

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

C o d e	ASSETS	2010/12/31		2009/12/31		C o d e	LIBILITIES AND STOCKHOLDERS' EQUITY	2010/12/31		2009/12/31	
		Amounts	%	Amounts	%			Amounts	%	Amounts	%
	<b>CURRENT ASSETS</b>						<b>CURRENT LIABILITIES</b>				
1100	Cash and cash equivalents	\$ 10,622,565	11	\$ 9,645,109	11	2100	Short-term debts	\$ 6,696,420	7	\$ 7,186,057	8
1310	Financial assets at fair value through profit or loss- current	1,465,478	1	808,548	1	2110	Short-term notes and bills payable	3,977,425	4	3,534,116	4
1320	Available-for-Sales financial assets – current	581,938	1	458,502	1	2140	Notes and accounts payable	17,261,837	17	16,011,351	17
1140	Notes of accounts receivable, net of allowance for doubtful accounts of NT 226,430 thousands in 2010 and 224,671 thousands in 2009.	538,971	1	530,877	1	2160	Income tax payable	1,040,886	1	675,839	1
1160	Other receivables	405,899	-	646,443	1	2170	Accrued expenses	2,630,714	2	2,834,015	3
120X	Inventories	2,519,667	3	2,234,539	2	2228	Other payables	3,088,977	3	3,231,371	3
1260	Prepayments	1,427,824	1	1,327,832	1	2224	Balance payable- property	671,871	1	799,243	1
1275	Non current assets classified as held for sale	1,128,997	1	89,461	-	2260	Advanced receipts	4,994,462	5	4,736,156	5
1286	Deferred tax assets-current	170,443	-	257,972	-	2271	Current portion of bonds issued	-	-	500,000	1
1291	Pledged time deposits	390,782	-	1,036,375	1	2272	Current portion of long-term borrowings	2,738,898	3	2,845,577	3
1292	Refundable deposits - current	-	-	155,000	-	2280	Other current liability	836,525	1	673,420	1
1298	Other current assets	35,293	-	32,503	-	21XX	Total current liability	43,938,015	44	43,027,145	47
11XX	Total current assets	19,287,857	19	17,223,161	19		<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION</b>				
	<b>INVESTMENTS</b>					2410	Bonds issued	2,200,000	2	1,200,000	1
1421	Long-term investments accounted for by the equity method	8,563,729	9	8,540,823	9	2420	Long-term borrowings	19,615,597	20	16,060,039	18
1423	Real estate, net	93,600	-	93,600	-	24XX	Total long-term liabilities	21,815,597	22	17,260,039	19
1450	Available-for-sale financial assets-non current	5,548,553	6	5,530,892	6		<b>RESERVE</b>				
1480	Financial assets carried at cost – non current	423,014	-	848,258	1	2510	Reserve for land revaluation increment tax	508,719	1	575,490	1
14XX	Total investments	14,628,896	15	15,013,573	16		<b>OTHER LIABILITIES</b>				
	<b>PROPERTY</b>					2810	Accrued pension costs	229,474	-	226,556	-
	<b>Cost</b>					2820	Deposits received	495,512	1	485,076	1
1501	Land	6,419,803	6	6,591,450	7	2860	Deferred tax liability-non current	328,667	-	239,056	-
1521	Buildings and equipment	20,378,005	21	20,632,355	23	2888	Miscellaneous	59,542	-	31,792	-
1531	Furniture and equipment	8,521,739	9	8,880,899	10	28XX	Total other liabilities	1,113,195	1	982,480	1
1631	Leasehold improvements	1,279,701	1	1,232,392	1		<b>STOCKHOLDERS' EQUITY</b>				
15X1	Total cost	36,599,248	37	37,337,096	41	2XXX	Total liabilities	67,375,526	68	61,845,154	68
15X8	Revaluation increment	1,231,856	1	1,212,414	1		<b>Capital stock, NT\$ 10.00 par value</b>				
15XY	Cost and appreciation	37,831,104	38	38,549,510	42	3110	Authorized-1,350,000 thousand shares Issued and Outstanding-1,242,634 thousands shares in 2010 and 1,212,326 thousand shares in 2009	12,426,341	12	12,123,259	13
15X9	Less: Accumulated depreciation	14,286,145	14	13,801,662	15		<b>Capital surplus:</b>				
1599	Less: Accumulated Impairment	34,263	-	-	-	3210	Additional paid-in capital – share issuance in excess of par	2,175,718	2	2,175,718	2
1670	Construction in progress and prepayments for equipment	11,897,570	12	6,002,151	7	3220	Treasury stock transactions	1,213,526	1	964,467	1
1681	Leasehold rights, net	10,362,857	10	8,616,015	9	3260	Long-term investments	375,941	1	384,643	1
1627	Properties leased to others, net	844,731	1	882,934	1	32XX	Total Capital Surplus	3,765,185	4	3,524,828	4
15XX	Net property	46,615,854	47	40,248,948	44		<b>Retained earnings</b>				
	<b>INTANGIBLE ASSETS</b>					3310	Legal reserve	1,718,606	2	1,525,328	2
1750	Computer software cost	42,008	-	-	-	3320	Special reserve	1,000,564	1	1,000,564	1
1760	Goodwill	6,769,876	7	7,269,670	8	3350	Unappropriated earnings	3,129,751	3	1,968,212	2
1770	Deferred pension costs	130,693	-	133,554	-	33XX	Total retained earnings	5,848,921	6	4,494,104	5
17XX	Total intangible assets	6,942,577	7	7,403,224	8		<b>Other equity adjustments</b>				
	<b>OTHER ASSETS</b>					3420	Cumulative translation adjustments	( 374,215 )	-	139,364	-
1820	Refundable deposits – non current	1,743,076	2	1,406,719	2	3430	Net losses not recognized as pension costs	( 8,300 )	-	( 10,386 )	-
1810	Idle assets, net	574,975	1	381,675	1	3450	Unrealized valuation gains on financial instruments	3,578,911	3	3,192,918	3
1850	Long-term prepayments	6,962,329	7	7,243,514	8	3460	Unrealized asset revaluation increment	843,106	1	883,944	1
1840	Prepaid pension costs	215,728	-	194,847	-	3480	Treasury Stock – 7,086 thousand shares in 2010 and 13,392 thousand shares in 2009	( 36,770 )	-	( 71,230 )	-
1860	Deferred tax assets – non current	76,030	-	90,328	-	34XX	Total other equity adjustment	4,002,732	4	4,134,610	4
1887	Restricted asset	2,251,603	2	2,184,876	2		<b>Total stockholders' equity of parent company</b>	26,043,179	26	24,276,801	26
1888	Miscellaneous	67,710	-	70,854	-	3610	Minority interest	5,947,930	6	5,339,764	6
18XX	Total other assets	11,891,451	12	11,572,813	13	3XXX	Total stockholders' equity	31,991,109	32	29,616,565	32
1XXX	<b>TOTAL</b>	<b>\$ 99,366,635</b>	<b>100</b>	<b>\$ 91,461,719</b>	<b>100</b>	Total	<b>Total</b>	<b>\$ 99,366,635</b>	<b>100</b>	<b>\$ 91,461,719</b>	<b>100</b>

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

C o d e		2010		2009	
		Year ended December 31		Year ended December 31	
		Amount	%	Amount	%
	REVENUES				
4110	Sales	\$106,051,692	98	\$ 98,056,240	98
4800	Other operating revenues	<u>2,035,616</u>	<u>2</u>	<u>1,813,404</u>	<u>2</u>
4000	Total revenues	<u>108,087,308</u>	<u>100</u>	<u>99,869,644</u>	<u>100</u>
	COSTS				
5110	Cost of goods sold	84,690,623	79	78,334,800	79
5800	Other operating costs	<u>177,244</u>	<u>-</u>	<u>214,373</u>	<u>-</u>
5000	Total costs	<u>84,867,867</u>	<u>79</u>	<u>78,549,173</u>	<u>79</u>
5910	GROSS PROFIT	<u>23,219,441</u>	<u>21</u>	<u>21,320,471</u>	<u>21</u>
	OPERATING EXPENSES				
6100	Selling	12,612,052	11	12,113,101	12
6200	General and administrative	<u>6,128,256</u>	<u>6</u>	<u>5,704,505</u>	<u>5</u>
6000	Total operating expenses	<u>18,740,308</u>	<u>17</u>	<u>17,817,606</u>	<u>17</u>
6900	OPERATING INCOME	<u>4,479,133</u>	<u>4</u>	<u>3,502,865</u>	<u>4</u>
	NONOPERATING INCOME AND GAINS				
7121	Equity in earnings of equity-method investees, net	339,127	1	406,795	1
7122	Dividend income	273,131	-	246,795	-
7140	Gain on disposal of investments, net	133,156	-	297,172	-
7110	Interest income	91,950	-	98,878	-
7130	Gain on disposal of property and idle assets, net	60,369	-	-	-

( Continued )

C o d e		2010		2009	
		Year ended December 31		Year ended December 31	
		Amount	%	Amount	%
7160	Gains on exchange	17,072	-	-	-
7310	Valuation gain on financial instruments, net	11,948	-	83,435	-
7480	Other income	<u>669,301</u>	<u>1</u>	<u>349,713</u>	<u>-</u>
7100	Total non-operating income and gains	<u>1,596,054</u>	<u>2</u>	<u>1,482,788</u>	<u>1</u>
	NONOPERATING EXPENSES AND LOSSES				
7510	Interest expenses	480,098	1	347,987	1
7633	Impairment loss of property and idle assets	67,194	-	-	-
7630	Impairment losses on financial asset at cost	21,426	-	39,927	-
7530	Loss on disposal of property and idle assets	-	-	16,412	-
7560	Losses on Exchange	-	-	5,523	-
7880	Other expenses	<u>398,444</u>	<u>-</u>	<u>199,545</u>	<u>-</u>
7500	Total non-operating expenses and losses	<u>967,162</u>	<u>1</u>	<u>609,394</u>	<u>1</u>
7900	INCOME BEFORE INCOME TAX	5,108,025	5	4,376,259	4
8110	INCOME TAX	<u>1,247,845</u>	<u>1</u>	<u>1,459,681</u>	<u>1</u>
9600XX	NET INCOME	<u>\$ 3,860,180</u>	<u>4</u>	<u>\$ 2,916,578</u>	<u>3</u>
	ATTRIBUTED TO :				
9601	Stockholders of the parent	\$ 2,567,143	3	\$ 1,932,776	2
9602	Minority interest	<u>1,293,037</u>	<u>1</u>	<u>983,802</u>	<u>1</u>
		<u>\$ 3,860,180</u>	<u>4</u>	<u>\$ 2,916,578</u>	<u>3</u>
C o d e		2010		2009	
		Before Tax	After Tax	Before Tax	After Tax
	CONSOLIDATED EARNINGS PER SHARE				
9750	Basic	<u>\$ 2.25</u>	<u>\$ 2.09</u>	<u>\$ 1.66</u>	<u>\$ 1.58</u>
9850	Diluted	<u>\$ 2.25</u>	<u>\$ 2.08</u>	<u>\$ 1.65</u>	<u>\$ 1.57</u>
	(concluded)				

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

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,860,180	\$ 2,916,578
Depreciation	1,634,383	1,700,552
Amortization of deferred charges	38,267	36,185
Amortization of leasehold rights included in rental expense	249,209	315,943
Valuation gain on financial instruments	( 11,948)	( 83,435)
Loss on unrealized physical inventory and slow-moving inventories	33,438	58,226
Unrealized purchase discounts and allowances	28,298	11,000
Equity in (earnings) losses of equity-method investees, net	( 339,127)	( 406,795)
Cash dividends from equity-method investees	309,131	-
Gain on disposal of investments, net	( 133,156)	( 297,172)
Loss (gain) on disposal of property and idle assets, net	( 60,369)	16,412
Impairment loss on disposal of property and idle assets	67,194	-
Amortization of long-term prepaid rent	331,186	331,186
Impairment losses on financial asset	21,426	39,927
Deferred income taxes	191,438	345,163
Prepaid pension cost	( 20,881)	( 691)
Accrued pension cost	5,779	( 137,864)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	( 643,072)	579,894
Notes and account receivable	( 8,094)	( 28,951)
Other receivables	240,544	( 230,233)
Inventories	( 346,864)	( 4,821)
Prepayments	( 149,993)	( 432,230)
Other current assets	( 2,790)	215,895
Long-term prepayments	-	( 3,892,000)
Notes and account payable	1,250,486	1,551,294
Income tax payable	365,047	302,052
Accrued expenses	( 203,301)	465,065
Other payable	( 129,210)	( 307,026)
Advanced receipts	515,667	439,360
Other current liabilities	<u>163,105</u>	<u>( 119,078)</u>
Net cash provided by operating activities	<u>7,255,973</u>	<u>3,384,436</u>

( Continued )

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in pledged time deposits	645,593	( 565,917)
Acquisition of investments accounted for by the equity method	-	( 317,994)
Acquisition of available-for-sale financial assets	( 12,968)	-
Proceeds of the disposal of available-for-sale financial assets	291,042	633,733
Acquisition of financial assets carried at cost	-	( 6,930)
Proceeds of the disposal of financial assets carried at cost	388,345	-
Acquisition of property	( 9,244,893)	( 2,528,150)
Acquisition of real estate	( 1,136,010)	-
Proceeds of the disposal of property and idle assets	141,737	56,080
Increase in real estate received in advance	-	36,000
Acquisition of intangible assets	( 59,627)	-
Increase in refundable deposits	( 181,357)	( 6,652)
Increase in restricted assets	( 66,727)	( 2,164,583)
(Increase) decrease in other assets	( 15,786)	52,605
Net cash used in investing activities	<u>( 9,250,651)</u>	<u>( 4,811,808)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term debts	( 489,637)	238,387
Increase in short-term notes and bills payable	443,309	100,340
Issuance of bonds	1,000,000	-
Repayments of bonds issued	( 500,000)	-
Increase in long-term borrowings	3,448,879	2,442,202
Increase in deposits received	10,436	27,016
Increase in other liabilities	27,750	( 253)
Proceeds of subsidiaries' disposal of parent's shares	283,548	153,383
Dividend paid to minority interest	( 474,187)	( 1,042,293)
Cash dividends, bonuses paid to employees and remuneration paid to supervisors and directors	( 909,276)	( 359,858)
Net cash (used in) provided by financing activities	<u>2,840,822</u>	<u>1,558,924</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>131,312</u>	<u>( 12,535)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	977,456	119,017
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>\$ 10,622,565</u>	<u>\$ 9,645,109</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 522,127	\$ 478,499
<b>( Continued )</b>		

	<u>2010</u>	<u>2009</u>
Less : Capitalized interest	139,495	165,808
Interest paid, excluding capitalized interest	<u>\$ 382,632</u>	<u>\$ 312,691</u>
Income tax paid	<u>\$ 668,076</u>	<u>\$ 813,876</u>
 NONCASH INVESTING AND FINANCING ACTIVITIES		
Real estate reclassified to noncurrent assets classified as held for sale	<u>\$ 1,128,997</u>	<u>\$ -</u>
Adjustment to long-term prepayment and balance payable-property	<u>\$ -</u>	<u>\$ 18,820</u>
Properties leased to others reclassified to property	<u>\$ 223,150</u>	<u>\$ -</u>
Properties reclassified to idle assets	<u>\$ 346,340</u>	<u>\$ -</u>
Adjustment to impairment on reserve for land revaluation increment tax and unrealized asset revaluation increment	<u>\$ 107,609</u>	<u>\$ -</u>
Properties leased to others reclassified to noncurrent assets classified as held for sale	<u>\$ -</u>	<u>\$ 89,461</u>
Other asset-miscellaneous reclassified as other receivables	<u>\$ -</u>	<u>\$ 36,642</u>
Adjustment to advance receipts and depreciation	<u>\$ 221,361</u>	<u>\$ 223,585</u>
Current portion of bonds issued	<u>\$ -</u>	<u>\$ 500,000</u>
Current portion of long-term borrowings	<u>\$ 2,738,898</u>	<u>\$ 2,845,577</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>\$ 166,189</u>	<u>\$ 304,514</u>
 CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 9,097,047	\$ 3,070,968
Decrease (increase) in balance payable - property	<u>147,846</u>	<u>( 542,818)</u>
Cash paid	<u>\$ 9,244,893</u>	<u>\$ 2,528,150</u>
(Concluded)		