,914,168	26	23,472,150	29	
								Minority interest	5,451,458	6	4,916,159	6	
								Total stockholders' equity	30,365,626	32	28,388,309	35	
1XXX	TOTAL		\$ 95,056,662	100	\$ 82,199,878	100		Total	\$ 95,056,662	100	\$ 82,199,878	100	

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

Code		2010		2009	
		Year ended September 30		Year ended September 30	
		Amount	%	Amount	%
	REVENUES				
4110	Sales	\$69,855,659	98	\$64,513,309	98
4800	Other operating revenues	<u>1,639,631</u>	<u>2</u>	<u>1,651,769</u>	<u>2</u>
4000	Total revenues	<u>71,495,290</u>	<u>100</u>	<u>66,165,078</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	56,235,758	79	52,356,659	79
5800	Other operating costs	<u>147,395</u>	<u>-</u>	<u>136,044</u>	<u>-</u>
5000	Total costs	<u>56,383,153</u>	<u>79</u>	<u>52,492,703</u>	<u>79</u>
5910	GROSS PROFIT	<u>15,112,137</u>	<u>21</u>	<u>13,672,375</u>	<u>21</u>
	OPERATING EXPENSES				
6100	Selling	8,172,060	11	7,717,446	12
6200	General and				
	administrative	<u>4,236,880</u>	<u>6</u>	<u>4,043,314</u>	<u>6</u>
6000	Total operating expenses	<u>12,408,940</u>	<u>17</u>	<u>11,760,760</u>	<u>18</u>
6900	OPERATING INCOME	<u>2,703,197</u>	<u>4</u>	<u>1,911,615</u>	<u>3</u>
	NONOPERATING INCOME AND GAINS				
7122	Dividend income	272,235	1	245,828	-
7121	Equity in earning of equity-method investees, net	80,508	-	271,901	1
7130	Gain on disposal of property and idle assets, net	68,144	-	-	-
7110	Interest income	62,964	-	64,280	-
7160	Gains on exchange	12,880	-	-	-
7140	Gain on disposal of investments, net	1,796	-	235,893	-
7310	Valuation gain on financial instruments, net	-	-	67,167	-
7480	Other income	<u>154,084</u>	<u>-</u>	<u>292,458</u>	<u>1</u>

(Continued)

Code		2010		2009	
		Year ended September 30		Year ended September 30	
		Amount	%	Amount	%
7100	Total non-operating income and gains	<u>652,611</u>	<u>1</u>	<u>1,177,527</u>	<u>2</u>
	NONOPERATING EXPENSES AND LOSSES				
7510	Interest expenses	369,825	1	373,329	1
7640	Valuation loss on financial assets	18,221	-	-	-
7530	Loss on disposal of property and idle assets	-	-	12,227	-
7630	Losses on financial asset at cost	21,426	-	-	-
7560	Losses on Exchange	-	-	2,002	-
7880	Other expenses	<u>130,211</u>	<u>-</u>	<u>115,180</u>	<u>-</u>
7500	Total non-operating expenses and losses	<u>539,683</u>	<u>1</u>	<u>502,738</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	2,816,125	4	2,586,404	4
8110	INCOME TAX	<u>764,519</u>	<u>1</u>	<u>837,917</u>	<u>1</u>
9600	NET INCOME	<u>\$ 2,051,606</u>	<u>3</u>	<u>\$ 1,748,487</u>	<u>3</u>
	ATTRIBUTED TO :				
9601	Stockholders of the parent	\$ 1,459,823	2	\$ 1,184,258	2
9602	Minority interest	<u>591,783</u>	<u>1</u>	<u>564,229</u>	<u>1</u>
		<u>\$ 2,051,606</u>	<u>3</u>	<u>\$ 1,748,487</u>	<u>3</u>
Code		Before Tax	After Tax	Before Tax	After Tax
	CONSOLIDATED EARNINGS PER SHARE				
9750	Basic	<u>\$ 1.30</u>	<u>\$ 1.19</u>	<u>\$ 1.03</u>	<u>\$ 0.97</u>
9850	Diluted	<u>\$ 1.30</u>	<u>\$ 1.19</u>	<u>\$ 1.03</u>	<u>\$ 0.97</u>

(Concluded)

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

	2010 Year ended September 30	2009 Year ended September 30
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,051,606	\$ 1,748,487
Depreciation	1,303,405	1,249,471
Amortization of deferred charges	28,958	13,067
Amortization of leasehold rights included in rental expense	187,368	228,148
Losses on financial asset	21,426	-
Cash dividends from equity-method investees	290,457	-
Equity in losses (earnings) of equity-method investees, net	(80,508)	(271,901)
Valuation (gain) losses on financial instruments	18,221	(67,167)
Loss on unrealized physical inventory and slow-moving inventories	62,378	73,747
Gain on disposal of investments, net	(1,796)	(235,893)
Loss (gain) on disposal of property and idle assets, net	(68,144)	12,227
Amortization of long-term prepaid rent	248,388	285,306
Deferred income taxes	62,536	77,070
Prepaid pension cost	(15,713)	(21,867)
Accrued pension cost	3,943	18,038
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	369,908	815,355
Notes and account receivable	(120,327)	(66,531)
Other receivables	80,509	(44,796)
Inventories	(477,184)	(119,510)
Prepayments	(182,301)	(461,329)
Other current assets	(4,173)	207,075
Notes and account payable	(4,412,900)	(4,217,670)
Accrued expenses	(455,786)	(194,451)
Income tax payable	194,038	174,379
Other payable	(211,285)	(454,704)
Advanced receipts	484,169	410,938
Other current liabilities	<u>245,862</u>	<u>48,193</u>
Net cash used in by operating activities	<u>(376,945)</u>	<u>(794,318)</u>

(Continued)

	2010 Year ended September 30	2009 Year ended September 30
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in pledged time deposits	682,455	(85,955)
Acquisition of investments accounted for by the equity method	-	(122,480)
Acquisition of real estate	(1,136,010)	-
Increase in prepayments for long-term investments in stocks	-	(195,514)
Acquisition of available-for-sale financial assets	(12,968)	-
Proceeds of the disposal of available-for-sale financial assets	-	482,762
Acquisition of financial assets carried at cost	-	(6,930)
Proceeds of the disposal of financial assets carried at cost	388,345	-
Acquisition of property	(7,815,242)	(1,717,372)
Proceeds of the disposal of property and idle assets	139,689	53,035
Increase in real estate received in advance	-	36,000
Acquisition of intangible assets	(59,627)	-
Decrease (increase) in refundable deposits	(126,060)	29,680
Increase in restricted assets	(66,724)	(504,544)
Decrease (increase) in other assets	(13,085)	105,017
Net cash used in investing activities	<u>(8,019,227)</u>	<u>(1,926,301)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term debts	5,742,170	255,184
Increase(decrease) in short-term notes and bills payable	(349,215)	923,033
Issuance of bonds	1,000,000	-
Repayments of bonds issued	(500,000)	-
Increase (decrease) in long-term borrowings	1,273,569	(155,953)
Increase in deposits received	18,056	90,763
Increase in other liabilities	910	1,082
Proceeds of subsidiaries' disposal of parent's shares	-	82,734
Dividend paid to minority interest	(225,195)	(271,161)
Cash dividends and payment of bonus to employees and remuneration to supervisors and directors	(909,276)	(358,533)
Net cash (used in) provided by financing activities	<u>6,051,019</u>	<u>567,149</u>
EFFECTS OF EXCHANGE RATE CHANGES	(14,898)	(97,072)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,360,051)	(2,250,542)
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>\$ 7,285,058</u>	<u>\$ 7,275,550</u>

(Continued)

	2010 Year ended September 30	2009 Year ended September 30
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 410,110	\$ 286,521
Less : Capitalized interest	<u>100,058</u>	<u>112,316</u>
Interest paid, excluding capitalized interest	<u>\$ 310,052</u>	<u>\$ 174,205</u>
Income tax paid	<u>\$ 506,206</u>	<u>\$ 418,521</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Properties leased to others reclassified to noncurrent assets classified as held for sale	\$ <u>-</u>	\$ <u>89,461</u>
Adjustment to advance receipts and depreciation	<u>\$ 166,012</u>	<u>\$ 165,971</u>
Current portion of bonds issued	<u>\$ -</u>	<u>\$ 500,000</u>
Current portion of long-term borrowings	<u>\$ 1,868,000</u>	<u>\$ 1,767,577</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 (classified as other payables)	<u>\$ 450,931</u>	<u>\$ 696,638</u>
Dividends receivable from equity-method investees	<u>\$ 1,557</u>	<u>\$ -</u>
CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 7,527,089	\$ 1,838,087
(Increase) decrease in balance payable - property	<u>288,153</u>	<u>(120,715)</u>
Cash paid	<u>\$ 7,815,242</u>	<u>\$ 1,717,372</u>
(Concluded)		