

## **Minutes of 2010 Annual General Shareholders' Meeting of Far Eastern Department Stores**

**Date:** Wednesday, 9 June 2010

**Time:** 9:00 a.m. Taipei time

**Place:** Auditorium in the Taipei Hero House

No. 20, Changsha Street, Section 1, Taipei, Taiwan

### **Shareholders present:**

**Number of shareholders and shareholder representatives present: 336 persons.**

**Total shares represented by shareholders present: 856,182,538 shares, which was 71.412% of total number of outstanding shares 1,198,933,506 shares.**

### **Invited observers:**

Certified Public Accountant: Mr. Shih Ching-Pin and Mrs. Yeh Shu-Chuan

Attorney: Mr. Chiang Ta-Chung

**Chairman:** Mr. Douglas T. Hsu, Chairman of the Board of Directors

**Recorder:** Mr. Frank Jou

**The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.**

**The speech of Chairman (omitted)**

**The speech of invited observers (none)**

### **A. Matters to be Reported.**

**1) Messages to Shareholders (omitted)**

**2) 2009 financial statements (please find attachment for 2009 financial statements)**

**3) Supervisors' audit report on 2009 business report and financial statements (omitted)**

**Shareholder # 0212298 Mr. Liu Tai Ann made suggestions to the company's overall operation.**

**Shareholder # 0208563 Securities and Futures Investors Protection center raised questions with respect to issues (1) the recognition of investment income from Pacific Liu Tong Investment Co. Ltd., (2) the restatement of financial statements, and (3) the legislation progress of SOGO litigation cases.**

**The questions were answered by the personnel designated by Chairman.**

### **B. Matters to be approved**

**1. To accept the 2009 financial statements.**

The Board of Directors proposes and recommends that each shareholder vote FOR the

acceptance of 2009 business report and financial statements.

**Explanatory Notes:**

- i. FEDS's 2009 financial report, including balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, have been audited by independent auditors, Mr. Yu Hong-Bin and Mr. Shih Ching-Pin of Deloitte & Touche (please refer to P.14-P.15), and have been examined by and determined to be correct and accurate by Supervisors of FEDS. We thereby submit this report.
- ii. The 2009 business report, independent auditors' audit report, and the above-mentioned financial statements are attached within "Matters to be reported".
- iii. Please approve the above-mentioned business report and financial statements.

**Upon solicitation of comments by the Chairman, there was no objection voiced and the resolution was adopted unanimously by the shareholders present:**

**RESOLVED, that the 2009 business report and financial statements be and hereby were accepted as submitted.**

**2. To approve the proposal for the distribution of 2009 surplus earning.**

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2009 surplus earning.

**Explanatory Notes:**

- i. All the closing transactions as of December 31, 2009 have been completely closed, and have been audited by the accounting firm, Deloitte and Touche. We thereby submit the proposal for distribution of 2009 profits:

1. Net Income of 2009	N.T\$ 1,932,776,042
2. 10% legal reserve (1*10%)	(193,277,604)
3. Undistributed profits of previous years	35,437,023
4. Earnings available for distribution (4=1-2+3)	1,774,935,461

- ii. The earnings available for distribution are allocated as the following:

1. Dividend (60%)	N.T\$ 782,145,690
2. Cash bonus to shareholders (33%)	430,180,130
3. Total Distribution	1,212,325,820

Note: To distributed employee bonus of NT 52,143,046 and compensation of directors and supervisors of NT 39,107,284.

- iii. Undistributed earnings after distribution N.T\$ 562,609,641
- iv. Source of 2009 dividend :
  1. Dividend of this year N.T\$ 782,145,690

- |                                            |               |
|--------------------------------------------|---------------|
| 2. Cash bonus to shareholders of this year | 430,180,130   |
| 3. Total amount                            | 1,212,325,820 |
- v. The major items of the Distribution of 2009 Dividend :
- |                                              |                   |
|----------------------------------------------|-------------------|
| 1.Cash dividends to holders of common share  |                   |
| (NT\$ 0.75 per share)                        | N.T\$ 909,244,360 |
| 2.Stock dividends to holders of common share |                   |
| (NT\$ 0.25 per share at par value)           | 303,081,460       |
| 3.Total amount of 1.00 per share             | 1,212,325,820     |
- vi. After being approved at the annual General Shareholders' meeting (2010), the cash dividends to holders of common share will be distributed on the record date to be determined by the Board of Directors. Should FEDS subsequently repurchase its common shares or issue new common shares according to Article 28-2 of the ROC Securities and Exchange Law and other relevant regulations, the total numbers of common shares outstanding may change, and the ultimate cash and stock to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of FEDS be authorized to adjust the cash and stock to be distributed to each common share based on the total amount of profits resolved to be distributed, the amount of earnings resolved to be capitalized, and the number of actual common shares outstanding on the record date for distribution.
- vii. Please approve the above-mentioned proposal for the distribution of 2009 profits.

**Upon solicitation of comments by the Chairman, there was no objection voiced and the resolution was adopted unanimously by the shareholders present:**

**RESOLVED, that the proposal to approve the distribution of 2009 surplus earning be and hereby were accepted as submitted.**

### **C. Discussion**

#### **1. Proposal to amend certain provisions of the Company's "Articles of Incorporation".**

**Please vote.**

**Board of Directors proposes:**

Explanatory Notes:

- i. We propose to amend Article 20, Article 27, Article 30 of the Company's "Articles of Incorporation". The amended provisions are shown in the attached comparison table.
- ii. Please approve the proposed resolutions.

Upon solicitation of comments by the Chairman, there was no objection voiced and the resolution was adopted unanimously by the shareholders present:

**RESOLVED, that the proposal to amend certain provisions of the Company's "Articles of Incorporation" be and hereby were accepted as submitted.**

Section	Current Articles	Proposed Changes	Reasons
Article 20	<p>Meetings of the Board of Directors, which shall be held quarterly, shall be convened by the Chairman. Unless otherwise stipulated by the Company Law, a quorum shall be present at the Board of Directors if it is attended by more than half of the Directors, and a resolution passed if approved by a majority of the Directors in attendance. The Chairman may where <u>necessary</u> convene meetings of the Board at any time.</p> <p>When a Director is unable to personally attend the meeting of the Board of Directors, he may entrust another Director to represent him in accordance with law.</p>	<p>Meetings of the Board of Directors, which shall be held quarterly, shall be convened by the Chairman. Unless otherwise stipulated by the Company Law, a quorum shall be present at the Board of Directors if it is attended by more than half of the Directors, and a resolution passed if approved by a majority of the Directors in attendance. The Chairman may, <u>in case of emergency</u>, convene meetings of the Board at any time.</p> <p>When a Director is unable to personally attend the meeting of the Board of Directors, he may entrust another Director to represent him in accordance with law.</p>	Modified according to Company Act Article 204.
Article 27	<p>The distribution of dividends shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Dividends shall be distributed at the ratio as set forth in these Articles of Incorporation aimed at maintaining the stability of dividend distributions. When distributing dividends, <u>in principal that</u> the cash dividends shall not be less than 10% of the aggregate sum of dividends and bonus distributed in the same year.</p>	<p>The distribution of dividends shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Dividends shall be distributed at the ratio as set forth in these Articles of Incorporation aimed at maintaining the stability of dividend distributions. When distributing dividends, the cash dividends shall not be less than 10% of the aggregate sum of dividends and bonus distributed in the same year.</p>	To further clarify the article. deleting some words of the dividend policy according to approval Letter issued on 2009.6.29 (FSC # 0980032145)
Article 30	<p>These Articles of Incorporation were drafted on August 2, 1967, and came into effect following its approval by a resolution of the General Shareholders' Meeting and the competent authorities. Amendments shall take effect following their approval at the Shareholders' Meetings.</p> <p>First amendment on December 20, 1967; Second amendment on October 2, 1968; Third amendment on July 29, 1969; Fourth amendment on August 26, 1969; Fifth amendment on February 19, 1970; Sixth amendment on June 26, 1970; Seventh amendment on August 21, 1972; Eighth amendment on March 30, 1973;</p>	<p>These Articles of Incorporation were drafted on August 2, 1967, and came into effect following its approval by a resolution of the General Shareholders' Meeting and the competent authorities. Amendments shall take effect following their approval at the Shareholders' Meetings.</p> <p>First amendment on December 20, 1967; Second amendment on October 2, 1968; Third amendment on July 29, 1969; Fourth amendment on August 26, 1969; Fifth amendment on February 19, 1970; Sixth amendment on June 26, 1970; Seventh amendment on August 21, 1972; Eighth amendment on March 30, 1973;</p>	Modified provision pursuant to the amended article

<p>Ninth amendment on May 2, 1974; Tenth amendment on May 30, 1975; Eleventh amendment on April 19, 1976; Twelfth amendment on March 25, 1977; Thirteenth amendment on March 6, 1978; Fourteenth amendment on April 6, 1979; Fifteenth amendment on April 18, 1980; Sixteenth amendment on April 9, 1981; Seventeenth amendment on April 15, 1982; Eighteenth amendment on November 29, 1982; Nineteenth amendment on May 12, 1983; Twentieth amendment on May 12, 1984; Twenty-first amendment on May 6, 1985; Twenty-second amendment on May 7, 1986; Twenty-third amendment on April 30, 1987; Twenty-fourth amendment on April 28, 1988; Twenty-fifth amendment on April 29, 1989; Twenty-sixth amendment on April 30, 1990; Twenty-seventh amendment on May 2, 1991; Twenty-eighth amendment on April 24, 1992; Twenty-ninth amendment on April 30, 1993; Thirtieth amendment on April 7, 1994; Thirty-first amendment on April 15, 1995; Thirty-second amendment on May 10, 1996; Thirty-third amendment on May 9, 1997; Thirty-fourth amendment on May 18, 1998; Thirty-fifth amendment on May 12, 1999; Thirty-sixth amendment on May 10, 2000; Thirty-seventh amendment on May 9, 2001; Thirty-eighth amendment on May 31, 2002; Thirty-ninth amendment on June 10, 2003; Fortieth amendment on June 2, 2006;</p>	<p>Ninth amendment on May 2, 1974; Tenth amendment on May 30, 1975; Eleventh amendment on April 19, 1976; Twelfth amendment on March 25, 1977; Thirteenth amendment on March 6, 1978; Fourteenth amendment on April 6, 1979; Fifteenth amendment on April 18, 1980; Sixteenth amendment on April 9, 1981; Seventeenth amendment on April 15, 1982; Eighteenth amendment on November 29, 1982; Nineteenth amendment on May 12, 1983; Twentieth amendment on May 12, 1984; Twenty-first amendment on May 6, 1985; Twenty-second amendment on May 7, 1986; Twenty-third amendment on April 30, 1987; Twenty-fourth amendment on April 28, 1988; Twenty-fifth amendment on April 29, 1989; Twenty-sixth amendment on April 30, 1990; Twenty-seventh amendment on May 2, 1991; Twenty-eighth amendment on April 24, 1992; Twenty-ninth amendment on April 30, 1993; Thirtieth amendment on April 7, 1994; Thirty-first amendment on April 15, 1995; Thirty-second amendment on May 10, 1996; Thirty-third amendment on May 9, 1997; Thirty-fourth amendment on May 18, 1998; Thirty-fifth amendment on May 12, 1999; Thirty-sixth amendment on May 10, 2000; Thirty-seventh amendment on May 9, 2001; Thirty-eighth amendment on May 31, 2002; Thirty-ninth amendment on June 10, 2003; Fortieth amendment on June 2, 2006; <u>Forty-first amendment of June 9, 2010</u></p>
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## 2. To approve the capitalization of 2009 stock dividends.

**The Board of Directors proposes and recommends that each shareholder votes FOR the capital increase of 2009 stock dividends.**

**Please vote.**

**Board of Directors proposes**

Explanatory Notes:

- i. For the purpose of improving the financial structure, it is proposed that FEDS's paid-in capital be increased by capitalizing the stock dividends to the holders of common share of NT\$303,081,460. A total number of 30,308,146 common shares, at par value of NT\$ 10

each share, shall be issued for such capital increase.

- ii. After being approved at the Annual General Shareholders' Meeting and accepted by the regulatory authority in charge, the new shares will be distributed on a record date to be determined by the Board of Directors. Each common share holder will be entitled to receive a stock dividend of 25 common shares for each 1,000 common shares held by such shareholders. If the stock dividends include any fractional shares which are less than one full share, in accordance with Article 240 of the Company Law, the distribution will be made in the form of cash rounded to the nearest dollar amount calculated at par value. Such fractional shares will be purchased by Far Eastern Recreation Center Employee's Welfare Committee of FEDS. The new issued common shares should have the right to enjoy dividends of 2010 and the same rights & obligation as the previous issued common shares.
- iii. Should FEDS subsequently repurchase its common shares or issue new common shares according to Article 28-2 of the ROC Securities and Exchange Law and other relevant regulations, the total numbers of common shares outstanding may change, and the ultimate stock to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of FEDS be authorized to adjust the cash and stock to be distributed to each common share based on the total amount of profits resolved to be distributed, the amount of earnings resolved to be capitalized, and the number of actual common shares outstanding on the record date for distribution.
- iv. Up to the year ended of February of 2010, the paid-in Capital is NT\$12,123,258,140 , a total number of 1,212,325,814 common shares, at par value of NT\$10 each share. After the proposed capital increase has been issued, the paid-in capital is NT\$12,426,339,600, at par value of NT\$10 each share, comes to total 1,242,633,960 common shares.
- v. Please approve the proposal for the capitalization of 2009 stock dividends.

**Shareholder # 0212298 Mr. Liu Tai Ann raised questions with respect to issues in unappropriated earnings contributed from Pacific Sogo Department Stores.**

**The questions were answered by the personnel designated by Chairman.**

**Upon solicitation of comments by the Chairman, there was no objection voiced and the resolution was adopted unanimously by the shareholders present:**

**RESOLVED, that the proposal to approve the capitalization of 2009 stock dividends be and hereby were accepted as submitted.**

**3.Proposal to amend certain provisions of the Company's "Regulations for Making Endorsements/Guarantees" and Company's "Regulations for Granting Loan to others".**

**Please vote.**

**Board of Directors proposes:**

**Explanatory Notes:**

- i. We propose to amend Article 2, Article 3 and Article 4 of the Company's "Regulations for

Granting Loan to Others” pursuant to the official letter of Financial Supervisory Commission, Executive Yuan under Ching-Kuan-Cheng-6-Tze No. 0990011375 dated March 19, 2010. The amended provisions are shown in the attached comparison table.

- ii. Pursuant to Article 12, paragraph 3 of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies (“Regulations”), the Company added Article 3 paragraph 2 “Regulations for Making Endorsements/Guarantees”: The aggregate amount of endorsements and guarantees provided by the Company and its subsidiaries is restricted to no more than 150% of the net worth of the Company....
  - 1 Pursuant to the Article 12 paragraph 3 of Regulations, the aggregate amount of endorsements/guarantees issued by the Company and its subsidiaries has reached 50% or more of the net worth of the Company, the Company should explain its necessity and rationale.
  - 2 To obtain better credit line and commercial term for lower cost and the increase of group synergy, there is essential need of making endorsements/guarantees between the Company and its subsidiaries. Therefore, it is necessary and rational that the aggregate balance of endorsements/guarantees issued by the Company and its subsidiaries has reached 150% of the net worth of the Company as shown in its latest financial statement.
- iii. Please approve the proposed resolutions.

**Objection raised by Shareholder # 0212298 Mr. Liu Tai Ann**

**Upon decision by the Chairman, the proposal was put through to vote.**

**RESOLVED, that the above proposals be and hereby were approved as proposed.**

**The number of share vote approval for the proposal was 481,059,676 , which was 56% of votes represented by the shareholders present. The number of share vote against the proposal was 7,748,907, which was 0.905% of votes represented by the shareholders present.**

**To amend certain provisions of the Company’s “Regulations for Making Endorsements/Guarantees ”**

Section	Current Articles	Proposed Changes	Reasons
Article 2	The Company may make endorsements/guarantees for the following companies: 1) companies with whom the Company has business relationships: 2) a company in which the Company directly	The Company may make endorsements/guarantees for the following companies: 1) companies with whom the Company has business relationships: 2) a company in which the Company directly	To consider the practical operational needs-and pursuant to Article

	<p>and indirectly holds more than 50 percent of the voting shares ; and</p> <p>3) a company that directly and indirectly holds more than 50 percent of the voting shares in the Company.</p> <p><u>Subsidiaries, whose voting shares are 100% owned, directly or indirectly, by the Company, may make endorsements/guarantees for each other.</u></p> <p>The above restrictions in the preceding two paragraphs shall not apply to the circumstances where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry, or for the co-producers of the same project, for the purpose of construction project, or where all shareholders make endorsements/guarantees for their jointly invested companies in proportion to their shareholding percentages.</p> <p>Invested companies said in the preceding paragraph are those invested directly by the Company, or by the subsidiaries of which the Company owns 100% voting shares.</p> <p>Subsidiaries and holding company as referred to in these Procedures shall be those as determined under the Statements of Financial Accounting Standards Nos. 5 and 7 announced by the Accounting Research and Development Foundation of the Republic of China.</p>	<p>and indirectly holds more than 50 percent of the voting shares ; and</p> <p>3) a company that directly and indirectly holds more than 50 percent of the voting shares in the Company.</p> <p><u>Companies in which the public company holds, directly or indirectly, 90% of the voting shares may make endorsements/guarantees for each other and the amount of an endorsement/guarantee shall not exceed 10% of the company's net worth. However Subsidiaries, whose voting shares are 100% owned, directly or indirectly, by the Company shall not apply to the circumstances.</u></p> <p>The above restrictions in the preceding two paragraphs shall not apply to the circumstances where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry, or for the co-producers of the same project, for the purpose of construction project, or where all shareholders make endorsements/guarantees for their jointly invested companies in proportion to their shareholding percentages.</p> <p>Invested companies said in the preceding paragraph are those invested directly by the Company, or by the subsidiaries of which the Company owns 100% voting shares.</p> <p>Subsidiaries and holding company as referred to in these Procedures shall be those as determined under the Statements of Financial Accounting Standards Nos. 5 and 7 announced by the Accounting Research and Development Foundation of the Republic of China.</p>	<p>5 ,paragraph 2 of the Regulations Governing Loaning of Funds and making of Endorsement s/ Guarantees by Public Companies ("Regulations"), wording of paragraph 2 modified.</p>
Article 3	<p>The aggregate amount of endorsements and guarantees issued by the Company shall be no more than the Company's net worth at the time the endorsements and guarantees are issued. The total amount of the Company's endorsements and guarantees provided for any individual</p>	<p>The aggregate amount of endorsements and guarantees issued by the Company shall be no more than the Company's net worth at the time the endorsements and guarantees are issued. The total amount of the Company's endorsements and guarantees provided for any individual</p>	<p>Pursuant to Article 12, paragraph 3 of the Regulations, additional term added.</p>



	<p>company shall be limited to 60% of the prior Company's endorsements and guarantees' full amount.</p>	<p>company shall be limited to 60% of the prior Company's endorsements and guarantees' full amount.</p> <p><u>The aggregate amount of endorsements and guarantees issued by the Company and its subsidiaries shall not exceed 150% of the net worth of the Company.</u></p> <p><u>The balance of endorsements/guarantees provided by the Company for an individual company shall not exceed 60% of the net worth of the Company. As the aggregate amount of endorsements and guarantees to others provided by the Company and its subsidiaries exceed more than 50% of the net worth of the company, the Company should state it's necessity and reasonableness in the shareholder's meeting.</u></p>	
Article 4	<p>Prior to the provision of endorsements or guarantees, the Company's finance department shall carefully evaluate its compliance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies ("Regulations"), these Procedures, including the following items and prepare and submit to the Board of Directors the evaluation report for approval; provided that, due to the time-constraints, the Board of Directors may authorize the Chairman to approve such provision subject to ratification by the Board of Directors in the upcoming meeting:</p> <ol style="list-style-type: none"> <li>1) necessity and rationale of the endorsements/guarantees;</li> <li>2) credit standing and risk evaluation of the party to be secured under such endorsements/guarantees;</li> <li>3) impact on the Company's operation, financial condition and shareholders' interests; and</li> <li>4) whether collaterals are required and appraised values of such collaterals.</li> </ol>	<p>Prior to the provision of endorsements or guarantees, the Company's finance department shall carefully evaluate its compliance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies ("Regulations"), these Procedures, including the following items and prepare and submit to the Board of Directors the evaluation report for approval; provided that, due to the time-constraints, the Board of Directors may authorize the Chairman to approve such provision subject to ratification by the Board of Directors in the upcoming meeting:</p> <ol style="list-style-type: none"> <li>1) necessity and rationale of the endorsements/guarantees;</li> <li>2) credit standing and risk evaluation of the party to be secured under such endorsements/guarantees;</li> <li>3) impact on the Company's operation, financial condition and shareholders' interests; and</li> <li>4) whether collaterals are required and appraised values of such collaterals.</li> </ol> <p><u>A company that directly and/or indirectly holds more than 90 % of the voting shares in the Company shall follow accordingly to Article 2, paragraph 2 to allow the Board of Directors to make any endorsements/guarantees to other parties. This, however, does not apply to any</u></p>	<ol style="list-style-type: none"> <li>1) Pursuant to Article 17, paragraph 2 of the Regulations, paragraph 2 added.</li> <li>2) The original paragraphs "2,3,4 and 5", have been reassigned as paragraphs "3,4,5, and 6".</li> <li>3) Pursuant to Article 12, paragraph 11 of the Regulations, paragraph 7 added.</li> </ol>

	<p>Where the Company provides endorsement and guarantees as a result of business transactions, it should separately assess whether the amount of endorsement and guarantee is comparable to the value involved in such business transactions. The value involved in the business transactions refers to the value represented by orders placed, sales or transactions contemplated by the parties during the year immediately prior to such provision of endorsements/guarantees.</p> <p>Where the Company proposes to provide an endorsement and/or guarantees as a result of business transactions which is in conformity with the conditions set out herein but exceed the limit as stipulated above as a result of business needs, it shall require the approval of the Board of Directors and the joint guarantee by more than half of the Directors in respect of the possible loss incurred by the excessive guarantee, as well as amendment to these Procedures subject to ratification by the Shareholders' Meeting. In the event that the Shareholders' Meeting raises objection, the Company shall formulate a proposal to cancel the excess within stipulated time limit.</p> <p>In the event that the Company has independent directors, the Board of Directors shall take into account the opinions of the independent directors and furthermore record in the minutes of such meetings the independent directors' consenting or dissenting opinions and the reasons in holding a meeting discussing the conditions above-mentioned, this Procedures or providing endorsements and/or guarantees.</p> <p>Where the parties secured by such endorsements/guarantees fail to comply with these Procedures or the amounts have exceeded the limits as a result of changes in the circumstances, the Company shall prepare improvement plans and forward the</p>	<p><u>company that directly and/or indirectly holds 100% of the voting shares in this company.</u></p> <p>Where the Company provides endorsement and guarantees as a result of business transactions, it should separately assess whether the amount of endorsement and guarantee is comparable to the value involved in such business transactions. The value involved in the business transactions refers to the value represented by orders placed, sales or transactions contemplated by the parties during the year immediately prior to such provision of endorsements/guarantees.</p> <p>Where the Company proposes to provide an endorsement and/or guarantees as a result of business transactions which is in conformity with the conditions set out herein but exceed the limit as stipulated above as a result of business needs, it shall require the approval of the Board of Directors and the joint guarantee by more than half of the Directors in respect of the possible loss incurred by the excessive guarantee, as well as amendment to these Procedures subject to ratification by the Shareholders' Meeting. In the event that the Shareholders' Meeting raises objection, the Company shall formulate a proposal to cancel the excess within stipulated time limit.</p> <p>In the event that the Company has independent directors, the Board of Directors shall take into account the opinions of the independent directors and furthermore record in the minutes of such meetings the independent directors' consenting or dissenting opinions and the reasons in holding a meeting discussing the conditions above-mentioned, this Procedures or providing endorsements and/or guarantees.</p> <p>Where the parties secured by such endorsements/guarantees fail to comply with these Procedures or the amounts have exceeded the limits as a result of changes in the circumstances, the Company shall prepare improvement plans and forward the</p>	
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	<p>same to the Supervisors. Corrections shall be completed within the time limit stipulated in improvement plans.</p>	<p>same to the Supervisors. Corrections shall be completed within the time limit stipulated in improvement plans.</p> <p><u>If the subsidiary which the Company and its subsidiaries make endorsements and guarantees to, and whose net worth is lower than half of it's paid-up capital, the Company should pay attention to its financial, operational and other related credit conditions.</u></p> <p><u>If there are collaterals provided, attention should be paid to the collateral's value change. Endorsements/Guarantees should be ended when major, unfavorable condition occurs.</u></p>	
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**To amend certain provisions of the Company's "Regulations for Granting Loan to others "**

<b>Section</b>	<b>Current Articles</b>	<b>Proposed Changes</b>	<b>Reasons</b>
Article 4	<p>(Procedure for Lending)</p> <p>When handling a loan by the Company, the Borrowers are required to present requisite financial information and the application to the Company's finance department for limits of loans. The finance department shall evaluate such application in accordance with the Regulations as well as these Procedures including the following items and prepare and submit to the Board of Directors the evaluation report for approval without authorizing any other persons to undertake the above-mentioned procedure:</p> <ol style="list-style-type: none"> <li>1) necessity and rationale of the loan;</li> <li>2) the Borrowers' credit standing and risk evaluation;</li> <li>3) impact on the Company's operation, financial condition and shareholders' interests; and</li> <li>4) whether collaterals are required and appraised values of such collaterals.</li> </ol>	<p>(Procedure for Lending)</p> <p>When handling a loan by the Company, the Borrowers are required to present requisite financial information and the application to the Company's finance department for limits of loans. The finance department shall evaluate such application in accordance with the Regulations as well as these Procedures including the following items and prepare and submit to the Board of Directors the evaluation report for approval without authorizing any other persons to undertake the above-mentioned procedure:</p> <ol style="list-style-type: none"> <li>1) necessity and rationale of the loan;</li> <li>2) the Borrowers' credit standing and risk evaluation;</li> <li>3) impact on the Company's operation, financial condition and shareholders' interests; and</li> <li>4) whether collaterals are required and appraised values of such collaterals.</li> </ol> <p><u>The lending of capital between the Company and its subsidiaries' or between the company's subsidiaries' should be proposed to the Board of Directors for approval.</u></p> <p><u>The Board of Directors could authorize the</u></p>	<ol style="list-style-type: none"> <li>1) Pursuant to Article 14, paragraph 2 of the Regulations, paragraph 2 &amp; 3 added.</li> <li>2) The original paragraphs "2,3,4 and 5", have been reassigned as paragraphs "4,5,6, and 7".</li> <li>3) To clarify the procedure, paragraph 4 amended.</li> </ol>

		<p><u>Chairman to lend the same party at separate appropriations for several times within one year period subject to the approved fixed of revolving credit line as approved by the Board of Directors.</u></p> <p><u>The fixed revolving credit line mentioned as previous paragraph shall not exceed ten percent (10%) of the lender's net worth. However this does not apply to any company that directly and/or indirectly holds 100% of the voting share in this company.</u></p>	
	<p>The Borrower should, upon the loan amount being approved, fill in an application form and apply to the finance department. The loan amount may only be disbursed after the <u>person-in-charge of the Company</u> or a person as designated by the Board of Directors has signed and approved. Subsequent to drawdown, the finance department shall report to the Board of Directors.</p> <p>Borrowers who apply for short-term financing facility in accordance with the aforesaid item shall provide the Company with bills or collaterals or guarantors as the Company approved as security securing such financing.</p> <p>In the event that the Company has independent directors, the Board of Directors shall take into account the opinions of the independent directors and furthermore record in the minutes of such meetings the independent directors' consenting or dissenting opinions and the reasons in holding a meeting discussing these Procedures or extending loans hereunder.</p> <p>Where the balance of loans has exceeded the limits, or the Borrower fails to comply with these Procedures, as a result of changes in the circumstances, the Company shall prepare improvement plans and forward the same to the Supervisors. Corrections shall be completed within the time limit stipulated in improvement plans.</p>	<p>The Borrower should, upon the loan amount being approved, fill in an application form and apply to the finance department. The loan amount may only be disbursed after the person-in-charge of the Company or a person as designated by the Board of Directors has signed and approved. Subsequent to drawdown, the finance department shall report to the Board of Directors.</p> <p>Borrowers who apply for short-term financing facility in accordance with the aforesaid item shall provide the Company with bills or collaterals or guarantors as the Company approved as security securing such financing.</p> <p>In the event that the Company has independent directors, the Board of Directors shall take into account the opinions of the independent directors and furthermore record in the minutes of such meetings the independent directors' consenting or dissenting opinions and the reasons in holding a meeting discussing these Procedures or extending loans hereunder.</p> <p>Where the balance of loans has exceeded the limits, or the Borrower fails to comply with these Procedures, as a result of changes in the circumstances, the Company shall prepare improvement plans and forward the same to the Supervisors. Corrections shall be completed within the time limit stipulated in improvement plans.</p>	

**4). Extempore motion: No**

**2. Financial report of 2009**  
**FAR EASTERN DEPARTMENT STORES, LTD.**

**BALANCE SHEETS**  
**DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2009		2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash	\$ 278,918	1	\$ 288,988	1	Short-term debts	\$ 2,650,000	6	\$ 2,950,000	7
Available-for-sale financial assets - current	228,938	1	131,662	-	Short-term notes and bills payable	1,448,934	3	1,794,234	4
Receivables:					Accounts payable	2,238,613	5	1,826,379	4
Notes	13,320	-	14,062	-	related parties - payables	54,555	-	53,851	-
Accounts, net of allowance for doubtful accounts of \$4,133 thousand in 2009 and \$8,799 thousand in 2008	180,841	-	168,760	1	related parties - others	95,609	-	115,119	-
Related parties - notes and receivables	36,616	-	30,142	-	Accrued expenses	704,181	2	531,884	1
Related parties - others	303,436	1	500,571	1	Balance payable - property	259,058	1	100,978	-
Others	114,730	-	89,254	-	Other payables	94,953	-	102,468	-
Inventories	216,316	1	296,229	1	Advance receipts	1,430,724	3	1,427,945	4
Prepayments	27,694	-	22,704	-	Current portion of bonds issued	500,000	1	-	-
Deferred tax assets - current	31,322	-	34,292	-	Current portion of long-term borrowings	-	-	698,875	2
Noncurrent assets classified as held for sale	89,461	-	-	-	Other current liabilities	583,984	1	591,865	2
Other current assets	138,003	-	64,473	-					
					Total current liabilities	10,060,611	22	10,193,598	24
Total current assets	1,659,595	4	1,641,137	4					
LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
Investments accounted for by the equity method	18,395,707	40	15,964,679	38	Bonds issued	1,200,000	2	1,700,000	4
Available-for-sale financial assets - noncurrent	2,576,840	5	1,859,887	5	Long-term borrowings	10,078,147	22	8,663,377	21
Financial assets carried at cost	116,728	-	160,035	-					
					Total long-term liabilities	11,278,147	24	10,363,377	25
Total long-term investments	21,089,275	45	17,984,601	43					
PROPERTY					RESERVES				
Cost					Reserve for land revaluation increment tax	575,490	1	575,490	2
Land	4,118,124	9	4,072,720	10					
Buildings and equipment	6,972,872	15	6,122,584	15	OTHER LIABILITIES				
Furniture and equipment	3,400,286	7	3,137,123	7	Deposits received	38,872	-	39,373	-
Total cost	14,491,282	31	13,332,427	32	Deferred tax liabilities - noncurrent	105,921	1	12,546	-
Revaluation increment	1,212,414	3	1,193,498	2	Deferred credits - gains on related-party transactions	11,366	-	11,366	-
Cost and appreciation	15,703,696	34	14,525,925	34	Miscellaneous	7,743	-	-	-
Less: Accumulated depreciation	4,732,105	10	4,277,773	10					
	10,971,591	24	10,248,152	24	Total other liabilities	163,902	1	63,285	-
Construction in progress and prepayments for equipment	5,946,369	13	6,093,083	15					
Leasehold rights, net	4,457,349	9	4,117,668	10	Total liabilities	22,078,150	48	21,195,750	51
Properties leased to others, net	1,487,794	3	1,012,661	2					
					STOCKHOLDERS' EQUITY				
Net property	22,863,103	49	21,471,564	51	Capital stock NT\$10.00 par value				
					Authorized - 1,350,000 thousand shares				
OTHER ASSETS					Issued and outstanding - 1,212,326 thousand shares in 2009 and 1,177,015 thousand shares in 2008	12,123,259	26	11,770,154	28
Idle assets, net	381,610	1	384,462	1	Capital surplus:				
Refundable deposits	159,028	-	158,828	-	Additional paid-in capital - share issuance in excess of par	2,175,718	4	2,175,718	5
Prepaid pension costs	194,847	1	194,156	1	Treasury stock transactions	964,467	2	835,591	2
Miscellaneous	7,493	-	7,031	-	Long-term investments	384,643	1	372,157	1
					Total capital surplus	3,524,828	7	3,383,466	8
Total other assets	742,978	2	744,477	2	Retained earnings:				
					Legal reserve	1,525,328	4	1,496,641	4
					Special reserve	1,000,564	2	1,484,033	3
					Unappropriated earnings	1,968,212	4	286,864	1
					Total retained earnings	4,494,104	10	3,267,538	8
					Other equity adjustments				
					Cumulative translation adjustments	139,364	-	317,743	1
					Net loss not recognized as pension costs	(10,386)	-	(6,584)	-
					Unrealized valuation gains (losses) on financial instruments	3,192,918	7	1,125,491	2
					Unrealized asset revaluation increment	883,944	2	883,944	2
					Treasury stock - 13,392 thousand shares in 2009 and 17,473 thousand shares in 2008	(71,230)	-	(95,723)	-
					Total other equity adjustments	4,134,610	9	2,224,871	5
					Total stockholders' equity	24,276,801	52	20,646,029	49
TOTAL	\$ 46,354,951	100	\$ 41,841,779	100	TOTAL	\$ 46,354,951	100	\$ 41,841,779	100

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 5, 2010)

# **FAR EASTERN DEPARTMENT STORES, LTD.**

## **STATEMENTS OF INCOME**

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2009</b>		<b>2008</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>REVENUES</b>				
Sales	\$ 21,988,908	99	\$ 20,809,508	99
Other operating revenues	<u>214,290</u>	<u>1</u>	<u>223,914</u>	<u>1</u>
Total revenues	<u>22,203,198</u>	<u>100</u>	<u>21,033,422</u>	<u>100</u>
<b>COSTS</b>				
Cost of goods sold	17,735,782	80	16,746,762	80
Other operating costs	<u>50,119</u>	<u>-</u>	<u>47,496</u>	<u>-</u>
Total costs	<u>17,785,901</u>	<u>80</u>	<u>16,794,258</u>	<u>80</u>
<b>GROSS PROFIT</b>	<u>4,417,297</u>	<u>20</u>	<u>4,239,164</u>	<u>20</u>
<b>OPERATING EXPENSES</b>				
Selling	876,528	4	822,954	4
General and administrative	<u>2,850,456</u>	<u>13</u>	<u>2,711,469</u>	<u>13</u>
Total operating expenses	<u>3,726,984</u>	<u>17</u>	<u>3,534,423</u>	<u>17</u>
<b>OPERATING INCOME</b>	<u>690,313</u>	<u>3</u>	<u>704,741</u>	<u>3</u>
<b>NONOPERATING INCOME AND GAINS</b>				
Equity in earnings of equity-method investees, net	1,316,910	6	-	-
Dividend income	108,663	-	149,611	1
Interest income	2,010	-	4,649	-
Gain on disposal of investments, net	-	-	156,388	1
Other income	<u>116,077</u>	<u>1</u>	<u>115,612</u>	<u>-</u>
Total nonoperating income and gains	<u>1,543,660</u>	<u>7</u>	<u>426,260</u>	<u>2</u>
<b>NONOPERATING EXPENSES AND LOSSES</b>				
Interest expense	61,612	-	190,572	1
Impairment loss on Financial assets carried at cost	39,927	-	-	-
Loss on disposal of property and idle assets	3,201	-	13,985	-
Equity in losses of equity-method investees, net	-	-	611,509	3
Other expenses	<u>98,987</u>	<u>1</u>	<u>94,869</u>	<u>-</u>
Total nonoperating expenses and losses	<u>203,727</u>	<u>1</u>	<u>910,935</u>	<u>4</u>

(Continued)

# **FAR EASTERN DEPARTMENT STORES, LTD.**

## **STATEMENTS OF INCOME**

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2009</b>		<b>2008</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
INCOME BEFORE INCOME TAX	2,030,246	9	220,066	1
INCOME TAX EXPENSE( BENEFIT)	<u>97,470</u>	<u>-</u>	<u>(66,798)</u>	<u>-</u>
NET INCOME	<u>\$ 1,932,776</u>	<u>9</u>	<u>\$ 286,864</u>	<u>1</u>
	<b>2009</b>		<b>2008</b>	
	<b>Before Tax</b>	<b>After Tax</b>	<b>Before Tax</b>	<b>After Tax</b>
EARNINGS PER SHARE				
Basic	<u>\$ 1.70</u>	<u>\$ 1.62</u>	<u>\$ 0.18</u>	<u>\$ 0.24</u>
Diluted	<u>\$ 1.70</u>	<u>\$ 1.61</u>	<u>\$ 0.18</u>	<u>\$ 0.24</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 :

	<b>2009</b>		<b>2008</b>	
	<b>Before Tax</b>	<b>After Tax</b>	<b>Before Tax</b>	<b>After Tax</b>
EARNINGS PER SHARE				
Basic	<u>\$ 1.78</u>	<u>\$ 1.70</u>	<u>\$ 0.61</u>	<u>\$ 0.67</u>
Diluted	<u>\$ 1.78</u>	<u>\$ 1.70</u>	<u>\$ 0.61</u>	<u>\$ 0.67</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 5, 2010)

(Concluded)



## FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock Issued and Outstanding	Capital Surplus			Other Equity Adjustments								
		Additional Paid-in Capital - Share Issuance in Excess of Par	Treasury Stock Transactions	Long-term Investments	Retained Earnings			Cumulative Translation Adjustments	Net Loss not Recognized as Pension Cost	Unrealized Valuation Gains (Losses) on Financial Instruments	Unrealized for Asset Revaluation Increment	Treasury Stock	Total Stockholders' Equity
					Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE, JANUARY 1, 2008	\$ 11,209,670	\$ 2,175,718	\$ 312,682	\$ 323,895	\$ 1,335,926	\$ 2,156,588	\$ 1,607,152	\$ (16,162)	\$ (12,351)	\$ 4,465,999	\$ 883,944	\$ (165,492)	\$ 24,277,569
Appropriation of prior year's earnings:													
Legal reserve	-	-	-	-	160,715	-	(160,715)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(672,555)	672,555	-	-	-	-	-	-
Stock dividends -5 %	560,484	-	-	-	-	-	(560,484)	-	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	-	-	(1,457,257)	-	-	-	-	-	(1,457,257)
Employee bonuses	-	-	-	-	-	-	(57,858)	-	-	-	-	-	(57,858)
Remuneration to directors and supervisors	-	-	-	-	-	-	(43,393)	-	-	-	-	-	(43,393)
Adjustment due to subsidiaries' disposal of parent's stocks	-	-	522,909	-	-	-	-	-	-	-	-	69,769	592,678
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	4,648	-	-	-	-	4,648
Adjustment arising from changes in percentage of ownership in investees	-	-	-	(27,047)	-	-	-	-	-	-	-	-	(27,047)
Adjustment reported by equity-method investees	-	-	-	75,309	-	-	-	329,257	5,767	(1,972,773)	-	-	(1,562,440)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	(1,367,735)	-	-	(1,367,735)
Net income in 2008	-	-	-	-	-	-	286,864	-	-	-	-	-	286,864
BALANCE, DECEMBER 31, 2008	11,770,154	2,175,718	835,591	372,157	1,496,641	1,484,033	286,864	317,743	(6,584)	1,125,491	883,944	(95,723)	20,646,029
Appropriation of prior year's earnings:													
Legal reserve	-	-	-	-	28,687	-	(28,687)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(483,469)	483,469	-	-	-	-	-	-
Stock dividends -3 %	353,105	-	-	-	-	-	(353,105)	-	-	-	-	-	-
Cash dividends - NT\$0.3 per share	-	-	-	-	-	-	(353,105)	-	-	-	-	-	(353,105)
Adjustment due to subsidiaries' disposal of parent's stocks	-	-	128,876	-	-	-	-	-	-	-	-	24,493	153,369
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	(9,262)	-	-	-	-	(9,262)
Adjustment reported by equity-method investees	-	-	-	12,486	-	-	-	(169,117)	(3,802)	1,253,198	-	-	1,092,765
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	814,229	-	-	814,229
Net income in 2009	-	-	-	-	-	-	1,932,776	-	-	-	-	-	1,932,776
BALANCE, DECEMBER 31, 2009	\$ 12,123,259	\$ 2,175,718	\$ 964,467	\$ 384,643	\$ 1,525,328	\$ 1,000,564	\$ 1,968,212	\$ 139,364	\$ (10,386)	\$ 3,192,918	\$ 883,944	\$ (71,230)	\$ 24,276,801

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 5, 2010)

# FAR EASTERN DEPARTMENT STORES, LTD.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,932,776	\$ 286,864
Depreciation	396,144	409,153
Amortization of deferred charges	6,940	7,280
Amortization of leasehold rights included in of rental expense	74,822	74,822
Gain on disposal of investments, net	-	(156,388)
Cash dividends from equity-method investees	1,027,241	827,538
Equity in (earnings) losses of equity-method investees, net	(1,316,910)	611,509
Impairment loss on Financial assets carried at cost	39,927	-
Loss on disposal of property and idle assets, net	3,201	13,985
Other expenses	-	198
Deferred income taxes	96,345	(66,900)
Increase in prepaid pension cost	(691)	(50,842)
Net changes in operating assets and liabilities		
Notes receivable	742	1,796
Accounts receivable	(12,081)	69,171
Accounts receivable - related parties	(27,683)	30,191
Other receivables	(25,476)	(7,548)
Inventories	79,913	(34,178)
Prepayments	(4,990)	5,168
Other current assets	(73,530)	11,236
Accounts payable	412,234	(258,174)
Accounts payable - related parties	(20,767)	58,480
Accrued expenses	172,297	(13,994)
Other pavables	(2,087)	3,773
Advance receipts	68,085	153,534
Other current liabilities	(7,881)	(45,338)
Net cash provided by operating activities	<u>2,818,571</u>	<u>1,931,336</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds of the disposal of available-for-sale financial assets	-	240,236
Acquisition of investments accounted for by the equity method	(678,400)	(1,140,000)
Proceeds of the disposal of property	346	704
Proceeds of the disposal of idle assets	291	-
Real estate received in advance	36,000	-
Acquisition of property	(1,894,217)	(1,319,665)
(Increase) decrease in refundable deposits	(200)	1,113
Increase in other assets	(4,022)	(2,228)
Net cash used in investing activities	<u>(2,540,202)</u>	<u>(2,219,840)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term debts	(300,000)	900,000
(Decrease) increase in short-term notes and bills payable	(345,300)	1,095,030

(Continued)

# **FAR EASTERN DEPARTMENT STORES, LTD.**

## **STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)**

	<u>2009</u>	<u>2008</u>
Repayments of bonds issued	-	(1,200,000)
Issuance of bonds	-	1,200,000
Increase (decrease) in long-term borrowings	715,895	(116,064)
Decrease in deposits received	(501)	(3,286)
Decrease in other liabilities	-	(563)
Cash dividends, bonuses paid to employees and remuneration paid to supervisors and directors	<u>(358,533)</u>	<u>(1,530,573)</u>
Net cash (used in) provided by financing activities	<u>(288,439)</u>	<u>344,544</u>
NET (DECREASE) INCREASE IN CASH	(10,070)	56,040
CASH , BEGINNING OF YEAR	<u>288,988</u>	<u>232,948</u>
CASH , END OF YEAR	<u>\$ 278,918</u>	<u>\$ 288,988</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 192,730	\$ 315,255
Less: Capitalized interest	<u>165,808</u>	<u>147,918</u>
Interest paid, excluding capitalized interest	<u>\$ 26,922</u>	<u>\$ 167,337</u>
Income tax paid	<u>\$ 2</u>	<u>\$ 1,389</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Dividends receivable from equity-method investees (classified as accounts receivable - related parties)	<u>\$ 246,517</u>	<u>\$ 464,861</u>
Adjustment to advance receipts and depreciation	<u>\$ 101,306</u>	<u>\$ 116,667</u>
Properties leased to others reclassified to noncurrent assets classified as held for sale	<u>\$ 89,461</u>	<u>\$ -</u>
Current portion of bonds issued	<u>\$ 500,000</u>	<u>\$ -</u>
Current portion of long-term borrowings	<u>\$ -</u>	<u>\$ 698,875</u>
Classification of credit balance in long-term investment to other liability	<u>\$ 7,743</u>	<u>\$ -</u>
CASH PAID FOR ACQUISITION OF PROPERTY		
Acquisition of property	\$ 1,641,695	\$ 860,440
Acquisition of leasehold rights	414,503	192,685
Decrease in construction in progress	(1,940)	(9,083)
Increase in balance payable - property	(158,080)	(22,965)
Increase in balance payable - property - related parties	(1,961)	-
Decrease in franchise liabilities	<u>-</u>	<u>298,588</u>
	<u>\$ 1,894,217</u>	<u>\$ 1,319,665</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 5, 2010)

(Concluded)